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The Biggest Threat to Christian Education and the LHSAGM is... MONEY

Association History: The Lutheran High School Association of Greater Milwaukee (LHSAGM) was founded in 1904 as “Lutheran High.” The LHSAGM currently operates three separate high schools in the Milwaukee and surrounding areas, Milwaukee Lutheran (MLHS), Martin Luther (ML) and Lake Country Lutheran (LCL). The LHSAGM provides a Christian education that is distinctively Lutheran to over 1,700 students.

High School in Wisconsin covers grades 9 thru 12 so the students range in age from 14 to 18 years old. Our three campuses serve very different communities and populations in many ways. Just one difference is that Milwaukee Lutheran serves 830 students from the inner city of Milwaukee, Martin Luther serves 540 students that come from both the inner city and suburban Milwaukee and Lake Country Lutheran serves 360 students from the rural Lake Country Area which sits in the wealthiest county in Wisconsin.

As the CEO, I am responsible for all operations for all campuses of the organization. The LHSAGM has 242 employees, 3 campuses and an Association office with a total \$20,000,000 annual operating budget. The LHSAGM has a Foundation who’s mission it to provide long term stability for the LHSAGM. Even though our organization is 115 years old, for various reasons, our Foundation (Endowment) balance was zero in 2014 and was less than \$2,000,000 at the start of 2017.

Project Description and Outcomes: The funding model of Lutheran Education is failing and if we do not address and develop new plans and initiatives in securing third source funding we will not be able to improve facilities, expand programs and cover operating expenses. The LHSAGM has a small Foundation and two of its three facilities were built prior to 1968. They need significant repairs and improvements. Our third campus needs an expansion due to enrollment growth. Teachers' salaries are very low compared to other industries so we need to increase teachers' salaries and we need to expand the student services and programs at each school to maintain our high level of academic performance and student interaction. My project is focused on completely revamping our Advancement efforts while creating an entirely new philosophy of Advancement built around the concept that Advancement is about consistently sharing your Vision and building Relationships; it is Not about money. In other words, **"Funds follow Vision."**

We hope to develop and launch several new initiatives related to this effort. The bottom line is we feel that we need to raise approx. \$50,000,000 to \$75,000,000 in the next 10 years to significantly impact our ability to realize our Mission. This is an aggressive stance for an organization that has been around for 115 years and started 2014 with a Foundation balance of \$0 and in 2017 it was under \$2,000,000.

What did we do?

We needed a 100% overhaul of our Advancement department. The Advancement department was not reflective of the values, mission, and vision of the organization so we started from scratch. We completely reworked 9 areas in our Advancement department.

1. ***Major gifts including large donor relations.*** We evaluated the critical personality traits and values that are required to be successful in managing major gifts and large donors. Our major gifts officers must be aligned with our mission of Sharing Jesus, Shaping Lives and Developing Leaders and our brand statement “We Teach Truth. Jesus Makes all the Difference.” They need to exhibit great relationship skills, exhibit exceedingly high levels of activity and be willing to repair broken relationships with donors. They need to be organized and committed to thinking outside the box on major gifts. We hired two new major gifts officers in 2017. We also determined that our large donors needed to hear from and have a relationship with the CEO in addition to the gifts officer. This was a significant shift in my daily duties and something that the entire management team had to buy into. I now spend 50% of my time visiting with major donors or potential donors. My two major gifts officers see face to face approx. 15 donors per week, each. That is a very high level of activity. We have also implemented two rules. The 95 / 5 rule: you must meet with someone and get to know them and invest in their life 95 times if you are going to ask them to help with a project 5 times. That means that we must visit with them 20 times before we ever ask for a gift. The second rule is the No Surprise rule: If you are meeting with someone and you think that they may be surprised that you are going to ask them for a gift, you have not done your work so you can’t ask them for the gift. The donor should never be surprised at our motives.
2. ***Grant writing, appeals.*** Grants through Foundations are typically about 15% of the total donations received by a religious organization. We believe that because we serve the inner city of Milwaukee and African American students who live in poverty there are an increased number of Foundations that are interested in helping our cause. We have hired a professional grant writer and committed 15 hours per week from the Executive assistant / Operations Manager to support the grant writing process. We set a goal to submit a minimum of 20 grants in 2017 / 18.
3. ***Capital campaigns.*** Facilities in Christian Education are playing a bigger and bigger part in attracting students. It is no longer acceptable to have average facilities because we have Jesus. We need great facilities and Jesus. We set a minimum of 4% of our annual operating budget be set aside for deferred maintenance facility improvements. We have three campuses and each one required a capital campaign. We developed a capital campaign strategy that included intentional phases: Silent (60% of funds needed), Quiet (20% of funds needed), and Public (the last 20% of funds needed) phases with specific strategies for each. We developed timelines, action steps and assigned responsibility to each phase. The plan included direct meetings with donors, dinners, town hall meetings, CEO roundtable discussions, advisory meetings, celebration events and written appeals. The campaigns were a \$5,000,000 addition to the LCL campus for student growth, a \$1,000,000 addition to the Career Academy at Milwaukee Lutheran and a \$1,100,000 International Student Learning Center and Main Hallway upgrades to Martin Luther as part of their 50th Anniversary celebration.

4. ***Planned-giving.*** The long-term sustainability of Lutheran Education is going to be built on a solid Endowment (Foundation) balance. The gap in the operating cost to educate a student and the revenue that can be collected is going to continue to grow. Traditional philanthropic giving from individuals is targeted to decline steadily. It is anticipated that the next generation of givers will give 10 to 15% of the previous generation. That means that the current gap that the LHSAGM must cover each year is going to continue to grow. It is currently \$3,300 per student. Therefore, we must raise \$5,610,000 per year outside tuition just to make our operating budget work. With an aggressive rate of return of 7%, we will need \$80,000,000 in an Endowment Fund to avoid having to fundraise for our annual fund each year. We have hired a top quality Planned Giving consultant and we started to provide this Estate and Planned Giving program FREE to our donors and supporters. Our consultant partner is independent and meets with our supporters to set up their will and trust to help them plan their estate. This process costs us approximately \$25,000 per year. We have set a goal of placing 20 documented gifts per year. Over a 10-year period that would mean a total of 200 documented planned gifts. If the average Estate leaves us \$400,000, that would be \$80,000,000 into the endowment.
5. ***Annual fund (Alumni) development.*** We have identified that in addition to the capital campaign and major donor relations we need to focus on annual giving. We have started working with our ad agency to re-brand what annual giving is and developing a strategy to make – giving to the annual fund (New Name coming for this) an exciting and emotional event. The annual fund efforts struggle because people don't understand it, they think it is a black hole or that they are annually bailing us out of our problems because we cannot properly manage our finances. This new strategy includes the addition of a annual fund advancement person and a whole new strategy around our alumni engagement. We hope to launch this in the 2018 /2019 school year.
6. ***Events (including our golf outings and our annual Gala / Auction).*** Our focus on our 4 events (a golf outing for each school and an Association wide Gala) was simply to improve the quality of the events and make each one of them of high quality, special and memorable for the attendees. We moved the Gala to a 5-star hotel in downtown Milwaukee, added the ability to stay overnight and an after-glow party and targeted corporate sponsors. Our golf events were moved to upscale golf courses that people wanted to play and we eliminated many of the low-budget quirky events associated with the outings. We wanted to deliver 4 High Quality Events that our supporters would talk about all year long.
7. ***Church partnership relationships.*** This is a tricky part of advancement. We are owned by 31 churches and they are required to support us financially based on a calculated formula. These church contributions made up approx. 40% of our revenue budget 20 years ago. Today they are 4% of our budget contributing just \$800,000. Declining church attendance, churches closing and church financial challenges are the reasons for this decline. This economic reality is making our churches look at their partnership as a financial transaction as opposed to a mission partnership. We

recognize that our partnership with them is important and that we exist to educate children so they can be lifelong and eternal members of God's kingdom. Therefore, we have committed to visiting all of the senior leadership of our 31 churches a minimum of 2 times per year. We are asking how we can support them and what they need. We are also explaining how critical the Mission our schools is. We are unsure if this will result in any financial gains but we know that regardless of financial gain, this is the right thing to do to help Grow God's kingdom.

8. ***Private business funding relationships.*** We believe that just as local businesses invest in universities to support the workforce, many business need high school graduates to enter the work force. The students who do not want to attend college are being educated through our Red Knight, Spartan and Lightning Institutes that house specific academies. These academies include Career (wood, welding and manufacturing), Power Technologies, Automotive, Trades, Art, Urban Education, Free Enterprise, STEM and others. We currently have 8 local businesses that have invested dollars, equipment and time to these academies. They also provide internship, work study opportunities for our senior students.
9. ***Advancement Operations and Administration.*** The acknowledgement of gifts, receipts, donor data base management, and advancement support are critical to a high performing advancement department. We revamped everything related to this part of our team. We acknowledge every gift with a phone call the same day the gift is received. A follow up hand written letter of thanks is completed by the Director of Advancement for every gift over \$100.00. A hand written thank you card from the CEO is written for all gifts over \$500. The receipt process, the quality of the paper we use for our communications, the content of our Magazine (Published 2 times per year) and our data base management system and procedures have all been revamped.

What did I learn from this project?

There we many lessons that my team and I have learned, and are learning, related to raising money and developing a system that honors the wishes of the supporters of the school and also achieves the goals of the school.

1. If you want to be good at something you must be bold and intentional about it, consistent in your work and relentless in protecting it.
2. Every aspect of your organization must be an aligned, 100% reflection of your CORE Values, your Vision and your Mission. Your CORE Values are not what is written on a poster but rather they are the behaviors that the employees exhibit every day, in every situation. CORE Values are the things that are absolute, unwavering and the basis for your decision making.

3. Advancement / development teams usually focus on raising money (As did ours). We learned that in most cases that forced us to abandon our core values of relationships and service. It is critical to embrace an intentional, committed and bold decision to consistently share your vision with the community that you serve, investing and pouring into your supporters. You must establish a commitment to find out what they are interested in, what they want the schools to look like, what they need prayers for, how you can help them and their families, and celebrate their successes with them.
4. Commit to telling your donors our Vision. It is a story of hope, commitment to excellence, Biblical truth, service, integrity, communication, love and faithfulness to your students, co-workers and community. **“Funds follow Vision.”**
5. Approach advancement boldly and with complete alignment to your CORE Values, Vision, Mission and Brand and you will never have to ask for money, again. With this approach God will richly bless you with more resources than you ever thought was imaginable.
6. God is great, All the time. And, All the time, God is great.

What difference has this made in our schools?

The biggest difference is that we now have a very engaged donor base. We have a dynamic, fun, bold and effective advancement team that loves their work. They never focus on asking for money. Instead, we tell our community our Vision consistently and we invest in genuine relationships with our donors. **“Funds follow Vision.”**

God has incredibly blessed this effort and yet we are just getting started.

Here are some of the early results:

1. We have written and submitted 21 great proposals this year. That is up from 4 in previous years. Total Grants Applied for: \$4,200,000 Total Grants Received: \$1,650,000.
2. Capital campaigns: LCL Building expansion: raised \$2,400,000 of a targeted \$3,000,000 first phase budget. The MLHS project: raised \$900,000 of the \$900,000 project. The Martin Luther International Student Study Center project: raised \$150,000 of the \$1,100,000. This is planned for a 2018 / 19 effort to celebrate the 50th anniversary of that school.
3. We have documented and completed 23 planned gifts this year and expect to place 5 or 6 more. The current value of these documented planned gifts is over \$13,000,000.

4. The revamped Auction raised \$340,000 this April compared to the previous year of just over \$185,000.
5. Our Golf Outings will take place this summer.
6. Private businesses have donated equipment or cash totaling over \$300,000 this year.
7. Our Appeal letters, advancement changes and focused approach has allowed our Foundation Balance to grow from zero in 2014 and less than \$2,000,000 at the start of 2017 to \$3,900,000.

We have a long way to go and we are just getting started with this process. What difference did this make in our schools? This focus has made all the difference in our Advancement team.

Our LHSAGM brand statement is:

WE TEACH TRUTH. JESUS MAKES ALL THE DIFFERENCE.