

strategic plan



USMF FOUNDATION

SERVING THE UNIVERSITY SYSTEM OF MARYLAND

The USM Foundation Strategic Plan was crafted over the course of 2007 through the work of a 15-member ad hoc committee and Foundation staff. The process brought new clarity to the Foundation's mission and its relationships with its constituents, forged a vision to guide its future, and defined values that will inform every aspect of its business. It was approved by the full Board in December 2007.

This plan describes six broad goals, all of equal urgency and importance. Clear objectives are assigned to each goal, and measurable outcomes will, in turn, allow the staff and Board to gauge our effectiveness.

The plan is ambitious, but our committee took to heart Michelangelo's dictum that "[t]he greater danger for most of us lies not in setting our aim too high and falling short; but in setting our aim too low, and achieving our mark." As we move forward to implement this plan, we recognize that we must regard it as a "living document" that can be revisited and revised as appropriate.

Nevertheless, the plan provides a clear roadmap toward defining and assuring the Foundation's role as a critical partner in the success of the University System of Maryland.

Our thanks go out to the Strategic Planning Ad Hoc Committee for their enthusiasm, experience, and engagement; and to Jerry Fischer, President of the University of Minnesota Foundation, for his guiding motivation and wisdom.

Walter R. Fatzinger, Jr.
Chairman

Leonard R. Raley
President and CEO

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VISION

The University System of Maryland (USM) Foundation will be a trusted partner in advancing the learning, research, and service mission of the University System of Maryland and its member institutions through effective, efficient, and strategic use of the Foundation's relationships, expertise, and resources.

MISSION

The USM Foundation strengthens the USM's capacity to broaden access to high-quality higher education, meet the workforce needs of the state and the nation, and conduct research that expands the boundaries of knowledge. It does so through advocacy, fundraising, investment management, and stewardship.

VALUES

In conducting its business, the USM Foundation will espouse the guiding principles of:

- * INTEGRITY
- * TRUST
- * RESPECT
- * COLLABORATION
- * TRANSPARENCY
- * RESPONSIVENESS
- * INNOVATION

Together, these guiding principles will inspire the confidence of our key constituents, create a positive and constructive work environment, and generate opportunities that benefit the long-term interests of the USM.

An underlying principle of all the goals outlined below is to maximize assets under management through fundraising, investment performance, and the addition of new institutional investors.

The USM Foundation will be a leading voice advocating private philanthropy and public investment in the USM to strengthen student access to public higher education, workforce creation and research and development in diverse fields.

OBJECTIVES

- Establish a standing Advocacy Committee of the USM Foundation; membership to include key board members of other USM affiliated foundations.
- Create opportunities for all USM Foundation Board members to interact and exchange ideas with influential leaders within the State.
 - * Host receptions that involve Board members and business, civic, and elected leaders.
 - * Include representative Board members at all Hidden Waters events.
- Create opportunities for the USM Foundation Board to advocate for a stronger culture of philanthropy across USM institutions.
- Promote coordinated advocacy efforts with other affiliated foundation leaders across the USM.
- Foster ongoing discussion of legislative and workforce development issues to ensure that Board members are knowledgeable about trends affecting higher education in Maryland and contributions of USM institutions to the economic, intellectual, and cultural quality of life in Maryland.

MEASURABLE OUTCOMES

- Organize quarterly meetings of the Advocacy Committee.
- Working in cooperation with USM leadership and USM member institutions, host a reception for higher education leaders and supporters and elected officials at the beginning of each legislative session to highlight key higher education issues affecting public policy and economic development in the region.
- Ensure that each Advocacy Committee member meets with at least one key government, business, or community leader to discuss System priorities at least once each year.
- Ensure that a significant percentage of the Board will:
 - 1) write a personal letter to a legislative contact, or
 - 2) write an op-ed or letter to the editor to a local paper, or
 - 3) attend a legislative or business chamber event to carry important messages about the Foundation System, or higher education.
- Host an annual “summit” of all affiliated Foundation Board leaders and key volunteers.

Goal: ADVOCACY

The USM Foundation will inform and inspire its key stakeholders through ongoing and meaningful communications. It will listen to constituent perspectives and be an important conduit of information regarding the System's achievements and challenges.

OBJECTIVES

- Improve general communication efforts and seek input from its key stakeholders to inform its communications plans.
 - * Integrate Foundation communication strategies with those of the USM Communications Office.
 - * Hire a dedicated communications officer for the USM Foundation.
 - * Publish and distribute monthly editions of *LeaderNotes*.
 - * Issue select electronic communications on timely and important topics.
 - * Coordinate communications between USM and Foundation volunteers to ensure that key messages to constituents are consistent and mutually supporting.
- Expand communication with its internal constituents.
 - * Increase the number and quality of staff-level visits and communications.
 - * Increase visits of Board members to campuses and research centers to inspire understanding of the critical work of faculty, research associates, and students in advancing the public good.
 - * Ensure that Vice Presidents for Advancement Council and Board of Regents Campaign Workgroup meetings are focused, substantive, and have maximum impact.
- Enhance the quality and frequency of communications to the Board.
 - * Integrate news related to USM institutions into standing committees and full Board meetings.
 - * Host site visits to USM institutions to highlight their contributions to the state's economy and quality of life.
 - * Provide opportunities for institutional leaders to make presentations to the USM Foundation Board.

- Educate and inform key audiences regarding its investment strategy to build confidence and ensure long-term partnerships.
- Improve the appearance and functionality of the Foundation's website.
 - * Contract with an outside firm to analyze needs and implement changes.

MEASURABLE OUTCOMES

- Organize two to three campus or research center tours each year, with a goal of a significant percent of the Board attending at least one of these tours.
- Ensure that senior staff of the USM and USM Foundation visit each USM institution at least once a year to listen to constituent interests and concerns and to offer assistance as needed.
- Engage USM Foundation leadership in visiting the boards of affiliated foundations on a periodic basis each year to report on Foundation performance and address concerns that arise.
- Appoint a USM Foundation staff member to serve as a point person for community colleges.
- Conduct a customer satisfaction survey reflecting communications issues.
- Ensure timely production of monthly LeaderNotes, Annual Report, and other electronic and written communications.
- Inform and inspire Board members at every full Board meeting by featuring a particular USM faculty, student, or other leader.
- Introduce periodic investment "talks" for USM development officers.
- Launch a new, interactive, upgraded website in 2009.

Using the expertise and leadership of the USM Chancellor and others, the USM Foundation will work with USM institutions to raise private funds and build institutional capacity to raise private support that will sustain USM institutions over the long term.

OBJECTIVES

- Leverage the USM Foundation's resources (the Chancellor, the USM Foundation President, Board members, and staff) to provide access to donors capable of making transformative and major gifts to USM institutions.
- Raise funds for USM initiatives as directed by the Chancellor, including science, technology, engineering, and math (STEM) education, environmental sustainability, and closing the achievement gap.
- Support USM institutions in meeting an aggregate comprehensive campaign goal of \$1.7 billion by June 30, 2012.
- Strengthen the leadership role of Advancement Services to maximize the use of data systems to support the USM's alumni, fundraising and advancement initiatives.
- Expand centralized services, such as research, planned giving, professional development, and advancement-related events at Hidden Waters, that support development efforts at little cost or administrative burden to the institutions.
- Disseminate information regarding trends and best practices that can benefit the ongoing development of USM institutions' advancement programs.
- Leverage the purchasing power of multiple institutions to negotiate competitive pricing for such advancement services and products as prospect screening, research tools, and planned giving marketing materials.
- Explore opportunities for transformative philanthropy that require interdisciplinary strategies and research to advance knowledge and address public needs.

MEASURABLE OUTCOMES

- Create 6-10 benchmarks to measure the effectiveness of the USM Foundation in supporting USM development efforts. Annual benchmarks may include:
 - * Number of major gift prospect engagements on behalf of USM member institutions.
 - * Number of events at Hidden Waters.
 - * Number of professional development programs offered/participants.
 - * Number of planned gifts developed/planned giving newsletters produced.
 - * Number of research reports produced.
- Meet fundraising goals set for specific USM initiatives.
- Expand use of Sungard alumni/development database and ensure ongoing user satisfaction through:
 - * Holding bi-annual refresher training for users of the Sungard database and monthly meetings for the members of the Sungard Consortium.
 - * Creating an online interface with Advance to schedule email reports.
 - * Developing a new, streamlined mass data loading application.
- Prepare and disseminate fundraising reports to the Regents and others to document the progress of our member institutions.
- Develop client survey(s) to gauge the effectiveness of our support functions.

The USM Foundation will pursue best governance practices by setting and following policies and procedures that strengthen the Foundation's mission and daily operations.

OBJECTIVES

- Establish a Governance Committee to ensure that the Board is following best practices.
- Emulate best practices nationwide by working with the Association of Governing Boards, the Council for Advancement and Support of Education's Institutionally-Related Foundations Committee, and other foundation colleagues nationwide.
- Working with the Committee on Directors, review participation and engagement of Directors to ensure strategic fit of committee leadership and consider rotation of members in support of Foundation objectives.
- Develop and review succession plans related to directors, officers, and committee chairs to prepare adequately for change.
- Develop and review succession plans related to senior staff, including the president, chief investment officer, chief financial officer, and others.
- Annually survey the Board of Directors to listen to volunteer concerns, adhere to the spirit and letter of the strategic plan, and make periodic adjustments as necessary.
- Improve the composition and conduct of meetings to make them more open to dialogue.

MEASURABLE OUTCOMES

- Hold at least two Board meetings each year and provide greater opportunities for directors to be engaged with the full Board.
- Achieve at least 80% participation at full Board meetings and committee meetings.
- Plan and staff approximately 30 committee and full Board meetings each year.
- Annually rotate members as appropriate among Board committees and to honorary director status as they complete their three, three-year terms.
- Recruit four to six new directors each year (within by-law confines of 55 total directors) reflecting diversity of institutional representation, professional sector, skill sets, and race/gender/ethnicity.
- Achieve 100% participation of the directors in the annual Director's Fund appeal with a goal of raising \$100,000 to support Foundation objectives, particularly those outlined in the strategic plan.

The USM Foundation will deliver consistent positive risk-adjusted returns over market cycles that will support spending distributions, preserve capital on an inflation-adjusted basis, and perform in the top quartile of endowments and foundations. The Foundation will become a thought leader and set a national example for excellence in endowment management.

OBJECTIVES

- Provide distributions for USM Foundation funds and preserve capital on an inflation-adjusted basis.
- Perform in the top quartile of institutional investors, as defined by the Wilshire Trust Universe Comparison Services (TUCS) data set.¹
- Provide systematic, high-quality monitoring and risk management.
- Improve sourcing and research of prospective fund managers and markets.
- Meet with relevant managers, experts, and intermediaries as part of the research process. Deliver periodic memos on strategies, sectors, or themes to the investment team and the Investment Committee.
- Streamline communications with USM Foundation clients and prospective investors.
- Ensure the active participation and ongoing engagement of a 13-member investment committee.
- Recruit and retain market-competitive and high-quality investment staff.

¹ Wilshire's Trust Universe Comparison Service (TUCS) is a cooperative effort between Wilshire Associates and custodial organizations. Custodians submit asset positions and performance data to be pooled into universes of managed tax-exempt portfolios. With more than \$3 trillion in sponsor assets, 1,500 plans and 18,000 active portfolios, TUCS represents the largest database of any peer-comparison service in the industry. TUCS is the most widely accepted benchmark for the performance of institutional assets, which

MEASURABLE OUTCOMES

- Generate a five-year annualized return that falls in the top quartile of the Wilshire TUCS universe of All Master Trusts.
- Protect the principal of the endowment on an inflation-adjusted basis.
- Visit managers of all marketable funds at least once every 12 months and managers of all non-marketable funds at least once every 18 months. Produce quarterly investment reports.
- Client communications:
 - * Ensure delivery of timely, professional, and accurate reports to all clients.
 - * Deliver quarterly reports within 45 days of the close of each quarter.
 - * Provide year-end annual investment report.
 - * Generate a monthly email for USM Foundation President for distribution to existing clients and prospective clients.
 - * Organize and host an annual meeting for clients.
- Prepare for and attend at least four investment committee meetings, one asset allocation sub-committee meeting, two operating fund sub-committee meetings, two risk management sub-committee meetings, two to three real estate sub-committee meetings, two to three private equity sub-committee meetings, and ad hoc conference calls when needed.

includes pension funds, foundations, and university endowments. The composition of the fund is subject to change on an annual basis. It provides comprehensive information on the effects of risk, allocation, and style, creating powerful decision-making tools based on accurate and timely information. (2007, <http://www.wilshire.com/BusinessUnits/Analytics/Tucs/>)

The USM Foundation will establish and maintain reporting systems and procedures to fulfill donor intentions, facilitate the appropriate use of funds by account holders, and ensure that its financial management and reporting meet industry standards and adhere to best practices.

OBJECTIVES

- Ensure that sufficient internal controls are in place to produce accurate and timely financial statements and reports.
- Ensure prompt and accurate reports to donors to reflect that expenditures are in accordance with donors' intentions.
- Invest in human and technology resources enabling staff to achieve high-quality work through proper analysis and review.
- Ensure compliance with governmental, donor, grantor, and trust and annuitant reporting requirements.
- Respond promptly to account holders' inquiries regarding fund activity, procedures, allowable transactions, and internal controls.
- Provide assistance to clients in the areas of grants administration, employment arrangements, and other matters that arise.
- Initiate meetings with clients to communicate processes and procedures.
- Maintain an Office of Human Resources to support personnel.

MEASURABLE OUTCOMES

- Establish 6-10 key benchmarks to measure the effectiveness of administrative operations.
- Host quarterly meetings with its constituents, either onsite or at the institutions, to foster ongoing communications and to listen to constituent needs.
- Establish and maintain a web-based, on-demand reporting system in real time for clients to access account information.
- Develop and issue an annual USM institutional client satisfaction survey.
- Ensure that annual reports for System-wide endowments are distributed to individual donors and internal constituents.
- Ensure that all external reporting requirements are met with minimal error.
- Provide yearly information regarding endowment spendable income.
- Ensure issuance of an unqualified audit opinion with no reportable conditions.

Strategic Planning Ad Hoc Committee Members

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