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September 19, 2014 12:11 am

Institutional naming rights gaining favour among wealthy donors

By Sarah Murray



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Badge of convenience: Harvard Law School's Wasserstein Hall, home to the Falik Men's Room

For someone from a family called Falik, seeking naming rights in exchange for a philanthropic donation might seem an odd thing to do. But Bill Falik has taken his name and run with it – to the bathroom. Since he made a \$100,000 donation to Harvard Law School in 2012, the male toilets at the schools' Wasserstein Hall have had a plaque at the entrance reading “Falik Men's Room”.

This is not just a reflection of Falik's sense of humour. It is also an example of how, as the size of philanthropic gifts increases and non-profit-making organisations look for new ways to raise money, donors and charities are becoming more creative in their use of naming rights.

For Falik, a lawyer, adjunct professor of law and property developer, the gift was a chance to have fun with his name. And Harvard is not the only place where “Falik” appears at a men's room entrance – donations to Berkeley Repertory Theatre and Berkeley Law School in California came with similar naming rights. “I have a corner in men's rooms that are supported by significant gifts to institutions that I cherish,” he says.

While donors in Europe tend to keep a low profile, in the US generosity is often accompanied by a desire for public recognition. For charities, offering naming rights is an increasingly popular way of attracting large donations.

“Non-profits are definitely looking at innovative ways to create naming opportunities,” says Melissa Berman, president and chief executive of Rockefeller Philanthropy Advisors. “It's easy to create them even if the place doesn't have physical infrastructure.”

As a result, everything from escalators and atriums to prizes, lecture series, scholarships and professorships is now up for grabs.

“The mid-1990s was really the revolution,” says William Drennan, a law professor at Southern Illinois University whose teaching topics include charitable giving. “Before then, the wealthy were content to make their big donations to be on the board of directors,” he says. “Now the wealthy donor wants everyone in the community to know they're generous and powerful.”

In many cases, says Drennan, tiered pricing strategies for naming rights establish a kind of philanthropic class system. If the donation required to name a building is, say, \$10m, naming the atrium might cost \$5m, with a students' common room going for \$2.5m.

But while this appetite for public prominence provides non-profits with a useful fundraising tool, the granting of naming rights is not without its perils, for donors and beneficiaries. A donor may, for example, fail to deliver funds pledged. It was for this reason that New York's Metropolitan Opera and London's Royal Opera House removed the name of Alberto Vilar, a once-prominent Cuban-American investor, from parts of their buildings (Vilar was later jailed for fraud).

Wealthy donors want everyone to know they're generous and powerful

The risks cut both ways. Donors who give their name to a hospital or university may regret the decision if that institution later becomes embroiled in a scandal. Difficulties can also arise if the building a donor named many years earlier requires a major renovation demanding new sources of funding. The question then arises as to whether the organisation has the right to rename the building.

With plenty of pitfalls, laying out the terms of naming arrangements in legally binding agreements is critical. "It needs to be based on trust to some extent but also on a clear and open conversation about potentially unpleasant eventualities," says Berman.

Of course, such conversations are not easy. Berman says donors often appoint a representative to handle the negotiations, which can sometimes become uncomfortable.

For Falik, however, negotiations with Harvard Law School were far from difficult. After Elena Kagan, then the school's dean, happily agreed to his naming suggestion, he recalls that "all she did was laugh".

An object lesson in community giving

Gifts that come with naming rights tend to involve significant sums of money. However, a community organisation for homeless people in North Carolina in the US has taken a different approach – allowing benefactors to make small donations to name everything from dental floss to bunk beds.

Urban Ministries of Durham launched the Names for Change campaign (namesforchange.org) last November, since when it has raised more than \$56,000. Visitors to the website choose from more than 160 items, and for their donation they get a certificate with an image of the object and their name or that of someone they want to honour.

While some of the objects – tampons or foodstuffs, for instance – can be named any number of times for a few dollars, others – such as the walk-in-freezer for the kitchen that UMD uses when producing meals for homeless people – require larger donations and can only be named once.

However, as well as fundraising, the campaign's mission is to raise awareness of the plight of homeless people and what it means to go without basic provisions. The campaign's slogan is: "This is just stuff. Until you don't have it." "We wanted to find a tool to help us educate people on homelessness and raise money in a creative way," says Patrice Nelson, UMD's executive director. "It's about helping people understand the essence of going without basic needs."

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