Chapter 12

Fundraising and Development
Chapter Overview

The fundraising and development activities in an arts organization are central to its survival. The support of the marketing and public relations area form the foundation for successful fundraising team effort. While trained staff professionals are needed to coordinate and plan fundraising initiatives, the board, other staff, and volunteers are also part of the overall development team in the arts organization.

Building and maintaining ethical relationships with donors who make regular gifts to the arts organization is somewhat similar to the exchange process highlighted in chapter 11 (marketing). However, an important difference when considering the exchange process in fundraising is that this exchange is voluntary and presumes that the donor’s reward is often just a psychic satisfaction that comes from giving.

The reasons for giving are varied but the better aligned the mission and programming is with the donor’s interests and goals, the more likely they will continue to give over time.
According to *Giving USA 2013* around 79% of all giving was by individuals and through bequests. Only about 5% of the estimated $316.23 billion given went to the arts, culture, and humanities organizations.

**Social Exchange Process & Reasons People Do and Don’t Give**

**Social Exchange Process**: 
- Arts Organization
- Donors

**Reasons for Not Giving**: 
- Other priorities
- Not connected enough to the organization
- Stingy
- Doesn’t believe in the cause
- Can’t afford to give
- Lack of information about the program
- Unclear need
- Asked too often
- Wrong person asking for donation
- Not asked in the first place

**Reasons for Giving**:
- (Psychological & Social) Personal, emotional, donor believes in the org, and also could be due to need for recognition, tax deductions, or peer pressure

* Perry Mixer, *Principles of Professional Fundraising*, 1993
Fundraising & Development Plans

An arts organization needs an overall development plan that encompasses the total expectations for revenues that will be generated by individuals, foundations, corporations, and government (e.g. grants) to strengthen the organization in the long run.

The development plan is supported by carefully designed strategic fundraising plans. The fundraising plans typically encompass annual giving, special gifts, major gifts and planned giving. Depending on the size of the organization and available staff seeking grants from corporate and foundations may also be part of the yearly plan.
Case for Support

In order for the annual campaign, special and major gifts, and capital campaigns to be effective the arts organization needs to develop a clear and compelling case for support. There can also be targeted case statements developed to better fit the types of campaigns being undertaken. However, there should be an overall general case statement that is widely shared with board and staff. This statement should help clarify the overall reasons for supporting the organization.

The case for support should generally:
1. Identify the important problems or needs that the organization intends to address with the help of the contributions.
2. Demonstrate the organization’s ability to address these needs.
3. Match the proposed areas of organizational activity with the funder’s own philanthropic interests.*

The Comprehensive Campaign

Most arts organizations are engaged in a comprehensive fundraising campaign year round. The comprehensive campaign encompasses the annual campaign and most of the other campaigns mentioned so far. If an organization is attempting to raise funds for capital campaign (e.g. new building or some other major purchase) there usually is a separate subset of activities associated with meeting these goals.

Individual Donors

Depending on the type of organization, the individual donor is typically the life blood of the annual campaign. Three key areas need to assessed when considering how to go about running a donor program. First, what percentage of the people who engage with the organization on a regular basis make donations? Secondly, what percentage of the people who do donate do so year-to-year? In other words, what’s the donor retention rate? Thirdly, how much does it cost to maintain and acquire new annual givers?
Annual Campaign – Membership

The screenshot on the right shows a typical multiple benefit level annual membership campaign for an arts organization. In this case, the Utah Shakespeare Festival has seven membership levels starting under $100 up to $14,999. The FMV is the costs of the benefits to the donor listed on the left. If the donor was a Rose member they would need to deduct $36 from their gift to determine the amount that is deductible for tax purposes.

Also note the Red “Donate” button at the bottom of the page. This too is a typical feature on websites to promote ease of giving.

http://www.bard.org/giving/benefits.html
Fundraising Processes

Asking for money is actually only one part of a fundraising process. The diagram shows a process that begins with moving prospects to supporters. What follows is a set of actions designed to engage donors in a variety of conversations about the arts organization. Cultivating donors for major gifts can take years before “making the ask.” The assumption is the donor is making smaller gifts over a period of time.

The step of making the ask assumes a great deal of relationship building has taken place. Ultimately, the arts organization needs to demonstrate it can be a good steward of the gifts given.
Corporate and Foundation Giving

The alignment of the donors’ interests and the organization’s mission and programming is also an important part of soliciting support from businesses and foundations. The donor research focuses on finding corporations and foundations with a track record of supporting arts and culture programming.

Corporate and business giving will vary depending on the strategic initiatives that are of priority for the firm. Unlike the social giving model, corporate giving is often driven by *reciprocity*, or what will the business get in return for their support? The PR value, visibility, and goodwill in a community could all be factors in giving. Corporations and small businesses also tend to not give cash, but rather provide in-kind support for goods or services of a specific equivalent value.

Foundations (and corporate foundations) usually have published mission mandates and/or strategic initiatives that are mission-related connected to the support they offer. Proposals that clearly align with the foundation’s priorities have a better chance of succeeding. Geography is also important. Many foundations have local or regional funding constraints.
Government Support
Countries like America offer limited direct support to the arts but that doesn’t mean Federal, State, or Local funding isn’t available. As has been noted, the alignment of the donors goals and the arts organization mission is a better benchmark when assessing where to put fundraising efforts. For many smaller under-staffed arts organizations the time it takes to apply for grants can be substantial. The amounts granted can also be small.

State and Local Funding
Arts organizations may have access for funding opportunities from local or state arts agencies. Many of the grants are directed to supporting programming that will have an impact in the region where the arts organization operates. Funding to support arts education initiatives is often a priority for these entities.

Federal Grants
There are other Federal Agencies besides the National Endowment for the Arts (NEA) supporting the arts in America. Again, research and alignment are critical. The NEA has a well developed grant application process that is clearly presented at its website.