

A new digital publication bringing you the essential learning, trends and statistics about fundraising in the arts and cultural sectors

**now/new/next**

MAGAZINE

#01

# TRENDS, STATISTICS & EXPERTISE

FOR

# ARTS & CULTURAL FUNDRAISERS



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## now/new/next

# WELCOME TO ISSUE # 1

The environment for arts and cultural fundraising and philanthropy in the context of funding cuts and competition gets ever more challenging, and for leaders and Trustees of arts organisations it can often be hard to know which way to turn. Many organisations struggle to release staff for training and development, and it can be very difficult to build a 'whole team' culture to support fundraising, and to determine where best to invest scarce resource.

In 2013, Arts Council England funded the Arts Fundraising and Philanthropy programme via a Transforming Arts Fundraising Strategic grant as part of its Catalyst Programme in investing in fundraising skills and development.

Three years into the programme, and we have learned an enormous amount through our activities and, of course, through our conversations with fundraisers across the country. This publication aims to bring together some of the learning from the Arts Fundraising and Philanthropy programme. In its 'Now, New and Next'

format, it seeks to establish what is happening now, what is new and innovative, and what is coming next in relation to arts and cultural fundraising. It is aimed at Trustees, leaders of arts and cultural organisations and fundraising practitioners and anyone else making decisions about where to invest valuable resources in fundraising.

My thanks to everyone who has contributed to this first issue of Now, New and Next. Please let us have your feedback as we develop this publication. We would welcome reaction to the content, format, and suggestions for future articles. Contact us via the online form at [artsfundraising.org.uk/contact-us/](https://artsfundraising.org.uk/contact-us/)

I hope that you enjoy the read!

Michelle Wright  
Programme Director,  
Arts Fundraising and  
Philanthropy

**@MWCause4**



Tell us what you think at  
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# THE CURRENT PICTURE FOR ARTS FUNDRAISING



**Michelle Wright**  
 Director of Arts Fundraising and  
 Philanthropy Programme  
 @MWCause4

**According to the CAF UK Giving Report 2014 only 1% of donations in the UK went to the arts. In this context, arts charities face an upward battle to ensure that their cause is front of mind for donors against a myriad of competing charitable initiatives ranging from health to education.**

The trends are exacerbated in a regional and national context – according to the latest Arts Council England figures from 2014/15, Contributed Income (sponsorships, trusts and individuals) raised by Arts Council-funded National Portfolio Organisations was £62m by the 10 major national organisations. A significant sum of £60m was then raised by other organisations based in London, with North West organisations the next nearest contenders at £11m – as such, the regional differences in terms of ability to raise funds are stark.

According to the DCMS Charitable Giving Indicators 2014/15, the Tate at £137m stands out from the crowd in their ability to raise significant private sector funds, followed by the V&A at £46m and the British Museum at £38m. Suffice to say, for organisations outside of London with limited internal resources for fundraising it's a tough climate.

**The key statistics**

It is useful to look at the average income profile of the Arts Council funded National Portfolio organisations and the Major Partner Museums.

Contributed income where fundraising sits, is at 12% and 7% respectively, which makes for a small but important part of overall totals. However, we shouldn't forget how essential strong Earned Income and subsidy from Arts Council and Local Authorities, is to the overall picture.

When the contributed income data is broken down further it can be shown that individual giving remains the strongest area, yet the majority of NPOs are working to a growth in Trust fundraising as their key goal – an area that is only likely to



**ONLY 1% OF DONATIONS IN THE UK WENT TO THE ARTS IN 2014**

diminish due to competition for funds. With this in mind, it's apparent that fundraising strategies are often not being drawn up against a robust picture or benchmark of what is possible and/or achievable.

**Positive trends**

But there are also some very positive trends developing. According to the DCMS Charitable Giving Indicators 2014/15, fundraising income is catching up with public funding as a source of income for Arts Council England's (ACE) National Portfolio Organisations. The total value of their 'contributed income' earned from fundraising activities grew from £180m to £186m between 2013/14 and 2014/15 – a 3.4% increase. An additional £69m is now being earned from this source compared with five years ago – £30m more than has been lost in ACE grant in aid.

An even stronger five-year pattern of growth can be seen amongst the 15 direct-funded DCMS museums and galleries. Excluding donated objects, contributed income has grown from £96m in 2010/11 to £193m in 2014/15, although this latest figure marks a fall of 15% on the previous year.

**Cause for optimism**

Similarly, a new annual survey from Arts Quarter also reports that cultural organisations are optimistic about their financial outlook, even those that are bracing themselves for local authority cuts, with a strong move away from statutory sources to a more mixed model of revenue generation.

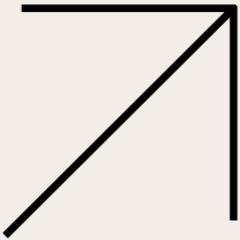
During the next financial year, 60% of responding organisations believed their fundraising revenues will increase, with 36% expecting an increase of more than 10%. However, 80% of organisations still see trusts and foundations as their main source of fundraising growth over the next three years, a position that

will be unsustainable in the short to medium term.

But of course there is also work to do, despite these promising areas of development.

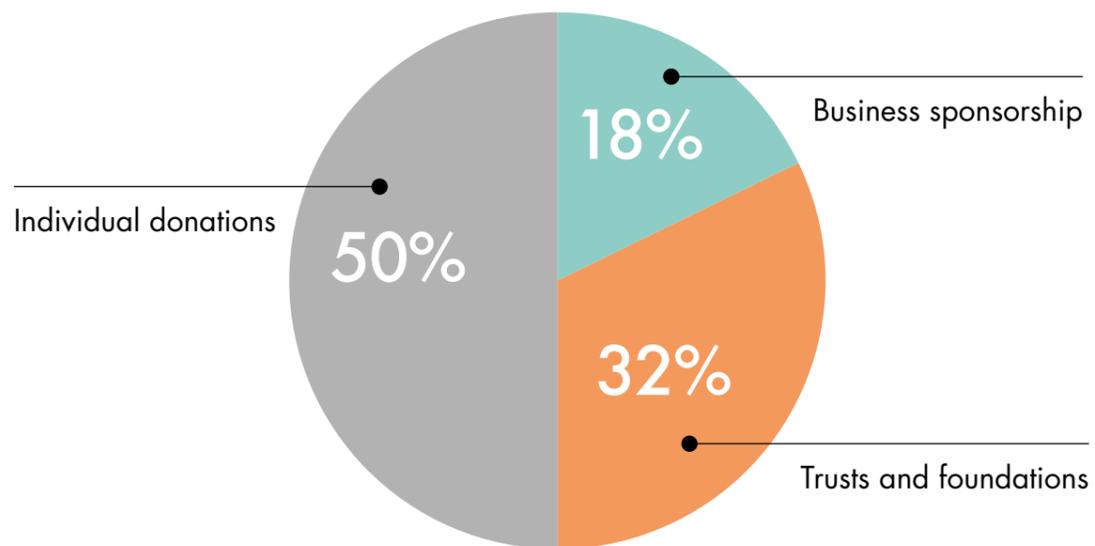
The Arts Quarter survey also highlighted that only a quarter of arts organisations see their fundraising case for support as effective at engaging donors and 56% are not sure that their organisation's Trustees have the skills to support their fundraising goals. Additionally, 47% of organisations surveyed planned to spend more on fundraising staff which also begs the question about making sure there are enough suitably trained fundraisers able to make a difference.





# THE KEY STATISTICS

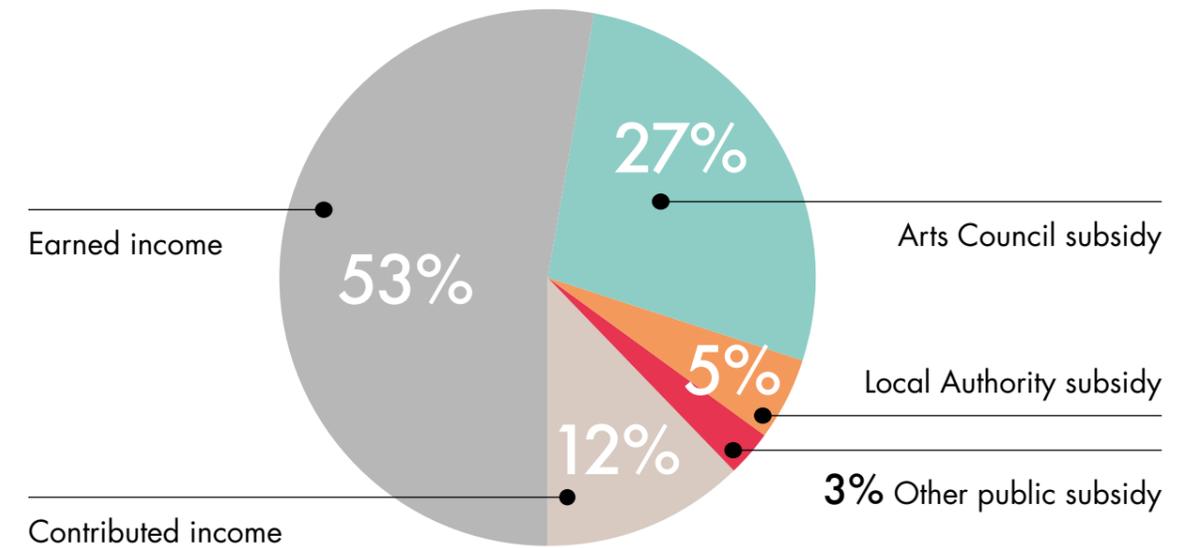
Breakdown of fundraising strands across Arts Council England National Portfolio Organisations 2014/15



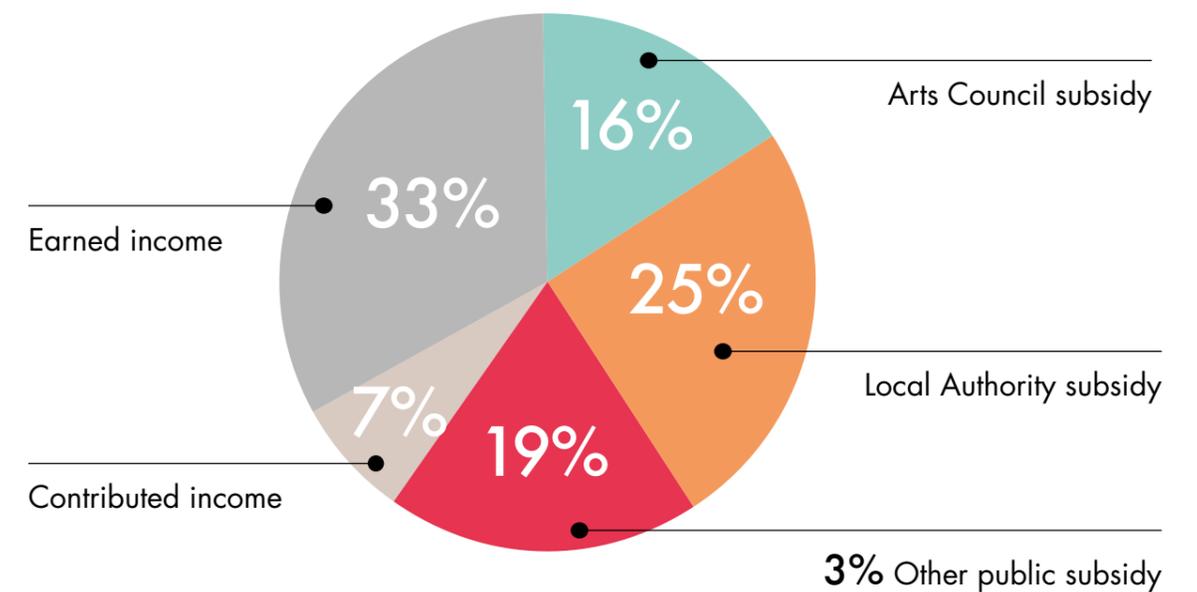
Source: National Portfolio Organisations and Major Partner Museums submission 2014/15

Income breakdown from Arts Council England National Portfolio Organisations and Major Partner Museums 2014/15

## NPOs



## MPMs



Source: National Portfolio Organisations and Major Partner Museums submission 2014/15



# THE FIRST FUNDRAISER



Patricia Castanha, Creative Consulting and trainer for the Arts Fundraising and Philanthropy programme

**The appointment of the first fundraiser in a (usually) small arts organisation is a big decision for the Trustees and chief executive. Investing in another salary, plus the resources required to enable the post-holder to be successful, is a significant commitment – and a long-term one.**

Recognition of the desire – or need – to generate more income represents a critical stage in organisational development. It is a time of new opportunity, but also a moment when certain aspects of organisational culture, previously insignificant, can come to the fore. The charity must be ready for the changes and challenges: do Trustees and staff know what fundraising entails, in terms of their own involvement? Is the organisation comfortable with fundraising and the scrutiny that can ensue, from prospects? Alongside the drive to generate new income, do all fully understand it will take a couple of years to see a return on investment?

The recruitment process itself may not be simple: if Trustees and the Chief Executive have little or no experience of fundraising, they may not really know what they should look for. Sometimes they hedge their bets by creating a fixed-term post – given the long lead-times in fundraising, this is counter-productive. It could be very helpful to recruit a senior fundraiser to the board, both to advise Trustees and mentor the new fundraiser.

S/he will have a challenging job when they arrive! They will have to be a generalist: comfortable with fundraising from the public and private sectors, the latter including trusts, foundations and Livery Companies; individuals, potentially at varying levels; and businesses. They will probably need event management know-how as well. They must have strategic experience in planning and budgeting, to be able to devise a realistic and costed approach, together with analytical skills to enable assessment of what will work best for the organisation – in other words, prioritise what can be lucrative in the short term, whilst simultaneously building up longer term opportunities. They will need tact and confidence to “speak truth to power”, if well-intentioned Trustees

without fundraising knowledge try to set the agenda, deploying the fundraiser’s time and energy for limited return.

Equally, Trustees and staff must understand that recruiting a fundraiser does not mean they can distance themselves from fundraising and leave it all to their new colleague. Supporters need to gain confidence in the organisation and its mission at all levels – and Trustees, Executive, artists and other staff are all crucial to that process.

One of the biggest challenges for all concerned is managing expectations. Often, Trustees, the Chief Executive – and other staff – who have not previously been involved in fundraising believe that the new fundraiser will be instantly successful. The long lead-times in fundraising mean this rarely happens, hence the risk of unwittingly starting a cycle of “serial first fundraisers”, who only last a year or so, due to the unrealistic expectations vested in them, or possibly because the organisation is not yet quite ready to fundraise. If say, the third fundraiser makes progress where their predecessor/s did not seem to, this is quite possibly because the work of the first two is finally bearing fruit, rather than the newest fundraiser being better.

Laying the foundations, and “friend-raising”, are necessary and time-consuming precursors to receiving grants and donations.

The fundraising work stream can sometimes generate uneasy relationships: staff may resent the new fundraiser, because s/he is inevitably privy to information they believe confidential, including about budgets, salaries and/or forward planning; because they, necessarily, will have regular access to Trustees; and because results are not instantaneous.

So setting targets is also tricky. Some Trustees will state that the operating deficit is the fundraising target. The two are not synonymous and, alongside the investment in fundraising, leadership need a realistic assessment of how much the organisation can actually raise, which may in turn lead to the need to examine and adapt the business model.

So organisations need to be brave: share the five-year plan with the fundraiser, resource and support them, then hold your nerve for a couple of years! But if all pull together, fundraising effort will be rewarded.

# ACCESSING GIFT AID

*why are the arts falling short?*



Michelle Wright  
Director of  
Arts Fundraising  
and Philanthropy  
Programme  
@MWCause4

**One of the very curious aspects about arts charities and their culture is that often they are missing an opportunity to claim tax relief, and specifically the Gift Aid that is available to them. If we're not careful, DCMS will not be able to defend the arts to Treasury adequately, when quite rightly the Treasury can point to the huge amount of Gift Aid that goes unclaimed by arts charities.**

In fact, rather than the arts lobby moaning about cuts, it is collective action from the arts and cultural sector that is now needed to support the likely forthcoming campaigns to help the public and donors to understand Gift Aid better, and to support any ensuing Gift Aid reform.

### So what is Gift Aid?

Gift Aid has been increasing the value of donations received by charities by the level of basic rate tax for 25 years. It is by far the UK's most widely used tax relief for charitable donations, estimated to contribute over £1.2bn a year to charities each year. By claiming Gift Aid, a charity can increase the value of a donation by 25% (based on the current basic rate of income tax).



£750M OF  
GIFT AID  
GOES  
UNCLAIMED  
EACH YEAR

The charity's claim is related to the income tax that the donor has paid on the money donated (with higher rate tax payers claiming the difference between the charity's claim and the tax they finally paid). The benefit of this system is that Gift Aid can't be treated as a Government subsidy, open to being cut in times of austerity.

Yet organisations such as CAF estimate that £750m of Gift Aid goes unclaimed each year. And according to HMRC data analysed by NCVO, only 65,000 charities make claims, meaning that well over half of all fundraising charities do not claim, with three quarters of small charities saying that they find the issues Gift Aid both complex and time-consuming.

### So what about the arts?

Undoubtedly, under performing Gift Aid is a general problem in the charity sector. However, there are particular ways in which it has a disproportionate effect on arts organisations, mostly related to the complexity of the activities of arts and culture charities, and their supporter base. Generally, arts charities tend to have:

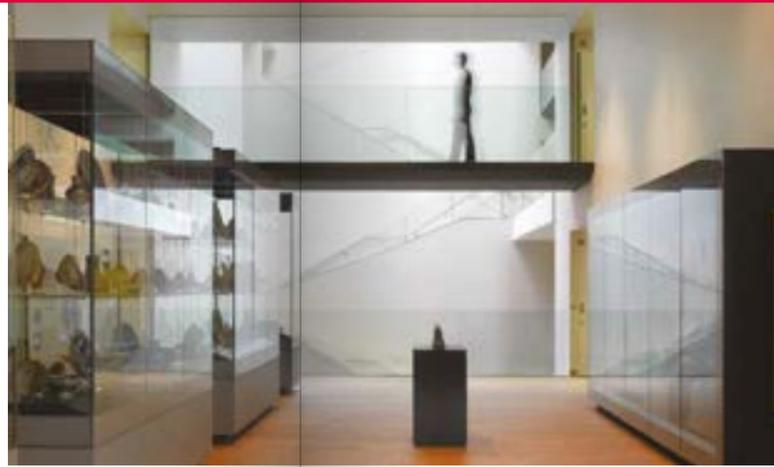
- a higher number of transactions with the taxpaying public (notably in the form of ticket sales).
- a higher proportion of donors that pay higher rate income tax (which is treated differently to basic rate donations).
- donor cultivation strategies and membership products that invoke rules restricting private benefits.

Yet, there have been some really positive steps to help arts organisations maximise the benefits of Gift Aid. For example, in his Summer Budget 2015, the Chancellor George Osborne increased the limit on the Gift Aid Small Donations Scheme from £5,000 to £8,000, adding £1,250 to the amount that arts organisations could claim on anonymous donations in foyer collections.

This scheme has been welcomed, however, a barrier has been the requirement for arts charities to demonstrate a two year history of regular Gift Aid claims which has limited the ability to claim for some arts organisations. Similarly, this Scheme would be better tailored for the arts and cultural sector if there wasn't a

*“Confusion, frustration and inconsistency have driven our campaign to more clearly understand the rules around claiming gift aid on split benefit/donation membership schemes. With HMRC’s co-operation we have put together a clear set of guidelines and introduced an online submission process, available to anyone wishing to submit their schemes for a compliancy check. There are other battles to be fought, but this is a great start in helping us maximise philanthropic giving to the arts.”*

Dorcas Morgan, Development Director, Park Theatre  
See page 13 for contact details



## WHAT NEXT?

Arts and culture charities have a clear incentive to improve public confidence in Gift Aid and charities generally. If arts charities can help increase participation, which currently hovers at about 40 percent, then the benefits are obvious.

matching requirement for donations, and also if arts charities could claim on non-cash donations.

There are also other types of small gifts where Gift Aid is falling short in helping arts organisations. For example, payments to arts and culture charities which provide a year-long admission or membership can qualify for Gift Aid. Where visitors make a voluntary donation of 10 percent or more on top of the admission price, an arts charity can claim Gift Aid on the entrance price and donation combined. However, this doesn't help the performing arts charities reliant on ticket income. Indeed, if this scheme was extended to the performing arts then if an audience member bought a ticket for

£40 and made an additional £4 donation, then that £40 could be worth an additional £11 to the organisation – complete gold dust.

Overall, the proportion reclaimed is strongly related to the size of donations. The average unclaimed gift aid from cash donors ranges from £11 – £24. By contrast, three-quarters of payments over £2,000 a year are Gift-Aided.

Arts charities and their patrons, therefore, seldom let the biggest fish go, but they are losing out on scores of more plentiful claims - particularly modest sums paid by higher rate taxpayers. Given that the average higher rate taxpayer gives nearly five times more to charity than the average donor, this should be a target area for real Gift Aid growth in the arts.

### Does it help philanthropy?

It's true to say that HMRC has little evidence about whether Gift Aid actually works as an incentive for philanthropy. Many donors say that tax incentives don't matter to them at all, and more than 30% of higher rate non-reclaimers say that they don't know how to claim Gift Aid back. Yet simplifying the process would undoubtedly help. At present, higher rate taxpayers that claim Gift Aid have to receive the tax benefit themselves, yet if Government would give higher rate taxpayers the option of passing that tax relief onto the arts charities directly, undoubtedly there would be a boost to the value of philanthropic donations.

### And what about benefits?

But perhaps the most pressing complexity surrounding Gift Aid for the arts lies in the issue of benefits. Many arts charities are put off by the complexity of the donor benefit rules, not least, as often the benefits provided to donors by arts charities are more complex and varied than for the mainstream charities. Legally there is a maximum value of the benefits that a charity can give to a donor whilst still claiming Gift Aid on the donation. But in the arts not all benefits are so easily valued and there are now three different methods governing how a charity should value a benefit. This usually leads to the Gift Aid issue being put on the 'too difficult' pile, or for arts organisations to have to seek expensive legal advice to ensure compliance.

Additionally, the law stipulates that the value of the benefit must be judged as the perceived value from the donor's perspective. Surely, it would be much simpler if the value was laid out according to the cost of provision of the specific benefit, which anyway has to be justified within a charity's accounts. This would help the arts immeasurably.

And finally, there is the issue of the charity benefits on corporate donations. Corporate Gift Aid was reformed in 2000 to try to simplify the system and increase giving by companies. However, it has had little success. And so another powerful lobbying area for arts organisations to HMRC could be to ask for consideration to be given to allow organisations

to claim Gift Aid on corporate donations. In some areas the value would be hugely significant.



For a copy of the guidelines and submission forms, please email Dorcas Morgan at the Park Theatre at [development@parktheatre.co.uk](mailto:development@parktheatre.co.uk)

Take part in the government consultation and provide your feedback on Gift Aid to HMRC by 12 May 2016 at [artsfundraising.org.uk/gift-aid-consultation-2016/](http://artsfundraising.org.uk/gift-aid-consultation-2016/)

# HOW WILL NEW FUNDING REGULATION AFFECT THE ARTS?

Image: Ronnie Macdonald via VisualHunt



Tom Hoyle  
Head of Philanthropy &  
Development, Cause4  
@OfficialCause4

**Long before the suicide of Olive Cooke, a 91 year-old volunteer, unearthed evidence of bombardment of vulnerable people by fundraising agents, the chugging business model and use of direct mail have been questioned. Even though Olive Cooke's family denied that charity harassment had triggered her death and GoGen and other charity cold-calling centres went out of business in days, it was the last straw.**

Ministers, the Daily Mail and the charity sector's representative institutions, notably NCVO, seized the moment to make charity leaders get their house – and their outsourced agencies – in order. There's universal agreement that radical change was overdue. Where there is vehement disagreement is around the logic and effectiveness of the reaction; be in no doubt that a new regulatory structure is being installed, and it will affect your organisation if it spends more than £100,000 on fundraising.

## **When self-regulation becomes self-harm**

Asked by the Minister for Civil Society to assess self-regulation, the NCVO's Sir Stuart Etherington and three Peers made radical proposals, starting with replacing the Fundraising Standards Board (FRSB) – the incumbent self-regulatory body sanctioned by the Charities Act 2006 – with a new Fundraising Regulator.

Let's be honest about the FRSB's lousy start. It launched late due to a lack of big members, and its constitution was described as "rubbish" even by supporters. It was not

actually self-regulation by members but subscription to a tribunal of the worthy. Yet Sir Stuart, and impatient politicians that have pushed through the Fundraising Regulator, have badly underestimated the difficulty of setting up new regulatory institutions - as any observer of post-Leveson press regulation would conclude.

Etherington's best ideas could easily have been invested in a revamped FRSB. Eschewing fines (which only ever harm beneficiaries) is wise. Putting erring trustees and directors on the hook for compulsory training, public censure and 'cease and desist' orders will drive leaders to take charge of all their fundraising methods. Adding accountability to a select committee of Parliament is easily done if the Public Administration Select Committee is willing.

However, we now have the looming prospect of a new entity "building its own reputation as a strong regulator", making its presence known in front of expectant politicians and media. Michael Grade, the former broadcasting chief and the Fundraising Regulator's inaugural Chair,



## 'MAY YOU LIVE IN INTERESTING TIMES' IS A CURSE

has already puffed his powers, warning charities guilty of serious fundraising misconduct that they could have charitable status removed. Correctly this earned a reminder from the Charity Commission that this is an existing power reserved only to the Commission for organisations that are not charitable. Overzealous measures and set-piece show trials are something charities can ill afford.

### 'May you live in interesting times' is a curse

The proposal for a Fundraising Preference Service (FPS) to halt the flow of fundraising communications is a different order of challenge. It's illiberal and technically fraught. The current statutory Telephone Preference Service struggles to contain market research calls and robo-messages.

The head of FPS's working group, George Kidd, is eminently well qualified in direct mail compliance and premium-rate telephone services. Whilst we might agree that the Data Protection

Act is a little soft (eight large charities were contacted by the Information Commissioner in 2014 in response to a handful of minor complaints) surely he knows that stronger medicine is already on its way from the European Commission. EU Data Protection Directives will restrict communication to donors that actively opt in, adding a 'right to be forgotten' where donors can be removed from charitable databases forever. Why invent a complicated duplication – and risk another 'public sector IT' disaster?

FPS augurs a 'single reset button'; effectively granting members of the public annoyed by one fundraiser an inviolable right not to be interrupted by any fundraiser. Public support in surveys is high, but how many know that the system is not being designed to "switch off" pests one by one? Blanket blocks could have a chilling effect on civic discourse.

The cost in database management (estimated at £6,000 – £10,000 per year) and lost voluntary income (25% – 50% of individual

donations) will squeeze frontline charitable services further.

### Category errors and collective punishments

In my view, some of these flawed reactions stem from flawed judgement on the cause of the problems. The response wilfully misconstrues the Olive Cooke issue. One charity sending a single letter to a donor is not a scandal. Collectively there was a problem as the number of charities became an inundation for a kindly old lady who rarely said no. If the real problem is something else – out of control contractors selling private data, for instance – then that demands a different fix. It's hard to see how sophisticated technical devices will protect frail and vulnerable donors.

Whilst banks, despite endemic failures of governance, judgement and incentives that nearly brought the world to its knees, have retained principles-based regulation, for charities, general threats of "reputational" harm and loss of "public trust and confidence"

are sufficient to trigger the Charity Commission and the Fundraising Regulator. William Shawcross, the Charity Commission's Chairman, has even used surveys showing that admin costs concern the public more than the positive difference charities make to widen his public trust remit. This is extraordinary mission-creep from a regulator tasked with upholding charitable objects and complains its budget has been halved.

No-one at the top seems to have stepped back to see that reliance on detailed rules, such as the Code of Fundraising Practice, is expensive to regulate, impossible to keep relevant, and ends up being complicit with abusive loopholes. Rules are just a best guess on future practice.

### You've done nothing wrong, but you need to be fined and tagged

Timely work by NFPSynergy and Stone King's lawyers shows that the Fundraising Regulator is neither statutory nor voluntary. Take that in for a moment. "Self-regulation" may be the label, but compliance will be compulsory.



## DO'S & DON'TS

### So away from the regulatory brouhaha, what can Trustees and Fundraisers do to promote fundraising in their charity?

- The buck really does stop with the Trustees.
- Tactics do matter and public opinion and experience must come first. Don't do anything you wouldn't go on the Today programme to represent.
- Don't waste a good crisis. It's time to refresh your Board and renew expectations. Fundraisers need a voice.
- Your Board should be willing to experience your charity as 'punters', donors and mystery shoppers.
- Get a handle on all your data. Even if the Fundraising Preference Service takes time to set up, the EU Directive is coming.
- Talk to donors, and then talk again: Charities can't just outsource these calls to agencies and then plead ignorance about the tactics – remaining in touch and checking the experience of donors regularly is vital.
- Mass broadcast methods by post, email and phone are going to be constrained and costly. It's time to think through your best alternatives – simple trading models, corporate partnerships, community events, and legacies are going to play a bigger part of your working week.



Ruth Jarratt,  
Consultant and  
Trainer for the  
Arts Fundraising  
and Philanthropy  
programme

## THE IMPORTANCE OF EMPATHY

**Fundraising often brings us face to face with some pretty basic human characteristics – passion, generosity, pride. Another is empathy, the ability to understand and share the feelings of other people.**

At the end of the day, fundraising is about reaching out to others, informing and inspiring them about our work and inviting them to become part of our success. This act of connection requires that we understand where others are coming from, that we empathise with them.

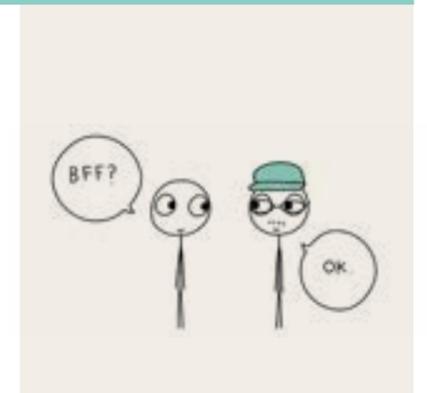
Take for instance the business of approaching trusts and foundations for grants. This, seen from a distance, could look like a fairly dry, sterile endeavour. But as in all fundraising, it is a matter of one person talking to another. The fact that the correspondents and trustees of the grant-making bodies often choose to stay anonymous only makes the job harder, the challenge being to communicate something to a person about whom you know little or nothing in terms that they can relate to.

This is the premise of the course Writing Successful Applications that I have been running for the Arts Fundraising and Philanthropy programme.

Together we try to put ourselves in the shoes of the grant makers, faced with the tough job of deploying their finite resources to maximum effect for the good of society.

A key part of the course is a role-play session in which participants take turns to be both applicant and grant maker, putting themselves in the shoes of the hard-pressed decision maker as well as honing their own skills in communicating their case clearly and succinctly. Though many found the activity difficult at first, they reported it as crucial to their understanding of the application process.

I have sometimes felt that people come on courses looking for a gizmo, a widget that can be bolted on to their existing operation and which will spew forth money without them really having to get too involved, and without the donors getting too involved either. This is not how it works. The empathy flows two ways: once we have awakened the interest and passion of a donor to the point at which they are wanting to give us money to achieve our stated objectives, we have created in them a sense of involvement which cannot be ignored or turned off without causing misunderstanding and offense.



When an organisation chooses to take the fundraising path it is choosing to travel forward in the company of others, accepting their good will and the responsibilities that go with receiving it. Taking the fundraising route is about achieving independence through inter-dependence, and there is a hint of vulnerability deep within that. So, what is essential to today's fundraiser to be successful? To all the skills that you will usually find in the person specification for any fundraising post I would add one word: empathy.

And if I were asked what is essential in the person who manages today's fundraiser I would say that it is an appreciation of the role that the fundraiser plays not just as interpreter between the organisation and its donors, but as a go-between for the emotions and passions that fuel their giving. So my advice to the manager? Cut the fundraisers some slack and give them the politically acceptable equivalent of a hug from time to time.

# THE POWER OF NETWORKING



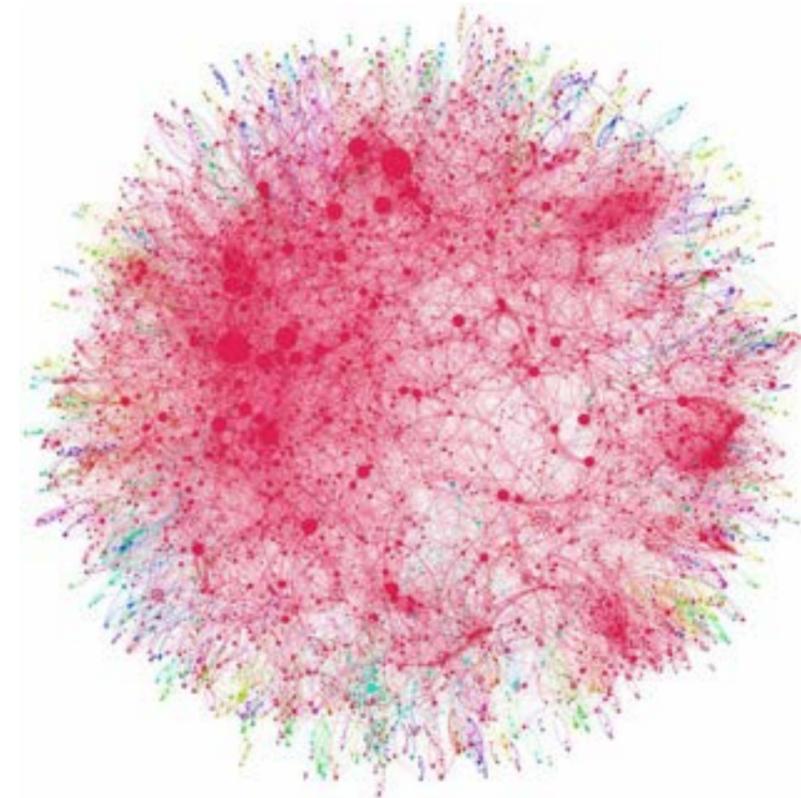
Frances Tipper,  
Director,  
Spoken Word Ltd

**I have had the pleasure of working with the Arts Fundraising and Philanthropy Training Programme since its inception, running courses covering, in part, the power and benefits of good networking in this environment.**

Networking skills have, historically, always been seen as those soft, “nice to have” kind of skills. Today, however, and certainly for the future, networking skills should be seen as essential to the fundraising profession. A good fundraiser needs to be an excellent networker. Anyone entering the fundraising profession without this key skill will flounder in the role.

Fundraisers have to be able to persuade, influence, inspire, negotiate, present to range of different groups and levels, listen and respond with empathy to a potential donor or senior manager’s wants and needs

and also recognise how the psychology of communication affects donor behaviours. Add diplomacy into the mix and it becomes evident that having excellent networking skills encapsulates a vast topic. Many of the fundraisers attending the entry-level Arts Fundraising and Philanthropy networking workshops so far have arrived with the misconception that networking is all about asking for money. As such, they find it difficult at best or repugnant at worst. And no wonder... Networking cannot and must not be confused with “chugging” where people approach passers-by in the street to ask for subscriptions or donations to a particular charity. Whilst I admire the chuggers, I personally cannot imagine anything worse than approaching someone for the first time at a networking event with the expectation that I have to ask them for money.



## So what is networking?

First and foremost, networking is about meeting people in order to establish and build a business relationship. Your goal at a networking event is to identify and engage with people who may have similar interests, values and beliefs as yourself and your organisation. It is your first face to face meeting with a potential donor and, like it or not, you have a much better chance of building a mutually beneficial and long term relationship from an initial face to face meeting than any phone call or email.

## Why is networking so essential for the future of fundraising?

Networking events are one of the few places where you have the opportunity to influence and

persuade a new, potential donor directly. In the past, we have tended to shy away from this in the Arts sector, seeing this as part of the B2B, corporate world. Yet this is precisely the world where we have to be seen as proficient, organised and professional if we are to make any headway in generating new revenue streams.

## You never get a second chance to make a good first impression

Today, part of any fundraising strategy has to include attending a number of well-researched networking events each month, with a clear list of contacts and goals and with a skilled team of individuals who know how to work the room effectively. A skilled networker

knows how to make a good first impression and how to use that one chance to get a clear, influential and persuasive message across.

How they communicate their message will change hearts and minds and this has the potential to bring real dividends to your organisation.

As a future trend, the ability to network well will be seen an essential requirement not just for the official fundraisers in the organisation, but also for the management teams, directors and trustees. Networking is no longer a “nice to have” soft skill. It is now one of the key elements of any organisation’s fundraising strategy.

# TRANSPARENCY ONLINE:

## WHY CHARITIES NEED TO SHARE MORE



Clare McCullagh,  
Arts Fundraising Fellow,  
Canterbury Festival  
@ClareMcCullagh

**We have all been affected by the current refugee crisis – affected being a word that encompasses something different for everyone – in my case, an unshakable sense of duty. But really, my duty can only be to give.**

I am not in a position to go to Calais, Hungary or further afield to help. So, I have given toiletries, shoes and books to collection points in my area. And I have given money – as much as I can within my means, but without a doubt, more than I have given to any other single cause before.

This is a dire situation and it is my belief that we all have a duty to help.

What struck me as I went online to make my first donation, was how fiercely possessive I felt over my money. It wasn't something I had felt before. Not only was it difficult to sift through the many, many charities asking for donations but my thought was, I care SO deeply about this situation that I want to know exactly where every single penny of my money is going and the channels and time frames associated with it. It was then that I realised, I had no way of knowing this.



### What do you think will work for the arts sector?

We'd love to know your views at

[artsfundraising.org.uk/contact-us/](https://artsfundraising.org.uk/contact-us/)

As a person working in the charity sector and as an open minded individual, I know and expect that some of my donation will be used for administration and support costs. However, what should this amount be? At what point do I decide that that's too much for a charity to be spending on support and choose to donate to a different charity? And more importantly, what am I basing this decision on?

Oxfam, Plan UK and Save the Children all display diagrams on their homepages to show how every £1 donated is used. Some are better than others with Oxfam and Plan both providing clear links to their annual reports whilst Save the Children provide three pie charts but no link to their annual report. Addressing only the online presence of charities, I would like to see this become an expected standard of transparency for all. Including arts charities. Why shouldn't we be providing information on our expenditure and accounts,

matching the standard of transparency and accessibility of some larger, humanitarian charities do? It can and is being done as creative producer Crying Out Loud demonstrated by showing their expenditure on their support page. Could we trial some similar diagrams on arts websites and see how they are received?

But will this work for everyone? This topic brings into question impact and how we measure it. Is it by money spent? Should it always be about money? What if there is a charity doing something out of the ordinary? A charity going into areas never reached before? To alleviate issues never considered before? If they need to spend more of their donations on staff and support – do we dismiss that?

In his recent article about restoring faith in charities, Ben Summerskill asks, 'Do you explain not just what you do (...) but what the impact of your

work has been?' From a donor perspective it is important to remember that for some people giving to charity is a highly emotive thing. It's only fair that the right information should be easily accessible to enable those people to make an informed decision about where their money goes.

Researching the potential benefits and barriers of greater disclosure online will be one of my aims during this Arts Fundraising Fellowship. With such a large and varied sector, there is most likely not going to be a solution that is welcomed by all. This is a sensitive subject as there are of course those donors who will respond negatively to the knowledge that say, 20 pence of their £1 donation will be spent on administration and support. It could be argued that for some charities, displaying this information so prominently will act as a barrier to giving and that is certainly not what any of us want.

It's all about positioning



# WHAT'S NEW IN ARTS FUNDRAISING?



Michelle Wright  
Director of  
Arts Fundraising  
and Philanthropy  
Programme  
@MWCause4

**As I run training in innovation and entrepreneurship across England in my role as Programme Director of the Arts Council England-funded Arts Fundraising and Philanthropy programme, I am struck by just how resilient arts organisations are, and how many ideas and new approaches there are in arts fundraising.**

With a constantly changing agenda in funding, we do need to see some stability to let some of this more entrepreneurial activity settle in and for it to start to become a reality in our arts funding ecology.

Of course, when we think of innovation, invariably our attention turns to digital and some of the newer tools that might lead to alternative income streams, such as online giving, crowdfunding and the like. However, the reality is that whilst there is potential for arts organisations to increase revenue in a number of these areas, it is unlikely to lead to the six and seven figure sums that are needed to replace lost Arts Council England or local authority funding.



## ARTS ORGANISATIONS NEED TO BE FIT FOR THE FUTURE

Instead, where I see much of the innovation coming from in fundraising, lies in organisations that are prioritising four key areas:

- **Place**

The organisations that are forging ahead are asking and answering the key questions that are making them indispensable – what does the area really need, where are the gaps, what do schools need? It's the organisations that genuinely know their region and that are responding to specific gaps that are securing high-level funding. This might seem obvious but sadly I see a lot of organisations paying lip service to real consultation

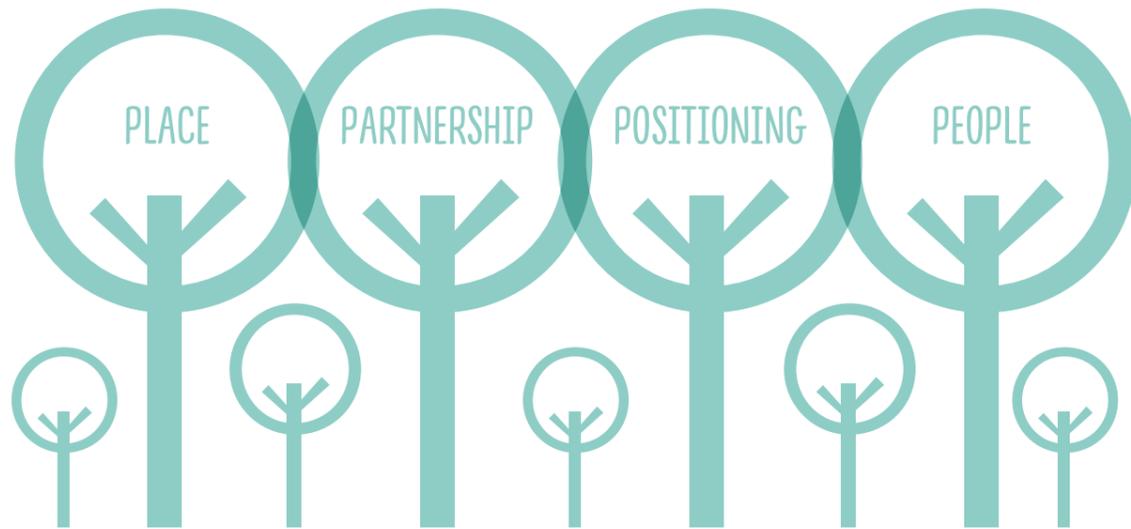
in their area, rather than taking the time to go into depth. In these times of limited funding, we absolutely must see arts organisations responding to genuine need.

- **Partnership**

The word partnership has become something of a cliché. However, those organisations that really embrace and understand true partnership working are making great strides in fundraising, and in turn are helping secure new investment for whole regions. Funders are supportive of area activity, especially when it is joined up in response to need.

- **Positioning**

The savvy organisation that knows its value will protect its unique position and will tell funders the same story over and over again. These are the organisations that become the 'go to' for expertise in a particular area – be it music, theatre or the protection of libraries. All too often we see arts organisations espousing complicated messages that are not unique. Simplicity and distinctiveness are always at the heart of innovation in fundraising.



• **People**

Fundraising is a team effort and from Board to Box Office the innovating fundraising organisation will be making income generation a priority for everybody. Fundraising needs to be intrinsic to an organisation's culture, and the use of digital used well is also about people. There is real value in data, networks and knowledge that can be monetised for the organisations that invest in such positioning, but this activity cannot sit in silos – it must be embraced organisation-wide.

**The need for new business models**

With this context in mind, there are many arts organisations that know that their business model might benefit from a radical overhaul, but my sense is that there is a fear that the funders won't support such change or transition. What emerges is a paralysis, with the board, executives and key funders all ending up protecting the status quo.

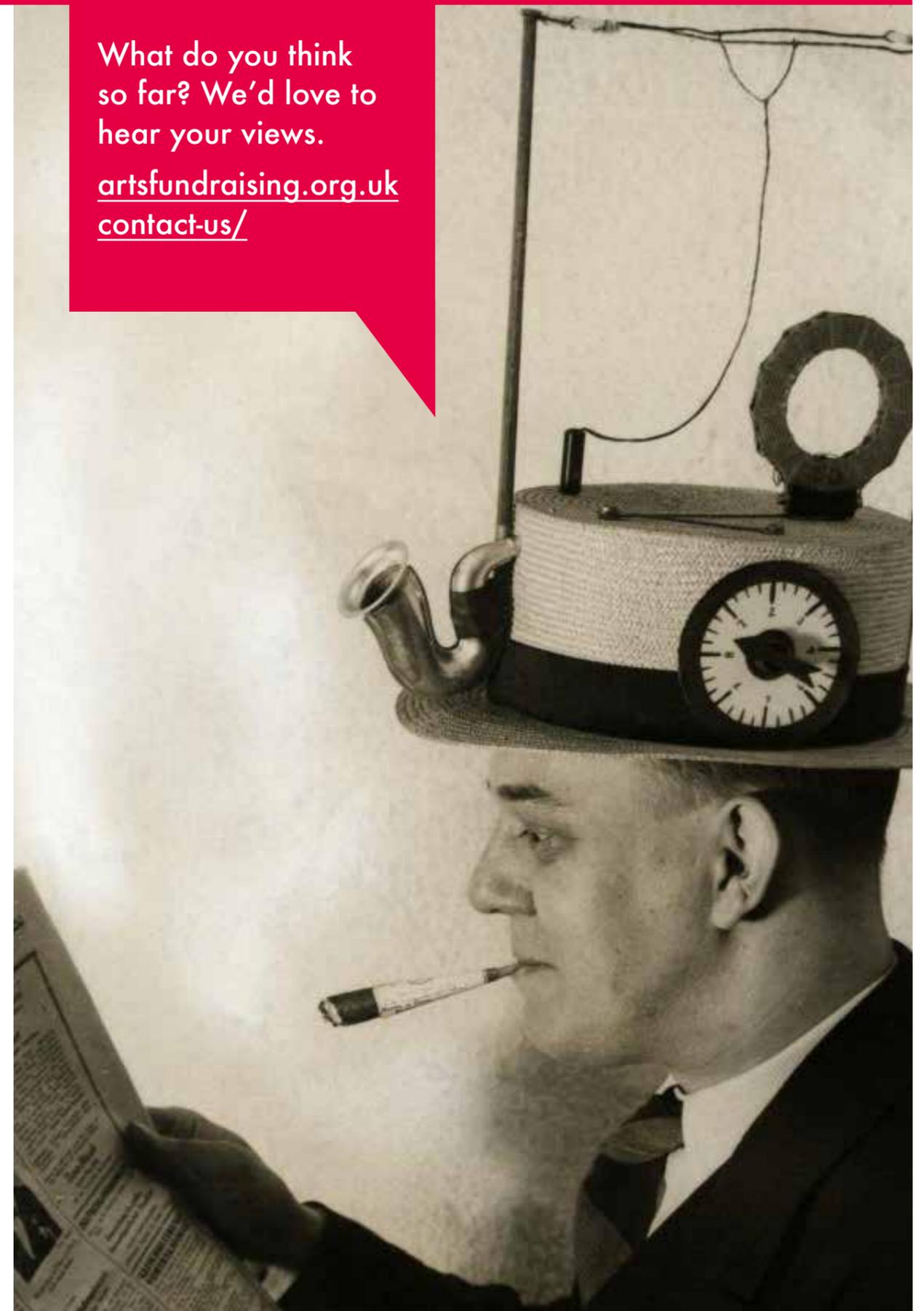
So at least some of the work of the next period might be encouraging funders to support a 'no-risk' call to organisations wanting to explore radical new business models, where the best advice, funding and support (including from outside the establishment) could be given to those needing to change.

Funding could be ring-fenced for establishing new ideas and taking a fresh look at place, partnerships, positioning and people to really make sure that our arts organisations are fit for the future.

If we could achieve these developments, I can't help but think that such transparent innovation from our main arts funders might lead to quite a different picture of grant funding and business models for arts organisations in the coming years...

What do you think so far? We'd love to hear your views.

[artsfundraising.org.uk/contact-us/](http://artsfundraising.org.uk/contact-us/)



# CHANGE IS GONNA COME



Sarah Gee,  
Managing Partner  
Indigo-Ltd and trainer  
for the Arts Fundraising  
& Philanthropy  
Programme  
SarahABGee

**It was suggested to me recently that the well-known quote of “There are only two certainties in life: death and taxes” seems somewhat outdated, as surely change should be added to that list? I agreed, and began to wonder what changes might be on the horizon – the dark art of futurology.**

I found a 2008 article in The Daily Telegraph, which drew upon on the skills of scientists and others to forecast the future up to 2050. It struck me how accurate many of its predictions were, from the demise of ‘normal’ weather and personal privacy, to dream machines and hotels just for sleeping. Looking at its future suggestions, I realised how fundraising will change fundamentally during the rest of my working life (not the next twenty years, as I’d hoped, as I’ve also learned that the idea of retirement will begin to disappear from 2020).

So, imagine a world where there are no coins (forecast to be 2035) or bank notes (2040): will we be geared up to accept one-off digital donations in venues, and will all our customers be happy to donate digitally? Inheritance Tax (IHT) will be gone by 2030, which some might say is an unfair tax anyway, taxing income for a second time. No matter your personal view of it, legacies are a major source of income for charities, and without the incentive of charitable bequests being removed from estates before the calculation of IHT, I suspect we’ll see fewer donations to charity.

Indeed, the Middle Class – that bastion of support for arts organisations – will have disappeared by 2035, and by 2050 it’s thought that national borders and trade alliances such as the EU will have disappeared, as people consider themselves citizens of the world and have less of a sense of belonging to a specific area. Given so much fundraising is based on emotional pull, often linked to formative years and experiences, where does all this leave us?

To be honest, if I knew precisely, I’d be bottling that knowledge and selling it to everyone (assuming there are

bottles in the future), but I think we can all take steps to future-proof ourselves as much as we’re able. But where to start?

Well, I rather like PESTLE analysis, as it provides a useful framework for examining areas that could influence our futures.

## **So here are a few thoughts**

- **Political**  
Given it seems possible we’ll have a right-leaning Government for the next parliamentary term as well as the remainder of this, what ideology should we be looking to, to predict how state support (both moral and financial) will change?





IMAGINE A  
WORLD WHERE  
THERE ARE NO  
COINS OR  
BANK NOTES

• **Economic**

Given austerity seems to be with us for the foreseeable (anyone who feels otherwise only needs to look at local authority funding to see things we once regarded as core services being cut) what will the new normal look like? How can we create new business models for the arts, and how will we fund them?

• **Societal**

Given all the controversy, accurate or otherwise, surrounding charities and their practices during 2015,

how will society regard charitable status in the future? This is a particularly complex question, as more and more that was once public sector will be taken on by charities.

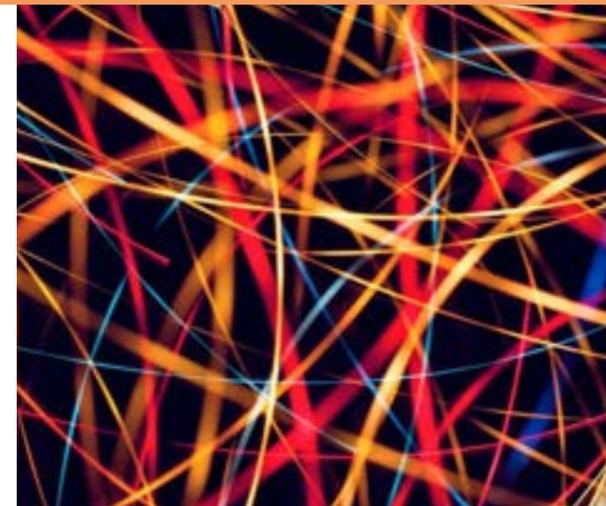
• **Technology**

Given the findings of the recent Digital R&D Fund for the Arts survey said that lack of senior commitment to digital work was a major barrier to change, what are the implications for fundraising in the 21st century as we strive to make giving as easy as possible? We need to look at

gamification and experiential fundraising in same ways that companies like Punchdrunk and You Me Bum Bum Train have addressed changes in theatregoers' expectations.

• **Legal**

Given concerns around privacy and data collection, how can we sort the challenges of data gathering and protection in a way that suits both marketing and development concerns? And please can we ensure that the new Fundraising Regulator understands that



the arts and cultural sector (largely) uses data in very ethical ways, and that the Fundraising Preference Service proposed in the Etherington Review could have massively detrimental but unintended impacts?

• **Environmental**

Given the Paris Climate Change accord, should we consider the environmental impact of our fundraising, and how we build relationships to solicit gifts? Will touring our art – so vital to open up new markets and start new relationships with

supporters – be feasible in the future?

And that's only the start. Run a PESTLE analysis for your organisation and see what emerges. It may be shocking, but hopefully also inspiring.

I'll end with another often-quoted proverb, which seems particularly prescient to fundraisers dealing with change: "The best time to plant a tree was twenty years ago. The second best time is now". Happy planting.



**What are your predictions for change?**

Share your thoughts on our Facebook page at [facebook.com/artsfundraisingandphilanthropy](https://www.facebook.com/artsfundraisingandphilanthropy)

# TRENDS IN DIGITAL ENGAGEMENT



Nadja Degen,  
Arts Fundraising Fellow,  
Apples and Snakes  
@ndjdgn

**Since digital technology has become available and affordable for everyone, its impact on our lives has grown with dizzying speed and breadth.**

In her blog for Arts Fundraising & Philanthropy, Alessandra Green (Fellow for the London Transport Museum) reminds us that reminds us that the average UK adult spends over eight hours a day using technology. 38 million people access the internet on a daily basis and access to the internet using mobile phones has more than doubled between 2010 and 2014, from 24% to 58%. Digital technology impacts on nearly all aspects of our lives. It also affects the way that we engage with culture, and the way that cultural organisations engage with their audiences.



**38 MILLION  
PEOPLE IN THE  
UK ACCESS  
THE INTERNET  
ON A DAILY  
BASIS**

The Digital R&D Fund for the Arts, a £7 million initiative that supports collaboration between arts organisations, technology providers and researchers supported by Nesta, the Arts and Humanities Research Council and Arts Council England, published the report Digital Culture 2014 which explores how arts and cultural organisations in England use technology. The three-year survey shows that almost 9 in 10 organisations (88%) are publishing content on free platforms, such as YouTube and Facebook. Overall, organisations are consolidating their use of technology in areas like marketing and distribution.

In other areas such as income and revenue generation organisations seem to be expanding their use of digital technology. To round up these findings, there has been clear evidence that organisations that engage more with digital technology experience bigger impacts.

Examples that demonstrate how the arts engage with their audiences online are numerous and diverse. In November 2015, Giving Tuesday left the whole charity sector breathless. Arts Council England launched its first Twitter novel The Unfollowed, written by Ian McMillan and published under

the hashtag #ACEnovel. Live streaming is becoming increasingly popular and captures new audiences; in late November The Royal Opera House streamed a rehearsal of Peter Wright's The Nutcracker production which premièred on stage soon after. And my host organisation Apples and Snakes announced that we will receive funding from the Heritage Lottery Fund to create a Living Archive for Spoken Word and Performance Poetry.

Since performance poetry as an art form relies heavily on oral tradition, this is a significant step towards



preserving a cultural heritage that is in danger of being lost. However, this sensational news also hints at daunting challenges for my host organisation. The prospect of cataloguing and digitising an extensive archive of materials, including rare sound and video recordings, photographs, and press cuttings, collected since the beginning of Apples and Snakes in 1982 might unnerve even an experienced archivist.

The aim is to create a bespoke, interactive archive that encourages input from the wider spoken word community. This highlights key questions relating to digital engagement:

How can the Living Archive involve our audiences personally and meaningfully? How can the Living Archive speak to both current and new audiences? And will the Archive trigger responses that go beyond the digital, i.e. visitor numbers and ticket sales?

A clear understanding of the wider spectrum of interaction that digital products allow will help achieve the above. The Guide on Making Digital Work by the Digital R&D Fund for the Arts lists the following four qualities that digital products have:

- **It can be functional:** The digital archive enables me to access a performance.
- **It can be emotional:** Listening to this performance moved me to tears.
- **It can be social:** I'm discussing this performance with friends who live far away.
- **It can be permanent or ephemeral:** I can purchase or download and keep this performance forever.



**How is your organisation harnessing the potential of digital technology for fundraising?**

Share your experiences on our Facebook page at [facebook.com/artsfundraisingandphilanthropy](https://facebook.com/artsfundraisingandphilanthropy)

This list illustrates the vast potential of digital in terms of audience engagement and development, and naturally it reverberates with professional arts fundraisers. Digital content allows us to showcase artistic products and demonstrate the breadth of work that we undertake. It is a platform to raise awareness for our charitable status and the many ways that we serve our communities. The opportunities to engage new supporters seem almost endless. Arts fundraisers need to be attuned more than most to the richness of digital technology.

Alternatively, funding bodies that support organisations to grow their digital offer must be aware of the hurdles organisations face in the process. Flexible models that stimulate knowledge sharing in the wider cultural sector and between sectors as piloted by the Digital R&D Fund for the Arts pave the way, and a growing number of trusts, including the Heritage Lottery Fund and the Paul Hamlyn Foundation, push these efforts further with a focus on arts access and participation.



**READY FOR CHANGE**  
 ARTS FUNDRAISING  
 IS IN AN EXCITING  
 STATE OF FLUX



Dr Ben Walmsley,  
 Associate Professor in  
 Audience Engagement in  
 the School of Performance  
 and Cultural Industries,  
 University of Leeds.  
 @BenWalmsley

**This August the University of Leeds hosted the second national summer school for Arts Fundraising and Leadership. The summer school forms an integral part of the Arts Fundraising and Philanthropy Programme, funded by Arts Council England (ACE) to change the landscape of arts fundraising in England. One of its stated objectives is to maximise learning through ‘thought leadership’, and this is where the summer school comes into play.**

As Director of the summer school (and of the corresponding Postgraduate Certificate in Arts Fundraising and Philanthropy accredited by the University of Leeds), I enjoy the privilege of curating the content of this intensive week of executive sharing and learning.

This year we covered topics ranging from how to manage change to artist-led philanthropy. Alongside contributions from University of Leeds staff, we welcomed a number of national and international experts to deliver bespoke sessions. These included Sue Hoyle, Director of the Clore Leadership Programme, who extolled (and exuded) the qualities of quiet leadership and shared her vision of arts leaders as change-makers, place-makers and narrators; Richard Andrews from the University of California at Berkeley, who outlined fundraising trends in the US and illustrated the requirement in our digital era for integrated, multi-



## FUNDRAISING IS FACING AN UPHILL STRUGGLE FOR LEGITIMACY

platform fundraising; Richard Watts, who displayed organisational change as an organic, social process rather than a ruthless, systemic upheaval; Claire Antrobus, who made the case for mission-related and values-based income diversification; and Melissa Nisbett from King's College London, who explored how cultural policy is really made and what role (if any) cultural diplomacy might play in this somewhat opaque process.

Perhaps surprisingly for some, the core aim of the summer school is not to teach participants how to fundraise. As an academic programme that focuses as much on leadership as it does on fundraising, it aims to provide space for delegates to take a step back from their day-to-day operational practice as

fundraisers and approach what they do in a more reflexive way. The reason the programme places such a privileged focus on leadership is partly because many of the delegates are clearly the future leaders of the sector, partly because arts leadership and income generation are increasingly inter-dependent, and also because arts fundraising will never flourish without buy-in from senior leaders.

At last year's summer school, delegates seemed mindful of an apparent glass ceiling for fundraisers hoping to progress to leadership roles in the arts. But this year, there appeared to be a consensus that twenty-first century models of leadership demanded not only a distribution of power and decision-making but also a high level of fundraising and business development skills.

I'm not sure that the past year has really witnessed such a profound culture shift across the sector, but the signs are clearly there that our future cultural leaders will need to lead across complex networks, empower their staff and develop robust, change-ready organisations.

Indeed, an issue that crept up again and again was the imperative to respond positively to change. Richard Watts stressed the need for leaders to embody and nurture change. This, he argued, involved avoiding the hackneyed and pernicious metaphors often applied to change management (silos and oil tankers) that merely perpetuate a blame culture, and instead focussing on positive communication and organisational ownership of change (*Think: we all need to change; what role can I play?*).



What I personally took away from the week was notably that arts fundraising is in an exciting and significant state of flux. Like its wider discipline of arts management, it is facing an uphill struggle for legitimacy among a diverse range of interested stakeholders and suffering from perceptions of commercialism and selling out (sometimes misguided and sometimes not). But the presentations on the final day left me with a sense of hope because it seems that the next generation of arts fundraisers is keen to shift the terrain and terminology traditionally attached to fundraising. As one group forcefully insisted: "We're all fundraisers now!"

A recurrent theme from the speakers was that in order to become the thriving, resilient entities that ACE and other funders expect them to be, arts organisations need to stop appearing to be needy, evaluate their impact and stay aligned to their core values while remaining change-ready and retaining the flexibility to 'pivot'. Then engage with their visitors, audiences and the wider public to infuse their communities with culture and creativity. It was interesting therefore to read recently that Ed Vaizey is keen to place culture at the centre of place-making. This is all very well, but we have been here before. From a fundraising perspective, unless arts organisations continue to focus on their role and relevance in their communities, and align these to their core values, they will

fail to effect the changes needed to transform themselves, never mind their surrounding areas.



**The National Summer School for Arts Fundraising and Leadership runs again in Leeds from 17-22 July 2016.**

Find out more and book your place at [artsfundraising.org.uk/national-summer-school/](http://artsfundraising.org.uk/national-summer-school/)



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