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Arts & Business *working together*

Individual Giving Manual



Individual Giving

Or how to encourage people
to give you money

A beginners guide for small
to mid-scale arts organisations
wishing to raise money from individuals

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Edition notes

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INTRODUCTION

This manual is designed for anyone who is working for a cultural organisation and wants to start raising money from individuals.

It is a basic 'how to' guide for small to mid-scale arts organisations in all cultural areas; the performing arts, visual arts, literature, museums, heritage, libraries and services.

Obviously each one of these cultural activities enjoys characteristics that differentiate it from the others; characteristics that might well impact on the success enjoyed with different types of fundraising.

However, it is the experience of Arts & Business that beneath these differences there are more important factors that are shared across all areas of cultural activity. These shared factors mean that there are also shared fundraising solutions across all artistic and cultural activity. This manual is all about exploring those shared solutions.

For many people in this country, the word 'art' conjures up images of wealth, privilege and education. Although that image is, to a fair degree, erroneous, an element of it is true, which might well be useful when it comes to raising money. The middle class element to many arts audiences produces a natural pool of people with disposable income who might, if approached correctly, become key supporters of the arts over many years.

However, this manual is not solely about raising money from the well-off. Research shows that people from poorer backgrounds are often far more generous in relative terms than the wealthy. This manual is as much for those who wish to set up a collections box as it is for those who wish to establish a high level Friends scheme.

The important thing is that, no matter what sort of fundraising you wish to undertake, you get it right.

You have only one opportunity to ask someone for money and it is vitally important that the considerable time and energy that you need to spend preparing for that opportunity is time and energy well spent.

As you will see, raising money from individuals is a complex process and one that should not be undertaken quickly or lightly – to do so would mean you would probably be wasting your time and your organisation's resources, both of which are scarce.

To help you work out what you should be doing, the manual offers some practical steps to follow – each designed to help ensure that the resources you devote to fundraising enjoy the greatest possible success. Each of these steps is important - every fundraising activity enjoying long term success will have gone through them. Some steps, of course, will take you and your organisation longer to complete than others will and you will need to use your common sense in allocating appropriate amounts of time and energy to each.

The book as it currently stands is not designed to be the *ultimate* guide to fundraising - it is a starting point. It is not even designed to be the final guide. It is hoped that the manual will continually change, adding an increasing number of examples, tips and case studies collected from as wide a range of arts organisations and arts fundraisers as possible. To reach its potential, the book needs to be full of advice from other working fundraisers who have faced the same hurdles as you are facing and have tried to address them. There is already an

enormous wealth of experience amongst people raising money for the arts in this country and, hopefully, this manual will become a place where that knowledge can be shared.

But this will only happen if *you* give us your feedback. Share what works for you and what does not. Allow others to gain your experience as you are learning from theirs.

To do this, feed your thoughts, experiences, ideas back to either your local Arts & Business office or directly to the Individual Giving department in the National office of Arts & Business. New editions of this manual will be available from the Arts & Business website on an on-going basis.

The arts are already raising considerable sums from individuals and there is a real sense that there is significant growth still to come. We hope that having read this manual, you will have a better understanding of what is involved in raising money from individuals and a clearer idea of the practical steps that you can take in order to start the ball rolling.

In a story published in the FT in January 2005 that explored the growing importance of individual giving to the arts, Simon Woods, the Chief Executive of the Royal Scottish National Orchestra, was quoted as saying:

"I see in the UK the very beginning - and it is only the beginning - of a culture of personal philanthropy that has proved enormously successful in the US for every non-profit organisation. I don't underestimate the difficulty of it: changing cultural attitudes so that the act of giving money to a cause that you love becomes second nature."

He went on to say:

"The trouble is, many arts organisations find themselves in a downward spiral, and they can never break out of this fundamental capacity problem. The thing about private fundraising is that if you can get it right, it can help you break out of that circle."

Developing the support you receive from individuals could potentially be one of the most important fundraising steps you ever take.

And remember:

If you don't ask, you won't get!

A NOTE ON WORDS...

The language used by the arts to describe their activity is often imprecise. The same words can have different meanings to people who work in the same artform, let alone across artforms. And to those outside the arts, these words can have entirely different meanings again. Different words can also inspire different emotions in different people. The word 'luvie', for instance, is often used outside the arts to describe actors but is generally loathed inside the arts.

In writing this manual we have been mindful of the importance of words but also careful to make sure that the manual is readable. For instance, perhaps we ought to say, every time we mention "the arts" that we are actually referring to, "arts, culture and heritage activity including (but not limited to) the performing arts, visual arts, literature, museums, heritage, libraries and services." But clearly that would be too much. Below is a list of some of the shorthand we have used throughout.

'Art'/'Arts' – All forms of arts, cultural and heritage activity, including (but not limited to) the performing arts, visual arts, film, fashion, design, literature, museums, heritage, libraries and services, to name a few.

'Giver' – generally used in preference to 'donor', given the extent of the benefits that arts support can often elicit. The word 'supporter' may also be used for the same reasons.

'Support' – generally used in preference to 'philanthropy' given the extent of benefits which arts support can often elicit

'Community' - used to refer to a group of people who are or potentially could

be interested in an arts organisation. Note that this differs from the more usual use of the word, which describes a group of people who live in a geographic area. The community for "Iron Bridge", for instance, includes people in the UK and abroad who have an interest in Victorian engineering in addition to local residents.

'Audience' - all people who engage with the work of an arts organisation, ranging from ticket buyers, exhibition visitors and people who use the shop to participants in community work and the general public who visit a freely available heritage site.

'Working' - Some of the people reading this will be employed by their organisation, others will be volunteers, perhaps through being a Board member, taking tickets at the entrance or acting as guides., The manual uses the term "working for" rather than "working/volunteering for" throughout. Aside from making it easier to read, this better reflects the commitment, intent and energy expended by all the people involved in ensuring the survival of the cultural sector in this country, irrespective of whether or not they are paid for doing so.

Remember, when it comes to fundraising, precision in language – especially the language of the donor rather than the arts organisation – is very important.

Money

"Follow the money"

The advice given by Mark Felt (Deep Throat) to the Washington Post's Woodward and Bernstein when investigating the Watergate break in.

This section looks at money from the donor's point of view. In it we will consider:

1. How much is given to charity and the arts in the UK each year
2. The Psychology of Money
3. Why do people give?
4. How they give
5. The tax implications of giving and receiving money.

MONEY 1 - How much do they give

“A billion here, a billion there, and pretty soon you are talking big money.”

Everett M. Dirksen, Republican U.S. Congressman (1896-1969)

It is surprisingly difficult to arrive at an accurate figure for the amount of money given to charity each year in the UK. Different elements of the overall picture come from different sources, each of which uses information collected in different ways. And the time needed to amass all this disparate information means that the resulting figure is already out of date by the time it is published.

The best available estimate comes from a survey run jointly each year by the Charities Aid Foundation (CAF) and the National Council for Voluntary Organisations (NCVO). For 2004/5 this survey suggested that a total of £8.2bn was given to charity. This includes an estimated £661m in tax repaid by the government to charities through programmes such as Gift Aid. But this only covers gifts from the living. Legacy experts Smee & Ford estimate that an additional £1.5bn was given through people's wills. Adding the two together suggests a total of just over £10bn.

And how much goes to the arts?

Each year Arts & Business runs a survey of arts organisations to find out how much money they have raised from the Private sector. Previously only the results relating to corporate support of the arts have been released (for 2004/5 this amounted to £119m). However, since 2001 A&B has also been tracking the amount arts organisations receive from individuals. The latest figures, for 2004/5 showed that the total raised from individuals was £244m and an additional £89m from trusts and foundations (some of which will be very

similar in inspiration and intent to individual giving).

Table 1 over leaf breaks this total down by art form. This table clearly shows that a very significant proportion of individual giving support went to heritage organisations. However, the survey shows that museums and visual arts organisations also raise more from individual than any other source. Furthermore, if you add individual giving and trust incomes (in light of the way that many trusts extend individual giving interests) then 10 of the 17 art forms are raising more from these private sector sources combined than from corporate support.

Table 2 overleaf breaks the total down by nation / region. As you can see from this table, clearly a significant proportion, around 86%, of the total income raised goes to organisations based in (or with HQs in) London. This compares with around 50% of both business and trust support.

Why is this? Certainly, London contains a disproportionately high percentage of national arts organisations. Many of these arts organisations have larger and more experienced fundraising teams, devoting more time and energy to raising money. In addition, there is a natural assumption that the capital is surely the wealthiest part of the country with the highest *per capita* income.

When one looks behind the figures, however, the picture is not so clear.

Despite being national organisations and having larger fundraising teams, arts organisations in London are receiving around 50% of corporate or foundation support of the arts, so it would appear that they are being disproportionately successful with individuals.

Furthermore, those London based individuals who are providing the support are not necessarily the wealthiest people in the country. In 2003, Barclays Bank compared different parliamentary constituencies across the country by estimated average salary and the cost of living in each constituency to get a picture of the true level of disposable income across the country. The results, outlined in Table 3 overleaf were surprising. Out of the top 20 areas across the country, only three (in italics in the table) are in London, indicating that the wealth of this country is not entirely ring fenced by the M25.

Conclusion

The arts are already raising significant sums from individuals but there is every indication that this income source for

the arts has great potential for further growth. But this does not mean that little effort or thought needs to be expended by people in the arts to generate this income. Just because people have the money to give, that does not mean that they will necessarily give it. To get them to agree to give you money you must understand the general factors that influence their decisions to donate. Fundraising from individuals is, in fact, no different to all other forms of fundraising. In short, it is all about “them” and not about “you”. In other words, to get money out of someone you need to understand **their** interests, **their** needs and what might inspire **them** to give long before you start to explain your own needs.

The next section begins that process of unpicking the psychological factors that underpin philanthropy.

Table 1 – Individual Giving and trust support of the arts 2000-2005 by artform
(Figures from Private Sector in the Arts Survey, Arts & Business)

Art form	2004-5	2003-4	2002-3	2001-2	2000-1
Arts Centres	5,626,465	4,800,222	4,834,793	2,111,685	2,513,257
Community Arts	1,364,973	1,454,324	3,441,857	2,478,128	3,042,732
Crafts	762,700	265,225	220,102	442,587	229,398
Dance	4,609,092	4,095,183	4,895,042	2,295,784	1,269,908
Drama/Theatre	19,269,698	13,445,421	17,429,692	14,004,362	9,251,458
Festival	3,972,778	3,512,986	6,603,163	3,126,238	3,325,356
Film/Video	1,887,735	1,696,541	234,683	233,744	752,262
Heritage	160,106,672	153,492,010	150,951,003	122,406,938	112,475,315
Literature/Poetry	4,791,709	3,333,816	1,820,231	11,210,584	1,848,496
Museums & Galleries	30,449,340	30,850,165	26,269,748	30,912,387	49,574,533
Music	16,557,037	12,707,392	11,100,982	12,862,988	13,344,137
Opera	9,761,777	9,343,554	8,506,381	9,195,586	14,115,449
Services	1,272,503	704,313	394,517	228,376	7,663,457
Visual Arts	39,177,002	52,706,046	13,781,776	18,803,213	17,724,336
Other (inc LA)	5,027,271	4,669,599	5,110,685	5,693,900	4,971,634
Total	306,600,931	297,079,796	255,649,533	236,083,930	242,148,728

Table 2– Individual Giving to the arts 2000-2003 by region
(Figures from Private Sector in the Arts Survey, Arts & Business)

Region	2003	2002	2001
Eastern	2,890,546	3,796,983	1,810,955
East Midlands	4,390,323	1,488,155	1,576,121
London	199,248,948	173,353,837	180,257,797
Northern	3,866,377	3,380,744	2,997,692
North West	3,213,806	3,853,149	2,213,331
South East	7,962,837	4,118,451	22,396,989
South West	2,730,764	3,124,865	1,653,381
West Midlands	6,947,841	5,527,296	7,421,180
Yorkshire	4,326,097	3,342,238	3,654,729
Scotland	16,486,576	19,197,274	14,382,711
Wales	2,738,862	4,520,569	3,199,616
Northern Ireland	846,556	10,380,369	584,226
Total	255,649,533	236,083,930	242,148,728

Table 3 – Relative distribution of wealth across the UK – Barclays Private Clients, 2003

Constituency	Estimated Average Salary	Cost of Living Adjusted Salary
Tatton	£29,303	£41,506
Sheffield, Hallam	£29,150	£41,289
<i>Kensington and Chelsea</i>	<i>£40,591</i>	<i>£40,591</i>
Leeds North East	£28,300	£40,085
Macclesfield	£27,613	£39,112
Altrincham and Sale West	£26,956	£38,181
Cheadle	£26,664	£37,768
Harrogate and Knaresborough	£25,953	£36,761
Warwick and Leamington	£26,511	£36,617
Haltemprice and Howden	£25,561	£36,205
<i>Cities of London and Westminster</i>	<i>£36,096</i>	<i>£36,096</i>
Ribble Valley	£25,336	£35,887
Cotswold	£26,389	£35,855
North Wiltshire	£26,181	£35,572
Stratford-on-Avon	£25,701	£35,499
Woodspring	£25,995	£35,319
<i>Hampstead and Highgate</i>	<i>£35,147</i>	<i>£35,147</i>
Sutton Coldfield	£25,415	£35,104
North West Leicestershire	£27,079	£34,986
Beaconsfield	£33,933	£34,982

MONEY 2 - What is Money?

The Psychology of payment

“It is £50m as far as I am concerned. £50m is the point at which you don’t have to panic anymore”

A UK based wealthy non-donor, as quoted in the IPPR’s report “A bit rich”

It is very easy, as a fundraiser, to think of money just as a single entity; that the only factor influencing whether someone decides to give £1, £10 or £1,000 is the size of their bank account.

In fact, research suggests that when people are thinking about spending money they tend to categorize that money, whether consciously or subconsciously, into four distinct groups:

- Pocket Money
- Monthly Income
- Annual Income
- Total Assets

When you ask for support from people, they will judge the 'ask' within these categories - using them to decide whether or not to give and at what level. Therefore, understanding the impact of these categories and recognising the differences within each should be an important element when determining exactly what type of fundraising you should pursue.

Pocket Money

If you walk past someone rattling a tin and think their cause is worthy, your usual reaction will be to put your hand into your pocket to see what change is there. What you eventually put in the tin will be strongly dependent on the types of coins you find in your pocket. If you find a few pennies, some £2 coins and a £1 coin, you are likely to put that £1 coin in. Conversely, if you have bunch of 20p pieces and a £1 coin, you might well opt instead to put in a few of the 20p pieces. Finally, if you only have

some coppers in your pocket you may prefer to keep on walking and not to put anything in the tin rather than face the embarrassment of such a meagre show of support. Your level of response is not just dependent on the importance of the cause or the strength of the 'ask' – it is equally dependent on the haphazard nature of the coins that happen to be in your pocket.

Charities are not the only organisations appealing to this type of money. They are in competition with things such as magazines, newspapers, confectionary, lottery tickets and fast food – most of which tend to be impulse purchases.

Beyond the amount of money put in a tin, appealing to 'pocket money' for support may well have wider implications on the potential long-term income from that supporter. The lightness of ask involved in rattling a tin is rarely reflected in the donor's sense of accomplishment. In fact, they feel that they have now fully supported you – even if that support only amounts to a few coins – and are therefore unlikely to rush home, inspired by your work, to set up a standing order to offer further support. By appealing to someone's pocket money, you will get an immediate response (whether positive or negative) but always at a fairly low financial level. The key question for you as a fundraiser is whether you have maximised the potential income from that person? Would you have generated more by appealing in a different way to a different money level for that person?

Monthly Income

People tend to have a rough idea of what they can spend in a month. They generally have some idea of the amount of money that goes into their bank as earnings (in other words, their post tax

salary) and their usual monthly outgoings such as mortgage payments and other regular bills. What is left is what they can spend – their discretionary spending limit.

For many people this sum of money is not large and so the potential for making significant charitable donations not great. But within this category, people who want to give are often comfortable with the concept of making a monthly donation of, say, £5 or £10 through direct debit or through payroll giving. In other words fairly small but regular sums. They are also able to make the decision to give fairly quickly.

It is also from this category that people will consider making slightly larger low-level one-off gifts. For example, the money to buy one raffle ticket will come out of pocket money, but the decision to buy 20 will be reached through a consideration of monthly income.

When appealing for this money, charities are in competition with the donor's wish to buy a DVD, a book, or a ticket to visit a theatre or gallery!

Annual Income

The next money level against which people may consider a donation or support is their annual income. This category is less about immediate spending power and immediate decision making and more about overall budgetary planning for the year.

Unlike monthly income, most people tend to think of annual income before tax – the number they have in mind is of their pre-tax salary.

Here the support normally being considered is higher than that considered as part of monthly income and more likely to involve a single annual payment. This is the category in which, for instance, annual payments such as significant Friends schemes may be considered. The donation

requests are weighted against the donor's total income for the year and are considered alongside other major outlays such as holidays, home improvements, furnishings, white goods and the like. When making a decision at this level most people tend to respond well to the initial impetus but then feel that they need time to reflect on the appropriateness of the payment. Inevitably, with such time, can come careful consideration and a reversal of the initial, positive response.

Total Assets

The final category covers total worldly goods. In this category a decision to give is weighed against an individual's total assets (including cash, savings, stocks and shares, property etc), their life plan, if they have one, and their understanding of what they (and possibly their family) will need in order to continue to enjoy the lifestyle to which they have become accustomed - the excess being what they can give away.

It is from this category that major gifts are given, life memberships are undertaken and legacies are considered. Hardly surprisingly, decisions at this level are very carefully made.

Moving between categories

As you move up the categories the sums of money given increase but so too does the time needed to make a decision to give. To give an extreme example, consider the time needed to decide to put some coins into a tin with that needed to consider a £10,000 gift of shares.

As we have seen, with time comes vacillation. This is why most white good shops will try to pressure an immediate decision from a potential purchaser through time-limited discounts, special offers on the day etc. They want the customer to make a decision before leaving the shop so they present a

purchase price at as low a value as possible – usually in the form of a monthly direct debit. This encourages customers to view the decision in the context of their monthly rather than annual income levels, leading to a quicker response. Likewise, many street collections are focused on signing up direct debits. A donor will make a quicker decision about donating £10 a month than about making an annual donation of £120, even though the final cost to them is exactly the same.

Conclusion

General fundraising, vaguely aimed at all four categories at the same time will not maximise the income you could attract from each individually.

You need to decide which type of money you want to target. You need to decide what is right for your organisation, given the resources and, importantly, time you have available. Also question what is right for the types of donors you are able to attract. On which categories should your fundraising strategy focus and which should it discount? Where will you be able to achieve the most profitable result?

Through the following chapters, bear in mind these four categories of money and think about how each of the fundraising steps described varies in practice according to the target category of money.

MONEY 3 - Why do people give?

“I give money for church organs in the hope the organ music will distract the congregation's attention from the rest of the service.”

Andrew Carnegie, Industrialist and Philanthropist

Unfortunately, there is very little research on the reasons behind arts specific giving, either in this country or abroad. So this chapter looks at giving in general, adding what little arts related information that is available.

“Major donors give because they are asked, they give to people and they give to meet opportunities not to meet needs. They want to make an impact; they want to change the world”

Douglas Lawson, “Give to Live” (Abingdon Press, 1995)

Research suggests that there are four groups of factors that will, either consciously or subconsciously, affect the propensity for someone to give money:

- Extrinsic Factors
- Intrinsic Factors
- Perceptual Reaction
- The Ask

Extrinsic Factors

These are the factors that describe the physical and social aspects of an individual. They include factors such as age, gender, religion, income and social class.

On **Age**, for instance, research has shown that people aged between 55 and 70 make around 70% of charitable contributions. This intuitively makes sense as this is the age bracket in which people not only have the lowest outgoings (children have left home and the mortgage has been paid) but also

the most time on their hands. As a result they are the most likely to engage in charitable activity.

Having said this it is important to recognise that people are now living longer. There is a real concern that private pensions, let alone the state pension, will be insufficient to meet the increased costs associated with an extended life expectancy. People are concerned that they will need whatever money they have to see them through the rest of their days.

At the same time, amongst those who have developed sufficient financial security, there also appears to be a growing belief that simply handing all their wealth on to the next generation may not necessarily be in the best interests of their heirs (they feel that it would be healthier for their offspring to have to earn their wealth, as they have earned theirs). Many are joining Bill Gates in publicly saying that they intend to spend or give away their money.

So as the baby boom reaches retirement age, with these conflicting factors at play, it will be interesting to see whether they will be as generous as previous generations. They will certainly have the wherewithal to be generous - according to research quoted in a report by AEA Consulting (commissioned by Arts & Business), between 1998 and 2050, the global transfer of wealth from one generation to the next will amount to anywhere between \$41trillion to £136trillion.

With regards to **Gender**, it seems that women are more likely to give than men, but they tend to make smaller donations to a larger number of charities. They also expect more detail on how their donations will be spent. Men prefer to make larger but less numerous donations. (Interestingly, it

has also been discovered that female fundraisers tend to be more successful at eliciting a donation than males!)

When it comes to **Social Class**, research suggests that lower socio-economic groups tend to respond best to requests for smaller donations to relieve immediate pain and suffering. Higher social economic groups prefer to give support where it will help achieve a long-term solution to the issues being addressed.

Intrinsic Factors

Intrinsic Factors are about how someone feels about themselves and society. They include feelings such as self-esteem, guilt, their sense of social justice, their sense of morality and right and wrong.

The links between intrinsic factors and personal benefit are neither straight forward nor clear. When someone gives to help a starving nation, how much are they moved by empathy and how much by guilt over what they themselves have to eat? This becomes even more difficult when talking about arts support. When someone gives to an arts organisation, how much are they motivated by the importance of supporting cultural activity and securing it for future generations and how much by the opportunity to have free admission?

The research on the impact of intrinsic factors has concluded that potential donors do not like 'asks' or approaches which are too obviously designed to tap into these emotions. They do not like being coerced into making a donation through guilt or fear. When, for instance, potential donors were researched they claimed that they would prefer to support a particular health charity because 'it is a good thing to do for society' in general rather than because they may directly benefit

the work of the charity in years to come. Likewise, they don't like being coerced into giving a donation because others they know have given a donation. In general, people like to think both that they are supporting a cause for entirely altruistic reasons and that they have come to their own decisions on whom to support. In short, they rarely recognise their own intrinsic factors at work.

Yet, general fundraising appeals often play on these emotions to great effect. Humanitarian and environment causes, for example, will show distressing pictures that highlight the needs they are seeking to address through their fundraising - using intrinsic factors such as guilt and social justice to achieve results.

It is not so easy for the arts to do this. A picture of out of work actors is unlikely to have any real effect on someone's guilt factor ("the more money you give, the bigger the casts we can have"!)). The personal benefits received when donating to the arts are in many instances, far clearer than when donating to any other form of charitable activity.

But there are areas, particularly around community development and education work where these factors can play a powerful role. So you should use them, albeit carefully, when you can.

Perceptual Reaction

So far, we have looked at how a person's general sense of themselves in society affects their propensity to give in general.

The third factor, Perceptual Reaction, refers to how the prospective donor perceives the link between the work of a specific charity and themselves. This has been called by some the "**fit with self**". This is why a sports lover is unlikely to give to the arts - they just do not see how the arts fit into their lives.

In short, if they don't see a link then there is no reason for them to give.

Clearly, it is important to identify those elements within your work that tie in most closely with the donor's perception of themselves and their interests. Thus a museum, when writing about itself in a donor leaflet, may talk less about the outstanding nature of its collection and more about the work it does with children in the community. That way, it can chime as strongly as possible with parents in that community who have never visited the museum themselves.

Knowing about the social groupings to which your potential donors already belong can be very useful in helping to understand how they perceive themselves and what they think of as important. One national charity dealing with blindness, for instance, had great success with a direct mail campaign targeted at gardeners because here was a social group who clearly had a love of the visual and who could identify better than many with the impact of losing the power of sight.

Finding the link between the donor and your arts organisation is an absolutely vital step in arts fundraising and is the one most often overlooked. Too often arts fundraisers think that the importance of their cause is so self-evident that someone who does not know them or like the arts will still feel compelled to give. They won't. If they fail to develop a strong link to the interests and concerns of the possible donor, the arts organisation will not receive any money, no matter how rich or important that prospective donor might be. Be positive and passionate about your organisation and its work but be very realistic in your assessment on its impact and what others may think about it.

The Ask

The final, and very important, part of this jigsaw about why people give is the 'ask'.

This breaks down into two components. First there is the donor's **past experience** with previous 'asks' either from the same charity or from other ones in similar fields. If they felt that these 'asks' were amateurish, or worse, mendacious, then that will inevitably impact on how they view any other charity asking for money.

It is for this reason that the Government are particularly keen to ensure that charities do not adopt methods of fundraising that might upset or annoy members of the public. The PR damage will not be limited to that charity alone but will spill over into the wider charitable sector. Recent press coverage on fundraising activity in pubs and on the streets has inevitably caused concern amongst both charities and the public.

If the experience of previous 'asks' is the first component, then the second is the manner and nature of **the current ask**. Does the prospective donor feel that the approach being made is timely and appropriate and that the sums of money being requested make sense – or is the 'ask' fumbled, indirect and wrong?

Clearly, getting your ask right will not only impact on **your** success with that target but also on the success of **everyone else** who might approach the person for money.

In short, you have a duty to get it right not just for your organisation, but also for the arts in general.

Why people support the arts in particular

If the four factors listed above apply to all donations, there are another three factors, or motivations, which influence why someone would support the arts:

- I. To support artistic activity
- II. To enjoy the benefits
- III. To develop their social standing

Support will be given because of each individual's unique mix of all three motivations.

I. To support artistic activity

"For me art is important and widening the appeal of art and enabling more people to experience it and enjoy it and learn about it is something I would like to help with" Anonymous Arts Donor¹

This is the most altruistic motive. It is based on the belief that the arts are a vital part of the collective wealth of this country and that they need support in order to be able to survive, let alone flourish, for present and future generations.

In some ways, this can be one of the most difficult motivations for arts fundraisers to tap into as it seemingly compares the arts with all other types of charitable activity. Why, after all, should anyone support the arts when there is such suffering in the world? Surely there are other causes that have a far stronger call on whatever philanthropy there is available, given the impact of their work on the wider society?

Of course there are other causes and they generate significant support. In fact, the arts only receive 3.4% of total UK philanthropy – although such a small percentage still amounts to £224m. Given such a significant amount of money, it is no surprise that there is, evidently, a small group of people for whom the arts are a cause that deserves their total support, either

because they feel the arts are *that* important or because they feel that other causes are being sufficiently supported by others. However, for the vast majority of arts supporters it is not an either/or situation, with the donor happy to give to a number of different causes, including the arts, at an appropriate level for each.

II. To enjoy the benefits

In giving to (the arts) I'm being a little selfish, in a way - I directly benefit from them - whereas I don't get anything back if I support a medical charity, for example, although a medical charity may actually be more worthy in the great scheme of things. Giving to some charities probably requires a different level of altruism" Anonymous Arts Donor¹

It is in the provision of clear benefits direct to the donor that arts support can be different from almost all other types of charitable support. These benefits not only provide an excellent way to acknowledge and thank givers, they can and should also act as an effective means to encourage a continued relationship, involving the donor more closely into the work of the organisation and thereby creating a stronger (and so more sustainable and profitable) relationship.

Some benefits have a real cost to the organisation. The income forgone by giving away a free ticket that could otherwise have been sold should not be ignored. Likewise a drinks reception has both explicit costs (in terms of food and wine provided) and implicit costs (in terms of the time and staff required to set up the reception).

Furthermore, the provision of benefits can have an impact on how the support can be legally described (is it a donation or a payment for services?) and

therefore on its final monetary value to the arts organisation. These implications are described later in the section on tax.

Benefits are a vital component of almost all arts fundraising and they should be carefully considered and continually reviewed (for both their positively and negative impacts), in any fundraising work.

III. To develop social standing

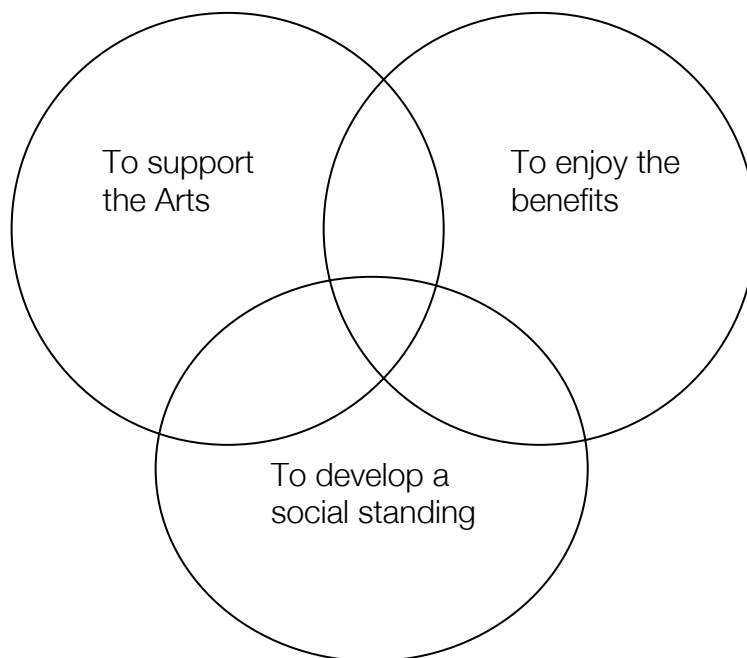
There is an old axiom on corporate support of community projects: *"A company which is concerned to be seen should be seen to be concerned"*

The same could be said about individuals in certain social circles. Given the visibility that often attends arts support, some people see it as the perfect platform to be seen as an engaged and concerned member of their community. Although some people might find the use of the arts for this

purpose as unseemly or unwelcome, this motivation can be a significant reason why some people support the arts and, as such, cannot be ignored in any discussion on how an arts organisation acknowledges its supporters.

If you already have a group of donors, then a good exercise is to draw a Venn diagram of these three motivations for arts support and to plot where your donors are on this.

Try to work out both where they see themselves and where you see them. A number of your donors may think that they are giving money to you to support your excellent work (and are therefore in the top left circle) but actually they also want the various benefits you are offering (and are therefore in either the right circle or in the middle somewhere). Knowing where your donors are relative to where they think they are will provide invaluable intelligence when determining your future fundraising strategies.



Venn diagram outlining motivations behind arts support

MONEY 4 - How they give

So far, we have looked at what people give and why. This section looks at how they give and explores some of the mechanisms currently being used to facilitate arts support.

Money

There are many ways in which people can hand over money, but for the sake of this section, we will cover four of the most frequently used:

1. One-off payments
2. Regular Payments
3. Through a foundation
4. Through a company

Although there are some elements to these mechanisms that only registered charities can benefit from, in the main they describe the way that most arts organisations receive individual giving, irrespective of their legal status.

1. One-off Payments

There are an increasing number of ways in which people can give one-off payments. The most frequent way is in the donation of notes and coins, but the increasing use of debit cards (particularly in comparison with cheques) cannot be avoided.

Clearly whether a person decides to donate using cash, cheque or debit/credit card, has an impact on the amount of money given and the cost to the recipient charity. Furthermore, each requires a different approach in order to maximise the income raised from each type of source. Some are better for one-off campaigns whereas others are better for on-going revenue work.

Donation Boxes

The first and most basic way in which people give money is by putting cash into a box, whether that box is fixed at a venue or is being rattled in the street. This is the 'pocket money' described in the previous section. As we have seen,

this normally feeds a fairly basic impulse to give and the amount of money subsequently given is obviously dependent on the amount of cash in the giver's pocket. The money given is almost always wholly charitable in intent, with little or no benefit expected in return. However, whilst there is no immediate benefit required, it should not be forgotten that the giver has now developed a connection with the recipient organisation, no matter how slight that connection, and that they will react with a heightened level of concern if they feel that the organisation, through its work, has betrayed that trust.

As no benefits are given in return for these donations they are normally perfectly suited for Gift Aid (assuming that the recipient is a charity) and, given that it would increase the value of the donation by 28%, thought should always be given as to how this could be implemented (see the next section on Tax). The only time when this is not appropriate is when someone has given their support in the form of a CAF cheque. CAF (the Charities Aid Foundation) runs an excellent scheme in which people can, in effect, bank a philanthropic deposit in their CAF account on which they can then write donation cheques. As the tax benefit has already been included in the deposit when it is banked, no further gift aid can be claimed by the charity (and no benefits should ever be given in return).

Direct Mail & Leaflets

As anyone who has picked up their post in the morning knows, **direct mail** donor solicitation is an important part of many fundraising campaigns. The post is able to capture more considered responses to an appeal than someone rattling a tin on a street corner.

Direct mail is an incredibly important tool in most charity fundraising but seems to have only limited use in the arts. Ticketing organisations often use direct mail to reach out to new prospects. They might, for instance, use their ticket booking software to identify new attenders (or possibly even repeat attenders who have yet to become Friends etc) and then send them a direct mail letter canvassing for support on the back of the current needs of the arts organisation. But for most arts organisations the type of 'ask' they are able to make using a general public direct mail campaign would be unlikely to generate sufficient interest to make the exercise profitable.

Direct mail letters often try to encourage the recipient to make regular rather than 'one off' payments, which are explored in the next section.

2. Regular Payments

Although immediate single cash support is obviously useful, many charities now prefer to ask for regular payments over a long period. The advantages of doing this are clear:

- Regular income allows for more concrete planning
- The cost of fundraising is lowered as all subsequent donations become automatic

Standing Orders / Direct Debits

Most regular payments usually come from the 'monthly income' outlined in the previous section.

Usually these regular payments are in the form of set amounts transferred from the donor's bank account to the charities. When that transfer process has been arranged by the donor then they need to set up a **Standing Order**; an instruction to their bank to make regular payments. Where the process is organised by the charity, then the donor has to sign a **Direct Debit** form which the charity has prepared and,

once signed, then sends on to the appropriate bank. From the recipient charity's perspective, a direct debit is better as it gives them greater control of the process. Of course, it is possible to try to set up constant payments by **Credit Cards** but for small organisations the complexity of doing this may outweigh the possible benefits.

Payroll Giving

A different way to give regular donation payments directly is through their payroll. Known simply as Payroll Giving, this is actually quite a complex process and applies only to recipient organisations that are registered charities. For further information on how payroll giving works, see appendix A on tax.

Payroll Giving has not been a huge success with the arts. The last year for which Arts & Business published figures on payroll giving, 2002/3, showed that only 0.01% of the total raised from individuals by the arts (or £41,241) came from this source. There has been no research as to why this figure is so low, but there are three elements to payroll giving which might provide the answer. The first is that it is a complex process, requiring time and resources from both the recipient arts charity and an originating business. Second, it is a group activity, whereas giving to an arts organisation tends to be a much more personal decision. Third, it is a slightly removed form of giving, better suiting the conceptual 'ask' (e.g. "this one is for the dying children") than the personal ask (e.g. "you get to meet the play's director")

Internet

There has been considerable talk over the last few years about the potential of the internet as a means of delivering support. Some success has been achieved by companies such as Just Giving.com in developing and delivering internet giving solutions. However, to be successful, it will be important for

the giver to be able to connect to the internet, be conversant with how the internet works and be comfortable with entering personal details on a website and, more often than not, have a credit card. *These factors may exclude some donors.* Please see Appendix D for some top tips from JustGiving.com on raising money over the internet.

What little research has been undertaken (mainly in the US) on the relative merits of different fundraising techniques seems to suggest that the more personal, direct forms of approach are generally the most successful in the arts.

3. Through a foundation

Not all money from an individual comes directly from them. Some people will have created structures to help them in this.

These are normally registered charities and are called trusts or foundations (from a practical perspective the words are interchangeable), although, confusingly, not every charity which gives money away has those words in its title and not every charity which has those words in its title gives money away!

In almost every instance, trusts and foundations have been set up by either a company, or, more frequently, an individual, to act as means of distributing money. They are normally set up with a large endowment that may then be supplemented by:

- Top-up gifts from their founders (or others)
- Interest from endowments or income from shares and/or other assets
- Additional fundraising (occasionally)

The nature and size of the foundation's income will obviously affect the amount of money it has to give away.

As registered charities, these foundations are controlled by a board of trustees (normally including the founder if they are still alive). However, the types of causes that the foundation will support, or its purpose for existing, are laid down by its founder in a legal document at the time of its establishment. Whilst the founder is still alive, most foundations tend to adhere quite closely to their wishes. However, after the founder dies, foundations will sometimes amend or develop their interests away from their founder's original wishes, to better reflect the society and its needs that they can address. Thus the Bridge House Estate Fund, originally created in the 12th century to look after London's bridges, has now developed its profile to support a wider range of causes in London.

If the founder is still closely involved in the foundation, it will, to a greater or lesser extent, tend to act as a significant element in the founder's personal giving portfolio, becoming one, if not the only way in which they can support the causes which interest them personally. Much of the fundraising methodology that follows in this manual is suitable for raising money from these sorts of foundations.

Occasionally, at the death of the founder, another individual, most often an heir, will take the foundation forward. Although they may not necessarily have generated any new assets for the foundation themselves, nevertheless they will still seek to shape the work of the foundation in light of their own individual interests and concerns. When this happens, the foundation could still be said to be, in part, an extension of that individual's personal giving.

More usually after the founder's death the foundation tends to take on a more corporate identity, with clearly defined guidelines. Sometimes the trustees are able to distribute small sums to whatever causes are of personal interest to them, but normally all applications for support must fit within those guidelines. When foundations reach this stage, they require a slightly different approach to that outlined here.

4. Through a Company

Finally, some individuals may want to give through their companies or have their companies benefit from their giving. An example might be a person

who has supported a theatre as an individual but who wants their company credited in the programme. Giving in this way may well involve added tax complications that would be unwelcome.

It is always preferable to get clarity early on as to whether the support will be coming from someone's personal assets, their company's or their foundation's, if they have one. Aside from tax implications, each form of support requires a subtly different form of 'ask', without which, the support is unlikely to be sustained.

MONEY 5 - Tax

“It is a little unwise, as well as churlish, to subject a princely donor to all the annoying delays and vexatious snubs which are usually reserved for those who penetrate into the mysterious kingdom of red tape”

*Daily Telegraph
8th March
1892*

This 100 year old quote concerns the trials and tribulations experienced by a certain Henry Tate when he tried to give some money and some pictures to the nation! Clearly, tax and philanthropy have never been easy bedfellows.

All the research shows that tax is never the main reason why someone gives to a charity. Having said that, everyone likes to save tax and, when carefully handled, using the right tax measures in the right way may well encourage someone to give more than they had originally intended. At the very least, tax measures can be used to either increase the value of the donation to charity or to reduce the cost to the donor.

There is, regrettably, a fair amount of ignorance amongst donors as to what philanthropy related tax measures exist in this country and how they can be used. Often the job of the fundraiser is not just to know about the measures and how they work but also to properly explain them to the donors. This is difficult for two reasons. Firstly, the fundraiser is unlikely to know all the complexities of each donor’s financial position; for example, there is no point in going through the Capital Gains Tax (CGT) implications of a gift of shares unless you know that the donor has shares to give and some CGT allowance left? Secondly, there is an important difference between explaining a tax measure and giving formal

financial advice. The former you can and should do, the latter you cannot (unless you happen to be an authorised financial adviser).

The bottom line is that you need to know what measures exist and how they work. You also need to be able to explain them in broad detail to anyone who is interested. If they want more detail and if you feel that you are getting beyond the extent of your knowledge, then encourage the donor to seek specialist advice from their regular financial advisor, whether they are an accountant, banker or broker.

Appendix A at the end of this manual gives a broad overview of tax as it stands in relation to individual giving.

Tax is a vitally important area. You need to know the Law. If you are at all in doubt then consult a specialist.

The 8 Step Plan

Overview

Most theories on fundraising have, at their core, a series of steps that they suggest the prospective fundraiser should follow. Sometimes these theories are outlined over 3 steps, sometimes 7, sometimes even more. Whatever the number they are all rooted in one of life's cardinal rules, namely...

Treat others as you would wish to be treated yourself.

If everything you do is underpinned with this thought then you will achieve your objectives with greater ease and greater pleasure on all sides.

The most useful model for people who want to begin to raise money from individuals is a traditional seven step model. To this, however, is added a very important 8th step to cover initial preparation.

A Word of Warning

When following any structured approach to achieving an objective it is always tempting to skip a couple of steps. You may believe that you intuitively know the answers to questions raised in some of the early steps or that you worked on them last year or the year before and therefore don't need to do it again. *Resist the temptation!*

Work through this as you would work through a fitness programme. Despite the pressures of time, of financial need that you or your organisation faces, you need to recognise that ignoring steps now for the sake of speed may seem like a good idea but it will come at a far greater cost later on.

Experience both in the UK and the US has shown that, from planning to

execution, this sort of methodical approach is always undertaken by the most successful fundraising campaigns.

Creative Thinking

The American writer Thomas Disch said that *"creativity is the ability to see relationships where none exist"* and this would be a pretty good definition of the act of fundraising. As a fundraiser most of your time will be spent trying to identify potential supporters in the private sector, whether they are individuals, trusts and/or companies. You will need to recognise why they might support you – what links them to you and what is in it for them. You will need to understand the best ways that they can support you (cash, shares, in kind, volunteering) – understanding both what would be good for you and, importantly, what would be good for them. Then you will then need to explain all this to your potential supporters in a way that they understand and agree with. *You* will have to do the creative linking because the chances are they have not spotted the link themselves.

Being able to identify these potential relationships is a vital skill and central to it will be the ability to look afresh at your organisation.

"Problems cannot be solved by thinking within the framework in which the problems were created"

Albert Einstein

Fresh Eyes

How do you 'gain' such a vital fresh set of eyes? Of course, if you have the money then it may be easier to hire a consultant, who naturally brings fresh eyes and fresh ideas to your organisation. But if you cannot afford this option then use the people around

you. If you are looking at a part of your organisation that you feel you already know very well then find someone else, either a new member of staff internally or a friend externally, who isn't so closely connected to it to look afresh for you and feed back their thoughts. If you think you know your audience, for instance, then ask someone who does not know your organisation for their opinions. Get them to watch your audience, in the foyer, during a performance, at an exhibition, wherever they gather, reporting back their thoughts on the sorts of people you are attracting. Alternatively, if you are preparing a new Friends leaflet, show it to some people who fit the profile for your prospective Friends. What do they think of the leaflet? What do they remember of the leaflet a month later? Is it giving off the right sort of messages? Does it make them want to join? If not, why not? All questions that you, as the author of the leaflet, are probably too close to the leaflet to answer. You need constant, honest feedback about the messages that your organisation is communicating, both intentionally and unintentionally.

In short, stay fresh, question everything and if you think you are in danger of falling into a rut, then get people around you to help you to see your organisation afresh.

People as targets

Aspects of what follows may sound somewhat calculated. Talking about individuals as targets and discussing how you can maximise your income from them may seem a rather cold and heartless approach. Of course, this approach and this language should never leak into the way you actually communicate with your possible targets but it has been proved a very useful way to structure your fundraising.

Passion

Finally, there is one attribute that is not really covered in these steps but which

is absolutely vital to the success of any fundraising activity - and that is **passion**.

Arts & Business commissioned a report from the Henley Centre to look into the development of individual giving to the arts (the full report is available from our website – see contact details at the end of this manual). In the course of writing this report, the researchers talked to various UK based arts donors. This is what one of them said:

*"I'm sure I have been a 'Friend' or a 'Patron' along the way and have followed the usual steps in giving more and getting more involved – being brought closer in – but this seemed a natural development and I didn't feel imposed upon at any point. Sometimes I think this was achieved through professionalism – sometimes exactly the opposite... but [the staff seemed] charming and well-meaning and **passionate** and that gets the same result"*

Without 'passion' any fundraising work is missing an absolutely vital ingredient.

By following these 8 steps, you will be able to develop a structured fundraising strategy that has the greatest chance of being effective, efficient and so ultimately successful. It will be professional, but if it is not underpinned by a passionate belief in the organisation, what it does and what it stands for, then it will be in danger of failing.

Fundraising can be a very complex process, with different types of people each requiring subtly different approaches. The steps that follow have been written to give you some indication of the sort of general questions you need to be asking yourself about your organisation and, how and why people might support it. But these questions are by no means comprehensive. Start with those

outlined over the next pages but then think of further questions that you may need to ask yourself informed by the unique nature of your organisation and your audience. Certainly it is true that the more comprehensive your understanding of your organisation and your target audience, the better the end result will be.

Some of these steps will not take much time – others may take longer. Some are simple and others more sophisticated. Taken all together, the steps might seem too complex, too difficult and time consuming to fit into your busy schedule. Don't panic. Start at the beginning and work your way through and you will find that in practice, the steps are far less onerous than they first seem. The important thing to remember is that if you do not start now only one thing is definite – you will never raise the money you need. So take a deep breath and get going today...!

STEP 1 - Prepare

“Forewarned, forearmed; to be prepared is half the victory.”

Miguel de Cervantes

“The more prepared I am, the more I'll be in control, less nervous, less stressed and more focused.”

Marilu Henner

The success enjoyed by any fundraising effort always reflects the amount of time and care taken in preparation. Minor mistakes here can lead to very serious problems later on.

In this step you will...

- Set the overall objectives for the fundraising
- Prepare basic budgets for the fundraising
- Begin the process of establishing an effective board
- Develop the involvement of volunteers
- Develop the involvement of staff
- Prepare an effective administrative system to support the fundraising
- Choose the type of database you wish to run

This is all about getting yourself, your team and, most importantly of all, your organisation in a position to be able to fundraise effectively.

There are three key areas you need to focus on in this step:

- A) Money
- B) People
- C) Resources

A. Money

Objectives

The first thing you need to do is to set the objectives for the fundraising that you wish to undertake. These objectives will inform not only the type of fundraising on which you embark, but they will also act as the basis for the messages, both internal and external, that need to accompany any fundraising.

Try to be as specific as possible with the objectives - simply saying "to raise more money" is too vague. Why do you need the money and when do you need it by?

The objectives should include:

- The amount of money that is needed
- What it is for
- The timeframe in which it needs to be raised

Above all these objectives need to be rational, reasonable and realistic.

Typical objectives might be:

- To raise £150,000 to pay for a new roof in 2 year's time
- To develop a new stream of annual income of at least £30,000 to enable the theatre to put on an extra production each year, starting next year
- To establish a fund of £10,000 to enable a dance company to develop a new piece of work to begin touring in 18 months time.

It is very important that everyone involved in the fundraising effort knows, understands and agrees with these objectives. By setting a clear structure from the start, you will minimise the possibility of unclear or even incorrect

messages being communicated by you or by anyone else. Lack of clarity is very damaging to any fundraising efforts over the long term.

Budgets

Setting targets and budgets is not as straight forward as it may seem. The trap that most people fall into is to identify the amount of money that is needed to complete the project and then set the fundraising target for that. This approach is likely to produce a budget and cash flow untroubled by the reality of your fundraising potential and the realities of raising money. Of course, the amount of money you need is one of the key determinants of the budget, but so are an honest assessment of how much money you can realistically raise and the cost of doing so.

You will certainly need to recognise that fundraising is an investment in the future of your organisation that will take time to pay-off – you will be spending money and energy long before you get a return. But remember if you do not start investing now, you will never get the return you need in the future. Indeed, in a perfect world, you would always start fundraising exactly at the point when you do not need the money, in the recognition that in 2 or 3 years time you probably will need it but by then it will be too late to start fundraising properly.

If you have never fundraised before and have no experience on which to base your financial figures, find another organisation of a similar size and in a similar area that has raised money and ask for their advice. Or you could ask your local Arts & Business office. The arts have been undertaking serious fundraising in this country for about 30 years now and, not least because of the lottery, have been especially active over the last 5 years. There is a wealth of experience out there that is waiting to

be tapped. Use it! Talk to your peers. Work out what is realistic.

B. People

Getting the right Board

If you are a charity then you will have a Board of trustees. If you are not, then, for many reasons, not least of which is fundraising, it might make sense to build around you a group of patrons or ambassadors who could give you sound advice and support. For the ease of reading, in this section 'Board' means either a legally constituted group or such an informal group of ambassadors.

Clearly, the first role of any board is to ensure that a charity is being well run and that it prospers. But aside from their much needed business advice, good board members can also play a valuable role in fundraising, bringing to the table their professional connections and acting as conduits to potential new donors. Board members are, after all, in the best position to know about both the work of the arts organisation and its financial needs. They are also more likely to circulate in the social worlds from which potential private funders may come, whether those are companies, foundations or individuals.

Although some arts board members in the UK understand this, in the main we are still some way off the American approach, best epitomised by the wonderful phrase regarding board membership and fundraising: *"Give, get or get off"*

Whilst this phrase may remain too blunt for the UK, Theresa Lloyd, the fundraising consultant, recently reported on a more interesting variation to the theme that could, perhaps more easily, be introduced here. According to this model, there should be four key qualities around the board table of an arts organisation.

- Wealth,
- Wisdom,
- Wow
- Work.

In other words, people who can give money, advice, status and/or hands-on help. Crucially, a good board member should have at least two of these four qualities.

Getting the right people

It can take an enormous amount of time and energy to draw together a cohesive and pro-active board that truly supports the organisation. Too often, when working in the arts, you can be faced with a well-meaning group of individuals who rarely consider their responsibilities to the organisation in the long periods between each board meeting.

The first thing you need to do is encourage the least productive board members to 'move on'! Developing a job description for Board Membership might be a useful starting point for such a conversation. The Chairman of the Board will also be an important player in this process. Arts & Business can help you with further advice in this area.

Having re-shaped your current board members (a process that may well take a considerable amount of time), the next step is to start looking around for potential new Board members.

In the same way that help with fundraising ought to be mentioned in the job description above, so fundraising ought to be one of the factors considered when choosing new board members. Do the prospective members come from the social or work circles that you need to target in your fundraising? Are they sufficiently connected?

It may well take considerable time to assemble a board that have the potential to support your fundraising work. But just getting the right people

around the table is only half the job. The next step is to sufficiently enthruse them so that they want to help.

Involving them

Making Board Members passionate about your work means they go beyond a sense of loyal support to becoming an active and enthusiastic advocate of the work of the organisation. Later in the manual we will talk about involving potential donors in the work of the organisation – the very first people you need to involve more closely in the work of the organisation are the board itself.

If you do not engage them sufficiently they are more than likely to feel that any attempt you make to approach their contacts will be an inappropriate breach of their client/friend relationships. At best, they will not engage in the fundraising and at worst they will actively stop you from talking to people you need to talk to for fear it will look bad on them.

Conversely, if you get their level of engagement right, you should find that Board members enthusiastically bring the right people to your organisation because they want their clients and friends to enjoy the work of your organisation in exactly the same way that they do.

It will obviously take time to assemble the right board, full of enthusiastic and engaged people but it is undoubtedly time well spent. All the more reason, of course, for beginning your fundraising work sometime before you actually need the money.

If you need help in developing your board then contact Arts & Business who run the largest business volunteering in the arts programme in the country. One strand of this is called the Board Bank which helps you find the sort of board members that you need. Arts & Business contact details,

both national and regional, can be found at the end of this manual.

Volunteers

The other important group of external people who may become involved in your fundraising are the volunteers you recruit. As the fundraising work grows exponentially, so it becomes increasingly tempting to engage an ever-increasing group of volunteers to help you. The advantages of doing so are obvious – more hands make light work. The disadvantages are less obvious but very real nevertheless. At best, volunteers can be a magnificent free resource, bringing energy, enthusiasm and time to help the arts organisation achieve its potential. At worst volunteers can become an uncontrollable group who have very clear and set ideas about what should or should not be done and happily work away independently to achieve this (as and when, of course, they have the time to do so). Given that fundraising needs a well co-ordinated team approach to succeed, such independent action can be unwelcome.

Some arts organisations have had particular problems with Friends programmes that are run as separate charities and staffed by volunteers. More often than not, such programmes are not maximising their potential profit. The arts organisations are then faced with either living with a less than satisfactory situation or attempting to wrestle the Friends programme away from the volunteers (with the concomitant bad blood that causes).

If you are planning to use volunteers and wish to avoid the pitfalls, then it would make sense to clarify what they should be doing by drawing up, in advance, a job specification that outlines:

- The objectives for the fundraising.
- the role of the volunteer (including what they can and cannot do independently)
- the commitment expected of the volunteer
- the benefits of volunteering (as well as outlining what you expect from the volunteers, it is equally important to outline what they can expect from you – both in terms of support and in terms of how their work will be valued)

As part of this, you should clearly identify who in the organisation is responsible for the volunteers. It is that person's job (and their job alone) to explain to the volunteers what the organisation needs them to do and then oversee that work. It can be incredibly difficult for volunteers if they receive conflicting instructions from different people in the organisation.

Even with such a job description, you should recognise that managing a team of volunteers might still take considerable time and energy.

Internal Staff

Almost every form of fundraising needs the active support of all staff in an arts organisation if it is to succeed. From the staff who greet the public through to those who work behind the scenes in administration and the other departments, everyone needs to be aware of what is going on, what it is designed to achieve and of the impact that successful fundraising would have on them, their job and the organisation. It can sometimes seem to others that fundraising, whether it is the excitement of glamour and champagne or the tedium of processing low-level memberships, is purely the domain of the fundraiser. It would help your efforts enormously if it is recognised throughout the organisation that not only is the purpose of the fundraising to help keep the organisation alive and

well but that all the staff are as much a part of the successes and the failures in the fundraising as they are in the artistic output.

Two things are key to getting such organisation-wide support.

One is to ensure that all those at the top of the organisation believe in the importance of the fundraising and its integration into the whole organisation – the rest of the staff will normally follow their example. Senior staff in your organisation need to act as both external and, importantly, internal advocates for the fundraising.

Second is to make sure that the fundraising *does* impact positively on the day-to-day work of the staff (whether it is as simple as inviting them to functions wherever possible or as involved as ensuring that a small part of the fundraising is publicly earmarked for an air conditioning unit for an office). Taking time to get this right is time well spent.

C. Resources

Administration

The purpose of any administration structure is to deliver whatever is required in a fast, efficient and effective manner. When it comes to fundraising, the department doing the work needs to be part intelligence unit and part processing unit - each working at peak proficiency if donors are to be kept happy and potential donors properly approached.

As the type of fundraising you are going to undertake begins to take shape then you need to develop an appropriate administrative structure to support it. There is little point in spending huge amounts of time and energy in developing a Friends Scheme, for instance, if you are not then going to invest in the backroom administration, which will be required to service it,

ensuring that all those who join are keen to renew at the end of the year.

Databases

Central to the administration you set up will be a database. A database is two things:

First, it is a structured store of information. Over time you will inevitably amass data on people who support you – their name, their address, how much they gave you and when etc. Storing this information in an easily retrievable format is not only prudent in terms of managing your on-going relationship with these donors, but it might also be a legal requirement if you have been using Gift Aid to augment their support (for more information on Gift Aid please see the appendix on tax).

A good database, however, will be more than just a store of data about your current donors. It will also be the store of information about your potential future donors. As you will see, fundraising is, to a large measure, about collecting together disparate pieces of information on possible targets and then putting them all together to create a coherent picture that will inform who you approach, how, when and why. It is most unlikely that you will discover all the information you need about a possible target just at the time you need it. More likely, you will come across unconnected little pieces of intelligence about them over time. What can differentiate between a successful fundraising effort and a failing one is how all these little pieces of information can be brought together to form a complete picture as and when you need it.

What type of database you use will obviously depend on your available budget. There are some excellent fundraising database programmes available, often combining both fundraising and ticket selling functions,

but these are both complex and expensive. If you can afford one then investigating these might well make sense. If you cannot afford one, do not worry – a cheap card index file might well be a perfectly adequate alternative for what you want to achieve. The important thing is to have a structure for information collection that is clear, easy to use and understood by all. Now, during this period of preparation, is the time to think about what you will want that database to do, what sort of information it will be required to hold and what type of database it therefore needs to be.

Conclusion

Take the time necessary to get the preparation right.

Too often energy and resources are thrown at fundraising work that has been ill prepared. The belief being that as long as you throw enough of each then, somehow, they will make up for the lack of preparation. They won't. They will just be wasted.

Make sure you know the answers to the core questions that have to be asked in the organisation before you move forward with any actual fundraising work.

STEP 2 - Identify Targets

"Half my advertising doesn't work, I just don't know which half."

John Wannamaker, Philadelphia retailer

It is relatively easy to set up a scattergun approach to fundraising on the basis that as long as you ask every single person you meet for support then, eventually, you will be able to raise enough money from the few that respond. Such an approach is unlikely to succeed. Worse than that, it could well cost you significantly in terms of wasted time and energy – resources that you can ill afford to use unproductively.

Before asking anyone for money, before planning your strategy and setting your fundraising targets, you need to spend some time working out who out there might actually support you and at what sort of level.

This step, then, is about understanding the landscape in which you hope to start fundraising.

We will come on to more detailed research, including things like questionnaires, later on. For now, keep the exercise fairly general – remember, at this stage you are only trying to get an overview of your audience.

In this step you will:

- Identify your target market and segment it into different groups
- Establish the potential for support within each group

Targeting people

Recognise now...

Not everyone is going to give you money.

Just because someone is rich, just because they have an art collection, just because they live down the road, does not mean that they will support you.

In order to develop a focused and efficient fundraising campaign, with realistic fundraising targets that neither over-budget your prospective income nor under-estimate your fundraising potential, you must spend time now determining the market place.

Your Community

Everyone who supports you is likely to come from your community – that overall body of people who have an interest, or a potential interest, in your work. For some organisations that community may well be all the people who live and work in a specific area. For others it will be based more on interests and less on location.

The National Coal Mining Museum, for instance, may include in its definition of its community:

- *People who visit the museum.*
- *People who live near the museum in Overton – particularly those with children who are involved in the education work of the museum.*
- *People who used to live near the museum and who may still have an interest in the development of the area.*
- *People who have worked or are working in the Coal industry, wherever they may live.*
- *People interested in Victorian engineering.*
- *People interested in the industrial revolution.*
- *People interested in working animals, because of the pit ponies.*
- *People who fought for the survival of the coal industry in the 1980's.*

Within your community there are, very broadly, three different groupings of people who will be important to your fundraising;

- ***Those who know you and engage with you***

This first group is made up of people who already know your organisation and engage with it as ticket buyers, exhibition visitors, performance audiences or supporters. This group also contains people who spend money in your shop and those who simply admire your work from afar.

We shall call these people collectively your "**Audiences**".

- ***Those who know you but don't engage with you***

This second group is made up of people who know you exist but don't believe that they benefit from your work. They could be people who walk past your organisation every day, people who read about you in the media or see your posters around the town. Importantly, despite their knowledge of you, nothing you do has yet inspired them to actually visit you or recognise how they benefit from your work. Parents of local children, for example, might be unaware of how their children are engaging with your education work.

We shall call these people your "**Acquaintances**".

- ***Those who don't know you but would engage with you if they did***

This third group brings together those people who don't know you

exist but who could be interested in your work if they were introduced to you. Such people could, for instance, like theatre but not realise that you tour near to their location or be fascinated by Art Deco design and not realise that you have a very good collection in your museum.

We shall call this group "**Aspirers**" as they are people you would aspire to attract and engage.

- ***The Rest***

Note that your 'Aspirers' are not just everyone else who is left over after you have identified your 'Audiences' and 'Acquaintances'. Because in truth there is a **fourth group** that is so large that it dwarfs all the others put together – this is the group of people whom either:

- don't know you exist and wouldn't be interested even if they found out about you

or

- do know you exist and are clear that they don't benefit from your work.

Never forget that this group exists and that trying to chase anyone in it for support is possibly a waste of your time.

These groupings are valid whether you are looking for specific individuals or for groups of people. In what follows we will largely consider the groupings from the perspective of researching different types of people (indeed, key individuals are often spotlighted through a process of identifying types of people) – but the same processes largely hold true if you want to learn more about individuals. A short paragraph at the end will add what little further advice is needed if focusing on individuals.

So, putting aside 'the rest', let us now look at each of the three main groups in detail:

- I. *Audiences*
- II. *Acquaintances*
- III. *Aspirers*

I. AUDIENCES

Clearly, the people who already engage with your work as an arts organisation are the most likely people to be open to messages about your plans for the future and how they can help. These are, after all, people who already enjoy what you do, are likely to want you to continue.

Of course, your audience is not one homogenous group of similar people all of whom have exactly the same relationship with you. People will engage with your work from different directions and with different intentions. It would be useful, therefore, to break your Audience down into those **sub-groups** that share similar characteristics (and also identify those key individuals whose relationship with you may be particularly useful in terms of fundraising).

The easiest sub-groups to create are made up of:

- a - Audiences who engage with you
- b - Audiences who do not engage

Both requires a slightly different approach when it comes to identifying them,

a. Audiences who engage with you

How well do you know the general make up of your audience?

Who are these people who buy your tickets, visit your exhibitions or participate in your events? Given that these are the people most likely to give you money, it is astonishing how often

arts organisations have only a very vague idea of who actually engages with their work.

So this is about getting to know your audience better. It is about identifying the different types of people, or groups, within that audience. It is about identifying the people who would join your Friends schemes, make donations, buy raffle tickets etc. It is also about identifying whether there are enough key individuals to drive a successful major gift campaign.

We will get onto detailed research later, but this step is about developing a clear overview of your audience to then be able to better plan your fundraising strategy.

The Right Information

As with any research, before investigating your audience it is a good idea to work out exactly what information you need to know in order to be able to fully gauge their fundraising potential. Some information may well be more useful to you than other information.

So start by identifying the key characteristics that will be useful to you when grouping your audience – which characteristics about your audience you need to know in order to get a better sense of whether they are likely to support you and, if so, by how much. It might be useful at this stage to review the earlier section on intrinsic and extrinsic factors that affect someone's propensity to give.

Some examples of potentially useful characteristics are:

- Age range
- Gender
- Ethnic Diversity
- Employment (as in not working / working / salary bands, if possible)
- Family (single, married, family size)
- General affluence

- Location of home and work

Each arts organisation will have to develop a different mix of characteristics depending on art form, location, etc. What works for a gallery or a museum will not work for a touring theatre company.

Group categories

Having identified your key characteristics, the next step is to determine how closely your audience break down into these categories.

You can do this by:

- Asking your staff
- Analysing your database
- Watching them
- Talking with them

Asking your Staff

The first step is to talk to your staff, both those who meet the public and those who market to them. These are, after all, the people who regularly deal with your audience.

What sort of people do they think engage with your organisation? How do they see your audience changing over the day, week or month? Can they identify groups or, indeed, individuals whom they think are prospective supporters of your organisation? Are people generally positive and supportive of the organisation in their conversations or are they indifferent or, worse, difficult? What are the usual complaints? What do they normally praise? Perhaps most important of all, are the regular attenders at all passionate about the organisation?

For organisations of a reasonable size there may be other places in your organisation where you can gain useful information, for example a shop or café. Find out from the staff in such places when they are the busiest – both in terms of numbers of customers and in

terms of sales as the two may not necessarily be linked (they may attract higher spending customers when they are not busy and higher spending customers are likely to be a very interesting group for you!). It would also be useful to determine whether these “other” customers cross over to the arts side of your organisation – are you an arts organisation about which they care or just a convenient café!

Analysing your Records

Once you have learnt everything you can by talking to all your colleagues within the organisation, the next step is to investigate whatever data your organisation holds on your audience. This could range from a simple mailing list compiled from an exhibition visitor's book to a full-blown ticket admission software system. The best software should be able to tell you basics such as names and addresses, as well as valuable data such as level of repeat attendances, amount spent, types of tickets bought, etc. But you do not have to have expensive software for this – even fairly basic information, no matter how slight, may well prove invaluable. Take the time to find these records and analyse them.

Watching your audience

When was the last time that you actually spent some time watching your audience?

Much can be learnt from looking at the people who come to see your work in terms of understanding their ability to financially support you, watching your audience can be an invaluable, low cost way of segmenting your audience according to the categories you have already chosen. Alongside this, watching your audience can also provide some very useful colour to the basic statistics. For instance, It might be interesting to determine:-

- How they arrive (car, public transport, taxi)
- How they are dressed?
- Do they come alone or in groups?
- What are they carrying – shopping, briefcases, children?
- Do they seem to know your organisation or are they asking questions?
- If you are venue-based, where do they go first? What parts of the venue do they visit? Are they wandering around aimlessly or do they know where they are going?

Although these questions do not directly address the potential of each category to support your arts organisation (and you clearly should not rely on them as definitive sociological indicators), they and other questions can provide some very useful indicators as to ability to give and the nature/strength of their relationship with you.

Remember to do this exercise on different days and at different times in order to see how your audiences vary according to time, weather, programme etc.

It might also be a good idea to get someone else to help you on this – someone who knows your organisation less well. As someone with fresh eyes, they may be able to spot trends that escape you.

Finally, write down what you observe as you observe it. Over time, there is a danger that you will forget your original thoughts – or worse they may subtly change from what you actually saw to what you now think you saw.

Talking with them

Having learnt everything you can about your audiences and the categories into which they fall by looking at them, the next step is to talk to them. This will

help you better understand the people in each category. So pick some typical representatives of each group, introduce yourself, and find out as much as you can about them and their interest in your organisation.

Talking to people

Going up cold and talking to someone is undoubtedly one of the most difficult and stressful things to do in fundraising. But also one of the most important. This is an excellent opportunity to begin to practice this skill of talking to people you do not know, of asking the right questions and, most vitally of all, of properly listening to their responses.

You could start by asking them if they are enjoying their time with you. Then explain why you are talking to them (for example, you could say you are trying to help the organisation formulate a fundraising strategy). Then move on to explore some more interesting areas, such as:

- What attracted them to come today?
- What do they like about your organisation?
- How did they hear about your organisation in the first place?
- When did they first visit come across you?
- What did they last see of your work?
- What do they know about you?
- How far they have had to travel?

When someone refers to themselves as a regular attender, it is always interesting to find out what they mean by that – for some it means they come to everything, whereas for others it will mean that they come, regularly, once every year.

Touring

If you are a touring or non-venue organisation then you may need to be slightly more creative in how you learn

about your audience and it may well take a little more time. You could, for instance, spend a week touring with your company. Obviously pick the week carefully to ensure that the company are visiting those areas where you are most likely to generate significant support. Once there, talk to the people in the venues you are visiting, both your audience and the people at the venue who greet them. Get from both a sense of their understanding of your organisation and the venue (often audiences are confused as to the difference).

All this may sound like a time consuming exercise - and it might be - but its value will extend beyond your individual giving fundraising. The data you amass will feed usefully into your future marketing plans, it could impact on your programming and it will help to answer questions posed by public and private funders, stakeholders etc. in terms of audience development and impact.

We have looked at audiences who engage with your work, breaking them down into sub-groups to better understand their make-up. The next step is to look at those audiences who do not directly engage with you.

b. Audiences who do not engage

Remember that your audience is also made up of people who may be passionate about your organisation but who are, for whatever reason, unable to visit you at the moment. Maybe they are too busy, have moved away or have just started a family. Whatever the reason, however, they still have some sort of connection with your work and want that work to continue.

The benefit that this group would receive from supporting you is likely to be about feeling good that they have helped in some way – given that the

more tangible benefits may be difficult for them to use.

But if you never see them, how can you find out about them? To a certain extent, unless they are members of a mailing list or have similarly self identified themselves, you cannot. However, people in this group are quite likely to say something at some point. The trouble is that they are unlikely to say anything to you. They are more likely to talk to either a leading person in the organisation such as the Artistic Director /Head Curator or to someone who regularly meets the public such as box office / information stand staff. You need to make sure that you are always aware when such a contact has been made.

To ensure that these contacts do not pass you by, it is important to ensure that structures exist in your organisations. You know when someone of potential interest has contacted your organisation

As the focus of the fundraising, you need to know every time someone of potential interest contacts your organisation. The problem is, of course, defining and agreeing what actually makes someone “of potential interest”.

Appendix D covers this important area in more detail, offering possible solutions that you can implement in your organisation.

II. ACQUAINTANCES

Of the trio of Audiences, Acquaintances and Aspires, we have so far only looked at Audiences. We now turn our attention to Acquaintances.

As we have seen, Acquaintances are people who know you exist but do not believe they directly benefit from your

work – even though you know that they are or could. They might be people who walk past your organisation every day, people who read about you in the media or see your posters around the town. Importantly, despite this awareness, nothing you do has yet inspired them to actually engage with you.

The route to understanding who these people are is started by identifying how they have come to know of your existence. This, then, is about understanding your impact on your community (remembering that by 'community' we are referring to a community of interested people, not necessarily limited to an immediate geographic location).

You can subdivide your impact on your community into two broad categories:

- I. Your direct impact on acquaintances through your activity in the community.
- II. Your **in**direct impact on acquaintances through your presence in the community

I. Impact on Acquaintances through Activity

The most obvious way in which you impact on your community is through the work that you do. But people may think that you do not impact on them because they do not come to your venue, performance, exhibition or the like – they do not engage with your work.

Given that most arts organisations now undertake a wide variety of activity away from their main artistic expression, there is a very real chance, however, that such impact does happen.

If you do education work, for example, how aware are parents in your community of the work you do? How

aware are the school boards and local councils of this work? What about the local media?

What is the impact of your organisation as a local employer, centre of volunteering or purchaser of goods and services? You are, after all, an important small (and often not so small!) business in the community and as such interact with others in that community.

Finally, although Acquaintances may not directly engage with your work, they may know and care for others that do. If a senior citizen, for example, is an audience member then their grown up children are acquaintances (and therefore might well, if properly engaged, be the right targets for a gift in the name of their parents).

Given that acquaintances are people who know you exist but do not realise how you are already benefiting their lives, if you can draw a clear line between your work and their lives, you are developing an argument for why they might support you!

II. Impact on Acquaintances through Presence

If Activity is about the impact you have on the people in your locale, Presence is about the economic and image impact you have on the locale.

Research has shown, for example, that regional theatres have a £1.1bn impact on the English economy. Clearly regional theatre has a serious role to play within the local economies across the country. Is the economic impact you make recognised by your acquaintances?

It has been said that in our increasingly homogenised society, where every high street contains the same shops selling the same products, the identity of a geographic community is now, more

than ever, dependent on the cultural activity that occurs within it. It is, in short, the galleries, the museums, the theatres, the libraries and the heritage buildings, along with those who give them life, that make a community vibrant, engaged and interesting.

How does the existence of your organisation provide added value in your community? What is it doing to shape the identity of that community? How would the community be affected if it ceased to exist? Some cultural fundraisers place this argument at the centre of their fundraising messages. They argue that all they are asking for is some *quid pro quo* in recognition of the unique role played by the arts in that community. Whilst this may be too 'up front' a message in some communities, it certainly makes sense to formulate a very clear, positive (and realistic) message on how the community benefits from your presence. A rather blunt example may be the way that estate agents talk about your community to attract potential new customers. Do they refer to your community as vibrant, exciting, cultural – if so, what part do you play in the development of this image and, by inference, on the price of property in that community?

By looking at both your activity and your presence, you are attempting to develop new arguments to support the importance of your existence – formulating a new image of yourself for people who know you exist but feel that you have no impact on their lives. This is about showing that you do! This is about turning their knowledge of your existence into a passion for your existence. Once this happens, acquaintances start to become potential givers, whether they are audiences or not.

III. ASPIRERS

The final group you need to identify here are those people who do not know you exist but who would be interested if they did.

Potential new audiences

This is perhaps more of a marketing activity than a fundraising one as first and foremost this is about broadening the reach of your organisation to develop new customers for your artistic work. But there can be an important fundraising angle to this.

Local Grouping

What are the other causes in your community that are attracting people who would have a natural affinity with your work? Who else is attracting the sort of people you think are your ideal donors?

Are there, for instance, established social circles within the more affluent housing areas? Is there a group of, what are often euphemistically called, 'ladies that lunch' – wealthy socialites who might find the arts to be a worthy cause? If so, these could prove to be an excellent source of support, both in terms of cash and contacts, if approached correctly.

What other paid social groupings are there? Are there tennis clubs, gardening societies, social groups, amateur arts organisations, church or lay community support groups or groupings around education (both children and adult)? If you are to raise money from the community, you need to know that community as well as possible to ensure that you can identify all the possible targets within it for fundraising. Alongside this, it would be useful to find out what committees exist in the community (especially those that have a fundraising angle to their work) and who sits on those committees.

Local Companies

It is also useful to monitor the business people who clearly enjoy the media spotlight. Who appears in the local paper? Who gives out prizes at the local school? Such people are clearly keen to be seen to be a part of the community. Would supporting you give them an added fillip?

Beyond this, it would obviously be useful to monitor who is making the most money within the community. Which companies are successful and which are not? Which companies, particularly amongst the smaller ones, are sponsoring local sports or charity fundraising activities? With smaller companies, decisions such as these are often made by the person at the top of the company and reflect that individual's interests and beliefs.

With all these ideas, however, it is also important to recognise the hurdles, whether conscious or subconscious, that have so far prevented these people from engaging in your work. If they have such a natural affinity with your organisation, why are they not already involved? Why are they acquaintances, not audience? By solving this conundrum, you will be able to devise a series of appropriate steps to begin to involve these people in your work in a way that is both realistic and has the potential to really succeed.

Individuals

It is not easy to identify specific individuals who know your organisation and who might be able to play a significant role in your fundraising. Just because someone turns up in an expensive car does not necessarily mean that they have sufficient disposable income to support you (they may, in fact, be heavily in debt). Likewise, just because they are quiet, arrive by bus and always have a cup of tea in your café does not mean that

they are not sitting on a fortune. However, the exercise you have just undertaken in terms of identifying your audience (asking your staff, analysing your records, watching them and talking to them) are more than likely to prove equally profitable in terms of identifying specific individuals.

As with the problem of identifying audiences who do not engage with you – it is vitally important that whenever a board member or staff member meet someone interesting or interested *they tell you about it*. It is astonishing how often fundraisers hear a board member say, when asked about this, “Oh a couple of months ago I met someone who said how much they enjoyed the organisation and said that they wanted to help. Now, what was their name?” They need to be telling you the next day whilst the lead is still active! For this to happen you will have to remind them endlessly as it may take time for it to become second nature to them. Again, see appendix D for more information on this.

Conclusion

Having identified your targets you are now in a position to narrow down the fundraising focus onto those people, either in groups or as individuals, who are most likely to be sufficiently interested in your work to support you. From now on, put everyone else to one side. Focus on those who might help you, not on those who probably will not.

You should now be in a better position than John Wannamaker was when he came out with the quote at the beginning of this step: "Half my advertising doesn't work, I just don't know which half". By undertaking this step you will know in advance 'which half' of the usual fundraising activity is not going to work for you! This will save you huge amounts of wasted time, energy and money.

As was said earlier on, remember that just because someone in your community is rich, just because they have an art collection, just because they support another organisation, this does not mean that they will automatically support you. Having now identified the types of people who will, then next step is to get to know them better.

STEP 3 - Research

"There is nothing like looking, if you want to find something. You certainly usually find something, if you look, but it is not always quite the something you were after."

J.R.R. Tolkien, "The Lord of the Rings"

"Research is formalized curiosity. It is poking and prying with a purpose."

Zora Neale Hurston, American folklorist and writer, 1903-1960

Having identified your targets, the next step is to find out as much about them as you can. Research is about understanding your targets, delving deeper into who they are and trying to identify what triggers their decision-making - so that when you approach them you are confident that you are asking the right person, for the right amount, at the right time, in the right way and for the right reasons.

In this step you will...

- Identify and establish on-going routes for research
- Build a coherent, accurate and useful picture of targets

Research should be considered as an ongoing investment in the future of your organisation. Do not think of it as a distinct and discrete step that you can go through and finish before moving on to the next step. To do it this way would mean that you would miss many opportunities as they present themselves over time. Research is a constant activity, it is concentrated work but work that really pays off.

Research structure

Research is not about spending half a day a month collecting all the information needed on particular targets. Regrettably, it is never that structured. Good research is about

developing networks of contacts, channels of communication and systems to collect and store information.

Get the structure in place before you start properly researching the market place. Otherwise, good information may get lost.

As with 'Identify' step, we look at researching Individuals and Groups separately. Although much the same process applies to both, some significant differences need highlighting.

Researching Individual Targets

When focusing on individuals, you are generally focusing on the wealthier members of the community with the aim of receiving significant donations from them.

To achieve this you need to understand as much about each individual as is possible. This information will be vital in determining how you approach them, how you involve them in your organisation, what area of your work you ask them to support and at what level. Without this information, you will walk into the relationship blind and are likely to do more damage than good before the relationship has even got off the ground.

A complete picture of an individual would include answers to questions such as those outlined below, some of which require quite detailed answers. Finding the answers will take time, with little snippets of information coming to you over weeks, months and even years. Collectively, the answers to these questions should help you compile an understanding of the "fit with self" factor that the donor will need

to have – in other words, what they think links them to you.

What differentiates a good fundraising effort from a mediocre one is the way in which all these snippets of information and understanding are stored so that, eventually, a complete picture can indeed emerge.

Lady Bracknell: *"What between the duties expected of one during one's lifetime, and the duties exacted from one after one's death, land has ceased to be either a profit or a pleasure. It gives one position and prevents one from keeping it up"*

Oscar Wilde

'The Importance of Being Earnest'

Research Questions

Giving History

- Where has this individual made donations before?
- What sort of causes do they currently support or have supported in the past (other charities, community foundations etc)?
- Why have they supported these causes?
- How have they supported those causes (cash, shares or do they have a foundation or a CAF [Charities Aid Foundation] account)?
- Why have they finished supporting some charities?
- What have they wanted/received in return from such support?

Ability to Give (Wealth)

- How have they made their wealth?
- Is their wealth in assets or in income?
- How is their asset portfolio constituted? (does it include stocks, property, cash, antiques etc – if so, at what percentage?)
- What are their current outgoings, now or in the future (do they have expensive property or hobbies to keep up, how many children do they have?)

Interests

- What other interests do they have?
- What sort of holidays do they take (cultural or beach)?
- What interests do other people in their house have (is one of their children taking music lessons, for instance)?
- Have they amassed any form of collection (books, ceramics, art etc)?

Background

- What is their background?
- How were they educated?
- Is there a history of giving in their family?
- Is there a history of the family in the area?

Peers

- Who do they know? (This will be important in determining who should do the "ask")

Research Sources

Where do you get all this information? Excellent sources for this sort of information are:

- *The internet* – put their name into Google and see what comes out.
- *Books and other reference literature* – take a look in the library for books on the local community

- *Newspapers* – You should always scan the local and national papers to get a sense of who is being covered by them (either willingly or unwillingly!)
- *Magazines* that cover hobbies such as horse riding or antique collecting or those that talk about lifestyle choices such as decorating or home wares, all of which can give a real sense of the cost of pursuing different interests.
- *Shops* that your targets visit - these can give a sense of the worlds in which your targets revolve.
- *Other organisations in your community* – who is involved in their running (board members, volunteers etc) and who supports them. Over time, it also makes sense to build good relations with these other organisations. There may be opportunities for joint fundraising projects and, with regards to research, to share information on possible targets (after all, they may come across someone who is unlikely to support them but who might support you and you would surely want them to share that with you?)

But by far the best source is other people. Develop both your networks and your listening skills to ensure that you are in a position to hear what you need to hear.

Researching Group Targets

Whether you are starting a major public campaign, setting up a Friends scheme or installing a donations box, if you want to enjoy success then you need to know as much as possible about the types of people who might give/join. Researching groups is an easier and somewhat less intrusive process than researching individuals, but no less important.

Some of this research can be undertaken by good observation and talking to people. However, at this stage, it might also be useful to run a questionnaire of your audience (see next section) or invite some of your audience to join you for a cup of tea and a discussion (a focus group, in other words) to make sure that you have a clear and complete picture of their interests and concerns.

In all of this, you are looking for answers to questions such as:

Social Circles

- What other groups exist that your potential donors could join or might have already joined (both social and charitable)?
- What are the membership fees for these groups, if any?
- What do they offer in return?

Ability to Give (wealth)

- What is the level of wealth in the community?
- What would people in each social group that make up that community think is a major donation and what a minor donation?
- What is the general sense within the community as to what constitutes 'pocket money' 'monthly income', 'annual income' and 'total assets'?

Interests

- What are the interests of the community?
- What causes or concerns bind them?
- What sort of issues does the local paper cover the most?

By compiling a comprehensive picture of the groups that exist in your community, their interests and their general support of other social or

charitable activity, you will have a far better understanding of the market place in which you are attempting to fundraise. Like any product in any market place, knowing the competition is a vital step to understanding how your own product is likely to be perceived by your target customers.

If this sounds strange or even inappropriate, then take solace from the media stories that reported how the Church of England had, apparently, encouraged clergy to check the cars their parishioners drove (by looking at them in the church forecourt on Sundays) to determine whether their parishioners could be giving more in the collection!

Questionnaires

An excellent way of analysing your audience in detail is by running a survey, particularly useful of course if you are not able to undertake any data capture through admissions. Both the Arts Marketing Association and the Arts Council England can give advice, detailed hints and tips on running a survey. But there are some general rules that are good to keep in mind.

Clearly, it is important to **get a good response rate** and so the key things to remember are to make the questionnaire quick to fill in and simple to deliver. It might also be a good idea to **explain clearly why you are running the questionnaire**, talking about how it will help you to improve your organisation (through reducing excess costs, wastage etc). In other words, if you are talking to people who like your organisation, encourage them to realise that through this questionnaire they are helping you to help yourself. Finally, **chose carefully when** you run the questionnaire. From the time of year to the day of the week to the time of the day, the exact moment you ask people to complete a questionnaire can have a profound influence on the type of answers that you receive. You are,

for instance, likely to be reaching either a retired or unemployed group of people if you run the questionnaire on a Tuesday afternoon – producing an entirely different set of responses to the same questions being asked on a Saturday afternoon. Think about the type of people you want to hear back from and then ensure that you are running the questionnaire when you are likely to be able to reach them. Finally, make sure you **have enough resources to properly analyse** the questionnaire. If no one is going to be able to input the data from the questionnaire into a spreadsheet, why are you spending the time running it in the first place? Make sure that all the resources you need to properly conclude the exercise are available and in place before you start the process.

For more information on useful sources for research, see Appendix F.

Conclusion

Research is the spine to every good fundraising effort. It holds the whole thing together. It focuses the fundraising on those areas where there is the chance of the greatest success and continually provides all the areas of fundraising with the right information at an appropriate time. Research can only do this if it becomes an integral and on-going activity. It is not something you only do occasionally or, worse still, just once. It is something that everyone needs to be doing all of the time.

STEP 4 - Plan

"He who fails to plan, plans to fail"

Anonymous Proverb

"A carelessly planned project takes three times longer to complete than expected; a carefully planned project takes only twice as long"

Anonymous Proverb

You should now have a clear idea of the groups of people and the key individuals whom you wish to target for your fundraising. You should also have some idea of what interests these people, how they spend their money, if they donate to others and, if so, where they donate and what they are expecting/getting in return. You should have an idea of how your organisation sits within your community. You should know who else is asking for donations and who else is running a Friends scheme, what these other organisations are asking for and what they are offering in return. Remember that your organisation will not be the only one seeking support from your community. Indeed, it may even be advantageous for you to work in partnership with another organisation if you can offer complimentary benefits to each other and to your supporters.

From all this you should have an idea of your fundraising potential, both in terms of what you can realistically ask for and what you can budget to receive.

In this step you will identify, focus and structure all the remaining work you do in your fundraising. This is when the detail is worked out. You will:

- A) Identify and allocate resources
- B) Identify and source benefits
- C) Finalise messages
- D) Identify and engage endorsements

- E) Finalise timing
- F) Structure your cash flow and targets

All this, with a view to finalising that strategy that will take you through your fundraising work

A. Resources

If you are going to raise money, you need to be able to devote resources to the effort. Identifying those resources now and properly sourcing them, or reserving them, for the fundraising work to come will ensure that that work can actually happen as planned.

There are four key resources you will need:

- Time
- Money
- Databases
- People

Time

You will need to spend **time** on your fundraising work. But you are probably already very busy. So you need to decide now what you are **not** going to be doing in order to release the time to raise funds.

When fundraising fails, more often than not it is because the people doing the fundraising fail to give the work sufficient priority within their busy schedules. They try to fit fundraising in on top of rather than instead of all the other work they are doing. This usually results in any fundraising work being continually put off until, at last, the financial problems have become so acute that something has to be done – and that something is then done in a rush. Unsurprisingly this tends to result in very little money being raised. So you must answer the key question -

what are you *not going to* do so that you *can* fundraise properly?

Money

You will also need some money. Almost all fundraising work will involve expenses, be it print for handing out, food and wine for a reception or the salary cost for new members of staff. These costs should be considered up front and built into the fundraising budget.

Database

One of the most important things you need will be some form of database, be it an expensive piece of bespoke fundraising computer software or a simple card index file. See 'Step 1: Prepare' for more information about this.

People

Finally, you need people.

If you choose to use volunteers, make sure that you can provide the careful husbanding that they will need if they are to truly deliver for you (all of which will require more of your time).

Or you could hire a professional external fundraiser. Generally, such people will work for a set fee rather than commission in the recognition that they will be putting in a considerable effort whether the outcome is successful or not.

You can hire fundraising staff. To get a clearer picture of the types of skills a fundraiser should have and the sorts of salaries they may expect, look at some of the job advertisements that others put out in newspapers or journals such as the Guardian newspapers media supplement on Mondays or ArtsProfessional.

Whichever route you go down, you are still likely to need the active support of other internal staff. In the same way you need to find time in your busy

schedule to undertake this work, you need to be aware that you are now asking other staff to do so as well. Recognise this and try to work out how you can help them in their job in return (maybe by earmarking some of the money raised for something they need.)

Irrespective of the type of people you get, it is vital to ensure that everyone working on the campaign is very clear about:

- The work of the arts organisation
- Why you are asking for support
- How you are asking for support
- Where the money will be spent
- And what their role is (especially the degree of autonomy they have in terms of making an 'ask' and offering benefits in return).

Resource allocation

Having identified what resources you need, now is the time to allocate all these resources in detail, working out where they are coming from, exactly what you will be doing with them and for how long you need them.

B. Benefits to be made available

We have explored in an earlier chapter the psychology factors that underpin philanthropic impulses. Central to the impulse is clearly a need for something in return. That something may be as light as a 'feel good' factor or as tangible as free tickets and a naming opportunity. The purpose of developing benefits for your donors is to underline and encourage their interest in supporting you.

One of the difficulties in this exercise is that what supporters say they want and what they actually want may be two different things. At the end of the section "Money 3 – What do people give", a Venn diagram outlines this quandary. The suggestion then was to try to mark on such a diagram for your

organisation where your donors think they are and when you think that they actually are!

This will be much easier now that you have done the work to identify your targets. You are in a much better position to consider in detail what it is that they may need/want to begin or continue their support.

With this done, the next step is to work out what you may be able to offer in return.

The range and type of potential benefits you are able to offer will inevitably depend on the type of work that your organisations does. However, some of the more obvious benefits include:

Tangible

- Tickets
- Advance booking (where appropriate)
- Programmes
- Special items (such as signed memorabilia [scripts, posters, etc])
- Newsletters
- Events
- Special talks
- Special access (to education projects, rehearsals, picture hangings etc)
- Naming opportunities
- Access to artists
- Access to behind the scenes
- Discounts to your other parts of your organisation (e.g. box office/shop/café etc)
- Discounts to other organisations (local shops, other membership organisations etc)

Intangible

- Feelgood factor
- Association with art
- Association with success

- Supporting education & outreach work
- Being “in the know”

Use your focus groups to ensure that whatever you plan to offer, both in tangible and intangible benefits, fits with what your donors are expecting / would like to receive. It is astonishing how often arts organisations offer membership benefits that are never taken up because no one wants them.

Cost of Benefits

With each benefit, you need to be clear on the exact cost to the organisation of providing the benefit. The cost should be broken down by:

- *Actual cost* - How much does it cost you to print a newsletter, provide drinks at a reception, provide a membership card etc?
- *Forgone income costs* - if you give away a free ticket which might otherwise have been purchased, that ticket has been handed over at a very real cost to the organisation and such costs should be factored in.
- *The human cost* - how much time does it take to provide the benefits you are offering? Do you have the staff to be able to run an evening event? Who will ensure that the benefits are distributed at an appropriate level in a timely fashion? Given that nothing will annoy your donors more than not receiving the benefits which they were expecting, it is important to recognise at the beginning the costs of providing the benefits in a reliable and efficient manner.

Completely understanding the full costs associated with providing expected benefits will also help you to assign different benefits to different levels of support, ensuring that at each price level there is a good balance between

attractiveness to the donor and cost to you.

In all, make sure that all your fundraising work is producing a true profit for your organisation.

C. Messages

From the start, you need to co-ordinate the messages given out by your organisation - from speeches to press coverage to print. You need to have a clear and simple message as to why you are fundraising (see 'Objectives' on the first page of 'Step 1 – Prepare').

Messages such as:

- We are raising £20,000 for a new van so that we can reach more rural communities
- We need your support to add more local artists to our permanent collection
- For every £5 we raise, another child can become involved in our education work.

This sentence needs to be memorable, through being clear and simple, and aspirational, although in a language which makes it capable of being used comfortably in letters, speeches and informal conversations.

Everyone in the organisation needs to recognise and understand the importance of this message. It is unlikely that everyone will completely agree that it is the best sentence - trying to capture the opinions of an entire organisation in as few words as possible is not easy - but the important thing is for everyone to realise that this is the best sentence for the chosen target audience for your fundraising. As such, it may not cover everything the organisation does but does encompass the key elements that a potential donor might find interesting.

Beyond the statement, you also need to develop paragraphs, images, graphics, fonts etc that can be used in a myriad of ways but which still deliver a core identity for your fundraising.

All this should tie in closely with the overall identity and branding of the organisation, with the two needing to complement each other. For some, the launch of a fundraising campaign also sees the launch of a completely new brand identity.

D. Endorsements

Alongside the content of the messages, thought needs to be given to exactly who will be delivering them. All staff need to understand and use them. But in addition, you need to think about people outside the organisation who could help you to get your messages across to your chosen targets. It is at this stage that you start inviting people to become involved as spokespeople, adding their weight to your messages.

You may, for instance, want to have a quote from an important person on your fundraising literature or in a press release. You may want someone to be a figurehead acting as the Patron/President/Chair of your fundraising campaign or you may want some people to play active roles as hosts for a special event.

When choosing the people you want to involve, again think about your prospective supporters. Choose people who will be impressive to them or who are their peers – rather than people with whom **you** would be impressed.

Bear in mind that you might well need to get these prospective endorsers more involved in your organisation (see next section) before asking them to help you. You should factor such courting into your timeframe.

E. Timing

Choosing the right moment to launch your fundraising can have a significant impact on its results.

If, for instance, you are raising money for a new building then your most productive period will be before or, albeit less successfully, during the building process. There is nothing like your current cramped, leaky conditions in which you are working to highlight your needs! Once the new building is completed, then the donors may well feel that the fundraising drive is completed as well, even though you know that the bills will keep coming in for some time to come.

When considering your timing, you need to bear in mind:

- The time it will take to get together all the components necessary to run a successful fundraising campaign. Do not try to start fundraising before you are ready.
- The project timeline. What are the key moments when the organisation can raise its profile? Obvious examples are exhibition openings, announcements of new seasons of work etc.
- Your cash flow needs. In other words, exactly when do you need the money!
- The pattern of your target donors lives. For instance, starting a campaign in August, at the height of the holiday season, may mean that many of your key targets miss the launch.

Not everything will always come together at the right time and you will need to be building a certain amount of flexibility into your final schedule. Nevertheless you should have a clear idea of what you are going to do and when. You should always make the most propitious start you can.

F. Cash Flow and Targets

Central to the timeframe should be an understanding of your cash flow and target income – in other words, the amount of money you realistically expect will come in and when.

When planning income targets it is always best to be as prudent as possible. In an ideal world an arts organisation would budget for a zero income from any fundraising until such time as a clear track record has been established. In theory fundraising income is supposed to be money to help the organisation grow and develop - hence the standard euphemism for fundraising - "Development".

Reality is, regrettably too often, very different with arts organisations often only starting to raise money at the last minute when all other income sources have dried up. The fundraising target is consequently set at the difference between total income and total costs. This places an unrealistic burden on any fundraising because it does not take into account the organisation's fundraising potential. Such a target may be over - or under - estimating what can be achieved in the market place. As far as possible - resist this temptation. Look at your prospective targets and think about what they could afford, take a cold look at what is reasonably possible and, if you cannot set the target at zero, then set the target at the lowest possible level.

Finally, in your strategy, recognise that fundraising is a long-term solution and recognize the implications of this on your cash flow projections. It is possible to undertake emergency fundraising if your organisation is facing a crisis, but such a campaign can only be undertaken rarely if the organisation is not to get a reputation for lurching from disaster to disaster - and no one wants to give money to something that

is always failing. So instead, think about fundraising work as being a long-term investment of time and money into the organisation that will bring some benefits today but will reap even greater rewards tomorrow. This is scant recompense for people who need the money now and sometimes hard decisions have to be made between immediate but lower income now or a higher income later. Successful fundraising organisations always defer as far as possible to the latter.

Conclusion

By now, you should have a very clear idea of your fundraising strategy. The detail should be in place so that anyone who needs to be involved can see and quickly understand the fundraising work you are undertaking and how they can fit into it.

However, the most common mistake that fundraisers make at this point is to go out and start asking people for money. They assume that the passion, clarity, and enthusiasm that they have for their organisation and its fundraising aims are automatically shared by those they are approaching for money. In fact asking these people for money now will undo all the hard work undertaken so far.

The next step is not about asking for money – it is about sharing your passion, clarity and enthusiasm. Getting your targets more involved in your work.

STEP 5 - Involve

“There was a definite process by which one made people into friends, and it involved talking to them and listening to them for hours at a time.”

Rebecca West Irish critic, journalist, & novelist (1892 - 1983)

It might seem that now, having worked out your strategy and determined who you want to ask for money, the next step is to go out and start doing the asking. But until your target truly understands, for themselves, what it is you do and why it is important, they are likely either to refuse to support you or at best give you less than they could. Before you ask anyone for money, you need to involve them in your organisation.

If you ask any group of people why they give to charity, in almost every instance they will talk about the connection between themselves, their lives and the work of the charity. They might, for example, give to a cancer charity because a friend or relative died from the disease or to a children’s charity because they have just had children. By doing this, they are underlining the “fit with self” trigger that was outlined earlier as one of the key intrinsic factors that shape the psychological impulse to give.

For most humanitarian charities the “fit with self” trigger is fairly easily made as ‘suffering’ generally elicits empathy amongst most people. For the arts, however, developing a ‘fit with self’ can be a far greater hurdle. It requires careful planning if it is to succeed.

This step, then, is all about developing a ‘fit with self’ through a structured programme of increased involvement, engaging the prospect target more deeply in the work of your arts organisation.

Sometimes this process of ‘involve’ can become a long and complex series of interactions aimed at getting a target to make a major gift. Sometimes it can be as simple as explaining the work of the charity so as to elicit a £1 donation. The extent to which you use your time, energy and resources on this step will obviously be dictated by the size of donation you are expecting at the end. But do not forget that every donation, no matter how large or small, will require some level of involvement if it is to be made.

In short, the greater the extent to which people are involved in your organisation, the more willing they will be to give money and the more money they will willingly give.

In this step you will:

- 1 – Identify why people find you interesting
- 2 – Structure a programme of activity to develop that interest.

Developing Involvement

When considering how to get people more involved it would be good to start with a clear understanding of how people currently involve themselves in your work – how they hear about you, why they are inspired to visit and what they do when they are with you.

Then, to deepen that sense of involvement to elicit even greater support, you need to determine what else you can do to develop the target’s sense of engagement with your work.

To add a final complexity, of course you may also need to develop different approaches to this step depending on whether you are dealing with Audiences, Acquaintances or Aspirers

given that each will already have a different level of involvement.

If all this sounds too confusing, it may be useful, having completed this step, to draw up a small “Table of Involvement” with targets down one side and activity across the other (see table 1). Then go through the actions outlined in this step and fill in the table appropriately. This will give you a map to help you develop an overview of the work you need to do in this step.

Table 1 – The Involvement Table

	Current involvement activity	Future involvement activity
Audiences		
Acquaintances		
Aspirers		

Examples of this table fully completed can be found at the end of this chapter.

Current involvement activity

It is easy to assume that what you find the most interesting about your organisation is what others will find most interesting as well. Often, however, this is not the case. When you start to work for an organisation you inevitably develop a particular perspective of it. After all, by the simple act of working there you will learn more about your organisation than the general public will ever know, in terms of both strengths and weaknesses. You might, for instance, have special access to astonishing rooms in a heritage building that health and safety prevent you from opening to the public. Although such specialist understanding no doubt feeds **your** passion and enthusiasm for your organisation and its work, do not forget that, as it is never glimpsed by the public, it does not factor into **their** passion for your organisation and its work.

So you need to retain a sense of perspective when it comes to

understanding how other people view your organisation, how they engage with you and why they support you. The best way of doing this is to keep talking to them. Constantly refresh your understanding of what really engages **them** about your work. Find out what they find exciting and what they would like to see more of (which, after all, will also be what they would find most interesting to support).

It might be good to start by learning how people first found out about you. How did they become aware of your existence and what then made them sufficiently intrigued to come and see your work for themselves?

We will break this down into three groups:

- People who come on their own initiative
- People who are brought by others and then finally we will look at why they might make return visits.

On their own initiative

If they heard about you through their own initiative, it might be useful to find out whether this was ...

- Because of your advertising (in which case it might be useful to learn which media they consume to help focus which media outlets you use for your fundraising PR),
- Because they heard about you from other people in their community (in which case they are presumably members of that community and might also respond positively to messages about how you are strengthening that community?)
- Because they came across you in a guide (in which case they might better respond to messages about importance of your work within a sector or art form as they clearly

have an interest, having bought a guidebook.)

This will give you a clear sense of the impetus behind their current level of involvement.

Finding out what inspired your current audience to come in the first place can also act as a pointer to what activity you could undertake with your Aspirers and Acquaintances to engage them for the **first** time. If you wanted to focus your fundraising on a particularly affluent area of town, for instance, it would be good to learn why some people from that community have already visited your organisation to help focus your work on encouraging others.

Brought by someone else

Conversely, your target may have been introduced by someone they know. If that is the case, it might be useful to learn who did that introduction. Do you know the introducer? Are they a board member or just an audience member? Either way, they are clearly of potential interest from a fundraising perspective!

Indeed, one of the most useful things that a board member can do is continually introduce new people to your organisation. If these new people like the organisation, then you should be introduced to them.

The return visit

Knowing how or why a target made their first visit can help explain much as to how their involvement began. Knowing why they came a second time completes the picture.

Are they coming back because they enjoy the way that you are doing 'more of the same'? Are you becoming a known, comfortable and safe fixture in their lives? Or are they discovering something new about your organisation and are therefore re-engaged in your work on every visit? Is it a mixture of the two?

The best way to find out all of this again is analyse any admission tracking software and, perhaps more importantly, to watch them and talk to them.

Observe them when they are in the organisation. Look at what they look at and notice what they miss. If you have a Donor's Board, do people notice it or not? Likewise, do they see and/or pick up your literature? Then talk to them to really understand their motivations. See Steps 2 and 3 for more advice about engaging with your customers as nothing, in fact, beats watching and talking.

By understanding how and why your targets first engaged with your organisation, why they are still making return visits and what they do when they visit you should all help you to accurately fill in the "Current involvement activity" on your involvement table.

The next step is to work out the scope of your "future involvement activity"

Future involvement activity

Now that you have determined why people like your organisation you need to get them more involved. This is a three-fold activity;

First, obviously, you need to maintain the current activity that they find interesting. This is, after all, the reason they are coming back and to abandon it now could well damage the relationship with your target donor.

Second, you need to identify which elements of your work will be both new and interesting to your targets. This could involve access to different parts of your building (if you have one), opportunities to talk to key people in your organisation or the chance to become involved in or at least observe

the creative process. Each organisation will be able to develop a different *smorgasbord* of potential areas for new involvement so there is no prescribed route here. Certainly it is true that the more you know about the work of your organisation and the more you know about the motivations of the target, the better you will be able to put together a bespoke package of activity to deepen their involvement.

But putting all this together is only part of the story. For it to work, you then need to make sure that the target donor becomes fully aware of the possibilities and engages with them. So, third, you need to ensure that you communicate the possibilities to your targets in an effective way.

If successful, this will become a circular process in which you continually check which areas of your activity the target finds interesting and then continue to explore those in greater detail with them in order to develop deeper involvement - at each step, testing their interest to ensure that you are developing the strands that will encourage increased involvement.

Finally, remember that this method can work just as well, and is equally important for an individual as it is for a group of people who share a common interest.

Clearly the complexity of the process will reflect the potential income from the target. To illustrate this, overleaf you will see some example “involvement” tables filled in for different situations.

Print and Events

There are two things in particular which may play an important part in developing the ‘Involve’; print and events.

Appendix B and C give some further tips on print work and running events.

Rest of the organisation

Finally, remember that although you may be able to develop someone’s involvement with your organisation, you cannot control everything. For example a bad visit to your café, could give them the impression that you are a badly run organisation, irrespective of the fact that you contract out your catering. When developing your involvement packages, make sure that everyone involved knows how they can help.

Conclusion

Before you ask someone for money, you need to make sure that they are sufficiently engaged in the work you do.

Learning what your prospective donors do when they are with you will inform both what they are interested in and how you might best be able to ask them for support.

If you get this wrong, they will think that an ask is not entirely appropriate and, at best, will offer only meagre support. Get the ‘involve’ right, and they will **want** to give at a level that will make a significant difference.

In other words, they are ready for the ‘ask’...

Examples of completed Involvement tables:

For a heritage building's donation box...

	<i>Current involvement</i>	<i>Future involvement</i>
<i>Audiences</i>	- Visit building - Might be aware of on-going funding problems	- Information board explaining the importance of the building, the cost of staying open and the difference a donation would make
<i>Acquaintances</i>	- Might be aware of on-going funding problems	- Continued media work based around the importance of the building to the community - Encourage English Heritage to promote building as a key local amenity
<i>Aspirers</i>	- None	- Encourage English Heritage to promote building as a key local amenity

For a touring theatre's Friends scheme...

	<i>Current involvement</i>	<i>Future Involvement Phase 1</i>	<i>Future Involvement Phase 2</i>
<i>Audiences</i>	- Attend theatre - Read programme	- Page in programme outlining reasons for creating friends scheme - Leaflet promoting scheme in foyer	- Direct mail to frequent attenders outlining value of friends to both the theatre and the ticket buyers - Host some invitation only receptions
<i>Acquaintances</i>	- See posters	- media campaign to encourage attendance	- Page in programme - Leaflet in foyer
<i>Aspirers</i>	- None	- work with key partners to promote theatre	- media campaign to encourage attendance

For a Gallery's acquisition fund campaign...

	<i>Current involvement</i>	<i>Future Involvement Phase 1</i>	<i>Future Involvement Phase 2</i>
<i>Audiences</i>	- Visit gallery	- highlight a particular gap in the collection through literature and events - Get national/local art figures to endorse problem	- Publicise importance of campaign through media. - Use feedback from phase 1 to focus campaign
<i>Acquaintances</i>	- See posters, read media	- Media campaign to encourage attendance / recognise value to gallery to community	- Leaflet in gallery - media campaign around particular item
<i>Aspirers</i>	- None	- Promote issue through the media highlighting impact of acquisitions and/or particular acquisition target	- Events / media campaign to encourage engagement

STEP 6 - Ask

"The fool wonders, the wise man asks."

Benjamin Disraeli

"By asking for the impossible we obtain the possible."

Italian Proverb

Of the many differences between fundraising in the US and the UK, perhaps the starkest is in the approach to actually asking for money. American fundraisers tend to be up front and very clear on how an individual can help their organisation and by how much. In Europe there tends to be a sense that if you say enough about your organisation and your problems, the potential target will get the hint and just open their wallet. People here seem more comfortable with the subtle approach, agreeing with Camus that: *"Charm is a way of getting the answer yes without asking a clear question."*

As in most things in life, charm, wit, humour and good manners will all get you somewhere.

But when it comes to asking for money, nothing can replace a well-researched, reasonable ask.

In this section you will decide...

- The best way to deliver the ask
- The best person to deliver it
- The best time to deliver it

Underpinning these three crucial elements to the 'ask' – who, when and how - will be the knowledge of the target group/individual that you have gleaned from your research. By now you should have a sense of why they might support you. You have worked at involving them more in your work, keeping their focus on what they find

interesting in your organisation and you have planned this 'ask' on a clear understanding of the target's lifestyle, wealth etc.

Now you are ready to 'ask'.

1. Determining how your target is asked

Before asking anyone to give you money you need to spend some serious time giving careful consideration to the nature of the 'ask'.

Are you making an 'ask' for **Impulse support**? In other words, the target is being made aware of your need and is encouraged to make an immediate act of support? Typical such asks would involve rattling a tin, setting up a donation box or asking for a donation or 'friends' membership at the time of selling a ticket.

To succeed, such 'asks' need to be clear, obvious and eye-catching in order to draw attention and stimulate an immediate response. The need that is being outlined in the 'ask' should be more populist than complex, more clear than complete, more dramatic than detailed.

The mechanism being used to collect the impulse support likewise needs to be clear and simple (such as the obvious presence of a donation box).

Conversely are you making an 'ask' for **Considered support**? This is when the target becomes aware of the needs of the organisation but is given time to consider how best to provide the follow through support. To facilitate such deliberations the target is normally given (or even purchases, in the case of a programme or catalogue) literature which highlights the needs of the

organisation and how they can help. The information given can be more complex and more detailed than that normally given to encourage impulse support. However it must have a stronger long term pull as it needs to continue to influence once the immediate impact of the ask is over. Indeed, such an 'ask' often requires a follow-up meeting (if the prospective level of support justifies this)

There are two main ways in which you can communicate an 'ask':

- A) Through literature (the impersonal approach)
- B) Through a meeting (the personal approach)

A. Through Literature

Literature is the most widely used medium through which organisations ask for support.

"I don't remember a specific approach - all the literature makes you aware that the company is dependent on sponsorship and private donations and this comes through in conversations - I don't think I ever came across a professional fundraiser - or if I did they were effectively hidden away"

Arts Donor, as quoted in "Major Gift Philanthropy" – see footnote page 15

If you get your fundraising literature right, it will prove to be an invaluable tool in generating support. If you get it wrong, you will end up with wasted money – and too many boxes of unused literature taking up space.

For literature to achieve its potential, you need to think about the following:

- i. Language**
- ii. Layout**
- iii. Location**

i. Literature Language

What, exactly, is your literature saying about your organisation? What messages is it giving out, both intentionally and unintentionally?

You need to ensure that all your literature (marketing, artistic, as well as fundraising) is communicating the right messages in the right way to the right people.

Too often fundraising leaflets are written from the perspective of the arts organisation, with the language focusing on their needs and priorities rather than on the interests and expectations of the potential supporters.

The easiest way to avoid this trap is, as has been mentioned before, to pass your literature in front of a test audience. Find people who are similar to your target group but who, crucially, do not know your organisation very well. Show them the draft language. What is their immediate impression? Phone them up two weeks later and ask what they remember of it. All advertisers test their prospective sales advertisements before groups of target customers. Follow the lead of such masters in the art of selling.

Some key points that should be covered in any good piece of "ask" literature:

- Who you are
- What you do
- Why your work is important
- What difference additional support would make
- What level of support you are asking for
- What a supporter would get in return (from 'feel good' to tangible benefits)
- How much such support would be appreciated (a sort of pre-emptive 'thank you')

This all needs to be communicated in as pithy a manner as possible. If you have followed all the steps then some of this work will have already been done in the development of your fundraising messages in Step 1!

Who

Finally, you need to give thought to who is highlighted on the leaflet. Of course the leaflet could seemingly come from the organisation as a whole, without highlighting any one individual. But that may not make for the strongest message. Perhaps the leaflet should suggest it is repeating, if only in part, the words of the artistic director, the Chairman of the Board, or some leading artist? Should it include words of endorsement from a typical donor, a celebrity or another member of staff? Or is the entire leaflet in effect just coming, slightly anonymously, from the organisation as a whole. Which voices should the leaflet be presenting?

ii. Layout

Having got your wording right, the next step is to ensure that it is framed in a document that is pleasing on the eye, easy to navigate and focuses on the core messages.

Try to avoid getting too carried away by design concepts. Although design can make a huge and very positive difference, there are many examples in which the concept has ended up obscuring the original purpose of the literature, which is to effectively communicate a message. As ever, focus on what will work for the potential target.

As with wording, test run the layout on prospective targets to ensure that it looks interesting enough for them to pick it up, open and read it.

Also check that the final leaflet can be attractively displayed in all the usual places, such as in a leaflet rack, on a shelf or using other “point of sale”

display equipment. Likewise, ensure that it will comfortably fit within a standard sized envelope so it can be posted when necessary. In fact, some organisations prefer to have special envelopes printed for their literature, ensuring that the letter makes an impact before it is even opened.

iii. Location

Having spent all this time getting the words and layout of the leaflet right, it makes sense to spend equal time ensuring that the distribution is equally as effective. You need to ensure that everyone who needs to see a copy, does so.

The first place to distribute them will be at the venue that you use. This is more difficult if you do not own the venue as your literature will no doubt have to sit alongside the venue’s own literature. You will probably have to think more creatively about where you put your leaflets to ensure that they are given the profile they need. Give yourself the time to study the venue when it is full of people and identify where leaflets would have the greatest impact. Do you want them at the entrance, at the information desk for example? On the plus side, this is probably the area where people will stand waiting for friends. It might also be best to reach people when they are generally at their most receptive, which is when they walk into the organisation. But on the down side, they have yet to engage with your work as an organisation/artist and therefore their interest in supporting you will be at its weakest. So perhaps you should place them so that people see the leaflets when they are leaving – but at this point they will probably be so focused on leaving the building that there is a strong chance they will completely miss the leaflets. By looking at the venue you will get a sense of what has the best chance of working there; of when your audience will be at their most receptive.

At Home

Of course, you may decide that the best place for the potential donor to receive the leaflet - to see your 'ask' - is in their own home. If you are capturing names and address (and, ideally, frequency of attendance), you could use the leaflet to do a group mailing to your best targets, adding a covering letter.

Given that it is easier to turn down a written ask than a personal one, timing the letter is crucial.

If the letter is following up a recent visit to your arts organisation then you need to write as soon as possible after the visit - ideally the following day. You need to capitalise on the feel-good factor that the visit has engendered and that factor dissipates at an exponential rate with each day.

If the letter is going to be a cold call then the timing is much more dependent on the recipient's timetable. In short, you need to write when they are feeling flush! This involves an understanding of both the vicissitudes of their financial year and any key upcoming moments of a special nature (most particularly around things they are selling rather than buying!)

The covering letter accompanying the leaflet should clearly explain why you are writing to them (exploring what your need is). It should note that you understand they have recently engaged with your work or have an interest in it (in other words, why you are writing to them specifically) and explain, quickly and neatly, how and why they might consider supporting you. It may be worth highlighting how different their experience of your work would be if others had not supported you in the past, thereby implying what the future might hold without their support now.

10 steps to writing a better covering letter

- 1 - Be clear and concise
- 2 - Provide one paragraph on who you are, why you are writing, what you need and what you will do with it.
- 3 - Keep to one side of A4
- 4 - Add a hand written PS
- 5 - Test the letter on friendly readers
- 6 - Add an image
- 7 - Have it signed by the artistic head of the organisation, a well known artist or a leading figure in the community
- 8 - Tailor to the type of person to whom it is being sent
- 9 - Think about the reader - Recognise that they will only give the letter a few moments of their time - what message does the letter give out in that short period
- 10 - Make sure the database details are accurate

Remember AIDA:

- Get **A**ttention
- Arouse **I**nterest
- Stimulate **D**esire
- Prompt **A**ction

B. Through a meeting

This is the second way - and much more personal way - to deliver an 'ask'.

The person who delivers the 'ask' in a meeting is absolutely central to its success. They must be able to cover the following points in an informed and engaging manner:

- Who you are
- What you do
- Why your work is important
- What difference any additional support would make
- What such a such a supporter would get in return (from 'feel good' to tangible benefits)

- Why such support would be important to you (a sort of pre-emptive 'thank you')
- How this particular target can help and when.

And then on top of all this they must deliver a well timed ask.

Remember that it is a great skill to be able to do all this with ease and aplomb. Trying to find the people who can do this well for you will not be easy. The next section covers the things that you should think about when deciding on "who" should undertake the 'ask'.

Having chosen someone, make sure that you then set aside enough time with them before the meeting to go over the details about this target – who they are, what they like about you and how you want them to support you. Do not let the 'asker' go into any meeting until they are fully briefed.

As to the meeting itself, there are many excellent books outlining how to manage a successful meeting, but the key things are:

- Remember the overall objective of the meeting
- Listen
- Ask questions
- Deliver the Ask

The meeting is about them and what they need – not about you and what you need.

Who

The choice of person who delivers the 'ask' should be influenced by the knowledge that you now have of your target(s) and the method you have chosen to deliver your 'ask' (leaflet or meeting). If, for example, you are a theatre and your target group are regular attenders then it is possible they will be most interested in hearing from

well-known actors – so getting such an actor to sign the 'ask' letter would be a sensible choice. Conversely if the target is an individual who is interested in conservation, then getting a conservator to personally make the 'ask' makes sense. Ultimately, you need to pick someone that the donor trusts and admires and someone that you know will be able to deliver a clear 'ask' on cue. This is as true when picking the right speaker for an event as it is in choosing the right person to sign a letter.

People generally find asking for money difficult. It requires confidence, knowledge, understanding, listening skills and timing. Often the person who would impress the target is not necessarily the best person to actually speak or write the words. This is where the fundraiser comes in. It is your job to pick the right person and then to make sure that they are sufficiently briefed and confident to be able to do their job properly. This is easier with a written ask because the fundraiser can write the letter, which can then be personalised (ideally) and signed by the 'asker'.

When

The timing of an 'ask' can have a huge influence on its eventual success. On the assumption that you have followed all the previous steps, you are now only contemplating making an 'ask' having involved the target as closely into the work of the organisation as you can. The final factors which should now influence the timing of your 'ask' are external factors that might influence the target's ability to pay. Are there good or bad times to approach someone, such as Christmas, the end of their financial year, when school fees are due? Not only will these matter more in some instances and less in others, but nor is there a hard and fast rule about any of them. In some instances the run up to Christmas might be a perfect time

to pitch an 'ask' given the general *bonhomie* that that period is supposed to generate – in other instances the costs associated with Christmas may make it a dreadful time to talk. Again, your research on your target ought to give you some indication as to the appropriate timings involved.

In addition to setting up your planned asks you should never pass up the opportunity to talk about your fundraising work in other contexts. Make sure that your organisation has a presence at relevant gatherings of your community. Obviously anyone from your organisation attending events, conferences etc. should know exactly what your needs are and what you are asking for so that, where appropriate, they can bring it up in any one-to-one conversations they have.

The 5 core features of any 'ask'

No matter how or when an 'ask' is made, here are five elements that every 'ask' should have:

Clear

The ask needs to be clear. Whether you are doing the 'ask' or not, your job is to ensure the conversation keeps to the matter at hand and leads in the direction of the 'ask'.

Specific

All your research to date should have provided you with a clear understanding of which elements in your work the target finds most interesting. The ask needs to concentrate on these and how their support can help achieve them in the future.

Immediate

Having excited your target(s) about your organisation through the meeting, do not give them the opportunity to slip out of making a decision now by suggesting that you do not actually need the money immediately.

Whatever your project cash flow suggests, ensure that your need is seen to be immediate, to encourage the target to recognise that now is the time for them to make a commitment.

Unambiguous

There should be no doubt left in the target's mind that they have been asked to give money. The 'ask' should be neither obtuse nor elusive. Ask for the money from the target. Do not just imply that you need it and hope that they get the hint.

Easy to follow through

Having set up the 'ask', at the same time you need to set up a clear follow through for the target. Once they have agreed to give, you need to make sure that they can do so as easily as possible.

Conclusion

The received wisdom that people in the UK prefer a low level, more subtle sales approach is not borne out by experience. Fundraisers (and sales staff) have found repeatedly that a properly researched, well formulated but unequivocal ask works better.

Having asked, however, you now need to ensure that the deal is closed...

STEP 7 – Conclude

“How sharper than a serpent’s tooth it is / To have a thankless child”

William Shakespeare – King Lear

“Be thankful for the least gift, so shalt thou be meant to receive greater”

Thomas a Kempis (1380 – 1471)

Having spent all your time identifying, researching, involving and asking people for support, clearly it is in your interest to ensure that the resulting donor is happy. There are two reasons for this:

- A happy donor might give again.
- A happy donor might encourage others to give

The final two steps of the 8 step model – Conclude and Reciprocate – are all about ensuring that, once you make an ask, a donation actually comes through and the donor remains happy (paving the way, of course, for them to offer further support in the future!).

This step, Conclude, is all about what you do immediately after someone has offered to give you money. The next and final step, Reciprocate, will be all about how you handle the relationship over the long term. If you get both of these right, you will have developed a positive relationship with that donor which will prove much more profitable for you over time. This process of concluding and reciprocating is called ‘donor care’.

In this section you will...

- Ensure that you are able to turn a pledge into an actual gift
- Decide how each gift is thanked

- Determine when that thanks is made
- And by whom

Buyer’s Regret

Any time anyone spends money there is always the nagging thought that they may not have spent their money wisely. In some instances, this concern will be so slight as to be negligible. In other instances, it will develop into such a persistent doubt that the purchaser feels continually unhappy about what they have done.

This concept has become such a recognised one that in 1957 Leon Festinger gave it a name; “Cognitive Dissonance”. In other words, the anguish caused when there is a perceived difference between what someone thinks should be and what they think actually is happening. To quote Festinger: “Consider someone who buys an expensive car but discovers that it is not comfortable on long drives. Dissonance exists between their beliefs that they have bought a good car and that a good car should be comfortable.”

This idea has been further developed by others. Two Australians, Geoffrey Soutar and Jillian Sweeney, have gone on to delve into the concept and their research has suggested that three of the main factors behind Cognitive Dissonance are:

- ‘The Emotional Dimension’ – this reflects the general anxiety of making a purchase. In other words, “Should I have spent the money?”
- ‘The Wisdom of Purchase’ – which refers to a person’s post-purchase concern that they either may not

actually need the product bought or, at the least, they may have chosen the wrong one. In other words, “Have I bought the right thing?”

- ‘Concern over the Deal’ – which refers to a person’s concern that they may have been overly influenced into making this purchase against their better judgement. In other words, “Have I been pushed into this?”

Clearly, if these factors are not addressed in a timely fashion through post-sales communication they can fester, cause resentment and act as the starting point for on-going negative feelings towards the organisation.

Most retail companies have the advantage in that at least the customer walks away with something that is immediately tangible, whether it is a car, a CD or a loaf of bread. For arts organisations seeking support, the problem is that the giver is parting with something very tangible (money) for something somewhat less tangible (ranging from membership benefits in the future through to a ‘feel good’ factor). So ensuring that the customer is happy – reducing any cognitive dissonance that may exist – is all the more important.

This stage is all about endorsing the act of giving.

Saying “Thank You”

The whole process of conclude has, at its centre, the simple process of saying, “thank you”. It is amazing how powerful this little phrase can be and therefore astonishing how often arts organisations fail to say it. Thanking someone who has supported you is not just good manners; it is an absolutely vital step in developing a stronger, more positive relationship with the supporter that, in time, will encourage them to give again.

As this ought to be self evident to everyone, the rest of this chapter will not focus on the downside of not saying thank you –but will instead talk about key elements involved in concluding a transaction that positively supports future fundraising efforts.

Responding to a pledge or donation

Pledges

A pledge is a promise of a donation.

In its more formal sense, pledging is more prevalent in the US than the UK. However, there is every possibility someone will more informally suggest to you that they intend to support your organisation. Until they actually come through with the support, it is wise to consider their offer as no more than a pledge.

Before looking into pledges and how to deal with them in more detail, it is clearly going to be important for you to know when pledges are made and, perhaps even more importantly, when donations come through. Step 2 covered the importance of setting up an internal procedure to ensure that you hear about every donation that comes into the organisation. Clearly, this procedure needs to be working well if you are to have the confidence to know when a donation has, or has not been made. With that knowledge reliably coming in, you are now in a better position to undertake the next stage – that of responding to a donation or, more problematically, responding to a pledge that has yet to be turned into a donation.

Responding to a pledge

The key objective in responding to a pledge is to ensure that it is turned into money actually changing hands as quickly as possible. This process is as relevant to a casual visitor making a small donation as it is to the successful

conclusion of 12 months' work with an individual who has made a very significant pledge.

To realise a pledge you need to develop a momentum behind your communications with the pledger so that the relationship can naturally develop in only one direction - into a gift. This is best achieved by responding *as soon as possible* to the offer of the gift.

The response, which should come from the person who made the 'ask', needs to reiterate what the supporter has offered to do, the importance of that gesture and the impact the resulting support will have. With significant pledges, this response could be in the form of a letter. For lower level pledges, the appropriate response is quite likely to be through literature surrounding a donation box or information in a friends leaflet.

Either way, this communication needs to be carefully composed. It is important not to be too pushy or insistent as you want to avoid triggering the third element of 'cognitive dissonance' ("Have I been pushed into this?").

The communication also needs to be tailored to the prospective supporter(s). It should be short, gentle and clear. Even though you are only dealing with the *offer* of a gift, you still need to practice tact and diplomacy. Key sections of the communication might include:

1. *Reiteration of pledge* - Repeating clearly what the supporter has offered to do
2. *Repeat why supporting this organisation is important* - This is to address the first of the cognitive dissonance factors; "should I have spent the money". This section needs to outline the importance of

the work you are undertaking, focusing in particular on any areas that are of particular interest to the donor and highlighting how their support will make a real difference in the areas they are concerned about.

3. *Summarize donor's benefits from supporting you* - This is to address the second of the cognitive dissonance factors: "Have I bought the right thing?" Remembering that the benefits may be tangible (discounted tickets etc) and/or intangible (the sense of achievement in having enabled a piece of restoration to happen, for example).
4. *Explaining when you need the money* - You now need to be very clear about why you need this money by a certain date (if not as soon as possible). The best way of doing this without seeming rude or pushy is to clearly align the support with your needs (section 3 above) and then allowing the schedule of that need to, in effect, dictate when the support needs to be on hand. It is important to include this section as it puts the pledge within a clear timeline. This is not something you should just try to infer – be up front about it. You may also need to explain at this point how they can pay you and what needs to be done to ensure that the support is given in a tax efficient manner.
5. *Clearly explain how the supporter can now contact you* - This is to address the third of the cognitive dissonance factors: "Have I been pushed into this". By showing you are actively encouraging the supporter to contact you if they want to, you are mitigating any sense of coercion that the supporter might feel.

Turning a recalcitrant pledge into a donation

If no show of support is forthcoming then it is probably because of one or more of the following four reasons:

- 1 – They have forgotten to make the donation
- 2 – They are working out the best way to pay the donation
- 3 – They have realised they cannot pay the donation
- 4 – They are regretting making the pledge in the first place

A mixture of gentle reminding, peer-to-peer prodding and further research (especially to see if reason 3 is prevalent) should all be undertaken. Throughout try to get the donor to talk to you - only when they do that will you be able to work out the real reason why they are not paying up.

It is quite possible that some people may offer support because they wish to be polite or because they simply wish to help – when their financial circumstances quite clearly will inevitably prevent them from doing so. Furthermore, such people may become too embarrassed to withdraw their offer of support at the right time. So there may well come a point at which **you** just have to decide to give up on a particular pledge. There are no rules that can help you identify when that moment has come – it will vary from donor to donor. The key thing is to recognise that the situation may arise and make a clear and definitive decision when it does.

Donations

Clearly, any 'thank you' needs to be appropriate for the level of support given. A standard, polite but short 'thank you' letter would be as inappropriate for when someone has given you only £1 as it would for when they have given you £100,000.

Any thanks needs to cover four points so as to minimize any 'cognitive dissonance' These four areas should be covered whether the 'thanks' is in the form of a laminated sheet next to the donation box, a speech given at a function or a letter to a supporter. In every instance ensure that the 'thank you' is genuine and specific to this particular show of support:

1. Thank the person for their support
2. Explain why their support will make a difference
3. Explain how the supporter will benefit from this (whether that be directly in the form of benefits or indirectly through added 'feel good')
4. Explain how the supporter can contact you for more information.

Once the nature of the 'thank you' is determined (letter/board/speech), the final step is to work out who should actually make it. Should it come from the organisation as a whole without any named individual – although this might seem a little impersonal? Should it come from someone within the organisation? If so, at what level (the fundraiser, the senior member of staff or the Chairman of the Board)? Or should it come from someone outside the organisation, whether that is an artist, a senior community figure or the person who introduced the target to the organisation. Should it just be one person, or more than one? Again, different situations will require different approaches but getting the right one for each can go some way in reducing the risk of cognitive dissonance. Through the research stage and the process of asking you will have developed some clear pointers that will help you to answer some of these questions.

STEP 8 - Reciprocate

The superior man is modest in his speech, but exceeds in his actions

Confucius 551 – 479 BC

“We are advertis'd by our loving friends”

Shakespeare – Henry VI

This, the final step, is all about maintaining an ongoing relationship with the donor. Developing such a relationship clearly makes sense. You have done all the work in preparing, identifying, researching, planning, involving, asking and finally concluding. Now you want to make sure that this target continues to support you for years to come. If they do not, then you will have to go through that whole process again from the very beginning in order to find a new supporter.

Moreover, if they do continue to support your organisation, then it is possible that at some point they will encourage their friends to become involved as well. Happy supporters can become some of the best catalysts you can get for generating further support.

In this step you will learn how to:

1. Keep in touch with your supporters
2. Re-approach them for further support

1. Keeping in touch with your supporters

This is not complex but it is surprising how often arts organisations forget to do this. As with saying “thank you”, it is sometimes the simplest things that destroy a perfectly good relationship.

Keeping in touch is all about continually informing your supporters about what you are up to using newsletters, personal letters, emails, telephone calls,

media stories etc. Tell them how things are going, your plans for the future and hopes and dreams for the organisation. Also tell them about current problems (they would much prefer to hear about them from you than from anyone else, especially from the media).

Your supporters would like to think of themselves as part of your organisation’s extended family and this regular stream of information is a central part of this.

Keeping in touch does not mean continually bombarding them with information. It is about ensuring that the donor is being kept informed as frequently as they would like to be (relative, as ever, to the level of their support).

Lastly, make sure that they are using all the benefits that are available to them. These benefits are a vital tool to developing a stronger link between the donor and your organisation. If they are not using the benefits is this because they do not like/need them (in which case you need to substitute these benefits with others they would value) or have they forgotten about their support of your organisation (in which case you need to undertake further work to re-engage them)?

When benefits are not being taken up, you should be concerned. Clearly you are providing ones that people do not want to use and, as such, these benefits are failing in their purpose that is to strengthen the relationship between donor and arts organisations. Do not be afraid to go back to your list of benefits and overhaul them as soon as possible – your next batch of renewals could depend on this.

2. Re-approach them for further support

If you have developed an engaged relationship with your supporters and if you are keeping them informed of your needs, there is absolutely no reason why you should not go back to them to ask for further support.

If you decide to do this you must start again at step 5 and proceed through to step 8 i.e. re-involve them, determine what they might like to support, deliver a new ask and thank them. Back all this up with further research informing you of the elements of your work that they currently find interesting.

Some fundraisers have found success by envisioning their donor base as a pyramid, with a large number of smaller donors at the bottom and a smaller number of major donors at the top. The objective is then to manage the donors up the pyramid – in other words out of your foundation supporters will come the higher-level supporters and so on up. Other fundraisers are less sure about this concept and instead feel that donors generally come in at a level that is comfortable for them and are unlikely to move up or down unless their circumstances change. Either way, it is certainly true that your current donors are by far the best starting point for your future donors.

Don't just ask – ask again!

Finally, you might occasionally tell them about your current needs – the problems that are preventing you from doing the best you can. After all, you might well be explaining an issue that a supporter can help to resolve (for example explaining the impact of a lack of particular piece of equipment might well encourage someone to offer to buy it for you).

Conclusion

Those are the 8 practical steps that you can follow to maximise your income.

Review them regularly, especially when you think you know what you are doing as that is often the most dangerous time for a fundraiser!

Now start fundraising...

...with pride and passion.

The arts in this country are a vital part of our shared cultural landscape. They have reached this position because, in astonishingly creative and imaginative ways, they reflect back on us our hopes, fears and aspirations. To work in the arts is to share in this remarkable achievement.

Fundraising is about finding people who want to engage in the energy of the arts and then exploring with them the ways in which they can become more involved.

Fundraising is not about begging.

Raising money is a complex and time-consuming activity and there are no short cuts. When it fails, more often than not it is because the fundraiser has failed to take one of these 8 steps seriously and, as a result, they are approaching the wrong people at the wrong time in the wrong way.

You don't have that time to waste.

There are people out there who would like to support you. Give yourself, your organisation and your donors the respect that they deserve by spending time and energy on getting your relationship with these supporters right.

And remember if you don't ask, you don't get!

Appendix A

TAX

In this world nothing can be said to be certain, except death and taxes.

Benjamin Franklin

I wish the government would put a tax on pianos for the incompetent

Dame Edith Sitwell

DISCLAIMER

The following sections have been written to make them as readable as possible. Given that the subject is tax, this obviously isn't easy! In trying for clarity, the two key things that have had to be sacrificed are an exploration of the some of the detail and, throughout, much of the official language.

As a result, these sections are really only a starting point on this topic. They are not a comprehensive overview and, indeed, by the time you read this, they may even be out of date.

As in all financial matters, you are strongly advised to get up-to-date expert advice in all areas to do with tax.

Do not base any decisions solely on the information below.

The legal definition of a donation

There is often confusion amongst fundraisers as to what actually constitutes a donation. The law seeks to provide clarification on this (although, as we shall see, this clarification is not always that clear, particularly where the arts are concerned). What is undoubtedly true is that getting this wrong can be expensive; affecting the value of any payment you receive by up to 40%!

Whether or not a sum of money given is a legal donation entirely depends upon the monetary value of all the benefits that have been promised to the donor or someone connected to the donor in consequence of their making donation.

- If the total monetary value of the benefits promised falls **below** a set level then that support may be considered a **donation**.

If the payment is a donation and if the recipient arts organisation is a registered charity then the arts charity (and in some instances the donor as well) can claim tax relief through a system called **Gift Aid**. When this happens, the donation is officially referred to as a 'qualifying donation'. Further details on Gift Aid can be found below.

- If the total monetary value of the benefits promised is **above** the set level then the money becomes a **payment for goods or services** (including **sponsorship**).

In such instances, tax relief can no longer be claimed through Gift Aid

and the arts organisation, if it is registered for VAT, will incur a VAT expense (currently set at 17.5%) on the payment. This expense will be owing whether the arts organisation have charged VAT to the supporter or not. In some cases, this can also result in a tax liability for the charity.

The Set Monetary Level

The “set level” mentioned above is officially determined, in Gift Aid, through two tests; a *Relative Value Test* and an *Aggregate Value Test*. The support must pass both to become a donation. The relative Value Test looks at the benefits given in return for a donation. The Aggregate Value Test looks at all the donations received in a year.

- *Under the Relative Value Test...*
For an individual payment to be a **qualifying donation**, the benefits given in return for it cannot exceed:

Amount of payment	Value of Benefits
£0 – £100	25% of the payment
£101 - £1,000	£25
£1,001 - £10,000	2.5% of the payment

In some instances where either donations are made or benefits given over a period of less than twelve months (such as access to a garden or receipt of some magazines) then either the donation or both the donation and the benefits are annualised (i.e., a formula is applied to their values to determine what the annual equivalent would be). The benefit rules above are then applied to the annualised amount(s). It is worth bearing in mind that this can all get quite complex – as testified by the six examples give by the HMRC (see <http://www.hmrc.gov.uk/news/budget/charityguide.pdf> , See page 2, section 7.16).

- *Under the Aggregate Value Test...*
For a payment to be a qualifying donation, the value of the benefits received in consequence of making one payment **plus** the value of any other benefits received in consequence of any other gift aid donations by the same donor to the same charity in the same year **must not exceed £250** (in other words, £250 is the absolute value limit for benefits which can be given in return for a donation).

The impact of giving too many benefits and thereby breaching these levels can be considerable. The following example shows the possible financial impact on a charity’s income depending upon whether support is considered as a payment for services (or a sponsorship) or as a donation – a difference, in this instance, caused by just an extra £6 worth of benefits being given.

<i>Payment</i>	£1,000	£1,000
<i>Benefits</i>	£30	£24
Therefore payment is...	...for services	...a donation*
<i>Tax relief claimed through Gift Aid</i>	£0	£280
<i>VAT incurred</i>	£175	£0
Effective value of payment	£795	£1,256
<i>(Payment - Benefits + Gift Aid - VAT)</i>		
Difference in value	£461	

*A qualifying donation – throughout this section, the word ‘donation’ is used as shorthand for a ‘qualifying donation’ within Gift Aid rules.

Clearly, with a difference of almost £500, it is worth getting it right!

Benefit Valuation

However, getting it right is not as easy as it sounds. The problem lies in arriving at a suitable valuation for the benefits on offer. A ticket with a price printed on it is easy but what about the opportunity to meet an artist or have a private tour of a gallery? Unfortunately, there are no hard and fast rules – no price indexes – for these sorts of benefits. Their value tends to be determined on a case-by-case basis by local tax officers at Her Majesty's Revenue & Customs (HMRC). It is not inconceivable that two different tax officers will give two different valuations for the same benefit! Hopefully some of the anomalies will be ironed out by the new charities department being set up by HMRC. This department will oversee "all activity with respect to charitable organisations and charitable donations, including repaying tax to charities and ensuring that charitable reliefs are sufficiently protected against abuse".

Perhaps the best solution for any charity faced with this situation is to discuss with their local tax officer the benefits that they are planning to offer. They can tell you whether, in their opinion, these new benefits make the sums that you are receiving 'qualifying donations' or not. Ensure, whenever possible, that the valuations agreed are placed in writing by the tax office. (And of course, before you contact the tax officer, always make sure all your other tax affairs are in order – you don't want this request to open a Pandora's Box!)

You are allowed to do certain things for your donor without these being considered as benefits within the above guidelines:

- You are allowed to acknowledge the donor's support in print or on a plaque. You can use a logo when doing this but not to the extent of seeming to provide advertising for

the donor (in other words, the logo must be proportionate in size).

- You can send newsletters, annual reports and other information to keep them informed of the work of the charity (irrespective of whether you would charge the general public for such literature)
- You can grant free or reduced price admission to view property that is preserved, maintained, kept or created in relation to your charitable work (it is this provision that allows the National Trust, for example, to claim Gift Aid on their membership)

This latter option caused a little confusion when some arts organisations started to claim Gift Aid on, in effect, ticket admissions. The government felt that such action was not in the spirit of the law, which was to encourage new additional giving, and so amended the rules to stipulate that a donation would need to be at least 10% more than the cost of a single admission or an unlimited right of admission to the property for 12 months would need to be granted..

Gift Aid

Gift Aid is the means whereby registered charities and some donors are able to claim back from the government basic rate tax that has been paid on the income from which any qualifying donation has been made.

One often over-looked element of Gift Aid is that the money the charity receives from the government through the scheme is not some form of additional government aid; it is actually money that the donor earned but then paid in tax. It is just that rather than being given directly to the charity by the donor, they are giving it via the Treasury instead. You should therefore always treat the donor as if they have made the

full donation, including any Gift Aid you have claimed.

Gift Aid is the sole way in which all tax rebates for qualifying money donations are now handled (as we shall see, non monetary donations are handled in a different way). So covenants, for example, which were a popular, tax efficient measure that tied the donor in for at least four years, cease to have a distinct tax value and instead merely become a contract for payment over a set period of time (any tax advantage being dealt with through Gift Aid).

The amount of money you, the charity, can claim through Gift Aid can be calculated in the following way:

Gift Aid claimed = Cash donation x (the basic rate of tax/100-basic rate of tax)

Thus, with a current basic rate of tax of 22%, a £60 donation can result in a Gift Aid claim of £16.92 (i.e. $60 \times (22/78)$)

A higher rate taxpayer is able to claim

the difference between their higher rate of tax (40%) and the amount already claimable by the recipient charity. Their relief is calculated by multiplying the donation by the difference between the higher rate and the lower rate divided by $(100 - \text{the basic rate of tax}) - \text{i.e. } 18/78$.

Individuals and Gift Aid

- If the donor is a basic rate taxpayer then only the charity can claim any tax rebate.
- If the donor is a higher rate taxpayer then the donor is able to claim back the difference between their lower and upper tax rates. The charity is still to claim the full basic rate tax rebate as before.

Clearly, it is important that the donor has also paid some income tax from which the tax rebate can come. If no tax has been paid, HMRC will normally attempt to recover from the donor any

The following very simplified example illustrates this, comparing the impact on both the donor and the recipient charity. For ease of illustration, this example compares the effect of a donation on £1,000 of income earned by both a basic rate and higher rate taxpayer. The calculation of income tax in this example is obviously simplistic – in reality, tax is calculated on a tiered basis.

	No donation - Basic tax payer	£100 donation* - Basic tax payer	£100 donation* - Higher rate tax payer
IMPACT ON DONOR			
Income	£1,000	£1,000	£1,000
Basic Tax (22%)	-£220	-£220	-
Higher rate tax (40%)	-	-	-£400
Post tax Income	£780	£780	£600
Donation	-	-£100	-£100
+ tax rebate	-	-	+£23
Disposable income	£780	£680	£523
<i>Effective cost of £100 donation*</i>	-	£100	£77
IMPACT ON CHARITY			
Donation*	-	£100	£100
Tax relief claimed through Gift Aid	-	+£28	+£28
Total value of Gift	-	£128	£128

monies paid through Gift Aid. This may occur, for instance, if the donor becomes unemployed during the year.

Gift Aid applies equally irrespective of the manner in which the qualifying donation is given (in person, by phone, by internet, through the payroll) or the form of money (cash, credit card etc).

To claim Gift Aid the charity needs to obtain from the donor an acknowledgement that:

- They are a UK tax payer,
- They have paid sufficient tax to cover the rebate
- They are happy for the charity to reclaim the tax.
- Their name and address

In 2003, according to the Giving Campaign, across the entire charitable sector last year:

- 50,407 charities made gift aid claims
- This amounted to a total of £506m in reclaimed tax.
- 31.2% of all donors used gift aid.

There is no specific research on the uptake of Gift Aid in the arts sector. However, anecdotal evidence would suggest that the arts are savvier about using Gift Aid than many other charitable sectors!

Companies and Gift Aid

As some individuals may be unsure as to whether to support you by making a personal donation or a corporate donation through their company, it is useful to know how gift aid works with corporate donations.

In the same way that individual support of the arts is either a qualifying donation or a payment for goods or services, so corporate support of the arts is usually

either a qualifying **donation** or **sponsorship**.

Again, the difference lies in the value of the benefits the company receives in return for their support.

- If the value of the benefits falls below the limits described above, the payment is a qualifying **donation** and therefore eligible for tax relief under the Gift Aid scheme.
- If the value of the benefits falls above the set limit described above then the payment could become **sponsorship**, which may be considered by HMRC as a legitimate business expense that can come out of pre-tax income. You should note that if the company uses the benefits provided to entertain customers or clients, a tax deduction would not be available for the sponsorship payment.

One major difference between individuals and companies is that with corporate donations the company, rather than charity, claims all tax relief.

The practical upshot of this is that it usually costs a company exactly the same amount of money whether it makes a qualifying donation or a sponsorship payment. As the table below shows, the only practical difference between making a donation and a sponsorship payment is that with the former the company can receive very limited benefits in return whereas with a sponsorship they can receive an unlimited level of benefits. Both will cost the company the same in the end, as long as the benefits are not used by the company for entertaining,

	Normal situation	With sponsorship	With donation
<i>£ '000s</i>			
Sales	£1,000	£1,000	£1,000
Business costs	-£600	-£600	-£600
- <i>Sponsorship</i>	-	-£100	-
Income	£400	£300	£400
Tax @ 30%	-£120	-£90	-£120
- <i>Qualifying Donation</i>			-£100
Profit	£280	£210	£180
+ <i>Gift Aid</i>	-	-	+£30
Effective Profit	£280	£210	£210
<i>Effective cost of £100 support</i>	-	<u>£70</u>	<u>£70</u>

Note that the above example illustrates the theory of Corporate Gift Aid. Within actual corporate accounts, the donation is more likely to appear alongside other expenses.

For an arts fundraiser, encouraging corporate donations may seem more attractive as the few benefits that can be given in return make the relationship less time consuming and costly to manage. However, if an arts organisation wants to develop a longer term, sustainable relationship with a business, it should, wherever possible, work towards developing sponsorships, as the benefits they can then offer will help build a stronger and more sustainable partnership.

Payroll Giving

Payroll Giving is the donation of money to a charity made directly from a donor/employee's payroll.

According to the Giving Campaign, £86m was donated through payroll giving in 2002/3. Arts & Business figures suggest that only 0.0005% of this went to the arts.

There have been some government grants and incentive schemes to encourage the take up of Payroll Giving.

For example, the Chancellor offered in his 2000 budget an extra 10% from the Government for all gifts given in this way. This added bonus was continued for a further 3 years, finishing in March 2004. Currently the Government have instigated a number of measures to encourage payroll giving in small to medium sized enterprises (i.e., those with less than 500 employees). Until December 2006, there are Government grants available of up to £500 to help such companies set up payroll giving schemes and, until March 2007, the Government will also provide match funding for the first six months of any employee's payroll donations, up to a maximum of £10 per month. For further information on this, see <http://www.payrollgivinggrants.org.uk>.

Note that because Payroll Giving donations are deducted from income before tax, there is no tax relief claimed through Gift Aid for this form of donation.

The table below illustrates this point using, as an example, a lower rate tax payer making a donation of either £78 in cash out of taxed income (as the donor is a lower rate tax payer, the charity claim the entire tax relief available through Gift Aid) or through payroll giving where no tax is deducted at source.

	Through Gift Aid	Through Payroll Giving
Donation*	£100	£100
<i>For the Donor...</i>		
Gift made	£100	£100
Tax relief claimed through Gift Aid	£0	£0
Payroll Giving Relief	£0	£22
Cost of donation* to donor	£100	£78
<i>For the Charity...</i>		
Donation *	£100	£100
Tax relief received through Gift Aid	£28.20	£0
Value of gift to charity	£128.20	£100

The above example obviously takes as its starting point a set £100 donation. However this results in different eventually costs to the donor (£100 and £78). If, instead, you started with an equal cost to the donor (say £78), then the donation value would differ (£78 and £100) but the value of the gift to the charity would become the same (£100). In other words, once all tax reliefs are taken into account, payroll giving and gift aid are neutral to the donor and the charity.

Payroll Giving can be a complex process involving a number of organisations. For a company to be able to offer payroll giving to its staff, it needs to engage the services of a **Payroll Giving Agency** (PGA). These organisations undertake all the administrative work associated with payroll giving. Some PGAs are commercial organisations but many are run by charities. Perhaps the best known is "Give as You Earn" run by CAF (Charities Aid Foundation). Most, if not all, PGA's will charge for this service ("Give as You Earn" charges between 3.5% and 5% of the donation, depending on its size)

In some instances, a **Professional Fundraising Organisation** (PFO) will also be involved. These are organisations (mainly commercial) who promote charitable causes to groups of employees. PFOs will also charge for this service, usually by taking a cut from the donation. There is an Association of Payroll Giving Professional

Fundraising Organisations that PFOs can join.

The failure of Payroll Giving to take off in the UK is a matter of some concern. It is still unclear whether Payroll Giving is underperforming because donors have specifically chosen not to use this method, because companies refuse to sign up or simply because of a lack of effective marketing.

Whatever its wider success, for the arts there may be an added reason for Payroll Giving's failure to play a significant role. Payroll Giving can be a rather impersonal way of giving, better suited to conceptual 'asks' (such as 'save this starving child') than the personal 'ask' (such as 'by becoming a member you gain free access'). As such, humanitarian charities are perhaps in a better position to take advantage of the scheme than most arts charities, where giving tends to be much more personal.

Gift of land, buildings, shares and securities

The rules governing the gift of land, buildings shares and securities are different to those governing the gift of cash.

Since 2000, both companies and individuals have been able to claim tax relief on the gift of certain shares, securities and other investments. In 2002, this was extended to land and buildings. Companies can get these reliefs in addition to relief from corporate tax on capital gains on gifts to charity of shares, securities and other assets.

The main points are:

1 – The gift must be of the entire ownership of the property. If two or more people own the property, then they must all give up their interest in the property to the charity.

2 – The gift must be of the complete ownership of the property. You cannot, for instance, give a house but retain the right to live in the property

3 – The charity must ensure that it can take ownership of the property (the memorandum and articles of association of a charity may prevent it, for instance, from owning buildings)

4 – The donor can receive any amount of benefits in return but the value of those benefits (no matter how great or small) must be deducted from the value of the gift before any tax relief is calculated.

5 – The donor, not the charity, gets the full tax relief irrespective of their tax rate. The relief is generally calculated as the net benefit to the charity plus incidental costs (e.g. legal fees).

The tax relief

Please note that this section involves a consideration of Capital Gains tax. This is an especially complex area in which individual tax situations may vary widely. For the sake of illustration some fairly basic assumptions have been made that may not be applicable in a significant number of cases. If the gift of land, buildings, shares and securities are likely to become an important source of income for you, it would be wise to obtain specialist advice. As well as Capital Gains tax implications, there may also be, in some instances, inheritance tax (IHT) implications (although gifts to charities are generally exempt from IHT).

The gift of property, shares etc that have appreciated in value can be the most tax efficient way to make a donation. This is because there are both capital gains and income tax advantages; with such a gift, the donor faces no capital gains exposure and can claim a full deduction against total income tax for the value of the gift.

The example below illustrates this using a higher tax rate donor with £10,000 of shares that they originally acquired for £7,500. The options they face are either to give the shares or to sell them and give the proceeds (retaining any tax relief claimed). To show just some of the variables involved can significantly affect the end calculations, the third column shows a similar situation but with a higher capital gains (obviously the higher capital gains has no impact on the "Giving Shares" figures)

	<i>Giving Shares</i>	<i>Giving sale proceeds</i>	<i>Giving Sales proceeds</i>
Shares/property bought for	£7,500	£7,500	£1,000
Today's worth	£10,000	£10,000	£10,000
Capital Gain	£2,500	£2,500	£9,000
<i>For the Donor...</i>			
Sale	-	£10,000	£10,000
Less Capital Gains Tax (40% of gains)	-	-£1,000	-£3,600
Post tax income from sale that is donated to charity	-	£9,000	£6,400
Tax relief claimed by the donor directly or through Gift Aid	£4,000	£2,077	£1,477
Effective cost to donor of donation (donation-tax relief)	£6,000	£6,923	£4,923
<i>For the Charity...</i>			
Donation income	£10,000	£9,000	£6,400
Gift Aid claimed	£0	£2,538	£1,805
Value of Gift to Charity	£10,000	£11,538	£8,205

As can be seen from this example, the effective cost to the donor of giving £10,000 in shares is only £6,000 whereas giving the cash instead would cost the donor almost £1,000 extra. However, the corollary for the recipient charity is that with the gift of shares it receives a lower income (once the Gift Aid tax claim is included). This is because in the gift of property/shares the entire tax advantage goes to the donor.

Confusingly there may be some instances (often because of the donor's particular capital gains situation) where it may be more tax efficient for the donor to sell their assets and give the cash to the charity. Each case will be different.

The gift of property or shares by a company is treated in a very similar way, with the company able to claim corporate tax relief on income (where appropriate) and capital gains. However, there may be some added complications with regards a company's approach to the disbursement of their share capital.

Although the gift of shares is not a major source of income for the arts at present, if the stock market picks up over the next few years then there is a possibility that share options given during the market's fallow years could appreciate significantly in value. If this happens, the gift of shares has the potential to become a very popular way to support arts charities in a tax efficient way.

Gift of Items other than property/shares

The Chancellor expanded tax efficient philanthropy to include the gift of land or buildings in his 2000 budget. In 2003, he further announced an investigation into the gift of works of art. The resultant Goodison Review, published in January 2004, made 45 recommendations on areas ranging from conservation to the Export Licence Review system, from Acceptance in Lieu and conditional exemption to the *Douceur* and the offset of tax. On this latter matter, it recommended that the legal structure already in place for shares and property should also apply to the gift of works of art. The National Arts Collection Fund took up the challenge of persuading the government to adopt this tax incentive through its "Living and Giving" campaign but, most regrettable, the Government have yet to adopt this measure.

Lobbying has also been undertaken by the Charity Tax Reform Group to persuade the Government of the advantages of Lifetime Legacies, a tax measure adapted from the Charitable Remainder Trusts that have proved so successful in the US. Sadly, these too have yet to be adopted by the Government.

Further information on Charitable Remainder Trusts and other US tax measures is available from the following report on the Arts & Business website (www.AandB.org.uk): "A Review of Charitable Giving Vehicles and their use in the US and Canada". Part two of the report, also available from the same site, looks at the applicability of some of these mechanisms in the UK. Both parts of the report also contain the results of surveys run in the US and UK respectively asking arts fundraisers what activities/mechanisms they find most successful in terms of fundraising.

Further information on the work of the Charity Tax Reform Group can be found here: www.ctr.org.uk/home

Conclusion

Getting tax right can make a significant difference to the value of a donation, both for the charity and the donor.

Fundraisers need to be clear on the prevailing legislation. They need this knowledge to ensure that their charity is making all the claims they can. They also need this knowledge because, more often than not, they will need to educate prospective donors on how they can donate tax efficiently.

In all of this, again it is essential that there is a good standard of record keeping in the charity and that a clear audit trail can be established, particularly with regards Gift Aid. There is now a stronger emphasis on compliance (and additional anti-avoidance legislation) and there seems to be more of a focus from HMRC on looking at charities and not-for-profit organisations. If HMRC consider that the standard of record keeping is poor then they will usually wish to investigate past years (up to six years!) or negotiate a settlement.

Appendix B

Print Work

One of the most obvious ways in which people learn about your organisation is through print whether in the form of leaflets that people can take away and/or information boards that they see when they are with you. In this section we are referring to the print that explains the work you are doing such as programmes, brochures, newsletters, guide books etc. The next section looks at literature that actually asks for support.

Making Print Work

With all such print work it is important to ensure that it is delivering the right message to the right audience. Too often literature reflects the interests of the person writing it, not the person reading it.

Again, it makes sense to pass this literature in front of someone that you know who fits the target audience. What is their immediate impression and what do they remember of the literature one week or two weeks later?

Observing people when they are with you should also give you a good idea of the best way of distributing this literature. Can they pick it up when they are with you, should it be available all the time, when they are leaving, handed over personally and so on?

Appendix C

“Getting to know us” events

To help shape people’s experience of your organisation and to increase your understanding of them, you may want to set up specific **events**. These are opportunities to show them sides of your work they would not normally see. Special backstage or ‘behind the scene’ tours are an obvious example. Such events, if properly organised, can create the perfect opportunity to develop someone’s interest in and understanding of the work that you do.

Making Events Work

The first thing you need to decide is whether a group event is the best way forward. It may be better to try to meet some people on a one-to-one basis instead. A more time consuming approach, certainly, but one that will enable you to develop a closer relationship with the target supporter. Working out which approach you go for will be a matter of balancing the time taken to undertake the meetings and the hoped-for financial returns.

If you do decide to go ahead with a “Getting to know us event” you need to be very pragmatic about the type of event you hold. Central to the success of such events is, of course, ensuring that the right people are in the room. That will only happen if they *want* to come. The chances are that your invitees might be aware that you intend asking them for money at some stage. You must therefore make the invitation as attractive as possible. For a start, it may be better for the invitation to come from a senior business, political or social figure in the area or from a celebrity. Ensure you pick someone with the invitees in mind, and that you choose someone who will impress them (as opposed to someone who

impresses you!). It is also important to ensure that the invitee will be there on the day - their absence, unless it is for an understandable reason, will reflect badly on the event. Whether you have a key person on the invitation or not, it will also be useful to consider the type of venue you wish to use for the event. If you own your own venue, recognise that it may not always be the best place to use. Do you have access to another, perhaps more impressive/suitable venue? This could be a private house of historic interest or part of a public building to which the public do not have access (a special chamber room or a gallery). In other words, like the keynote speaker, find a venue that will impress the invitees. The objective, after all, is to ensure that the invitation is attractive to the invitee for as wide a range of reasons as possible, not all of which may be directly connected to your work! Finally, choose the date and time of the invitation carefully. When are your invitees most likely to be available? On what days and at what times? Careful preparation along these lines will provide your event with the best possible invitation.

Having made the invitation as attractive as possible, it may be necessary to follow up the invitation with a telephone call. You should decide who would be the best person to follow up all the key invitees who have not yet replied. It might be worth taking the time to persuade Board members or other people connected to the organisations who might more readily be seen as peers of the invitees to encourage them to come.

Finally, you need to make sure that the event itself is going to work. Key to this will be creating the right

atmosphere by providing the right food and drink, the right lighting, the right speeches, the right acoustics and the right information. Slipping up in any of these areas can be very detrimental on the effectiveness of your ask because of the impact that they can have on the invitees opinion of your organisation.

Everyone should leave the event with the key messages that you want to get across ringing in their ears. In many instances this connection is going to be made through the speeches on the evening.

These should be given by the most inspirational/senior people that you can muster with the caveat that they must be able to talk in public. Speaking in public is an artform. Very few people are capable of producing the careful balance of brevity, humour and impact that makes for an entertaining and effective speech. If in doubt about their talents in this area, try people out at smaller, less important events. Occasionally you will find yourself in the position of having to field the Chairman of the organisation because of their position, in spite of their inability to string two words together in public. In such instances encourage them to act as an Emcee, welcoming people to the building and then introducing another speaker (whom you do want to speak) to actually deliver the message.

Whoever is speaking make sure that you give them clear written notes that highlight the key messages. These notes should also mention people to be thanked at the event (if any name requires careful pronunciation, take care to alert the speaker beforehand).

Remember the entire purpose of the speech is to so excite and inspire the listeners that they want to come and ask for more information about your plans.

Aside from the main speech(es) you need to ensure that people also hear about your key messages throughout the evening. It is astonishing how many organisations, having done all this work, squander the opportunity they have created for themselves by not working the crowd. If you are going to have a lot of people enjoying themselves at your expense, being primed with your key messages by inspirational speakers, you need to provide enough 'insiders' (people informed about your fundraising work/plans) to ensure that all your invited guests are able to talk to someone who is knowledgeable about the organisation. These 'insiders' need to be able to both steer the conversation towards the needs of your organisation (without actually asking for money) and be able to answer any detailed questions that they are asked. Some fundraisers find it useful to give their 'insiders' specific people to talk to, others prefer to allow conversations to develop naturally. Either way, make sure you have time to give them all a briefing before the event in which you can outline their role and the key fundraising messages that you wish to get across.

It is also useful, if not essential to have a post-event de-brief when people can tell you about who they met and what they talked about – information that should all go into your database.

Appendix D

Knowing when someone has contacted your organisation

Ensuring that you know when someone of potential interest has contacted your organisation

As the focal point of your organisation's fundraising work, you need to know every time someone of potential interest contacts your organisation. The problem is, of course, defining and agreeing what actually makes someone "of potential interest".

Clearly, they are of interest if they make a significant donation. Of course, this then leads to the obvious question; what is a *significant* donation? In truth, the amount will vary from organisation to organisation and from campaign to campaign – for some a big donation will be £10 whereas for others it could be £100 or even £1,000. You need to decide what constitutes a significant donation to your organisation and to your potential supporters.

Few people will make a donation out of the blue. It is more likely they will make some other form of contact first, such as expressing an admiration for the organisation or for particular aspects of the work that you do. Given the randomness of the point of contact, it is essential that every person in the organisation is aware of your interest in such people. This means explaining to everyone the type of contact that you are interested in hearing about and regularly updating them so that they are on the lookout to spot potentially interesting connections.

You need to construct a standard procedure that people in your organisation will follow every time they have contact with someone who either has made or might make a significant donation. This procedure should

specify the type of information you need to know, such as:

- Basic contact information you need such as names, addresses, telephone numbers, email addresses etc
- The nature of the contact (what they said)
- The size of any 'significant donation' given, offered or mentioned.
- Copies of any letters, cheques, cash, envelopes etc. they give.
- When contact has been made (you need be told about a contact within 2 to 4 working days – any later and the contact will start to go cold)

This is obviously a fair amount of information to ask for, especially when dealing with people for whom data collection and recall is not a natural process, so it is good to incentivise them by explaining the difference to the organisation that can be achieved with such information. Do not assume that just because you understand why it is important, they will naturally follow suit!

Setting up a procedure is no guarantee that it will be properly implemented by the organisation. So every now and then check your systems are working properly. You could ask a friend to post a donation or, if relevant, visit the organisation and hand one in at the information desk/box office. Does all information on the donation come to you and, if so, how long does it take to get to you? Do you get just the cheque or do you also get all the information about the donor that you need. What sort of reception did your dummy donor have when they offered to give money? What sort of information were they given? Many excellent fundraising efforts have been seriously undermined

by some unfortunate conversations between a supporter and member of the organisation (whether they be a volunteer, security guard or a member of staff).

Thanking the unsolicited

Having been alerted to an unsolicited donation coming in, it makes sense to use the opportunity of the thank you letter to ask a few useful questions such as “how did you come across our organisation”, “what do you like about our work” (if they haven’t already made that clear) and “is there anything that that we can do for you e.g. send you a programme, leaflets etc”. This accomplishes two things. It strengthens the channels of communication with this person and it helps you to build a clearer picture of who they are. Make sure that you capture in your database both their correspondence to the organisation and your reply (with the dates of each clearly shown).

Appendix E

Internet Fundraising

By Tom Mansel, Justgiving.com

Over time the manual will hopefully be populated by sidebars – top ten hints and the like illustrating key areas. One has already been written – on internet fundraising – the rest will come from working fundraisers encouraged to share their experience with others.

12 Internet Fundraising Tips

The Internet can provide one of the most cost-effective means of both collecting and processing donations and keeping in touch with donors. The challenge of getting people to give online may seem daunting though, especially if internet fundraising is new to you. Here are some simple suggestions on how to make the most of the web for fundraising.

1. **Communicate the advantages** of online giving to your audiences, both on and offline. If you can demonstrate that your organisation will save time and money by using the web to communicate and raise funds, and that this saving can be ploughed back into your core funding, this is very compelling for potential donors.
2. **Allay user security fears.** Justgiving's online donation processing system uses the very best security encryption standards available
3. **Be innovative** in your approach to online fundraising. Look at what your organisation does and ask yourself what are its most unique, tangible and compelling aspects. Then, package what you do in an appealing and engaging way for your donors online.
4. **Integrate everything.** Marketing efforts are most effective when online and offline efforts are integrated. If you host an event, make sure the website address is on the handouts. If you send an email, make sure people can click to go right to your donation portion of your site; make it easy to give. Create a way online for your supporters to learn about you and to give to you right then.
5. **Expect results.** Look at the best sites, in the non-profit and the for-profit world, and learn from what they have done well and not well. See what really draws you in and take notes. If the Web is unfamiliar to you, do not let this keep you from doing the fundraising you want to do online. You can start small but the key is to remember to think big and expect results so you can keep adjusting the site until it is a successful online fundraising tool.
6. **Spread the word** that your website now carries a tax-efficient service giving supporters a new cost-effective new way to give.
 - a. Highlight this fact at the bottom of every press release from now on, particularly at times of major appeals, and make sure that your web address (URL) is mentioned in all your charity literature. We can provide text promoting online giving to include in your press releases.
 - b. Tell your existing supporters about your online giving facility, emphasising the advantages of donating this way - e.g. quick and easy, no paper involved, tax-efficient, secure. A mention in a newsletter is great but email

is better as supporters are already online and can go directly to your site to donate. An email can also be passed easily to friends who may also be encouraged to donate in this way.

7. **Get high profile help!** If you have celebrity patrons, enrol their help in drawing attention to your website. It will reassure and encourage those who have not donated online before. If you have corporate supporters, ask them if they will put your donate button on their web site.
8. **Publicise your website address (URL)** Now that you have a secure means of accepting and processing tax-efficient donations online, you can safely encourage your donors to move to the internet in order to make their donations to you. Mention your web address in all your charity material - from posters to newsletters - both on hard copy and in email. Ensure that regional fundraisers also promote the facility in all their literature.
 - a. Whenever your charity is mentioned either on radio or television, make sure your web address is promoted, and online giving is championed. Gradually, the message that online giving is both secure and the most valuable way of donating to charity will be accepted.
9. **Don't be shy to ask!** make online giving the first available option to donors: it is the most cost-effective means of fundraising, so let them know they're saving you time and money which you will be able to reinvest in your core funding.
10. **Use your email signatures.** Another great means of encouraging

donations is to include a hyperlink to your donate page on the signature that you automatically send out at the bottom of all emails.

11. Make your site work harder

- a. Don't bury the donate button - put one on every page!
- b. Position the button prominently at eye level - so that users don't have to scroll down the page to find it. It is the internet equivalent of placing items "above the fold" in newspapers - and the easier it is for donors to locate the donate button, the more likely they are to donate.
- c. Include explanatory text next to the donate button to reassure those who are hesitant about donating online. For example, you could include the following text:

"Donate online

Making your gift online is the most efficient way to support >CHARITY< as it saves us time and money. We have partnered with Justgiving, a leading donation processing agency, to ensure that your gift is handled 100% securely and efficiently. What's more, if you're a UK taxpayer Justgiving will automatically ensure a 28% tax bonus is added to your donation at no cost to you!

To proceed to our secure online donation area, please click here.

Next link BELOW is:

- d. If your site provides visitors with information (especially downloadable information) and other valuable resources, you could consider asking for a

contribution towards your work in return.

example, if you are having a competition, or have a noticeboard where supporters can post comments; in this way, you can build a very valuable fundraising asset for next to nothing.

12. Build an online relationship with your donors

- a. Part of the Justgiving service is that we provide you with the email addresses and contact details of all those donating online to your charity. In this report we identify those donors who have requested further contact from you in the future. Take advantage of this valuable source of information and add the details of donors to your database, updating them on your valuable work and enabling you to build a relationship with them so that they will come back and donate again.
- b. Do capture people's email addresses on your website - for

NB. Justgiving can also provide you with text, buttons and customised banners FOR FREE.

JUSTGIVING

Tom Mansel

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19 Archer Street Studios

10-11 Archer Street

London W1D 7AZ

DONATE NOW AT www.justgiving.com

Appendix F

Researching Individuals

Tools & Resources

“Set a time limit of 4 hours per prospect, if you can’t find the information in 4 hours you probably don’t need it.”

Katherine Haeg, Imperial War Museum

This appendix has been prepared by the Arts & Business Research, Evaluation & Information team in partnership with the MARIF group (Museums and Art Gallery Researchers in Fundraising)

The following pages outline potential research avenues and provide some signposts to tools to help in research for, or on, a donor.

Possible questions to start you thinking?

- Who is already on your database, involved in your work, of these who has potential to give?
- Have any individuals given to your organisation before?
- Has the individual studied art or shown academic interest in the arts?
- Where are they based - both work and home?
- Have these individuals given donations before?
- Who do the individuals know - are they already members of other organisations?
- What are the individual’s interests?
- What social circle are they in?
- Do they know your board/ staff members?

The following resources are suggested for your Individual Giving research:

It is worth visiting your local public library to check their stock and your access to the following resources.

☺ = free resources

* Available in the A&B Resource Centre

- **AEA Consulting.** *“The Maecenas Initiative: A Review of Charitable Giving Vehicles and Their Use in the U. S. and Canada”* (2004) Arts & Business ☺ *
- **AEA Consulting** *“Research project part 2”* (2005) Arts & Business ☺ *
- **Arts & Business** *“Private Investment in the Arts”* published on an annual basis *
- **Edwards, L** *“Bit rich? What the wealthy think about giving”* (2002) Institute of Public Policy ☺ *
- **Giving Campaign** *“By 2014 charitable giving in the UK will have doubled: this is the vision of the Giving Campaign”* (2004) Giving Campaign ☺ *
- **Hack, V.** *“Targeting the powerful: International prospect research”* (1997) Europa Publications
- **Lloyd, T** *“Why rich people give”* (2005) Association of Charitable Foundations *
- **Lloyd, T** *“Guide to Giving: the essential handbook for those who would like to support charities and social causes through giving and investing tax-effectively”* (2003) Association of Charitable Foundations *
- **NCVO** *“UK Giving 2004/05: Results of the 2004/05 survey of individual charitable giving in the UK”* 2005 *

- **Rowlington, K & McKay, S**
“Attitudes to Inheritance in Britain” (2005) Joseph Rowntree Foundation ☺ *
- **Sargeant, A & Less, S.** “Major Gift Philanthropy - Individual Giving to the Arts” (2002) Henley Management Centre ☺ *
- **Walker, C & Pharoah, C** “A lot of give: trends in charitable giving for the 21st Century” (2002) Charities Aid Foundation *

Hard copy resources

- **Carnie, C** “Fundraising from Europe” (2003) Chapel & York *
- **Hall, A** “Fundraising from individuals” (2004) Wiremill Publishing Ltd *
- **Sargeant, A & Jay, E** “Building donor loyalty” (2004) Henley Management Centre *
- **Smyth, J** “Fundraising from wealthy individuals” (2004) Wiremill Publishing Ltd *
- **Sunday Times** “Sunday Times Rich List 2005-2006” (2005) A&C Black

Individual news and their interest

- **Business in the Community** ☺
<http://www.bitc.org.uk/index.html>
Look through their business members list and CEO contacts
- **Directory of Directors (DofD)**
<http://www.hemscott.com/>
Managed by Hemscott plc the print or online version searches UK companies and their Directors
- **Forbes Global** ☺
<http://www.forbes.com/homeeurope/>
Lists include Businessman of the year, 100 most powerful women and Asian wealth list
- **Fortune** ☺ <http://www.fortune.com>
Past lists have included Young, Rich and Powerful and Best Company to work for

- **FT.COM**
<http://news.ft.com/home/uk>
Business and individuals news
- **Lifestyle magazines**
Possible titles include Harpers & Queen, Country Living, Cosmopolitan etc
- **List of Lists** ☺
<http://www.specialissues.com/lol/>
An American based resource bringing together ranked lists otherwise available on the Internet.
- **The Newspaper Society**
<http://www.newspapersoc.org.uk>
Search for a newspaper by name, region, especially the culture sections and individual profiles
- **People Management** *
<http://www.peoplemanagement.co.uk/pm>
Employee trends and news
- **The Times Rich List** *
<http://www.timesonline.co.uk>
List of Britain’s rich individuals
- **The Sunday Mail’s: Rich report** *
<http://www.mailonsunday.co.uk>
Report on the wealthiest men and women in the Britain

Journals

- **Management Today** *
<http://www.clickmt.com/public/home/index.cfm> - Employee trends and news
- **Philanthropy in Europe** *
<http://www.philanthropyineurope.com/>
Web site news and events plus subscription to newsletter
- **Philanthropy UK** *
<http://www.philanthropyuk.org/>
Web site news and subscription to newsletter
- **Third Sector**
<http://www.thirdsector.co.uk/home/index.cfm>
The journal often publishes profiles of individuals

Detailed profile research

The researcher may wish to investigate an individual's profile in more detail. The process of researching an individual needs careful management and cross referencing to ensure you are indeed researching the same individual.

- **Boardex database**
<http://www.boardex.com/nfp.aspx>
Individual's employment history, board and social activity can be traced using this database – reports can be pulled off. There is a charge attached.
- **DASH**
<http://www.bvdep.com/DASH.html>
Profiles companies makes links to directors and shareholders
- **Debretts/ People of Today** (hard copy or online) *
<http://www.debretts.co.uk>
Searchable database of individual's biographies
- **Directories of Directors**
<http://miranda.hemscott.com>
A database of Directors, their company name, sector and location
- **Directory of Grant Making Trusts** *
<http://www.dsc.org.uk>
Searchable directory of individuals and their trusteeship
- **Companies House & Credit Gate**
<https://secure.creditgate.com/>
Annual reports can be searched for and bought – Directors are listed
- **Electoral Commission** ☺
<http://www.electoralcommission.gov.uk>
Searchable register of parties, expenditure, accounts and donations to political parties
- **EuroDirect**
<http://www.eurodirect.co.uk>
Various products are available for purchase. CAMEO targets consumers, while mailing lists compile consumer data grouped by classification.
- **Google** ☺
<http://www.google.co.uk> It is worth searching for individuals through this internet site
- **House Prices** ☺
<http://www.houseprices.co.uk> This site can be used to calculate the price of property
- **House of Lords "Registry of Interest"** ☺
<http://www.publications.parliament.uk>
Search by surname of individual's name
- **Land Registry** ☺
<http://www.landregisteronline.gov.uk>
This site can be used to calculate the price of property – a cost may be attached for more detailed reports
- **Law Society Directory** ☺
<http://www.lawsociety.org.uk>
A searchable database to find a solicitor in the UK – search by name and postcode
- **LexisNexis**
<http://www.lexisnexis.com/fundraisingspro/>
A database that search's across newspapers, ICC Directors, Debretts, Who's Who in the UK, and Europe
- **The Online Board Directory** ☺
<http://www.thebardirectory.co.uk/home.cfm>
A searchable database of Barristers and Chambers in England and Wales
- **The Phone Book – BT** ☺ *
<http://www.thephonebook.bt.com/>
Search for residential or business telephone numbers linked to an address
- **ProQuest** –
www.proquest.co.uk/
 - **Factiva** Online information to research a company
 - **Know UK** Online information service containing Debretts, People of Today
 - **UK News** Archive and searchable database of newspapers
- **Register of Donations to political parties** ☺
www.electoralcommission.org.uk

Search through the “Regulatory issues” - Donors register for recorded individual donations

- **Royal Mail postcode finder** ☺
www.royalmail.com/portal/rm/hom
Post code and address finder
- **International Who’s Who**
www.worldwhoswho.com
Search by country, listing career history and contact details
- **UpMyStreet** ☺
www.upmystreet.com/
Search by location, listing local services to a stated postcode or place
- **Who’s Who in the City** *
www.caritasdata.co.uk Searchable data on individuals, membership to organisations, recreation, directorships

Campaign *

- **Giving Campaign**
www.givingcampaign.org.uk/
The Giving Campaign closed in June 2004 but their research and reports can be seen on their web site
- **Charities Commission**
www.charity-commission.gov.uk/
Further guidance for charities in England and Wales
- **HM Revenue and Customs**
www.hmrc.gov.uk
Further details about Gift Aid

Network groups/ news alerts

- **Arts & Business Development Forum**
www.aandb.org.uk
- **Association of Arts Fundraisers**
www.artsfundraisers.org
- **Charities Aid Foundation**
www.cafonline.org
- **Google Alerts**
www.google.co.uk/alerts?t=3&hl=enGB
- **Institute of Directors**
www.iod.com
- **Institute of Fundraising**
www.institute-of-fundraising.org.uk/
- **Institute for Philanthropy**
www.instituteforphilanthropy.org.uk/
- **Researchers In Fundraising**
Yahoo Prospect Research network
groups.yahoo.com/group/prospect-researchuk/
- **UK Fundraising**
www.fundraising.co.uk/

Tax

- Campbell, B “*Making giving go further: a fundraiser’s guide to tax-effective giving*” (2003) Giving

NOTES....

“A verbal contract isn't worth
the paper it's written on.”
Samuel Goldwyn,
movie producer
(1882 - 1974)