

# Friends or foes?

*Sarah Gee* takes a look at what to do if your Friends begin to get away from you ...



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**T**here's something wonderfully chummy about the idea of a friends organisation: a group of people who really care about you and will advocate on your behalf – and, what's more, they actually pay for the privilege! But how do you know that your scheme is effective? And what steps can you take if it's all going Pete Tong (wrong)? The vast majority of successful friends organisations are run in-house where specialist staff control the admin, income and expenditure, and membership income is paid directly to the organisation. Ensure that your objectives and all legislation and company guidelines are being adhered to.

It's possible for volunteers to set

up and run a separate charity to raise money for your organisation, and there are a few examples of exemplary 'Friends of ...' charities run in that way. However, there are only a few examples of that working; giving too much autonomy often seems to lead volunteers to take things in a different direction.

One of the greatest pitfalls with separate friends organisations is that often the admin and the costs of fulfilling the benefits are borne by the arts company, while the membership income is payable to the 'Friends of ...' charity. As that's a separate and independent charity, those trustees can do what they want with their (but really your) money. I've seen arts managers tearing their hair out to try

and recoup their running costs, while trustees decide on different priorities. In one extreme case, I saw trustees buy new kit for the arts organisation's cricket team while the SMT was dealing with a massive operating shortfall. Talk about misplaced priorities!

## **So what's the ideal?**

For my money, always bring it in-house. If you are already a registered charity, there's little to be gained from setting up another charity. If you are not, or cannot be, a charity (such as a local authority-run theatre), there can be benefits from being able to fundraise through a charitable vehicle, but make sure that you understand the full implications

before setting down that path. It can be a bit like a Parent Teachers Association ending up running the school – they are obviously concerned individuals but they might not have the appropriate skills and they often have a vested interest in choosing a particular direction.

Assuming you already have a first-rate friends organisation, how can you keep it that way? Here are a few tips to help you:

### Run regular checks to calculate your return on investment

It's an obvious point really, but you need to know how much money you are generating. Identify how much income you've raised each year, and what you've had to expend to achieve that. Make sure you include direct costs – marketing, events, etc. – as well as salary and on-costs. What's your return on investment? Be honest with yourself here: if you are losing money, it ain't fundraising.

Sometimes friends schemes are loss leaders, or contribute a marginal amount to the bottom line. If that's the case – and you intended to do that – it can be OK, but only if you are viewing it as a breeding ground for higher-level donors. If you discover you are losing money when you calculate your ROI, consider very seriously whether it is a good use of your time and funds to run such a scheme.

You might decide to look again at the benefits you offer and reduce their value. If that's the case, I'd suggest that you poll your existing members before making any changes to the scheme. Asking them about which benefits they value, and then which they've actually used in the past twelve months, can help them to understand the dilemma that you face.

### Ensure that you are compliant

Many arts charities with friends schemes claim Gift Aid on the membership fees. Gift Aid is a government scheme whereby tax can be reclaimed on donations to charities, providing the donor is a UK taxpayer. It costs the donor nothing and, up to April, can bring you an additional 28p for every £1 donated.

However, don't offer too many benefits or you render yourself ineligible to claim Gift Aid. More details can be found at [www.hmrc.gov.uk/charities/gift\\_aid/index.htm](http://www.hmrc.gov.uk/charities/gift_aid/index.htm). Check this – lots of friends schemes shouldn't be claiming with the benefits they currently offer.

Check that your Data Protection Registration covers you for all the information you hold on your supporters. If you have noted down the birthday, spousal name or medical ailment of one of your friends, you could be in breach of the Data Protection Act. It's a simple thing to update so speak to your data handler and get it sorted.

### Work that data

Research your friends. If you are keen to encourage them to give more by upgrading to a patrons scheme or leaving you a legacy, you need to know what makes them tick. Donations to a charity are often not about what you do, but what excites them and might motivate them to give. You need to get inside their heads a little.

Data-mining agencies can run wealth-screening on your friends or ticketing database to identify those with potential to make major donations. This can be expensive, as you pay per match, but is usually worthwhile. You don't want to ask someone for £50 when they could

give you £50,000. Keep a dossier on your donors – if you listen to them, they will tell you a lot about themselves, and give you clues as to what interests them. That will enable you to tailor future approaches for support: there's no point asking an attendee at an arts centre to support a children's sculpture installation when they only attend cinema screenings and have told you previously that they can't stand kids.

Remember that giving history is the greatest predictor of future donations. In the arts, we're generally pretty poor at asking our friends for additional donations in aid of a specific project. Other charities do this all the time; National Trust members are asked to support schemes to stop coastal erosion or secure the future of a historic house, so why don't we?

There are some really interesting initiatives coming through on crowd-funding for arts projects and these may be perfect for your organisation. It's a way of getting lots of people to donate small amounts towards the cost of a project and should help you, as marketers, to build longer-term relationships with them. If you are interested in learning more on this, drop me an email. ●



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