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MAGAZINE

TRENDS, STATISTICS & EXPERTISE FOR ARTS & CULTURAL FUNDRAISERS

#3

Special Edition in response to the Private Investment Survey produced by MTM for Arts Council England

Arts Fundraising & Philanthropy

Produced by the Arts Fundraising & Philanthropy programme

WINTER 2016

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WELCOME TO ISSUE #3

This special edition of Now, New and Next responds to the new Private Investment in Culture Survey produced by MTM for Arts Council England.

The launch of the new Private Investment in Culture Survey for arts and cultural organisations in England is both timely and welcomed. The arts sector has missed the annual UK data that was last published by Arts & Business in 2011/12.

We are keen to hear any feedback on the survey, your responses to articles and whether you feel that the survey is representative of the arts and cultural sector as a whole.

We will collate and publish responses that come through to us, and look forward to stimulating and developing the debate!

I am very grateful to all our respondents. If you would like to respond or to write for subsequent editions, please contact us at artsfundraising@cause4.co.uk and we will be in touch.

Michelle Wright
Programme Director
Arts Fundraising & Philanthropy

@MWCause4

PRIVATE INVESTMENT IN CULTURE SURVEY – HOW DO WE PREPARE FOR FUTURE FUNDRAISING POST-BREXIT?

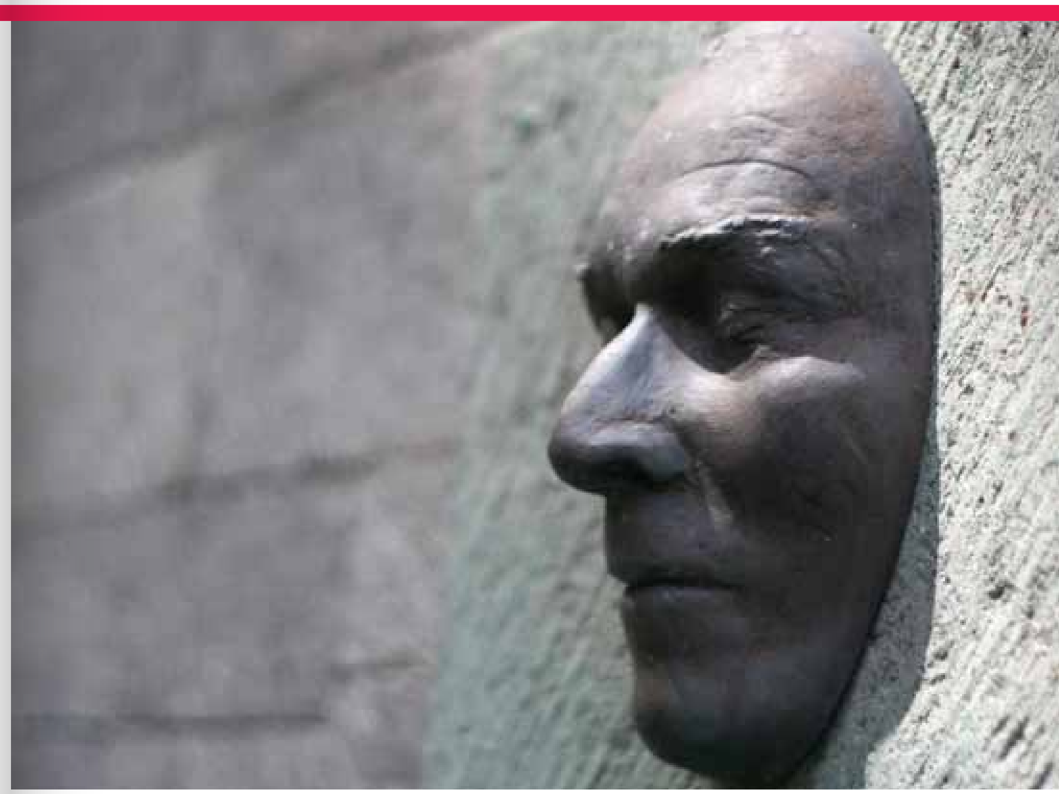
Michelle Wright, CEO, Cause4 and Programme Director, Arts Fundraising & Philanthropy
@MWCause4

For the confidence of our Boards, donors and funders, there is huge value in having the baseline of the Private Investment in Culture Survey to refer to. This information coupled with the comprehensive, publicly-available Arts Council England and DCMS data about the fundraising performance of their regularly funded organisations, makes this new survey a helpful part of the benchmarking process.

A comforting picture

There are no real surprises. In fact the familiar picture that's outlined in the data is rather comforting. We know that generating private investment is crucially important alongside earned income for the arts and cultural sector. We also know that individual giving remains the most important form of private investment, accounting for around half of all giving, albeit with donors having a preference for larger organisations based in London and the South. Similarly, it's no surprise that the largest organisations dominate the sector, with the 50 largest survey respondents accounting for 60% of total private funding.

Image: gomezsantos via Visualhunt



What impact have you seen on fundraising post-Brexit? We'd love to hear.
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We know in this context that we need to increase the support for smaller organisations and those based outside London to maximise fundraising.

There are also clear art-form specific trends: music, theatre and visual arts attract the largest private sector investments, whilst museums appear to attract disproportionately less private investment. Yet overall, visual arts organisations and museums have grown their private income much faster than the rest of the sector, with literature organisations and theatres seeing low or stable private investment.

Unexpected positivity

But perhaps the biggest shock is that the survey predicts further growth in private investment, with over 57% of survey respondents expecting their total income (earned and fundraising) to grow over the next three years.

Overall, a rather battle-weary sector facing fundraising challenges on many fronts has risen magnificently to the fundraising challenge. Any overhang of entitlement culture in relation to Government funding is long-gone. But given that this Survey was finalised pre-Brexit, I wonder if such a positive outlook would be the case if respondents were filling it out right now?

Post-Brexit blues

At face value, the Private Investment in Culture Survey might lead us to conclude that we need to invest heavily in individual giving and major gifts, to maintain our trust portfolio at current values, and to investigate corporate sponsorship, whilst recognising that this area might be the most challenging.

This is all true.

Image: gabrielsaldana via Visual hunt

AT SENIOR LEVELS AND AMONGST TRUSTEES, WE NEED THE ABILITY TO SCAN THE ENVIRONMENT, TO CHALLENGE AND TO SUPPORT A TEAM

However, we also need to beware of the status quo, because in this post-Brexit era, the survival of the fittest organisations is surely going to equate to those organisations with the confidence to adapt their business models to a new economy, and to prepare their fundraising teams accordingly. Indeed, instability in the wider economy may lead to decreased consumer confidence, impacting on individual giving, reductions in the investment portfolios of grant makers and falls in fundraising and earned revenues as businesses hold back from investing.

Of course, we may also see reduced public income from EU, national and local government sources.

I'm certainly no doom-monger, but we need to be realistic.

New skills, fitter for purpose

So I am wary of the message to diversify private sector fundraising too broadly. So often we see organisations stretched too thinly across all areas of private sector fundraising, from trusts to crowd-funding.

This approach makes it almost impossible to create a sustainable base for fundraising. Those organisations that seem to be thriving pick 2–3 key areas of income for focus and build a team with depth for delivery. The survey tells us that 63% of respondents are concerned about lack of in–house staff capacity and time to meet their fundraising aspirations. But it's more stark than that – in this post-Brexit context, the skill-set needed to build successful fundraising capability and teams is changing considerably.

So whilst the skills needed to produce high quality written submissions to trusts and foundations won't change much – for those wanting to increase their major giving, highly creative, programmes of transformational change need to be built with donors. For large and small organisations alike, this is a very different skill-set from the traditional stewardship of major donors. We need staff that can build programmes that capture the zeitgeist, those that can build greater community cohesion and embrace collaborative working.

Similarly, whilst corporate income looks to be in decline, it is still an important part of the picture. We now need those well-versed in making commercial deals happen, a creative producer type mindset that can conjure up value with limited resources. This is very different from the stewardship skill-set aligned to the more traditional brand and hospitality relationships.

Most importantly, at senior levels and amongst Trustees, we need the ability to scan the environment, to challenge and to support a team to be ruthless in changing course if an area of fundraising isn't working. The biggest threat to arts and cultural organisations will be post-Brexit paralysis, where we do more of the same whilst 'waiting to see' what might happen.

So let's not forget post-Brexit the need to focus, to change course when needed, and to build skills and teams that maybe look different, that have the depth of understanding to deliver in this much changed economy. Future income will rely on it.

Amanda Rigali, Strategy and Development Director, Cause4 and Head, Arts Fundraising & Philanthropy
@AmandaCause4

THE W I D E R PICTURE

COMPARING THE PRIVATE INVESTMENT IN CULTURE SURVEY WITH ARTS COUNCIL ENGLAND AND DCMS FIGURES

The very welcome publication of the updated Private Investment in Culture Survey has given us a much broader analysis of the levels of private investment (fundraised income) in the arts and cultural sector in England from 2012 through to 2015.

Image: dommylive via VisualHunt

Image: Dun.can via VisualHunt

LONDON ORGANISATIONS THAT RESPONDED TO THE PRIVATE INVESTMENT IN CULTURE SURVEY ACCOUNTED FOR 63% OF ALL PRIVATE INVESTMENT

However, it's not the only analysis of private investment that exists, and it's worth comparing these figures with those already published by Arts Council England and the DCMS.

The first thing to note is that the figure for the total amount of private income that the Private Investment in Culture Survey gives must remain an under-estimation of the amount of private income raised across the arts and cultural sector by quite some way.

The Private Investment in Culture Survey includes information on 2,874 active arts and culture organisations, and gives a total figure of £480 million raised in 2014/15 across them.

However, the DCMS' own Charitable Giving Indicators Report for 2014/15*. shows that DCMS–funded cultural institutions alone raised £428 million in donations, sponsorship and memberships, and a further £97 million from donated objects.

We know that there are many organisations not in receipt of regular funding from the DCMS or Arts Council England that also raise significant amounts of private investment – including galleries, orchestras, theatres, festivals and museums.

Whilst a good number of these will have contributed data to the Private Investment in Culture Survey, we are still not seeing the full cumulative figures of private investment across the publicly-funded and non-funded sector.

The Private Investment in Culture Survey confirms the much reported London versus the rest of England disparity in funding levels, and perhaps under-reports them. London organisations that responded to the Private Investment in Culture Survey accounted for 63% of all private investment, with the West Midlands second on 9% and the North West and South West joint third on 6%. However, these regional splits will also include the very large organisations based in those regions. Arts Council England's own Key Data from the 2014/15 Annual Submission excludes the eleven largest National Portfolio Organisations from its regional breakdowns.

Their breakdown of Contributed (private) income for National Portfolio Organisations (NPOs) shows London NPOs receiving 34% of all income, large National NPOs receiving 35% of all income, and the North West, South East and South West NPOs all receiving 6% of all income. In the Arts Council report, the West Midlands NPOs (excluding major organisations such as Welsh National Opera and Birmingham Royal Ballet) receive only 3% of all Contributed income – a substantial variation from the Private Investment in Culture Survey figure.

A final, significant point is the Private Investment in Culture Survey's confirmation of the importance of individual giving for fundraised income.

50% of all private investment came from individual giving, a figure that exactly correlates with that given in the Arts Council's Key Data report. This is also the area that has seen most growth over the three-year period from 2012/2015 in Private Investment in Culture Survey across participating organisations. It is an unassailable fact across the charity sector that individual giving is by far the most important form of fundraised income. The Association of Charitable Foundations' Giving Trends 2015 Report shows individual and major giving accounting for 65.9% of all private charitable giving. Arts and cultural charities came late to this party, and this offers further evidence for those that are not already doing so to focus on building their capacity for individual giving over the next few years. This area is consistently shown to be the most lucrative in terms of available.

How does your organisation benchmark for fundraising?' We'd love to hear.
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* This report covers Arts Council England National Portfolio Organisations and Major Partner Museums, the British Film Institute, British Library, Historic England and the English Heritage Trust; National Museums and Galleries.

USING THE PRIVATE INVESTMENT IN CULTURE SURVEY FOR BENCHMARKING ABOUT FUNDRAISING

Amanda Rigali, Strategy and Development Director, Cause4 and Head, Arts Fundraising & Philanthropy
@AmandaCause4

Benchmarking analysis is a very important tool for cultural organisations, particularly when writing their fundraising strategy. The Private Investment in Culture Survey can help as one element of a benchmarking exercise.

It's important to benchmark your organisation against relevant peer organisations. You can find their Annual Accounts either on the Charity Commission website, or, if they are not a registered charity, on the Companies House website. However, aggregated sector information is also a great benchmarking tool. Firstly, think about your overall income model.

Most arts and cultural organisations will have a three-stranded income model, to reflect their inter-related roles as a:

1. **Company:** generating earned income;
2. **Charity or social enterprise**: seeking private philanthropic support;
3. **Public service deliverer:** funded by the Government to provide a service to the public.

Have you been using data in new ways? We'd love to hear.
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The Private Investment in Culture Survey shows this income model broken down across four scales of organisation, depending on levels of turnover, as well as a regional and artform breakdown.

Those responsible for fundraising need to benchmark their organisation by scale, location and artform, and then consider why there are variations. Remember that the Private Investment in Culture Survey is not a best practice report showing the optimum levels of private investment, it is simply reporting on the sector's current performance.

So, your organisation may well be exceeding the levels given for similar organisations in the Private Investment in Culture Survey.

When setting future levels for fundraised income over the next three years leaders of arts and cultural organisations should factor in manageable growth.

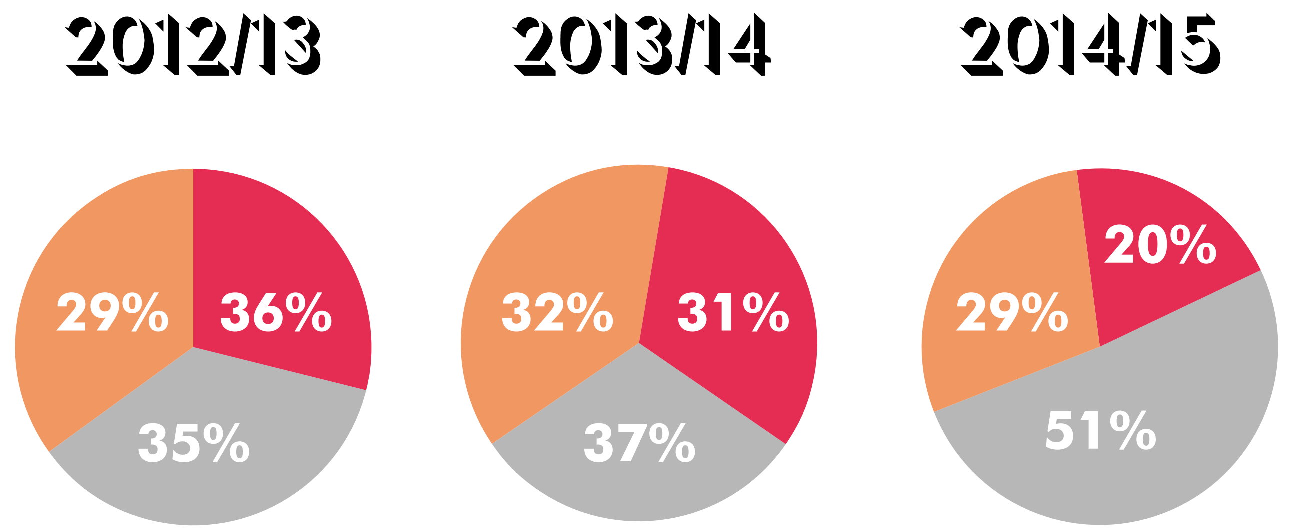
So, at the very least aiming for your organisation's proportion of fundraised income to be equivalent to the median average of your selected benchmarked groups, taking into account that the proportion of fundraised income achieved by these groups will also continue to grow in the future.

Once organisations have their percentage fundraised income targets, they should then break these down further by types of fundraised income. Remember that to grow, you will need to diversify fundraising.

It's very risky to base growth upon fundraised income in the future solely upon your current fundraised income sources, although investing in the 2–3 areas most likely to achieve success is important when balanced against your available resources.

However, it is also important to focus on growing at least one new area. Fundraising is a difficult, competitive activity, and to maximise your chances of success you need to spread your bets.

Image: Johnny Silvercloud via VisualHunt



Business investment
Individual giving
Trusts and foundations

These Private Investment in Culture Survey charts show the average changes in profile in fundraised income across three years.

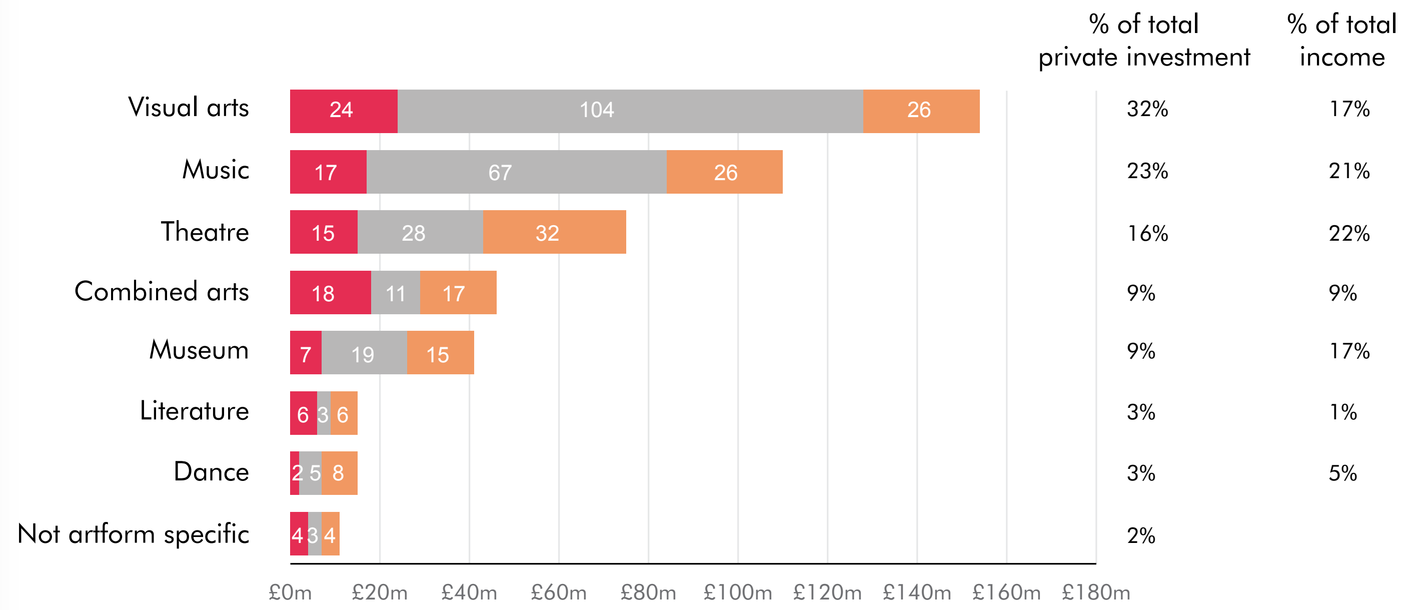
Reading from left to right, (above) it is possible to see that arts and cultural organisations were heavily reliant on income from trusts and foundations in 2012/13, and had, on average, reduced their reliance on this source by almost half by 2014/15. Meanwhile, income from individual giving rose from just over one third of fundraised income in 2012/13 to over half of all income in 2014/15; a much healthier picture.

An increase in the proportion of income from individual giving is good news both because it represents the largest pot of fundraising income available for the charity sector as a whole, but also because it offers more opportunities for unrestricted income than trusts and foundations, which tend to be more interested in supporting activity than paying for core overheads.

So, when setting fundraising targets, organisations need to remember to factor in restricted and unrestricted income, and if they need more of the latter, then they need to start building their capacity to fundraise from both individuals and businesses.

Finally, the Private Investment in Culture Survey offers some perspective on the factors that are holding organisations back in terms of their private fundraising activities. The following chart shows the common factors indicated by participating organisations, ranked in order of frequency and significance.

Many of these factors relate to the external environment. However, the top factor is internal – lack of in-house capacity/time. The allocation of appropriate staff resources must be part of your fundraising strategy. Regardless of whether your organisation employs specialist fundraising staff, fundraising is everyone's responsibility, and all staff should be allocated tasks as part of the strategy, with this expectation clearly written into job descriptions.

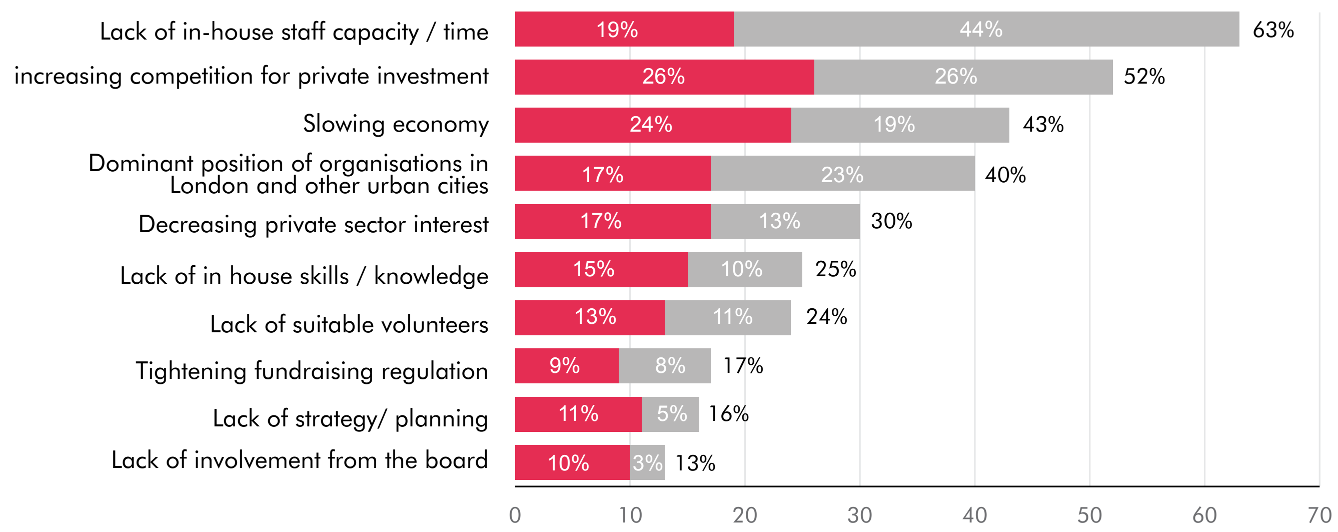


Business investment
Individual giving
Trusts and foundations

Similarly, if an organisation is struggling to allocate enough staff resource to fundraising, please do ensure that your Trustees are sharing this responsibility.

Trustees should not only lead fundraising but should be prepared to help – whether by reading applications, undertaking meetings or helping with prospect research.

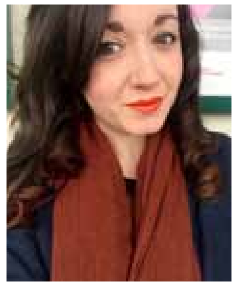
So a final thought is to make sure your Trustees are pulling their weight, and that they understand their role in growing fundraising against sector benchmarking too!



Somewhat holding us back
Significantly holding us back

Image: Iatalante via Visual hunt

WHAT DOES THE PRIVATE INVESTMENT IN CULTURE SURVEY MEAN FOR INDIVIDUAL ARTISTS & SMALL ORGANISATIONS?



Dana Segal, Head of Development, Cockpit Arts and former Arts Fundraising Fellow @dananabum

As a strategist and fundraiser working with clients ranging from individual artists through to large organisations, reports like the Private Investment in Culture Survey provide me with an interesting space to reflect on how, as a sector, we can best support those working at the 'smaller' end of the spectrum.

I am extremely passionate about supporting individual artists and emerging organisations to create sustainable and growing incomes. It is important to know that most organisations of this size and scale naturally operate in a mixed economy model from the get-go; not just because of the demanding environment that they are founded in, but because developing their earned, traded and private income can provide them with the flexibility, autonomy and creativity they desire to progress their artistic mission. It enables them to be more independent, responsive and opportunistic without as many strings attached. However, this ambition and potential can be stifled if the sector itself does not underpin the activity with the right support.

The findings speak volumes about the current state of affairs for individual artists and small organisations, and evidence the anecdotal feedback I regularly receive from clients. Despite smaller organisations demonstrating more resilience (securing 29% of their total income from private investment, 11% higher than the average of 18%) they are facing fierce competition from larger organisations which reap 60% of the total private funding, and also dominate the potential from the world of individual giving. So what's stopping artists and smaller organisations from engaging with individual donors? If we look at it purely from an investment perspective, on average, low level individual donors can take 1.5 – 3 years to cultivate, high level individual donors can take anywhere between 4.5 – 7 years to cultivate, whereas trusts and foundations have on average a 6 – 9 month lead time. This means that unsurprisingly, and as backed up by the statistics in the Private Investment in Culture Survey, smaller organisations are getting most of their private investment from trusts and foundations. It's simply too risky, to have to hold your nerve for such a long period of time on the basis of a major gift that might not come.

However, this means that the trusts and foundations strand of private income is fiercely competitive, and leaves little room for research and development opportunities, pilot projects and other ideas without immediate, tangible impact. Similarly, because smaller organisations choose not to compete within the individual giving sphere, it means that, arguably, the larger organisations have even better chances of securing private income from that stream because they are able to resource it. But for the change-minded Major Donor, I can't help thinking that being able to engage with smaller organisations to really transform their profile and strategy is an incredibly powerful and motivating option.

So how can the sector better help smaller organisations in their fundraising? A few considerations:

Policy Changes

There have been recent positive policy changes from Arts Council England to reflect the different expectations on small versus large organisations, such as the revision of their National Portfolio Scheme to include tiered application structures.

The Paul Hamlyn Foundation has also introduced similar tiered applications, offering "Explore & Test" and "More and Better" grants across several of their funding streams. Other funding bodies could follow this model, and free up smaller pots of money that require less onerous application models / reporting / demands, which will enable smaller organisations to further grow their income and work.

More Transparent Giving

Further to the point above, what else could tiered giving extend to in relation to individual giving and business investment private income strands? Could more companies offer tiered support opportunities, rather than leaving the sector to do the guesswork in terms of an approach?

I'm struck by clear propositions such as the arts sponsorship run by Manchester Airport Group. Could the sector lead the way in conversing with, and instigating a culture change with some of its larger donors from across these strands to inspire others to give in tiered ways?

Networked Altruism

The Private Investment in Culture Survey indicates that smaller organisations are estimated to constitute just 1% of overall sector income total giving. What impact would it make if larger organisations gave just 1% of their time, income and /or networks and resources such as data to organisations smaller than them?

We have seen some moves towards this from National Theatre and the like. Surely this is a way in which larger organisations can demonstrate advocacy and long-term investment in the future of their art form.

And of course, we need more highlighting of best practice from those smaller arts organisations that have been able to diversify beyond trusts and foundations, those that have made inroads into developing major gifts, and to empower our CEOs and Artistic Directors through training and peer learning to take up this mantle.

SMALLER ORGANISATIONS ARE ESTIMATED TO CONSTITUTE JUST 1% OF OVERALL SECTOR INCOME TOTAL.

WHAT IMPACT WOULD IT MAKE IF LARGER ORGANISATIONS DONATED TO SMALLER ORGANISATIONS JUST 1% OF THEIR TIME?

What policy changes will help smaller arts organisations? We'd love to hear.

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To conclude, it is important to highlight that reports such as the Private Investment in Culture Survey can reinforce an underlying assumption that organisations with smaller turnovers are doing 'less work' or making 'less impact' than the larger organisations. This simply isn't true – although their private income might account for around 1% of the total according to the survey, what they do with that income can have a huge impact, and I believe they certainly create more value than the 1% of the art and culture that inspires us. Imagine what our sector would look like if all the arts organisations with turnover of under £100,000 disappeared? We would be much the poorer for it.

What we need is a call to action to some of our generous major donors to support smaller organisations and to help them grow their potential for the longer-term. In this context, less is most definitely more…

AN INTERVIEW WITH CASE EUROPE ON THE PRIVATE INVESTMENT IN CULTURE SURVEY

Michelle Wright, CEO, Cause4 and Programme Director, Arts Fundraising & Philanthropy **@MWCause4**

CASE Europe publish the Ross-CASE survey into trends in Higher Education fundraising.

Michelle Wright interviewed John Middleton, @ED_Europe Executive Director, and Yashraj Jain, @Yashraj_Jain Research Manager, to garner their views about the Private Investment in Culture Survey and what we can learn across sectors.

What are your overall thoughts on the survey? Are there any surprises?

Interestingly the trends noted in the Private Investment in Culture survey are similar to those observed in educational philanthropy. The survey outlines positive signs of growth with private investment growing at 21% since 2013/14, mirroring trends in educational philanthropy where philanthropic income has grown by 14% since 2013/14.

Both higher education (51%) and culture (53%) receive more than 50% of their philanthropic giving and private investment from individuals respectively.

Image: rockcohen via VisualHunt

It is important not to forget just how important individual giving is across the charity sector as a whole.

Of course, it is not surprising to see that a lack of staff capacity is cited as the key reason for holding back success in fundraising. It's vital that senior level colleagues make it easier for teams to operate.

In general, the survey could be enhanced if it was able to outline the return on investment across the sector, i.e. what investment in teams is responsible for the outlined returns. This understanding would help Boards and senior staff to build knowledge about how to invest in fundraising.

Are these trends broadly in line with what you are seeing across the higher education sector, or is the arts sector different?

Overall, both sectors want to increase staff and budget resources to increase fundraising capabilities and we have seen some higher education institutions make a great success of their investments over a 3–5 year period.

The arts sector is different in that organisations don't currently record pledged income which can give a different perspective on the performance of organisational fundraising by reporting on not just current income but also future pledged income that the institution will receive in the next 4–5 years. The Ross-CASE survey captures this information as 'new funds secured' and more and more institutions are using this metric as their main Key Performance Indicator.

It would also be helpful to further investigate fundraising inputs and outputs for key sub-groups – e.g. national museums, galleries, royal societies, conservatoires etc. This will help cultural institutions to benchmark with peer institutions similar to how higher education institutions are able to compare with other Universities via their usage of the Ross-CASE data.

What sort of things do we need to be aware of post-referendum?

A key driver for continued long-term performance is to get buy-in from senior level colleagues and to have a strategic roadmap for development. Fundraising goals should be on the list of institutional goals and led by the most senior members of staff and Board. The value of institutional leadership and other academic time invested in fundraising can be substantial, particularly in relation to securing major gifts.

As individuals are such an important part of fundraising at our institutions, it is important to work closely with membership teams, database managers and other colleagues stewarding this key donor group and also to ensure organisations are abiding by the data protection/ Fundraising Preference Service regulations.

Trust is a very important factor in major giving and institutions must invest to build relationships over time.

Similarly, building relationships with major donors and maintaining them will help organisations jump the hurdles that Brexit may brins. Once donors are sure that the receiving organisation understands their values and what the donor wants to achieve by donating to the institution, physical boundaries across countries cease to matter. Collaboration and constant dialogue will help keep the momentum going.

What are your thoughts on how we might need to build teams for the future?

No matter what the sector, educational or cultural, the skill sets needed, (not just fundraisers but prospect researchers, gift processors, database managers etc.), are all the same and it is this cross-sector collaboration and knowledge exchange that will help build teams for the future. The best teams will understand the important role that context plays in what they do.

Like with the Arts Fundraising & Philanthropy Programme, CASE has managed a graduate trainee scheme helping institutions to recruit, train and prepare future leaders in fundraising, and this focus has been really beneficial to see new talent come through the sector.

Are there any initiatives or campaigns that you are seeing from across the higher education sector, which would help the arts sector plan for the future?

A link with the Ross-CASE survey for institutional level benchmarking for key cultural sector groups could be really beneficial. This could have a key emphasis on inputs (constituents on database, costs and staff invested) and outputs (new funds secured, cash income received and donors) to help bring real value and insight to cultural institutions to help benchmark their current performance and plan strategically for the future.

Finally, educational philanthropy seems to have been comparatively better than the arts, at securing principal and major gifts worth millions from major donors. A focus on this area could help the cultural sector to grow manifold. It would be hugely beneficial for this area to form the basis of future training and development for cultural sector fundraisers.

FUNDRAISING GOALS SHOULD BE ON THE LIST OF INSTITUTIONAL GOALS AND LED BY THE MOST SENIOR MEMBERS OF STAFF AND BOARD

What impact have you seen on fundraising post-referendum? We'd love to hear.
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Image : a5400410 via Visualhunt

HOW CAN WE CELEBRATE AND SUSTAIN THE GROWTH IN INDIVIDUAL GIVING IN THE VISUAL ARTS?

Jane Marriott, Managing Director, The Hepworth Wakefield

It is heartening to see the visual arts leading the way in individual giving as part of the Private Investment in Culture survey and it is certainly my personal experience during the past 10 years at the Royal Academy of Arts and now at The Hepworth Wakefield. Indeed, I feel that the survey reflects my own personal journey from central London to the heart of Yorkshire which has proved to be a real 'eye opener'. I had been warned that fundraising out of London would prove to be very different and far more difficult than my experience at Tate and Royal Academy – but nothing quite prepared me for what I found.

Portrait photography: Hannah Webster. Courtesy The Hepworth Wakefield/www.hepworthwakefield.org

As the survey demonstrates, trust and foundation support is vital and ever more so outside London. However, as my team at The Hepworth Wakefield will attest to, my passion for individual giving and in particular membership schemes is proving to be more resilient and brimming with potential than corporate giving.

Why has the latter so significantly reduced? Corporate giving, in this climate of seeming corporate distrust, should be working hard on behalf of the company's brand to win support and admiration. It should be used to convert customer loyalty and vastly improve recruitment and retention of great employees.


Image: peasap via Visualhunt

However, the opposite often seems to be true. Fortunately at The Hepworth Wakefield we have seen some great exceptions to this with two sponsorship agreements over the past year that have clear mutual benefits for both the gallery and the company. Our partnerships with Philips auction house and Litestructures were both based on what we could do for the company and their business priorities, providing a unique platform for their expertise, creating projects together of great quality and developing a long term relationship.

However, corporate giving outside London has struggled and making corporate partnerships work takes a great deal of time and commitment. It will also take a number of years to grow corporate giving to match the significance of individual and trust and foundation giving in our fundraising portfolio, as well as to continue to persuade companies that this is a viable business proposition outside of London. We need more case studies such as Phillips and Litestructures to win further support.

In the meantime, arts and cultural organisations' reliance on public funding and earned income will clearly continue. However, with an eye on long term investment in growth, I believe that this survey demonstrates that through individual support and in particular membership schemes, individuals can truly appreciate how every penny of their gift safeguards the organisation's future, whilst they can enjoy the benefits of being involved. Members and Patrons can act as great ambassadors for us with a far greater reach and more credible voice than any advertising campaign can achieve.

Therefore, Government with the Arts Council should enable this slow growing but highly sustainable source of income through long term investment and training in membership which calls on both great fundraising and marketing skills. There is clearly a 'tipping point' when members stay as members for what they give to the organisation, rather than for what they get from it. Our ambition should be to retain their support until you can get them to this 'tipping point' when you can secure their loyalty for the long term.

INDIVIDUALS CAN TRULY APPRECIATE HOW EVERY PENNY OF THEIR GIFT SAFEGUARDS THE ORGANISATION'S FUTURE

Are the visual arts ahead of the game in fundraising? We'd love to hear.
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Fundraising is a combination of great marketing, empathy and understanding a donor's motivations to give, in order to build a relationship which will unlock the money. This survey clearly demonstrates that we are getting better at this with individual donors, which is very heartening. I am sure if we reviewed the context in which this has happened, we will note the improved training for arts and cultural fundraisers provided by Arts Fundraising and Philanthropy, or the importance of training now in leadership courses such as the Clore Fellowship programme.

However, how does this extend to the Board of an arts and cultural organisation – are we yet in a position to say every Trustee has given? Board active engagement and understanding of fundraising could clearly address the issue of capacity outlined in this survey. With the help of Trustees we could start to address the main issue holding back many organisations from achieving success – that of skilled resources.

Clearly the visual arts with its predominantly venue based activity also has an advantage in fundraising over those arts and cultural organisations running projects elsewhere. I am a Trustee of a wonderful charity The Reading Agency, which does incredible work inspiring more people to read and benefit from the difference that reading can make. However, it is predominantly trusts and foundations that understand and support this work nationwide, rather than individuals and corporate private investment.

So visual arts organisations should therefore celebrate their venues, make them work harder to communicate an understanding of the breadth of their work and the impact we all make to every visitor who walks through the doors.

The charitable message is essential and the definition of a charity after all is 'for public benefit'. If we can develop these elements then I am sure that the trend in individual giving growth for the visual arts will continue.

WHAT DOES THE PRIVATE INVESTMENT IN CULTURE SURVEY TELL US ABOUT ENGAGING WITH AUDIENCES?

Pamela Johnson,
Consultant,
Braithwaite and Johnson
@pfrodo

What pops into your head when you think of the word 'donation'?

To some, it may conjure up thoughts of capital campaigns or volunteers with a collection bucket or a glass case in a gallery foyer for contributions. The picture painted by MTM's Private Investment in Culture Survey commissioned by Arts Council England, reports that individual donations form the most important element of overall private investment to the arts and cultural sector – accounting for just over half of the £480m achieved in 2014/15.

Moreover, whilst private investment (made up of business investment, trusts and foundations and individual donations) grew by 21% in 2014/15, the growth in individual giving alone was substantial – by a whopping 69%! Sound too good to be true? Well maybe, because if we look closely at the figures, this sizeable increase is the result of a handful of hefty donations to some of the largest arts and cultural organisations in England.

Image: Keoni Cabral via Visual Hunt

However, if we take those top arts and cultural organisations out of the equation, individual giving still forms the biggest proportion of contributed income for all small and medium organisations; greater than the combined total increases of both business investment and trusts and foundations.

Perhaps what's striking about the research is that there are clear fluctuations in all three strands of contributed income since 2012/13. For the 50 largest recipients, a downward trend emerges for business investment in particular.

Yet that same sample of organisations stand out when it comes to individual giving, which has more than doubled over a one year period. Unsurprisingly London based organisations benefit disproportionately, with more than three quarters (75%) of private investment attributed to individual giving.

Small to medium organisations however, demonstrate far higher proportions of private income from trusts and foundations than other sources. The visual arts and music sectors also seem to have the largest individual giving base in comparison to any of the other art form categories listed.

This analysis therefore does not present as gloomy a picture as we might have expected, with more than half of organisations reporting that they are optimistic about growth over the next three years, (although the research was undertaken pre-EU referendum result).

So, we should celebrate the healthy signs, but also consider the potential for future improvements for arts and cultural organisations to consider.

THE IMPACT OF A SLOWING POST-REFERENDUM ECONOMY, AND DECREASING PUBLIC FUNDING MAKES THE MONEY THAT ORGANISATIONS EARN FROM CONTRIBUTED FUNDRAISING SOURCES ALL THE MORE IMPORTANT.

Image: Danny Vallario Jr. Photography via Visualhunt

How does audience development work grow fundraising? We'd love to hear.
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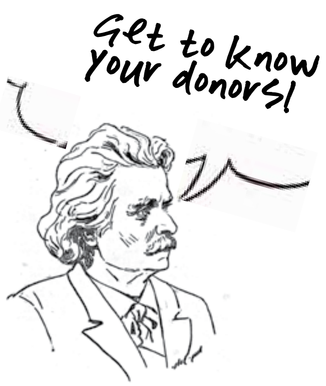
Insights from previous Donor research undertaken by The Audience Agency highlight useful findings relating to low level donor and membership behaviour, which can help the arts and cultural sector understand who has propensity to give and under what circumstances.



There are many positive outcomes uncovered by this research including:

- That higher proportions of donors are to be found amongst an organisation's core attender base when compared with audiences as a whole.
- That more than half of donations are made in person, by phone, online or by donation box, suggesting that small-scale transactional giving works.
- That 1in 5 attenders have joined some form of Friends or Membership scheme (the majority incentivised by the provision of benefits).

It is also worth noting that whether an organisation is a charity or not is considered of significant importance in the decision to give by over two thirds of respondents.

There is clearly potential for more people to give to the arts and cultural sector, but the research suggests that awareness of the 'not for profit' status of arts and cultural organisations is low. The fact that audiences do not always see arts and cultural organisations as charitable causes underlines the need for a greater level of transparency in communications. So although not all arts and cultural organisations are charitable ones, those that are should consider promoting their charitable status in more visible and targeted ways to potential donors.

The fact that two thirds (63%) of organisations in the Private Investment in Culture Survey felt that lack of in-house capacity/time was either somewhat or significantly holding them back in their fundraising, can be viewed as both a strength and a weakness.

Whilst it demonstrates a commitment to investment by organisations, internal pressures will always exist when it comes to delivery. Increased competition in the marketplace, the impact of a slowing post-referendum economy, and decreasing public funding makes the money that organisations earn from contributed fundraising sources all the more important.

However, until fundraising is viewed and resourced in the same way as other core activities, an organisation's ability to develop a long-term sustainable donor base will continue to be a challenge.

Generating donor income is far more than asking people for money to support your cause.

To be effective, you have to know your potential donors and their interests:

- What motivates them to want to give to your organisation?
- How much can you ask them to contribute?
- What is their capacity to give and in what ways?
- And most importantly – how can you sustain the relationship?

This represents challenges for some organisations based on the quality and quantity of data they hold about their audiences, members and donors – how and what data is collected and where that data sits in the organisation The lack of a Customer Relationship Management (CRM) database, or integration with marketing and the external management of data being particular issues).

Whilst there is little that can be done about anonymous giving channels such as donation boxes, use of systems that require full address details – tying these back to event/ticketing/booking records – should be encouraged and developed where possible.

The message from the survey is clear. Put in simple terms – Get donors, Keep donors, Grow donors – your future depends on it.

Image: mar_cvmenezes via Visual hunt

PASSION AND PERSEVERANCE – THE EXPERIENCE OF FUNDRAISING. WHAT DOES THE PRIVATE INVESTMENT SURVEY MEAN FOR MUSEUMS?

Tamalie Newbery,
Executive Director,
Association of
Independent Museums
@tamalie

The Private Investment in Culture Survey confirms a lot of things that people working in museums around the UK probably know from their own experience and it is particularly encouraging to see that museums have grown their private income faster than any other arts sector apart from the visual arts.

Image: Christian Battaglia via Visualhunt

THE RESEARCH HIGHLIGHTS LACK OF IN-HOUSE STAFF CAPACITY AND TIME AS THE PRIMARY BARRIER TO ACHIEVING MORE THOROUGH FUNDRAISING

What a survey can't show is what it takes for small and medium size organisations to secure private investment from individuals, business and trusts.

Every month I meet people working and volunteering in museums where fundraising is only one of the many things for which they are responsible. Most of them are not professional fundraisers but they have developed these skills alongside the countless others that their roles require. Although fundraising can seem daunting for some, this portfolio approach has the powerful advantage of allowing the potential donor to connect directly with the staff and volunteers who are at the heart of the amazing work that the organisation does.

It is these people's passionate communication of the contribution that their museums make to communities and individuals, in wide-ranging ways from learning and creativity to well-being, to place-making, which has secured £51 million of investment in museums during 2014/15. Their ability to turn the plain truth – that preserving and securing our heritage for future generations is important but intrinsically expensive – into a story that makes individuals, businesses, trusts and foundations, want to contribute, is vital to attracting private investment and underpinning the museum sector's sustainability.

The Private Investment in Culture report shows that small and medium size museums face very real challenges. The research highlights lack of in-house staff capacity and time as the primary barrier to achieving more thorough fundraising. In an organisation with a small turnover this can be hard to overcome as taking on a dedicated fundraiser, even part-time, might add a very significant amount to the organisation's core costs, which has to be covered by additional fundraising – the risks can seem too high.

Additionally fundraising for core costs is notoriously difficult; as the trend that funders prefer to see their funds make a direct impact against project activity, hasn't changed. Nevertheless some small organisations, like Chiltern Open Air Museum, have made this transition, starting with a freelance or part-time post and building it up as fundraising success is achieved.

Even if the needed resources are in place, developing new prospective donors is challenging for organisations that do not have widespread name and brand recognition. Similarly, the prospects for business investment are limited in many parts of the country.

Much of the private investment goes to a small number of 'big players': as shown in the survey that the 50 largest organisations are receiving 60% of the overall investment, with the remaining 40% shared between the other 2824 organisations.

Nevertheless it is the small organisations (turnover less than £100k) that are achieving the biggest proportion of their income from private investment (29%, compared to 17% for organisations with a turnover over £1m).

Geography also makes a difference – the regional data shows that on average organisations of all sizes in London, the South East and East of England are raising a fifth of their income from private sources, whereas in other regions it is a tenth or less. Whilst the largest organisations receive their biggest proportion of investment from individual giving, for small organisations trusts and foundations are the most significant source and overall investment from this source has increased. Income from businesses has held fairly steady over the past three years, when the 50 largest organisations are excluded.

The survey shows some areas where there is potentially room for growth. For smaller organisations individual giving remains an opportunity – whilst very large donations from wealthy individuals may not be that likely, there is potential to grow the many ways in which large numbers of people can contribute smaller amounts, ideally regularly.

How do independent museums, grow dedicated fundraising teams? We'd love to hear.
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Many museums are good at using Friends and membership schemes and increasingly use these as stepping stones to developing legacy campaigns. There is also some evidence of growth in crowd-funding success, but still almost no take up of payroll giving to arts and cultural organisations.

It is encouraging to see that most organisations are optimistic that they will increase both their earned and fundraised income in the coming year. To develop more skills in fundraising in smaller museums, the continuation of fundraising learning programmes like Giving to Heritage, run by the Heritage Alliance, will be vital in supporting people for whom fundraising is one of their many responsibilities, to develop the skills and confidence to realise their ambitions for their organisations and maintain and grow much-needed public investment in arts and cultural sector.

IF FUNDRAISING TALENT IS A CONCERN, HOW DOES THE PRIVATE INVESTMENT IN CULTURE SURVEY HELP US TO BUILD FUNDRAISING TEAMS?

How do we ensure our fundraising teams are fit for purpose? We'd love to hear.
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Nick Jackman,
Development Director,
London Philharmonic Orchestra
@JackNickman

The latest (and very welcome) Private Investment in Culture Survey commissioned by Arts Council England, seems to bring a cascade of good news:

- Total private Investment is up by 21% (albeit perhaps skewed by major donations in the final year of Catalyst Endowments);
- Major individual donors are seemingly filling the gaps vacated by statutory funding since 2010;
- And there is a modest growth in trust and foundation giving, despite the dire interest rates.

Even the disappointment that overall business investment has fallen below £100m is tempered by the fact that smaller organisations outside the top 50 respondents are achieving some growth in this area.

On top of this, more than half of the respondents said that they expected to increase their income in the next three years, largely through private investment and earned income. But wait…63% of respondents also said they expected to be hindered in their fundraising efforts by a lack of staff capacity and time. Furthermore, one in four reported a lack of fundraising skills and a further 13% felt that their Board was not supportive of fundraising.

Finally, even if George Osborne's last hurrah for the arts was an easing of the austerity pain, more than half of respondents are worried that with more organisations entering the fundraising arena, the competition is going to be too fierce.

How then can those of us building development teams and those allocating precious fundraising resources ensure that we take advantage of the good news and overcome the worries? The research does present an element of horses for courses. With individual giving now accounting for over 50% of all private investment (and 79% in donations, not memberships or legacies) there is much to be said for making that significant step of launching a major donor programme.

Wealth scanning, research, profiling and cultivation can be frustratingly slow, but, if you are in London at least, the Private Investment in Culture Survey indicates that the Return on Investment is likely to be worthwhile. So might it be that we will see more investment from smaller teams in employing researchers (or volunteers) or working with external agencies to painstakingly find those golden nuggets within their database? We know that music, visual arts and museums are the most likely to attract individual support and also that London receives three quarters of those donations.

But what for smaller organisations, and those away from the millionaires' melting pot of London?

Trust fundraising typically achieves an impressive Return on Investment. Small organisations will continue to benefit from trust and foundations, some of which have found their investments performing surprisingly well in the low sterling environment. A move to more equitable distribution of funds to the regions was top of many trust agendas even before the referendum laid bare just how divided a nation ours is.

If you are nimble, innovative, and working in dance, literature or theatre, this seems the sensible place to put resource, especially for small teams.

As far as 'corporate giving' is concerned, of course there is no such thing. Controversial, I know, but there is almost always a transaction here. If our sector wishes to build on that low level underlying growth seen in this report it must work harder to blur distinctions between 'sponsorship' and 'earned income'. Like it or not we must approach companies not with the brilliance of our artistic programmes, but with what we have to sell – be that our audience, our social media reach, our people or our brand. That requires our corporate specialists to be creative, resourceful thinkers and for us to think more commercially in terms of business development when building teams and appointing to these roles.

One in four respondents to the Private Investment in Culture Survey worried that they would be held back by a lack of in-house skills and knowledge. It is understandable, given the number of companies that are just starting out on their fundraising journey.

However, the arts and cultural fundraising sector is collaborative and willing to share, despite the intensity of the competition. Free-to-join groups like the Institute of Fundraising's Cultural Sector Network run regular forums and events both in the capital and the regions. Arts Fundraising & Philanthropy runs its own reasonably-priced training courses, gives funds to support the creation and development of networks, and has brought talented individuals into the sector through its Fundraising Fellowship Programme.

So what we need to take from the Private Investment Survey, is a view that with the right mix of training and a strategy that lasers in on the right area of opportunity for each individual organisation. I am confident that our sector can continue to grow contributed income even in the uncertain times ahead.

But we need to invest, if we are going to see further growth and change.

Tell us what you think at

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