

## Relational Fundraising & Development

### **Introduction**

AAR's work in fundraising & development stems from one core principle – a sustainable base of resources can only be generated through the development and maintenance of appropriate and meaningful relationships. All arts entities must identify and nurture the relationships they need in order to develop resources for the programming and infrastructure to deliver their missions. This must be an ongoing and evolving practice that continually renews the resource base and adapts to changing organization needs and environmental realities. There is no shortcut, quick fix or 'white knight' when it comes to contributed revenues and what often looks like overnight success is either the result of the actualization of a long-term investment or a brief and unsustainable windfall that will disappear as quickly as it arrived.

In talking about this work, we always link the ideas of fundraising and development: fundraising being the act of securing contributed income for an initiative or organization and development being the essential arc of relationship building from which such support is secured. While we often hear from arts professionals and board members who consider themselves poor fundraisers or from those who are uncomfortable with the idea of fundraising, the reality we find is that they are really only focusing on one aspect of fundraising – the act of asking for money – and not on the broader fundraising & development spectrum. Asking for money is a small component of fundraising & development and taking it out of the context of the whole cycle of relationship building diminishes the potential that 'the ask' will result in support. When fundraising & development are appropriately linked as part of a complex and ongoing process, asking for support is not an act of persuasion or sales but a process of connecting each supporter with the work they find meaningful.

While other approaches to fundraising use scale to generate results – putting out as many asks as possible and hoping that some will succeed - relational fundraising & development is a truly scalable approach that works for very small and very large scale and even project-based entities. When building relationships is the goal, the effort is focused effectively such that more of the asks return positive results and more result in ongoing relationships which return ongoing support. While relationship building undoubtedly requires a considerable commitment of time and human resources, it is possible to nurture few or many relationships and to create various

levels of engagement with the organization based on the resources that the arts entity has available. As the resource base grows, more and more in-depth relationships can be sustained. Relationship building does not require special skills – most people are able to build relationships with other people – so it can be achieved with a fully professional fundraising staff, a coordinator and a group of volunteers (like a Board) or a small staff of generalists. Everyone can be involved in relational fundraising & development and it works best when it is not isolated in a fundraising/development position or department.

Furthermore, relational fundraising & development is a way of bringing all fundraising activities together in one strategy. Unlike other fundraising systems and approaches in which different strategies are applied to institutional funders and individual donors or to donors making large financial gifts and donors making small gifts or to operational supporters and project or capital supporters, relational fundraising & development follows the same basic principles of relationship building for all constituents, making it easier to apply without having to create numerous separate processes and protocols. While different supporters will enter into different relationships with the arts entity (see more on relationships below), the process of building and maintaining relationships is the consistent strategy that ties them all together.

### **How Things Have Changed!**

Fundraising as we practice it in the arts sector in North America today is a relatively new discipline. While the arts have a long history of generating resources through patronage (from wealthy individuals, the church, royal courts and governments), our system of independent arts entities who determine their own artistic agendas and then solicit support to achieve them has not historically been the norm. At the same time, there have always been artistic practitioners who have worked outside the official patronage systems, often building resources through barter exchange and by building relationships with those who found their work meaningful. That said, even within the modern era of fundraising, we have seen considerable shifts over the past 20 – 30 years that have changed the realities for arts entities seeking funding. These changes have been brought about by a number of societal shifts including the expansion and diversification in the arts field demonstrated by an exponential growth in the number of independent nonprofit arts entities creating and producing work since the 1970's, new distributions of wealth and related shifts in the perception of philanthropists, the globalization of business, and the professionalization both of arts management and of the philanthropic sector, especially within the foundation world. These changes have had both positive and negative impacts for arts entities seeking funding, notably:

1. Institutions (foundations, corporations, government) have moved away from operational funding to focus on supporting projects and initiatives. New institutional approaches include funding cycles to prevent ongoing 'dependence' and a focus on tangible outcomes at the expense of a commitment to process and sustainability;
2. Governments, who increasingly see their constituents as consumers as opposed to citizens, are re-defining success in terms of popular demand rather than societal good. Political forces, especially in the U.S., continue to argue against funding for the arts, characterizing arts activities as a non-essential service;
3. The wealthiest individuals are no longer the biggest patrons. With the increase in the number of wealthy individuals, more people have the capacity to support the artists and arts entities they care about. The middle class now makes up the majority of charitable giving;
4. Corporate philanthropy has devolved into sponsorship (a transactional relationship) and branding, largely abandoning the arts in the process as sports and spectacle deliver more marketing impact;
5. Corporate and foundation support has moved from the local level to the national and/or international level as more corporations and foundations operating on a global scale seek broader geographic recognition and impact through their giving; and
6. Philanthropists of all kinds have access to a considerable amount of information about the charities they might support through sites like Guidestar and Charity Navigator and access to the increasing amount of reporting information that most charitable organizations are now required to supply;

### **Know Thyself**

In fundraising as in life, it is impossible to enter into a mutually respectful and mature relationship without first having clarity about oneself. This is absolutely true for arts entities looking to build resource relationships. Organizations with a clear and honest understanding of their own reality

and a thoughtful articulation of the future they are trying to create are far more compelling in making a case for support to the communities in which they are seeking resources. We strongly encourage all arts entities to regularly articulate and share their current reality and intentions both internally and with partners and prospective partners in their support networks. Without this kind of values-based connection, it is very challenging to distinguish one arts entity in a field of many and to engage supporters in a meaningful way with the people and the work. The basis of articulating these fundamentals is a key part of the arts planning process described in *Folio Five: An Arts Planning Process*.

One area in which this aspect of relationship building is particularly critical is in writing grant applications for institutional funders. Anyone who has participated in a grant jury or review process will know that, while often well written, many arts grants try so hard to express what the writer thinks the funder wants to hear that they do not express the unique passion of the organization and fail to make a connection between the reader and the important vision/work the arts entity strives to undertake. As a result, the writing not only does not serve to create and advance the relationship between the arts entity and the funder but it can convey a lack of authority, resentment or desperation which impede a genuine relationship from forming. Worse, some arts entities take a condescending (we know best and if you don't support us it is because you are ignorant) or entitled (our mission is so sacred that we deserve support) approach that serves to alienate the very people with whom the organization is endeavoring to create a healthy relationship.

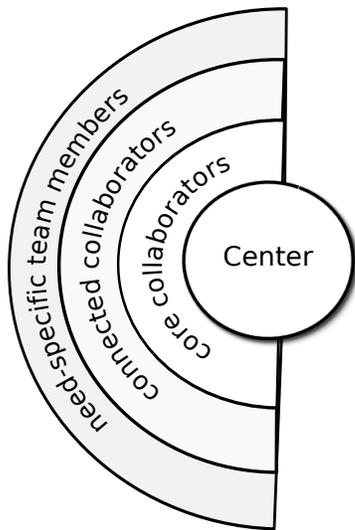
### **Create Healthy Relationships**

Like all relationships, successful resource-generating relationships must be built around honesty, clarity about shared goals and a genuine desire to connect. As with audiences, we find that there are a series of resource relationships that parallel the relationships within any healthy arts entity.

Creating healthy relationships is a whole organization imperative and it starts with leadership. To create a truly sustainable network of resource relationships, the responsibility for creating and maintaining these relationships can not rest solely with the Director of Development or Individual Giving. Relationship building must be a priority and responsibility for everyone in the organization (staff, artists and board members) and must be modeled by the professional leadership – both artistic and administrative. It is not possible to 'farm out' the responsibility for cultivating relationships.

Healthy Artistic Organizational Relationships. We describe organizational relationships in *Folio One: The Process – Driven Organization*. The graphic (figure 1) represents professional staff, artists, producing, presenting, curatorial and programmatic function of an organization. For a more detailed description of these relationships, please refer to Folio One, pages 12 – 14.

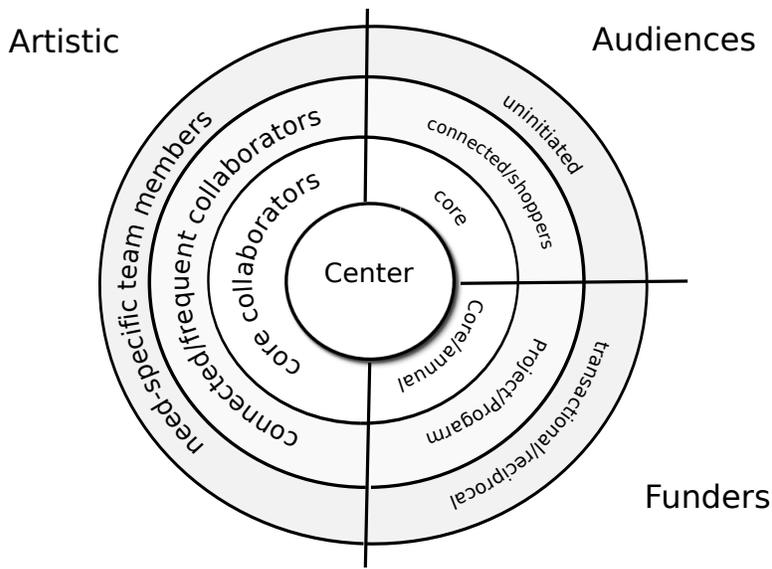
Figure 1: Organizational Artistic Relationships



Healthy Resource Relationships. The relationships with supporters must be formed with the same kind of commitment and clarity as artistic/organizational relationships. These relationships also form a continuum with the audience relationships, which are discussed in *Folio Two: Growing Audiences*, pages 5-7. Again, this approach is not a model; it is a way of describing consistent, coherent, healthy and balanced relationships within the organization. Figure 2, shows how artistic, audience and resource relationships reflect each other.

Not only must the leadership of each organization understand the nature of the various resource relationships it currently has and seeks to develop in order to best sustain a healthy resource base, it must also be strategic about building these relationships from the core outward and must be careful to balance the resource base with a mix of different relationships. Just as the artistic aspects of the organization benefit from the strengths of both core collaborators and need-specific team members, so also do the development aspects of the organization benefit from both core supporters and transactional/reciprocal resource relationships.

Figure 2: Organizational Artistic, Audience & Funder/Resource Relationships



The *core/annual* supporters correspond to the professional core collaborators. Core/annual supporters are primarily individual donors as institutional supporters, as mentioned above, are increasingly focused on project or initiative funding. These supporters have a deep connection with the work, the organization’s mission, beliefs, and values and the leadership. They regularly support the work of the organization, even without details around specific productions or projects because they believe in the vision and the leadership. Some core/annual supporters are most closely connected to the work – engaging as active audience members – while others may be more connected to the people involved, coming to the work as a result of a meaningful relationship with leadership, staff, artists or board members involved. These supporters make up the bulk of the annual fund campaign each year. They usually do not require a lot in exchange for their giving beyond a meaningful connect and ongoing relationship. Because of their loyalty and relatively low-maintenance, an organization can neglect these core supporters while ‘fishing’ for bigger bang elsewhere (events, sponsorships, grants). It is however, critical to a healthy resource balance to maintain these relationships as the organization’s first priority. Their impact may not be as large in the short term but over time will be far more meaningful to the organization and its work than any short-term opportunity.

*Project/program* supporters are individuals and institutions who respond to particular appeals or fund specific projects. Like our connected/frequent artistic collaborators, they often have an ongoing but periodic relationship with the organization. These funders (primarily foundations but

also government and some issue-based philanthropists) are very focused on outcomes and may connect with parts of the organizational mission or activities but need details in order to commit. Securing support from these funders requires considerably more effort than for core/annual supporters as grant applications and reports need to be prepared and considerable impact data often needs to be collected and parsed. These supporters often do not want to enter into long-term relationships so these efforts will most often have an immediate short-term impact but will have to be repeated regularly in order to maintain a consistent base of support from a rotating slate of funding partners. These relationships and the support they provide is an important part of the mix for most arts entities because they generally deliver concentrated funding for projects and initiatives and because the support of many of these institutions and individuals acts as leverage for building relationships and securing support from others.

*Transactional/reciprocal* supporters, are individuals and institutions for whom the funding relationship is not related to a connection with the work or mission but rather is focused around some kind of transaction (the supporter buys a ticket and gets to attend a fun party/event, the sponsor gets marketing and branding opportunities in exchange for their contribution, the capital donor gets his/her/their name on a building). This kind of fundraising requires a considerable investment of time and resources as something is always expected in exchange for the funds received. Often these relationships are leveraged through the personal relationships of staff and board members. Because these supporters do not usually have a strong connection with the organization's work or mission, they will not stay involved long-term as the benefit of their relationship with the arts entity diminishes or the individual who connected them with the event or sponsorship moves away. Organizations are often disappointed to find that the return on a fundraising appeal to their gala attendees is extremely low. Most of these individuals are not seeking a philanthropic relationship with the arts entity and its work and are only responsive when they are presented with an exchange that gives them perceived value in return for their contribution. These supporters, in spite of the amount of work required to steward them and the low level of loyalty they have to the organization are an important part of the funding mix for some organizations because they provide access to a resource that could not be secured through other earned or contributed revenue streams and their support can be secured more immediately than is the case with supporters who require more in-depth relationships built over time.

## **The Technology of Friendship**

The way that we relate to each other in our daily lives, our work and our peer networks has been increasingly affected by technology. With the explosion of social networking and online communications, relationships and the way we interact with our 'friends' is evolving. These changes are also, of course, impacting how we build and sustain the important relationships we have with our supporters.

It is important to note, however, that all of these technologies are only tools for communicating. While they can make it easier to connect and communicate with our supporters, they do not in themselves create relationships. It can be easy to be seduced into thinking that the new technologies will somehow provide a shortcut to the time commitment, work and genuine connection required to build relationships. Crowdsourcing tools like Kickstarter and Indigogo offer a useful interface to make a case for project support but they do not, in themselves create donor relationships. The large majority of those who give to campaigns through e-mail or crowdsourcing tools are people who are already connected in some way with the work, the organization or the people involved. These tools can facilitate communications and even gathering and processing donations but they do not replace a full organization commitment to creating and sustaining relationships.

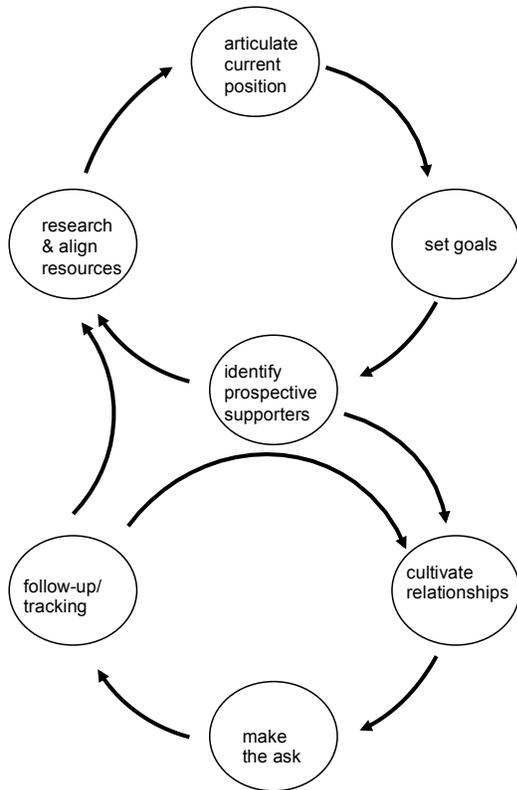
## **Elements of A Fundraising & Development Strategy**

Creating and stewarding relationships of various types with a diverse group of stakeholders is a complex endeavor. Developing a relational fundraising & development strategy is a way to organize resources and activities to build these essential relationships. Further, such a strategy becomes a 'master plan' that provides continuity in the face of a part-time, volunteer or changing team of fundraisers and allows the organization to track numerous relationships and assess success over time.

There are seven key elements to the fundraising & development strategy (see figure 3). This is not a linear series of steps but an overlapping and cycling set of strategies that, taken together, create a complete and ongoing process for fundraising & development activities. Like most strategies, **articulating current position** and **setting goals** are important aspects of understanding and taking stock of reality and intentions. **Identifying prospective supporters**, **researching/aligning resources**, **cultivating relationships** and **follow-up/tracking** are all elements of the development process and will serve not only the fundraising aspects of the organization's

work but also often audience building and board recruitment as well. Finally, **making the ask**, when appropriately embedded in the development activities is the critical element that converts development to fundraising. More detail on all of these elements and on creating a relational fundraising & development strategy are available through our team of associates and in the workbook that expands on the concepts in this folio.

Figure 3: Elements of Fundraising & Development Strategy



### **A Robust Approach**

We believe and have experienced the value of a relational approach to fundraising & development for arts entities of all sizes and missions. Because supporters are engaged through the work, the connection is genuine and aligns with vision and values, eliminating much of the discomfort that comes along with asking for money. Further, because of this strong connection to the core organizational mission, work and values, this type of fundraising and development is not competitive and does not depend on trying to attract funding away from other groups but instead seeks to engage people with the very things that distinguishes an organization, making it unique and meaningful.

A relational approach does not require the constant creation of new programs to attract and sustaining funding but it does provide a mechanism for connecting appropriate funders with the programs and activities that are core to the organization's mission and work. To truly embrace a relational fundraising & development approach is to stop 'chasing the money' and instead focus on the people and the work in front of you.

This is a whole organization approach that requires no special expertise and only commitment, some simple systems of organization and a few core strategies. As such, it provides continuity through staff or board transition and builds loyalty and sustainable support over the life of the arts entity and the development of its work.

This Folio on Relational Fundraising & Development, like all of our Folios, extends into a corresponding AAR Workbook on Fundraising & Development. The concepts contained herein are developed into applications around building a relational fundraising & development strategy, developing relationship cultivation approaches and appropriately aligning relationships for operations, programs and unique needs like capital fundraising in the Relational Fundraising & Development Workbook. For more information about ARTS Action Research's work, services, publications and team of Associates please check our website at [www.artsaction.com](http://www.artsaction.com).