



How to Grow Donor Relationships

By Janet Colson

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Introduction

This is a guide to help dance organisations develop income streams from individual donors.

Since the government Philanthropy Task Force got underway, there has been much discussion about encouraging arts organisations to raise money from individuals. In addition Creative New Zealand has launched Creative Giving, a scheme designed to incentivise giving from the private sector. In addition, The Art Foundation has developed Boosted, a crowdfunding website designed as a platform for arts companies to promote their projects. This is exciting but it's also daunting.

This guide deals with how to develop philanthropic giving as opposed to membership or 'Friends' giving. These forms of support are important but they are transactional and depend on delivering benefits. The aim of the guide is to show how by developing a compelling case for support and using a considered approach to your followers, you can develop regular philanthropic giving. The techniques can be adapted for all levels of philanthropic donation from \$10 donated through a web-based campaign to a major donation.

This approach might involve a shift in thinking for the whole organisation. It is a relationship-based and depends on warmth, communication and creative thinking. This resource guides you through devising a case for support and tells you how to maintaining the right kind of contact with your donors so they will feel more inclined to give to you again.

There are no guarantees in fund-raising but there are tried and tested techniques that make successful outcomes more likely such as maintaining up to date records of contact details for your regular attenders and being consistent and clear in the approaches you make. We also look at ways you can involve your board members in fund-raising.

Above all success depends on making fund-raising a priority, setting realistic goals and being consistent in following your plan. You might receive a windfall and that's terrific, but the aim of this guide is to help you lay the foundations for a dependable income stream from a group of committed individual donors.

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Preparing for Success

Time and Resources

Growing donor relationships depends on people: people who give, people who inspire, people who ask and people who do the day to day administration.

Donors give when they feel part of something exciting and when they can see how their contribution will make a tangible difference. Audience members become donors when they are given an opportunity to feel a connection with the whole company. Before we consider how to manage the nuts and bolts, the first step is to recognise that everyone in your organisation is involved in growing donor relationships – artists, executive team, trustees and volunteers.

Whether you can afford a dedicated fund-raising officer or not, you can only expect to raise money from individuals if you invest time and effort into managing it. The administration of the scheme will be a more attractive prospect for the person responsible if the whole team is supportive of the new initiative.

If you have a fund-raising officer they should be supported in developing a strategy for growing donor relationships. If you do not have a dedicated officer, you might consider a pilot project, which could lead to the commitment of further administrative resources to the initiative once it proves successful. For the duration of the pilot project, however, time and resources must be allocated to the initiative or it will be self-defeating.

Research and Planning

Before you take action, build in time for research and planning. That way you will manage expectations and you will not put staff under undue pressure. Remember this is a new initiative. Before you decide on an action plan you need to prepare the ground.

If you are not registered with the Inland Revenue Department as an approved donee, do so. This will ensure your donors can apply for tax relief on their donation. Study the latest tax developments in Philanthropic Giving at <http://www.philanthropy.org.nz/business/effective>

Have a look at what other companies are doing via their websites (this can include UK and US websites) and consider what might work best for your organisation.

Involve your colleagues in building up a mind-map of ideas that might be adapted to suit your organisation. Jot down practical considerations as you go. This will help you prepare for a concrete action plan.

Developing a Clear Vision

The most successful organisations have a clear and simple vision. This translates into fund-raising success. People give to people who inspire them and people they trust. That doesn't mean you can't ask donors to support you in taking a creative risk but they must trust the vision within which you plan to experiment!

Take a snapshot of your artistic activity over the past two years. Which were your stand out successes? Why? Which initiatives didn't fly? Why do you think that was?

Use your findings as the basis for a brainstorming session about your vision and purpose. Ask an external person who thinks creatively to chair the session. Keep to a time limit, keep the group to a maximum of eight so you can be honest with each other and invite a good cross-section of board, management and artists.

Manage Expectations and Celebrate Success

One of the main reasons people become disillusioned with fund-raising is they set themselves unattainable goals and unrealistic timeframes to reach them. These expectations are transmitted to the board and when they are not fulfilled, everyone feels demoralised, even criticised. Developing any relationship takes time. It is no different with donors. Understanding this and setting a realistic pace will help you stay positive and celebrate your achievements along the way.

Make an action plan

Using the suggestions in this guide and your own research, set aside time to make an action plan with a realistic time-line. Your plan might be very modest. In year one you might do nothing more than clarify your vision. You might decide to hold three focus groups. You might identify resources to employ a part-time administrator in the following year so another staff member can devote more time to fund-raising. These might seem like small steps, but if you have everyone on board to implement your plan in year two, you will be doing so on well-prepared ground.

Budget

Growing donor relationships does not require glossy print. It does require staff time and some entertaining. You might be able to raise funds to cover some of the start-up costs. In the long run, you will need to build the administrative costs into your general overheads. You will be able to balance this against the financial gains made from the initiative.

Maximising Your Toolkit

1. Developing a Case for Support

This is a one-page document in which you set out your stall for the potential donor. It can be adapted for all sorts of asks so it's worth spending time getting it right.

Described below are the elements of your case for support. It is a good idea to prepare a draft of this straight away. You might want to work with your marketing manager or a volunteer with a background in PR to help you develop the case. You will change and refine it later, but it will show you where the gaps are and what areas will need attention in your planning.

Describe the financial picture

There isn't a dance organisation out there that isn't looking for money for something and every production poses a funding challenge of some kind or another. But how easily could you really explain your current financial position and why you need the money? Every good fund-raiser understands how to appear confident, self-sufficient and resourceful while still making it very clear how a potential donor can make a real and crucial difference.

Consider the two following statements:

- a. "Bounce Dance Company receives an annual grant from Creative New Zealand which contributes to half its annual overheads. It also receives funding from The Generous Trust, Wellington City Council, individual donors and sponsors."
- b. "We invite you to become a Studio Angel by contributing \$1,000 a year to support the choreographic elements in our annual programme. In the first year we have a total goal of \$10,000 from ten supporters."

A good case for support would include two simple statements like these. This is not all a case would include, but these are the crucial elements of any case. The first is the big picture fund-raising story and you can get to work on this one straight away. You don't have to include everything but it must be clear, confident and a maximum of four sentences.

Now practise describing a specific ask in two sentences (see example b. above). Make it something that will give you maximum flexibility to use the money to support on-going programming. This is a practice. Your real ask will develop as you refine your plan, but visualising the shape of the ask will help you get out of old habits. Remember two sentences: what you want from them and how it fits into the big picture.

Describe the vision

You need to describe your vision for your organisation. This is a sophisticated sales exercise for people who know you. Include the following but remember you can't mention everything and less can be more:

- Your points of difference
- Your awards and successes

- Your future goals
- Demonstrate your commitment to talent and creative endeavour.

This should be concise. Avoid repetition. Try to write five sentences.

Project Specific Information

Describe the aspect of your work you would like the donor to help with. It might read something like this:

“Each year we invite a choreographer to develop a dance piece on our dancers. Out of this the company gains a permanent new work in its repertoire – an aim at the heart of our vision. The dancers are inspired by working with visiting choreographers and some go on to become choreographers themselves.”

Be factual but make the words do more than one job at a time. You are trying to entice your donor by being confident, not obvious. You can expand this section but avoid in-house speak and keep it donor-focused.

2. Identifying Potential Donors

Anyone who has attended one of your performances is a potential donor, but it pays to find out as much as possible about your audience members. If you have not done much fund-raising before, consider how you will collate your data. Ask your marketing officer or box office service to provide data so you can answer the following questions:

- How many repeat attenders do you have?
- Have you collected their names and contact details?
- Are they already members or friends?
- Do they support other arts organisations as well?

Collate your findings in lists and spreadsheets. Now it's time to find out what they like about the company and its programme. It's easy to make assumptions about what people want. And you can't grow a relationship without talking.

Use your common sense and consider the following tools for the getting to know you phase:

- Phone calls
- Meetings over coffee
- Focus groups

Whichever way you choose to talk to your selected potential donors, be up-front at the invitation stage. If it's a phone call – email or write in advance to ask if there's a convenient time to talk to them about why they support your organisation by coming to performances. If it's a focus group tack it on to a peek behind the scenes at a rehearsal. Let your supporters know how much you would value their input as you develop your vision and seek to increase support.

Possible questions to ask are:

- What do you like about us?
- What would you like more of?
- What did you find interesting about seeing behind the scenes?
- Do you give to other charities? If possible, find out at what level.
- What kind of project would they be interested in supporting with you?

If you have a specific idea for a supporters' circle, float it and listen to the feedback. If you have not yet developed your scheme, use the feedback to think laterally about what would be a good fund-raising scheme for your potential donors.

3. Fund-raising Schemes

This is where your survey of other organisations helps you tailor your own ideas. Feedback from potential donors will help you set realistic financial goals.

Your aim is to create a pot of money from a group of donors who give to your organisation each year. The most appropriate route might be a 'patrons scheme,' which is a form of membership, but a lot of these schemes already exist and have become benefits focused. Remember you're trying to generate a culture of mutual support in which the donor wants to support because they believe in your cause and they trust you. You might even get them to participate in a tailor made workshop in which they experience what it means to create a dance work!

Use your research and feedback to help you think of a scheme that is more creative than Bronze, Silver and Gold membership. The idea of a club is attractive however, but make sure donors pay for all tickets and dinners. The 'reward' is meeting the artists and being in on the creative process. The donation level must be commensurate with the level of involvement on offer or the scheme loses its cachet.

Here are some mad ideas – whatever you decide on, make it unique to you and make sure your donors feels part of the decision about what they want to be called:

- The Believers Club
- Angels
- Future Circle
- Avant Guardians
- Founders
- Creative Cowboys

You get the idea.

Whatever the scheme it should have defined boundaries and expectations. Setting these up is not the same as offering benefits. Your idea might be presented as follows.

“As a member of the Future Circle you play a key role in developing the artistic future of the company. You will be welcome to attend rehearsals by arrangement at times to suit you

throughout the season. After four performances during the season, Future Circle supporters can opt to join the Artistic Director and members of the company for supper at the Delice Restaurant. All ticketing and dining club arrangements can be made through the office etc...”

In other words – donors receive privileges but they cover the costs!

4. Cultivation Events

Many organisations spend money on endless glasses of wine for extended guest lists and because of lack of follow up or an unfocused approach, rarely see a return on the ‘investment.’

Money should only be spent on dinners or drinks parties in the context of a well-thought out strategy. If you give it away all the time there will be no chance of transforming expectations in the future. An economical way and often more effective is a cup of tea after a view of a rehearsal with an opportunity to meet the artists. Keep it intimate – one on one is fine.

If you have a potential donor who has been well prepared for an ‘ask’, by all means take them out for lunch and seal the deal. Alternatively if you have prepared the way with conversations and focus groups, hold a modest drinks party to launch the scheme, make the ask and follow up with letters of formal request.

5. Making the Ask

If you don’t ask you won’t receive. Once you have prepared the ground and developed an attractive scheme, you are ready to make the ask. This should be done by the person within the organisation who has the best relationship with the potential donor or by another person they nominate for strategic reasons. If the Chair, a Board Member or the Artistic Director is to make the ask, he or she should be given all the tools to do so by the executive team. This might involve drafting a letter, booking a restaurant and a pre-meeting to go through all the particulars about that donor before the ask takes place.

If the ask is to be done in person, prepare notes for your ‘asker’ which give details of the scheme including the amount required, a summary of key selling points, personal details of the donor – e.g. ‘Congratulate her on new grandchild.’

Be precise about this preparation and rehearse your asker. If you are the asker, rehearse with a colleague. This will help you to be confident when it comes to saying:

“We’d be delighted if you and Terry would consider becoming Future Circle supporters. It’s a terrific way to get involved and for us to share the rewards of our creative work with you. It’s a tax deductible donation of \$1,000 a year to be part of it.”

6. Record keeping

Create a file for your potential donors. This can be electronic – especially if you have a database system that lets you record notes, import emails and letters etc. But once a deal is done, I suggest a paper file for all actual donors as well – I even make copies of cheques. This sounds over the top in a paper-free universe, but it’s surprising how often you will refer to these paper copies of emails, letter, notes of phone conversations and cheques.

7. Follow up

In developing donor relationships, try to keep the ball in your court as much as possible. Try not to leave things hanging. No-body likes waiting by the phone. If somebody has agreed to a donation during a face-to-face conversation, follow up with a confirmation email (or letter if the person is older and you know they prefer it). The magic word is 'Thank you' in every single instance.

All correspondence should start with a thank you, whether the potential donor has agreed to a donation or turned you down. Here are some examples:

a. The person has turned you down:

"It was great to talk to you on the phone just now. Thank you for taking the time to explain where you are with your charitable giving. Your involvement with the Zoo sounds fascinating.

I hope you enjoyed hearing about our plans for the Founder's Circle. We greatly appreciate your support of our performances and look forward to seeing you at Bounce's next show on the 19th."

File the email and make a note to talk to them about how things are going in six months time.

b. The person needs to think about it:

"Thanks for making time to meet for coffee today. Your holiday in Italy sounded wonderful.

It was good to have an opportunity to talk to you about the Studio Angels programme and understand that you and Trevor will need time to consider it. We deeply appreciate your support and enthusiasm for the Company - I'll call you in a week or so when perhaps you can let me know what you've decided."

c. The person has said yes to the Chair over lunch.

1. Draft a letter or provide stationery for the Chair to write hand-written note of thanks immediately. Make sure it includes the following line or similar:

"We are delighted that you have agreed to become a Studio Angel. I have asked Bronwyn to be in touch with the details."

2. If you are Bronwyn, once you know the note has been sent, follow up with a letter that thanks the person again and states how the donation is to be paid: bank details, how a cheque should be made out, credit card method etc...
3. If there is no cheque or money transfer in a week, phone them up or send an email asking if they received the letter which is copied below just in case.

A note on phone versus email

We live in a world where real voice calls are becoming increasingly rare. This is a drawback in developing donor relationships. Fifteen years ago, when working on a large-scale capital campaign, I used to spend half my working day talking to people on the phone or in person. Emails can be distancing. By all means use email for arranging calls or meeting and for transmitting information, but do not use an email as an excuse for a conversation. A real conversation will give you a far better sense of where the person is coming from than back and forth in email speak.

8. Credits

How you credit your donors goes hand in hand with deciding on the names of your donor schemes in relation to the level of gift. Think of crediting as another thank you. If they have agreed to be public about their donation, you can thank donors in speeches and in programme forewords. People are rarely offended by being thanked! Here's an example of a nod to all the lower level donors to a crowdfunding campaign for example:

“We are looking for 1000 donations at \$10 to help us to reach our goal of \$10,000. As a big thank you, all 1,000 names will be credited on our big screen on the night.”

Use print to thank your donors. There are plenty of examples of this around for you to compare. Check how people want their names represented and check spellings again and again. Care needs to be taken about publishing donor names on the Internet. I tend to avoid this for individuals, but opinions vary. Ask your donors what their wishes are and keep this information up-to date and on file. If a donor wants to remain anonymous ask them if they are happy for you to write ‘anonymous donor’ in the programme. It all adds value.

9. Afterword

Every situation and organisation is different. This resource is intended as a starting point for Growing Donor Relationships. It is designed to help you think in a new way about fund-raising. The key is to be positive and envision a successful outcome.

Treat your potential donor with interest and respect and you will have taken an essential first step on an exciting journey.

Hints for Happiness

- Inspire them with your vision: have a plan they can trust
- Think of your donors and sponsors as essential and draw them in
- Create social situations in which donors can meet like-minded people
- Reconsider your boundary issues and let your donors 'have a go' at the art form
- Hold a focus group for invited audience members
- Get on with the ask! Do your research and schedule a meeting
- Use your artists
- Show donors **how** they can make a difference; be transparent and positive about your financial goals
- Demonstrate where their gift will fit into a viable financial plan
- Encourage consortia for giving. Being part of a group can be more fun at first than going it alone.
- Remember sponsors have employees. They are individual audience members and the arts can have a transformative effect for them.
- Innovate with your corporate sponsors. Work with them to keep the relationship relevant and exciting.
- Raising money needs resourcing: plan for this - convince your board.

Janet Colson, Biography

Janet Colson (formerly Janet Reeve) has worked for over ten years at a senior level in London as a strategic consultant in the arts and non-profit sector. She has helped numerous organisations interpret their vision and attain challenging goals.

Clients included London Philharmonic Orchestra, The Royal Horticultural Society, Bioversity and Southbank Sinfonia. She led capital campaigns at Somerset House and Sadler's Wells Theatre. Ten years later, under the chairmanship of Sir David Bell, she was invited back to Sadler's Wells as Development Consultant to the Board and Executive team. Over the span of her career she has raised over £30 million for the Arts from UK and US sources and has enabled organisational growth and change in museums and performing arts institutions.

Janet graduated from King's College London with a first class degree in English and an MA with Distinction. She attended Harvard University's Strategic Perspectives for Non-Profit Managers course in 2001. She moved to Wellington with her family in February 2010.

Since moving to New Zealand Janet has worked with Museum's Aotearoa, Massey University and Royal New Zealand Ballet, where she was Consultant Marketing and Development Director until February 2012. A full-time writer, she is available for public speaking and some consultancy projects.

Further resources:

Cultural Giving: Successful donor development for arts and heritage organisations by Theresa Lloyd, ISBN 1-903991-80-3