

WHAT CORPORATE FUNDERS Fundraising Strategies of Arts United of Greater Fort Wayne

by **BARBARA RUGEN, Ph.D., Audience Impact Research**

It isn't often that one is allowed an inside view of how corporate funders see the relationship between their companies and arts groups requesting support. Barbara Rugen, of Audience Impact Research, takes us behind the scenes and recommends new ways arts organizations can partner with corporations and arts councils for everyone's mutual benefit. – Ed.



Arts United is a 43-year-old united arts fund located in Fort Wayne, Indiana. It serves a population of more than 300,000 and supports nearly 60 member organizations with general operating support, project funding, facilities management and advocacy. It is also the official arts council for the City of Fort Wayne.

Arts United currently operates on an annual budget of \$2 million. Its annual fund drive has historically and heavily relied on major corporate gifts – with contributions from individuals and small businesses making up a lesser portion of the total. Increasingly, Arts United faces a changing corporate climate that threatens its reliance on a cadre of established companies with histories of reliable support to the cultural community. There is a strong possibility that, without aggressive new strategies attractive to the business community, funding by this cadre will decrease and contributions from new prospects may not increase enough to fill the gap.

A number of mature united arts funds around the country share Arts United's growing concern about the corporate fundraising environment.

This article discusses strategies that our firm developed for Arts United after interviewing several Fort Wayne executives.

Objectives, Methodology and Results

Audience Impact Research was engaged to:

- 1) identify the motivations and incentives for corporate giving among the Fort Wayne business community, and
- 2) formulate fundraising strategies that effectively address these considerations in order to maximize giving.

In September 1999, we conducted 25 confidential interviews with current and potential donors from a range of small, medium, and large businesses in order to gauge their philanthropic interests and motivations.

We discovered that the opportunities for giving are good, but that success depended on Arts United creating a new partnership with member organizations. The strategies we will discuss here all hinge to a certain extent on Arts United and the members working together to:

- 1) Publicize what Arts United does for its members and, through them, for the community so that its distinct value and purpose are known.
- 2) Identify benefits that Arts United can offer jointly with members that will support areas of donor interest.

What Large Corporations Want

Executives from large corporations generally feel the effect of a changing corporate climate on the continuing ability of their companies to support the



arts. Many have been bought out by companies with restrictive philanthropic objectives, or acknowledge that the shift of corporate headquarters outside Fort Wayne will inevitably mean a shift of philanthropic allegiances to the city with the new headquarters. Yet most of them still feel a commitment to supporting the arts, at least in the short term.

The reasons for their commitment are:

- 1) Recognition that supporting culture in Fort Wayne is good for business; a well-rounded community attracts and keeps employees, as well as fosters growth.
- 2) An obligation to be a good corporate citizen.

Mission and Accountability

Many executives believe that Arts United exists solely to fund arts organizations. While this assumption is a selling point for some executives – e.g., “I like Arts United as an umbrella organization so I don't have to give to each individual entity” – for many it is a negative. For example: “We give to the museum and also to Arts United. So what's the value of Arts United?” Indeed, a potential donor refused to support Arts United on the grounds that “it's hard to differentiate between what Arts United does and what the individual programs do. I don't know what it does except raise money.”

Partly because of this confusion about Arts United's mission and partly because they are good businessmen and women, most of the executives want to know where the money goes

and why. The following comment best summarizes this expectation:

"An infrequent newsletter designed for the information needs of corporate donors, one that is easy-to-read and easy to pull information from in a hurry. Give me the problems you're working on as well as the success stories you want to point to; tell me how fundraising is going, what the funding needs are, and complement that by prudent personal contact."

Recommended Strategy: A quarterly newsletter targeted to both current corporate donors and potential donors will serve to kill two birds with one stone. It is an opportunity to convey both accountability and mission. Showing where the money goes gives the desired accountability and allays the suspicion of some executives of "Arts United as an overhead." Showing how the objectives and results are served demonstrates the mission. Such specific business documentation speaks more convincingly to current and potential business donors than pages of unfocused communication. It also provides recognition for corporate donors among their peers. No one is asking for an expensive glossy report; a targeted three- or five-page executive summary is the preferred means of written communication, enhanced by "prudent personal contact."

A Business Partnership

As mentioned previously, the two primary motivations for corporate support are the pragmatic rationales that the arts help in recruitment and that it is valuable to be perceived as a good corporate citizen by one's peers and/or constituents. Arts United had not addressed the latter motivation satisfactorily.

Recommended Strategy: Corporate recognition, especially recognition that is targeted to be beneficial to donors, was generally considered to be as important an issue as the Arts

United need for funding. Arts United should establish, during solicitation and follow-up personal contact, that it is seeking to create a customized partnership with its major donors, based on the level of giving.

"Customized" translates into benefits and recognition in terms of the image that the corporation needs and which are targeted to the company's primary constituencies.

For example, corporations and corporate branches whose customer base is local benefit from being perceived locally as serving the entire community. Accordingly, Arts United

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becomes valuable to them when it "tells the story" from its point of view – publicity generated by Arts United that shows how corporations have helped kids by giving tickets to arts events, or that they are sponsoring Arts United scholarships, or that they themselves are mentoring kids and displaying the kids' artwork at the company.

Companies that would benefit from boosting employee loyalty will consider Arts United valuable for publicizing how they are working for the employees' families and community through Arts United, for offering employee volunteer opportunities, and for offering employee discounts or special employee nights at an arts group's performances or exhibitions.

Companies that benefit from peer recognition would value Arts United for giving sponsor credit in newspapers, business journals (including the Chamber of Commerce newsletter), and the targeted Arts United newsletter. Those endless sponsor lists in event programs are of little interest,

but an effective means of highlighting major donors in the ways that are important to them are of considerable interest.

Since Arts United is an umbrella organization, let there be umbrella recognition for the major donors. Every member organization should list the major donors in its annual reports, its programs, and on a poster displayed at every performance and exhibit. Because Arts United ensures artistic quality, arts education, outreach, free community events, performance facilities, and so many other benefits that cut across and transcend individual member organizations, let corporate donor recognition be applied accordingly – not only at performances/exhibits, but also at statewide competitions, facilities, and free community events, in scholarships, outreach, and mentoring programs.¹

Establishing a Personal Presence

Many executives commented on a lack of a personal relationship. Some of them felt, as one put it, that "we write the check and that's the last we know about it," and many specifically requested more personal contact. For the more loyal supporters, personal contact may simply mean the kind of "prudent personal contact" mentioned earlier – a carefully considered consultation about offering Arts United further assistance. For others, personal contact means cultivating a win-win partnership where support of Arts United is acknowledged by corporate recognition to the corporation's primary constituents.

Another area where improvement was needed involved workplace campaigns. While workplace campaigns for United Way entailed picnics, prizes, publicity, corporate recognition, and photo ops of executives and employees working shoulder-to-shoulder in a Day of Caring, work-

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¹ No one expressed interest in receiving a predetermined set of benefits in return for giving. If it's predetermined, it's not as valuable as if customized to a company's needs. Moreover none of the executives want Arts United to offer anything that either suggests that they are donating to get benefits, or that causes Arts United or its member organizations to sacrifice revenue. Don't even use the word "benefits" on solicitation; it's better to use "partnership."

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place campaigns for Arts United were diplomatically described as “low key.”

Recommended Strategy: Weak relationships and abstract commitment add up to a weak hold of Arts United on its donors. Therefore,

1. An ongoing personal relationship with the decision-makers is necessary to strengthen ties and to develop their personal conviction in regard to the organization’s value. Likewise, Arts United should take the initiative where workplace giving is weak and go in to personally “tell the story.” Executives have a high regard for Arts United president **Geoff Gephart** and want him to be their primary contact. Obviously, Geoff cannot be omnipresent. Arts United needs to consider the extra manpower required for staff and volunteers to accomplish a customized solicitation approach successfully.
2. Executives and employees alike need to hear how Arts United helps the whole community (not just the affluent), how it helps kids, how it is “making a difference in people’s lives,” how “it makes you feel good that you are a contributor.”

Workplace giving is perhaps more critical than ever because, in addition to providing funding, it is a strategy for winning support from corporate headquarters. As one executive put it, “We’d say [to corporate that] the arts are very important to us and our

employees – they participate, they contribute, it’s an important part of our lives in Fort Wayne.” It is therefore important to generate awareness not only with management of the company but the employees in general. Employees have to know, for example, that Arts United is part of the community, what Arts United supports, and what value it adds to the community’s quality of life.

The Needs of Small and Medium Companies

Business is good for these companies, and many executives feel an obligation to give back to the community. However, most of them feel barraged by funding requests, and except for two medium-sized companies which have employee-run foundations, they lack organized mechanisms for reviewing and prioritizing these requests. Accordingly, giving often depends on the best personal solicitation and on what is good for business.

It will be necessary for Arts United to incorporate most of the same strategies with small and medium-size companies that have been recommended for successfully soliciting the large companies. The following explains how those strategies can best be adapted to accommodate the special expectations of smaller company donors.

Mission And Accountability

One decision-maker from a medium-sized company succinctly stated what he and the company foundation think when it comes to supporting the arts:

“We only commit dollars if we’re convinced of the need and exactly for what. The foundation team wants to give to the homeless – people in need – not to arts or education. But if it’s going to benefit the community and benefit the company and employees, then we’ll listen. Those poor children from Turnstone whom we support are also benefiting from the free performances and programs

of the Philharmonic. That’s how you draw it all together.”

The first issue for soliciting small and medium companies is clarifying the mission and in particular demonstrating how Arts United is specifically of value to all segments of the Fort Wayne community. The most important misconception – and the most strenuous reason for not supporting Arts United – is that arts are the indulgence of the upper echelon of society. These businesses want to give to people in need, not to the arts.

The second issue for successful solicitation is encouraging the decision-makers’ involvement in issues of expenditure and accountability. Either because they are entrepreneurs accustomed to hands-on management or because of wanting to direct their philanthropic dollars, the executives interviewed tend to want to be involved in Arts United decision-making as a precondition for contribution. Some want to serve on the board or at least to see small business representation on the board. The following are some pertinent quotes:

“Arts United has got to recognize the value of leadership by the small corporations if they want to understand and win over the small companies.”

“Broadening of the corporate donor base to include the rest of us will mean more participation as audience members or as board members; these and other means of participation can create a more egalitarian organization. There was only one minority on the Museum board when I was there.”

Many want to have the option to designate where their donations to Arts United would go. For example, one executive said, “Designate or at least have the option. That’s because we don’t want to duplicate general giving with our separate giving. And we want to be involved, not just be informed. We want the option.”

Recommended Strategy: Adapt the newsletter to turn this need into an opportunity. As mentioned previously, a targeted newsletter would help satisfy expectations regarding accountability and mission by clarifying objectives,



expenditures, and results. As such, it is a marketing tool by which Arts United engages current and potential donors in the ongoing successes and challenges of Arts United.

For those donors who want the option of designating how their gift is spent, add a mailer insert where they can advise on which of the programs mentioned in the newsletter they want to support and to what dollar amount. This keeps them engaged in supporting the ongoing programs of Arts United and reinforces a feeling of ownership.

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Business Partnerships

“The ideal is, yes we’re being generous, but yes we’re benefiting from it.” That quote from an executive at a smaller sized company pretty much says it all. Almost all of these decision-makers enjoy the arts. Many of them are involved in arts organizations through service on boards, memberships, and their children’s participation in art and performance classes. Many of them are in artistic professions such as advertising and architecture.

But there are two essentials to successfully motivate business contributions to Arts United. We have discussed one: for Arts United to position itself as important for the Fort Wayne community in tangible ways. The second is to offer added business value. Customized business partnership is particularly critical for securing the support of small- and medium-sized businesses. The following are examples for Arts United to consider adopting.

Kinds of Partnership That Appeal to Decision-Makers

1) Corporate Recognition: sponsorships, recognition in advertising and promotion in return for

support. Small businesses need good local PR as one participant noted:

“We want sponsorship which we regard as a form of advertising. Direct advertising doesn’t sell the product for us, but our customers are involved in the community; they see that we’re involved, so it helps that relationship. Fort Wayne is a big small town – strong networking and connections – and it’s an unwritten rule that you should be a good corporate citizen. What I’d like is corporate recognition of our support, of what we’re doing for the community. Can Arts United help people tie into that value when the competition [for corporate dollars] is knocking on the door and offering us that value?”

2) Employee Relations: help donor employee relations in return for corporate support, knowing that it encourages more support. Consider the following quote:

“The more you get employees involved – volunteer opportunities, opportunities to attend events to see where the money is going – that’s important. Then, after that, a workplace campaign could work. Other organizations that come to us have a car race team or bowl-a-thon, and with Arts United if there was something that people could participate in, then it’d make sense. Now, it would just be. ‘Oh, I don’t give to the arts.’

“We have a certain amount of money to give to any organization. We say these benefits are great because we have a big need to keep our employee morale up. So it’d mean keeping in touch with us for ways we can keep our employee morale up throughout the year: here’s an open house, here are some free tickets. Within the company; that’s the most important kind of corporate recognition, actually, to us.”

3) Primary Constituent Relations – Offer a corporate sponsor night where the donor can entertain valued business guests. One participant explained,

“We’re going to co-sponsor a play with [the hospital] and use that opportunity to thank our common

constituency, doctors. So now sponsorship is more than supporting a play, it’s also potential value added for our company with our constituency. From a pure business perspective, there is value in sponsoring this play. This will change from business to business, but if you approach it in this way, it’ll become even more important for small businesses to support Arts United.”

4) Solicit joint naming opportunities. The cash flow of smaller companies is different from that of big companies – they have tighter budgets, and go from quarter to quarter not year to year. Arts United may want to create opportunities for co-sponsorships of scholarships, outreach programs, or events that require funding. Often, a single small business can’t finance a large ticket item, but putting together co-sponsorships will solve the problem and earn the small business corporate recognition. As one person stated, *“It’d be nice if there were scholarship funds, or such, made possible by a company, and that name attached; it’d be wonderful for that business.”*

5) Benefits That Show the Direct Result of Giving. These include:

- Corporate donors who receive complementary tickets to donate to individuals or groups that could not otherwise attend – and do this in the company’s name.
- Employees who mentor kids on art projects, exhibit the projects at the corporations and bring the kids in to see what corporate life is like.

As one executive suggested:
“Comps to donate to the needy: a nice thing to do. And mentoring: we do that. We want to help kids. It’s awesome to host an exhibit and bring the kids into the company. That’s a home run with us. We’d be very interested in doing both of these.”

A Personal Presence

How can Arts United or any arts group handle this comment and question posed by one executive:

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far away as Greece! The site attracted people who not only wanted to help the Rep but those who were serious wine collectors.”

The online auction also proved to have a marketing payoff. As Byrkit explained, “One person from Phoenix e-mailed us to say that he traveled to San Jose often and that because of the online auction he would make a point of stopping by to see a production. Having development events and fund-raisers on the Internet can be a great way to spread the word about your arts organization.”

Buoyed by this success, the Rep held another virtual auction during its 1997-98 season, promoting this one mainly through e-mail and its website. A problem arose when the vendor selected to manage the auction (a different company from the first year) was bought by another company – a common occurrence in the fast-paced Internet industry. The cast of characters the Rep dealt with changed and this naturally caused some confusion.

Another potential problem came up when the vendor wanted to add a 10% fee to the price of each auctioned item – a standard practice with online auctions. The Rep felt uncomfortable with this so it arranged to pay the vendor a flat fee of a couple thousand dollars in addition to the normal vendor charge of approximately \$15,000 in order to waive this fee. For this second online auction, the Rep decided to change auction items on a weekly basis to keep the event fresh and interesting for the maximum number of people. Again, it lasted three weeks with the Rep getting thousands of bids from all corners of the world and netting \$45,000.

“We now have a brand image,” said Byrkit. “The Rep owns the name ‘The Silicon Valley Wine Auction’ and people now associate it with us and understand what they are getting. It’s a lifestyle auction where people can purchase fine wine, travel packages and other amenities.”

For 1998-99, the Rep returned to a live auction which still grosses three to four times the amount of its virtual

counterpart (\$160,000 last year). However, for the 1999-2000 year, the Rep plans to do both, with the live auction serving as the culminating event in July. “The two events are auctions but that is all they have in common,” Byrkit noted. “People come to the live event because they want to socialize and party. They make the effort to be there out of a personal connection with or belief in the Rep. Participating in an auction online is a solitary experience and it attracts people who may have no knowledge about your organization and who are mainly interested in the items. They just want the item.”



Byrkit says it is important to remember with so many auction sites on the Web now that you need to remain competitive in terms of your item prices – unlike at a live auction where prices can become extremely inflated. “People participating online may not be doing so out of charitable reasons and if they can find the same item at another auction site for less money, you will lose them.”

She also says it’s critical to have a staff, board or committee member who is familiar with websites – someone who can speak the same language as your vendor. She also warns about the perils of shipping – especially if it involves fragile items like wine which can easily be ruined if temperature settings are not properly maintained.

Finally, she recommends always keeping in mind those constituents who may not be Web-savvy. “Be sure to make it possible to accept phone bids or offer alternatives,” she said. “Online auctions are not cutting-edge anymore, but those of us in the arts field are just beginning to realize the fund-raising and development opportunities afforded by the Web.” ■

For more information about San Jose Repertory Theatre’s online auctions, please call Director of Development **Alyssa Byrkit** at (408) 367-7298.

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“A personal relationship is the most important thing to us. We get letters all the time, but how do you select from among all these good causes?”

Recommended Strategy: A relationship is critical. Generally, in smaller businesses, it is the individual who is giving – not a foundation or board – and therefore the message must be customized to the potential giver, on their terms and in their language, in order for them to listen to it. Ideally, the person soliciting would be a business contact they want to impress as one executive commented:

“If Arts United had someone whom we wanted to impress make the ask, then we’d be more willing

to listen. A business needs to value either the organization or the person who’s doing the asking. It may be through such means that value would be created over time.”

It is also important to keep the relationship alive. Business executives and entrepreneurs want to stay involved, not just for what they can do for Arts United (the newsletter will help here), but for how Arts United can help them. As one person said, “*Keep us aware and keep us involved as much as possible. That way we broaden our awareness of Arts United.*” ■

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