Plan

- (Short) Detour
- Gifts and Giving in the Nonprofit Arts
  - The “Other” Customers
  - Working Groups (International Spy!)
  {break}
- Organization Report Preview
- Development Basics
- Mid-Course Feedback

Short Detour:
Motivation
Opportunity (Trigger)
Ability
“I didn’t answer my mobile phone because...”

Short Detour:

Motivation
Opportunity (Trigger)
Ability

Framing Questions

- Why do nonprofit arts organizations need contributed income? *(If they are so wonderful, why can't they support themselves?)*
Who would value in what you do? What kinds of value might they find? Where and how will they experience that value? Where and how will they discover you? How much will they or can they pay for what you do?

What do you want to do? How will you show the value of what you do? Where will you use this in your work? What people, things, or services do you need?

Figure 7.1—Average Earnings Gap for Nonprofit Performing Groups, 1997

Average Mix of Funding Sources for U.S. Museums (2009)

Government support (all levels) 44.4%
Private (charitable) giving 28.1%
Earned income 17.6%
Investment income 11.1%

source: American Association of Museums

Figure 7.1—Average Earnings Gap for Nonprofit Performing Groups, 1997


COST
Framing Questions

• Why do nonprofit arts organizations need contributed income? *(If they are so wonderful, why can’t they support themselves?)*

• They DO support themselves, but from multiple markets.

“Investment” Spectrum

SOURCE: F. B. Heron Foundation (Swack, Northrup, and Prince 2007)

Framing Questions

• Why do nonprofit arts organizations need contributed income? *(If they are so wonderful, why can’t they support themselves?)* They DO support themselves, but from multiple markets.

• Why would anyone give their _______ *(time, money, attention, energy, effort, clout, connections, influence, etc.)* to support them?
Six Critical Questions

• Why do we exist?
• How do we behave?
• What do we do?
• How will we succeed?
• What is most important, right now?
• Who must do what?

✴ How can people take part?

Patrick Lencioni, *The Advantage*, p. 77

“Other” Customers

• Individuals
  *households, family foundations*

• Foundations
  *family, private, community, corporate*

• Corporations
  *privately held, publicly traded*

• Governments
  *city, county, state, federal*

Seth Godin, full video: [https://youtu.be/PLamFeNNSrk](https://youtu.be/PLamFeNNSrk)
• Individuals
  households, family foundations
• Foundations
  family, private, community, corporate
• Corporations
  privately held, publicly traded
• Governments
  city, county, state, federal

Who would find value in what you do?
What kinds of value might they find?
Where and how will they experience that value?
Where and how will they discover you?
How much will they or can they pay for what you do?

Seth Godin, full video: https://youtu.be/PLanExNISKc
### Statement

**Basic Information** (20 points possible)
- Organization Name
- Location
- Type of organization (e.g., non-profit, for-profit)
- Mission
- Board members
- Executive director

**What are they trying to do?** (20 points possible)
- Short paragraph on the organization's goal
- Include how the organization plans to achieve this goal

**Who are they trying to help?** (20 points possible)
- Detailed description of the target audience
- Include demographic information

**What are they trying to avoid?** (20 points possible)
- List of potential risks and how the organization plans to address them

**What is the goal?** (20 points possible)
- Clear statement of the organization's objectives
- Include a timeline for achieving these goals

**What is the budget?** (20 points possible)
- Detailed financial plan
- Include sources of funding and anticipated expenses

**Who are they trying to serve?** (20 points possible)
- Description of the intended audience
- Include any specific needs or challenges faced by this group

### Right

**Clean and well-written** (10 points possible)
- No grammatical errors
- Proper capitalization
- Clear, concise language
- Adheres to the word count requirements

**Citations included** (10 points possible)
- Properly cited sources
- Include all sources used in the report

**Title page** (10 points possible)
- Clear, descriptive title
- Author and date
Development Basics

The Development Palette

- Annual Giving *(operations)*
- Capital Campaigns *(major projects)*
- Planned Giving *(wills, estates, trusts, etc.)*
- Memberships *(earned or unearned?)*
- Special Events / Benefits
- Grants *(foundations or government)*
- Corporate Support *(PR, marketing, brand)*

Making the “Artful Ask”

Attention
Interest
Desire
Action

Steward Creatively

Build toward Additional Gift Interest

Invoking the Grateful Recipient

Fostering the Joyful Giver

Initial Contact
Identification

With thanks to Don Gray, UW Foundation
**Annual Fund Donations**

- Frequently Given/Asked
- Discretionary Income
- Unrestricted (usually)
- Mailings, events, phone
- Usually 2 - 5% of income
- 90% of gifts / 10% of dollars
- First step to major gift

**Major Gifts**

- Major Gifts
- Infrequently Given/Asked
- From Assets (stop & think)
- Restricted (usually)
- Relationship Required
- 10-20 Times Annual Gift
- 10% of gifts / 90% of dollars
- Often source of future gifts

**Reasons for Major Gift**

- Top Three
  - Belief in mission and stability of organization
  - Sense of civic responsibility
  - High regard for staff and volunteer leadership
- Bottom Three
  - Guilt and obligation
  - Promotional materials and proposals
  - Tax considerations
Annual Meets Major Gift

- For all givers to universities who make a first "major gift" of $25,000 or more,
- 75% made a first donation to the university of $250 or less in response to the annual fund
- 83% have made smaller level donations (annual fund donations) for at least 5 years; almost 60% for at least 11 years
- Annual Fund as “Living Endowment” ($100,000 annually = $2 million endowment)

For the “Matrix-Friendly”

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<th>Capacity to Give</th>
<th>Inclination to Give</th>
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<td>high</td>
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<td>Long-term Projects (need to become engaged)</td>
<td>Primary &quot;prospect list&quot;</td>
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<tr>
<td>Save your energy</td>
<td>Great volunteers &amp; lower-level gifts</td>
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</table>

A few helpful thoughts

- The Development Machine
- Relative Wealth
- The “Artful Ask”

The Development Machine

- Nine “meaningful contacts” before an ask.
- One out of three asks have positive results (the other two are often “maybe” or “not now”)
- So, one successful ask
  = 3 prospects x 9 experiences
  = 27 “meaningful experiences”

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<th>% of Goal</th>
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<td>100000</td>
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Silent Phase
Relative Wealth

- Bill Gates gift of $1 million (against $54 billion)
- Relative gift for someone with $100,000 in net assets?

The Artful Ask

1. bestow honor/praise
2. connect to organizational pride (knowledge, commitment, passion)
3. be considerate; ask for consideration
4. state specific amount
5. state specific purpose
6. shut up

With thanks to Don Gray, UW Foundation

Mid-Course Feedback
Next Week!