



Speaker Bio: Pete Tidemann is the founder of Linear Velocity, a communications organization working across the globe to connect cultures through the arts. From 1998 – 2005, Pete was the producer and technical advisor for the Zanzibar International Film Festival, in 2006 technical director and advisor for Festival Film Jacmel in Haiti, 2008-09 chief sound engineer and advisor for Sauti za Busara music festival in Zanzibar, and producer of the Worlds of Indian Ocean conference and festival for the Aga Khan University in Nairobi, Kenya in 2009. Linear Velocity continues to advise and work with various NGO's and festivals around the world to improve existing strategies for communications.

session head:

Fundraising for arts festivals and cultural organizations

session subhead:

Developing cultural initiatives for self sustainability

session abstract:

The development of a long range organization infrastructure is necessary to acquire funds from foundations, NGO's, private funding and corporate sponsorship. This presentation will look at ways to build the infrastructure of an arts organization in order to create self sustainable programs locally, and in return attract revenue from funding sources. Using sustainable development as a model, we will examine organizational structure, educational development, identifying target funding organizations, key elements of grant writing, financial transparency and accountability, and developing core capacities and goals in long range planning.

Through this discussion we will examine the organizational elements of arts festivals and provide an inside look at self sustainability programs in arts and educational developmental partnerships.

Presentation

Hi everyone! My name is Pete Tidemann and today I am here to talk about fundraising for arts institutions and festivals. I wish I had called the presentation, Building Networks and Relationships, because this is really the key area of focus for fundraising beyond simply writing a proposal and submitting it to foundations.

At any point in this conversation I encourage you to chime in with question or comments, and we can look at this as an interactive discussion about the topic. Also I would like to say that this topic also has cultural significance in terms of the ways that each of your organizations choose to raise money in your respective situation and community of origin. Therefore there is no surefire method to raising money or structuring your organization, but I hope that this will trigger a few ideas for you that challenge your organization to build networks and establish models which work for you.

With that said, let me tell you a little about my background and how I came to be at Kublai talking about all of this.

I own a company based in the US called Linear Velocity. LV is a communications company concentrating on bringing cultures and the arts together using technology as a center point of communication. It was established in 2000 and I have been involved in special events, the arts, festivals, music, film, theater, dance, corporate communications, sporting events, political events and just about anything you can think of where technical communications are needed.

The majority of my work with Linear Velocity is in corporate communications. My company works with Fortune 500 companies around the world to consult, design and execute their corporate communications related to product launches, marketing, sales, internal communications, and press conferences. I am proud to say that I have worked with companies like Porsche, SAP, Target, Staples, 3M, and many other clients.

I am a sound engineer and designer who also works as a technical director and consultant for these companies. They hire my company because we are able to help them execute marketing communications for large and small scale events.

However, my background and passion is in the arts world, and I have been consulting with a number of festivals and educational institutions in Haiti, Kenya, and Zanzibar in order to design new frameworks for the growth of these organizations.

I am currently working with Sauti za Busara music festival in Zanzibar, Festival Film Jacmel in Haiti, and also the Aga Khan University in Kenya. Sauti za Busara is a fabulous music festival on the tropical island of Zanzibar, which is located on the east coast of Africa in the Indian Ocean. Many Italians come to Zanzibar to relax for holiday and enjoy the tropical beaches and lifestyle. The festival takes place in the capital Stonetown each year in February, and we are proud to be planning our 7th festival in 2010.

The Aga Khan University recently held an academic conference and festival in Nairobi called the Worlds of the Indian Ocean. This conference was organized as a launch for a new liberal arts university which they are building in Arusha, Tanzania, scheduled to be completed in 2015. The Aga Khan is a vast development network based in Pakistan which is set up as an NGO, however owns many for-profit companies which financially support its non-profit side. We will look at this for-profit/non-profit model later in our presentation.

Festival Film Jacmel is a film festival and school in Haiti, one of the poorest countries in the world. Haiti is an amazing place with very few resources and an extreme lack of educational facilities. This organization has been a real challenge to find funding for due to the political and economic instability in the country, but I am happy to say that we have managed to find ways to fund the film school and past festivals despite the challenges in education, politics and economy. All of this started for me as a tourist in Zanzibar, where I happened to have a ten minute conversation which changed my life. I met an American man who founded a film festival there called the Zanzibar International Film Festival. He found out that I was a sound engineer and asked me to take a look at their venue for film and music and advise them on what they would need to do the festival the following year.

At that moment my life changed and I unknowingly became an advisor for the film festival and after I returned home to the US, I quit my full time job and started my own company.

ZIFF is a multi arts festival concentrating its efforts in film, music, dance, theater, literary events, and community programs in the arts. As a volunteer, I was the technical advisor and producer from 2000 until 2005, and assisted the festival in setting up a technical infrastructure within the organization.

Within the program, I brought over professionals in their respective fields to lead workshops in sound reinforcement, theatrical lighting design, music composition for film, performance arts and dance, and video engineering. A team of five people came under this program in 2004-2005 to facilitate these programs and train the staff of ZIFF alongside many local technicians and volunteers.

As a result of this program and my work with ZIFF, I wrote a series of proposals presented to funding partners, which resulted in a few hundred thousand dollars given to the festival in order to purchase equipment, hold educational workshops, build technical capacities in the arts, and raise the level of competence in the local community.

These proposals defined a new level of organization in the festival, and provided a necessary direction to self sustainability for the festival and for individuals in the community. Those individuals are now firmly committed in their own professional growth to continue their path to becoming filmmakers, composers, sound and lighting engineers and technicians.

But now let's talk about the fundraising aspect of what is necessary to achieve the building of networks in order to generate funds which we all need to support our arts organizations!

Concepts in Fundraising

There are four categories of fundraising and philanthropic entities which support the arts and festivals. Foundations, Corporations, Individuals and Governments. Out of these three which do you think gives the most money to arts organizations?

In terms of dollar amounts, corporations give an average of 5% of the total, foundations give 11% and individuals overwhelmingly give 76%; these statistics come from the US for 2005 contributions to favorite causes. This is a statistic which encompasses everything from the arts to disaster relief, a total of 260 billion dollars in 2005 in the US, however arts and humanities organizations received 13.78 billion dollars in giving out of the total. One final category is bequests from departed ones who want to leave a legacy in place for organizations which they support.

What this means to you is that the connection between your organization and individuals is by far the most important aspect of your fundraising. Corporations and foundations are made up of individuals, and it is those individuals who also approve or deny your grant applications, so therefore the impact that you have in building networks of people to support your organization is of utmost importance.

What is the motivation for people to give to the arts? The main reason that individuals give is because they are asked and presented with an opportunity which motivates them to give. They also give because they are asked face to face and hate to say no. They support in what they believe in, and truly want to make a positive difference in the organization or community. They give because they want to be remembered or leave a legacy, or perhaps the tax benefits of giving to non profit organizations is attractive to some. As a result the last quarter of the year is often the time when individuals give the most money. And some people give because they want to buy into a society or event, and they give because it is fun.

The foundational level of donor sponsored giving is different in that foundations look for opportunities to leverage their contributions to build organizational capacities and seek to maximize their leverage with the measure of benefit per dollar given. They want to see a demonstration of commitment and community benefit and involvement, and they will insist on accountability and transparency in the process. Credibility is high on their list, and is defined by the philanthropic focus of the foundation both geographically and goal oriented. Generally, foundations are interested in prototype projects or seed money to launch longer term projects, but three years is often the limit of giving by foundations to fund arts projects.

The corporate level of giving is different than the previous two in that corporations invest, they don't give. They realize benefits from their investment in community well being, better environment, positive image for the company, positive exposure and visibility, acceptance within a community. They seek to maximize their visibility through corporate marketing and sponsorship and may require matching funds or the commitment of others in order to participate. Corporations will also give through discounted services or products, rather than cash donations as they are able to maximize their visibility to the public by providing services instead of cash.

Corporations are in business to make money, so when they participate in philanthropy it is usually because they have a business interest which requires fast decision making, implementation and minimal red tape. Lastly, corporations are expected by the community to display a social consciousness which motivates them to give.

Governmental giving is a subjective matter according to the spirit and culture of the country of origin. Rather than talk about this extensively, I will point out that governmental support is very important at the local and national level to secure perks for arts organizations or festivals. For instance, the government of Zanzibar helped ZIFF with visa requirements for artists and participants, provided support with the shipments of equipment that came into the country, and even provided VAT relief for our equipment donations and other outside support.

We also saw significant recognition through governmental attendance at fund raising events, social events and the festival itself. This kind of participation led to a higher profile festival for us and continued the building of a network of people who would support the organization.

Legacy donors are people, companies or foundations who wish to give money in order to have a long lasting impact on an organization, or leave a legacy after the death of a loved one. You have a great tradition in Italy dating back hundreds of years with artists and architects being commissioned to create works of permanent value and display for the church and government institutions. In return for these commissions, individuals often gave money or started foundations which now probably support your own organizations today.

Organizational Structure

Before any fundraising can take place, it is of primary and utmost importance that the organizational structure is in place to provide the necessary vision and management in order to persuade donors to give funds to the organization.

All arts organizations should consider themselves institutions for future and ongoing commitment from donors. An institutional perspective is sought because it implies that there is longevity in the organization and a commitment to the future benefits that a festival or organization will explore with the community, artists and participants.

An institution may be defined as an establishment founded with the intention to be permanent. Without a sense of permanency donors will move on the fund other organizations who demonstrate this goal. Because fundraising requires institutional building, arts or cultural organizations must make a commitment to the permanent process of capacity building, community involvement, education and cultural interchange.

This means that a long range plan must be instituted including the selection of a board of trustees, management staff and a series of programs outlined in a three to five year plan. The first step in this process is for the board and management staff to articulate the artistic purpose of the organization through a written statement of mission.

The statement of mission should define in concise terms what the purpose of the organization is, and defining the credibility of the mission through a statement of vision.

The questions which should define the mission statement are:

1. What are the services and programs of the organization?
2. For whom are the services or programs intended?
3. Which geographic area is served by the programs and organization?

It is essential that the leadership of the organization understand and be able to articulate the mission statement and vision of the organization. In addition to the mission statement, the history, leadership and goals of the institution serve to provide additional information to establish the motivation of the mission statement.

Developing Effective Management

Effective management provides the leadership within the organization, and the ability of management to assess the conditions facing the organization is critical to the long terms success of the organization.

The long range plan is a written document which defines the goals of the organization and realizes the steps necessary to achieve them. It is an institution building tool which defines internal direction and focus as well as an external view of the organization to donors. Small organizations that may be rejected by donors often do not have a long range plan which demonstrates institutional building capacities. They often appear much stronger to donors when a demonstrable plan for permanence is put into place.

The long range plan often starts with a systematic evaluation of the strengths and weaknesses of the organization, and consideration of the current and foreseeable factors which influence the way the organization conducts its business.

This evaluation is very important to the long range process and ensures a realistic long range plan. Small organizations in particular suffer from a lack of long term vision which negates the reasons why donors would give them money. If there is no long term plan in place donors are much less likely to give you funds to support short term visions.

A long range plan includes the following elements:

1. Statement of Mission
2. Internal and external strengths and weaknesses
3. Goals
4. Objectives and tasks
5. Evaluation processes
6. Supplemental information
 - Includes descriptions of operations; staff and board responsibilities, facilities, programs and financial position

Only through the development of the long range plan will donors be willing to put significant money into your organization or realize the dreams in the future.

Leadership in the Organization

The Board of Directors is the most important piece of the organization because it is their duty to provide direction and fundraising initiatives which are important to the success of the organization. The composition of the board should represent a balanced mix of individuals who can:

- Contribute funds
- Obtain funds from other sources
- Provide professional expertise
- Give credibility to the organization
- Represent the interests of the organization and also the ethnic composition of the community

Often the board of directors is made up of business people of stature in the community, members with connections in social and business life who have professional expertise in business management and are sympathetic to the goals and aspirations of the arts organization.

Without an effective board of directors, the leadership of the organization cannot accomplish the mission statement. In fact, if the board of directors has individuals who may want to use the organization for their own personal ambitions, the effective care and management of the mission will be lost.

You are best advised to create or amend an existing constitution whereby the terms of office do not exceed more than three years, with an annual review of those members who are not participating fully. If your organization already has a constitution written, it may take a vote by the whole board to amend the bylaws to incorporate this into the process.

Within the structure of the board, there are four positions of note, the Chair or president, the Vice chair, the secretary and the treasurer. To successfully achieve a balanced and diverse board, you must define the characteristics of your board members and try to seek like minded members who are of the same professional caliber.

The board responsibilities entail:

- Developing sound management practices and policies
- Participate in fund raising activities
- Recruit qualified board members
- Hire qualified staff
- Represent the organization in the community

The next step in organizational structure is the establishment of senior management staff. This will also be an integral part of the success and growth of the organization through the implementation of the strategic vision. The board and senior staff must work together to achieve these goals, sharing a sense of ownership in the programs and organization.

Senior staff are represented as:

- Artistic or program director - The responsibility of the artistic or program director is to establish and implement the programs of the organization.
- Managing director – Responsible for the administration of the organization in realizing its artistic goals
- Development director – Responsible for planning and facilitating the campaigns to sell the organizations products and service.
- Finance or business director – Manages the organizations cash and accounts payable and receivable.
- Marketing director – Plans and manages the annual fundraising campaigns and maintains the brand image of the organization in the community.

In addition to the senior staff, the organization may choose to hire individuals to run various components; technical and IT manager, music, film, theater or dance directors, program managers, support staff and volunteers.

Volunteers are an important piece of arts and cultural organizations by contributing their time and efforts to support the programs or fundraising activities. Volunteers at our festival in Zanzibar made up more people at festival time than we had on paid staff. In fact, I was a volunteer for seven years, and in addition to raising funds, I trained the technical staff, brought over professionals to work with the festival, organized a technical infrastructure, built self sustainable capacities for the local arts community, and generated significant good will between my culture and theirs! That is why you need to have volunteers to round out your staff positions; they contribute what they do out of the goodness of their hearts and because they have an emotional investment in the people of the organization or the community it benefits!

The one thing I will say about volunteers is that the organization must take the time to recognize personally and as a group, the efforts and work that volunteers contribute to any event or program. By doing this you create a sense of ownership and goodwill which will keep them coming back time and time again. The best volunteer relationships are built on mutual trust and respect.

Fundraising Campaigns

As we talked about previously, individuals often make up the majority of donor funds, and an annual fund campaign within the community is often a key piece of the process. This means that there is an ongoing program for annual giving which start at the individual level and ramps up to the corporate, foundational and governmental support. Remember that corporations and foundations are made of up of people, so the greater sense of ownership you can create in the community will generate the reasons why funding partners will step up to the plate with larger donations.

It is a healthy strategy for the arts organization to seek grants both large and small from different areas, instead of putting itself at risk by counting on a few donors who may choose to back out at any time. By generating funds in annual campaigns, it helps ensure that you will not have to apply for emergency funding, which most foundations will not give unless a natural disaster has destroyed your facilities.

Successful Fundraising goals include:

- Determine goals and strategy
- Establish a record keeping system
- Establish a database of past and potential donors
- Solicit funding resources
- Build a sense of ownership

The goals of a fundraising campaign can be defined once the programs for the upcoming season have been selected. It is necessary that the costs of these programs are known and outlined in budget plans in order to secure the funding goals. There must be adequate time to adapt the goals and co-opt the vision with the donor community, in order to rollout a fundraising campaign.

It is the job of the development director to devise the fundraising strategy to meet the financial needs of the programs. They should prepare a review of the program to meet the following criteria:

- External need – Does the program meet community standards in social, economic, educational and cultural categories? Is it relevant to the community?
- Internal need – Is the organization's mission and number of participants enhanced?
- Uniqueness – Is the program already in operation by another organization?
- Endorsement – Has the community, government or culture of the area of region already endorsed the program?
- Impact – How many people will benefit from this program?
- Measurable results – Is there a evaluation method which can review the external and internal impact of the program?
- Fundraising sources – Is there already an interest on behalf of local donors in the program?
- Visibility/PR – Do opportunities exist for PR and visibility for sponsors and the arts organization in the local community?

This kind of analysis of the program and the strategic planning of the fundraising goals will define the fundraising campaign and help to attract donors which will see the obvious benefits of what you are trying to achieve. This kind of evaluation of the programs will take some time but will also provide the long term thinking that is necessary to seek annual funding from renewed membership and donors.

Fundraising Events

One of the ways that the organizations that I work with raise funds is to hold fundraising events. These can be activities which include the community, such as a concert, or dinner, or special event of some sort. The film school in Haiti raised \$200,000.00 in ONE NIGHT when they held a fundraising dinner and party for wealthy people in the financial community last year. This money was then used to buy all of the equipment needed for the establishment of the film school, and paid for various salaries and other core needs in running the school.

While that sum of money is an unusually large amount of cash, it demonstrated the ability for a non-profit to raise a significant amount of money in one evening by inviting the right people to an event.

The Haitian film school did not have a non-profit status in the US, and individuals also want to be able to write off donations on their taxes. So what they did was to find another non-profit established in the US who could act as a fiscal agent in the transactions. This non-profit was able to take a percentage of the money raised, usually no more than 15% of the total as a fee for acting as a fiscal agent, and the money raised was then distributed to the film school in Haiti.

In addition, fiscal agents also have the ability to receive equipment or other in kind donations and forward them on to your organization. This includes, technical stage equipment, office computers, vehicles or any other non-cash item which someone wishes to donate to a cause.

Informational Database and Record Keeping

It is important for any arts organization seeking funds from individuals, foundations or corporations to have a transparent accountability system on how the money is being spent. Without this kind of transparency, the organization cannot continue to solicit funds in the long term and generate credibility in the donor community, nor develop a sense of ownership with regard to the community.

The establishment of a database of people who support the programs is essential to funding drives, and it takes someone in your organization to continually update and maintain this list of individuals. People who give money to organizations want to be acknowledged in their giving, and a simple card, email, newsletter, credit, or thank you, will go a long way in creating the sense of ownership necessary to ongoing participation. This is part of building your network, and it can take awhile to do, but you will see the benefits of renewed members through annual gifts, many times increasing as the years go by as the emotional investment of the donors increases.

By thanking your donors, even small contributors to your cause, you create a sense of well being and gratitude which people seek when they give money. A few years ago I gave money online to an organization, and I never heard one word of acknowledgement from them. As they were overseas, I didn't expect a phone call, but I was surprised that they would not have even sent an email response, a receipt of funds, nor a thank you. Do you think that I gave them money ever again? No. I gave money because I believed in their cause, but if they didn't have the time to acknowledge my giving, then I would move on to give my money elsewhere. By not sending out simple thank you, they forfeit my future involvement with their cause.

Researching your prospects in the donor world is also the job of the development department, and compiling lists of past and prospective donors who will support the campaign. When looking at the business community, it is important to approach relevant businesses which may see an economic benefit from exposure, sponsorship or brand imaging. Research will also tell you what kind of donor support you can expect from a given entity.

- General support – Unrestricted funding to support the organization, operating expenses, office expenses etc.
- Project support – Funding which restricts itself to a particular project
- Capital support – Funding meant for building of new facilities, construction of a venue, and purchase of equipment.
- Endowment support – Funding to establish or contribute to an endowment fund which will be invested to support the organization in the future.
- Matching grants – Grants that are matched by other sources according to the dollar amount given. If the arts organization can raise a predetermined amount of money, a foundation or corporation may give matching funds accordingly.

The Proposal

The proposal is made up of three main elements; the cover letter, the proposal and accompanying materials.

The proposal should:

- Include the organization and a statement of purpose
- Describe the program for which funds are being solicited
- Describe the program highlights
- Delineate a budget for the program or organization
- Mention current and past donors as an endorsement of the organization
- Make the request for funds

In addition, the proposal must outline the current needs assessment for the program and meet the grant guidelines for donors who have defined them.

In addition to the proposal, the donors of major money will want to see that you have a long term plan for your organization before you present a proposal for program funding. It is essential that you take the time with the board and senior management to develop this long term plan in order to provide credibility to your organization.

Proposal writing is a painfully long process unfortunately. It entails writing details which have been outlined in the long term plan, based around the guidelines of a donor organization. Sometimes, it is easier to research the relevant organization who give money, and decide whom to approach before writing massive proposals which won't get funded. I did a little research for cultural support in Italy, and found a website that outlines some of the criteria that your government supports in the arts.

www.culturalpolicies.net is the website and there are detailed statistics and information on how your government supports the arts regionally and nationally.

You may also find other cultural policies in the EU which support your organization, and doing this kind of research starts to outline whom you can approach for funds.

There was a conference called Culture and Creativity – Vectors for Development, held in Brussels in April this year. I did not attend this conference but wish that I had! It was a gathering

of some of the most prestigious organizations and people in the development world, and when I went through their website I found an amazing program of conferences, discussions and development initiatives.

Their website is <http://www.culture-dev.eu/> and is well worth taking a look at. The reason I bring up this conference is because it is extremely important to begin to expand your networks by attending conferences of this sort. You can meet the top professionals in the development community and be surrounded by potential donors and organizations to support your cause.

This also is part of your research and expansion, and provides a way for you to understand the needs and desires of the development community, meet new people, and learn about how to grow and foster your organization.

Self Sustainability

Finally I would like to address self sustainability as a way to support your organization. There are ways to become self sustainable in your organization, and in the long term this can provide financial support and viability for you.

For this I turn to an example here in my home town of Minnesota Public Radio. MPR has always supported its non-profit by holding fund drives for individuals to become member of their public radio station. They hold these drives to this day and raise core funding for their programs and operation of the radio station in this way.

However, back in the 1980's, they had a new radio program called A Prairie Home Companion with Garrison Keillor as host. This program at the time was just gaining in popularity, and the radio station realized that people would purchase products related to the program which could be advertised on the show. So MPR started a for-profit company called Rivertown Trading. This company sold t-shirts, coffee mugs, household goods, and many other products related to the radio show. It became popular in the 1990's, and eventually MPR sold the Rivertown Trading to another for-profit company for 90 million US dollars. They took the profits from the sale and created the largest public radio endowment in the US, one that sustains the public radio for many decades to come.

The reason I bring this up is that this for-profit company allowed MPR to create an endowment which is an example of self sustainable initiatives which benefitted the non-profit now and into the future. Even if you do not have a large public radio station, you can sell products and goods which can raise funds for the organization. Please be aware that there are laws which govern this kind of entity, and you may have to seek legal advice in order to set up a for-profit company, or even sell products in your non-profit organization.

In any case, there are ways to find self sustainability outside of seeking funds from donors, and this is something which you should look at when considering different forms of revenue which are available to you.

Conclusion

I know that I have covered a wide range of possibilities in fundraising today, and this is a complex issue for all non-profit organizations. It is multi layered and takes some time to figure out your approach and start to get revenue rolling in.

However, I would like to stress that the most important thing you can do within your organization is to begin to outline a 3 to 5 year plan which supports your mission and vision.

Create the management or personnel who can begin to build on that long range plan, and also begin to apply for funding from other resources.

Build your network in government, corporate business, individuals and donor organizations. Find ways to hold fundraising events which involve individuals.
Seek out business opportunities for sponsorship. Try to think about ways which you can become self sustainable in the long term.

You are now on the path to create an institution by establishing these processes, and by doing so you will create long lasting organizations.

And most of all have fun with this process!

Thank you,

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