

## Shared Enterprise and Apollo Fundraising Individual Giving and Legacies – Workshop 1 Relationship Fundraising

Across the three workshops we will be looking at the different ways individuals make financial donations to charities. However, before we begin, there is a simple principle you need to learn:

### Fundraising is not about you!

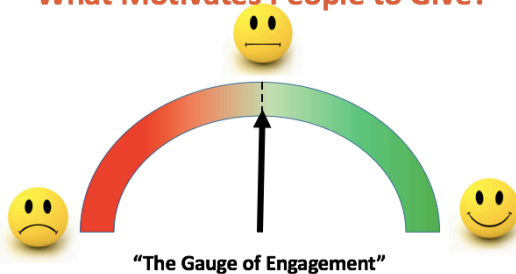
Fundraising is about helping people to solve a problem that they care about and need to fix. Rather than seeing your supporters as providers for the charity, good fundraising is about seeing your supporters as equal partners in your work. Another way of thinking about this is that donors give **through** your charity, not **to** it.

#### Understanding why people give

If the key to good fundraising is focusing on the overlap between the supporter's interests/needs and the charity's interests/needs, we need to understand what motivates people to give.

Frederick Herzberg, an American psychologist, proposed that people consider two factors when it comes to motivation – Hygiene Factors and Motivators. While his theory was originally developed for motivation in the workplace, it can also be used to understand how our supporters make decisions.

#### What Motivates People to Give?



Hygiene Factors are things we expect to be in place. Their existence or presence is not enough to motivate us. However, if they are missing we will have concerns and it will hold us back.

For example, in fundraising, having a strong governance structure will not, on its own, motivate a supporter to give. However, having a weak board or leadership team is likely to put off supporters.

Other Hygiene Factors include:

- ⊗ Current financial position
- ⊗ Reserves policy
- ⊗ Fundraising costs/salaries
- ⊗ Fundraising practices
- ⊗ Transparency

Motivators are the things that excite us and help us to engage. In fundraising, different supporters have different motivators. On average, they will have 3-4 motivators that you need to meet before they will give a donation.

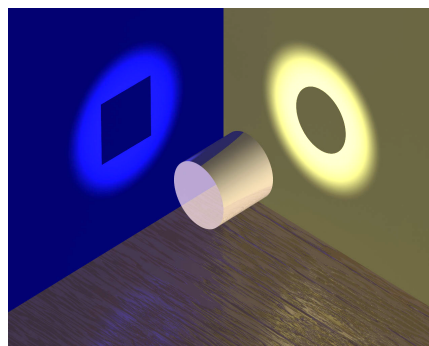
Common motivators include:

- ⊗ Personal connection to the cause
- ⊗ Impact of gift – value for money
- ⊗ Peer pressure/the involvement of friends/colleagues/peers
- ⊗ Community leadership
- ⊗ Tangible benefits and rewards
- ⊗ Tax benefits
- ⊗ Guilt
- ⊗ Religious beliefs

### **Connection to the Cause – Framing**

Sharing a connection with the cause is a key motivator. However, while you may consider your work to be a heritage cause, supporters might see it differently. For example, some will view your work as an educational cause, with the museum acting as a vehicle to support and enhance the education of young people. You need to consider the different ways your work could be framed. For example, does your organisation's work match interests in:

- ⊗ Research?
- ⊗ Education?
- ⊗ Children and Young People?
- ⊗ Social Welfare?
- ⊗ Local community?
- ⊗ Health?
- ⊗ Tourism?
- ⊗ Local Regeneration?
- ⊗ Workforce Development?



The more ways you can frame the work, the more motivators you can match, meaning there are likely to be more prospects with the potential to support your work. However, to build a relationship around this you need to be able to adapt your messaging to reflect the interests of different groups of supporters.

### What is Relationship Fundraising?

“Relationship Fundraising” is a phrase coined by Ken Burnett in his seminal book of the same name. In it, Burnett defines Relationship Fundraising as “fundraising where people matter the most”. The principle behind Relationship Fundraising is that if you put the donor first and invest in building a genuine relationship the result will be larger donations over a longer period of time. This comes from both increased giving from your original donor and from the engagement of their own networks.

There are some key characteristics of Relationship Fundraising:

- ☺ **It is a long-term process** – this is not about a one-night stand. The relationship is built up over a sustained period of time as you get to understand each other’s interests and needs.
- ☺ **It is a two-way process** – being in a relationship where one person is putting in more effort than the other rarely works. The relationship needs to be two-way, with benefits for both parties. For the charity, the benefit is regular donations of increasing value. For the supporter, the benefit is greater involvement and satisfaction due to their interests and motivations being met.
- ☺ **It is based on shared values and interests** – the relationship should focus on where the supporter’s interests and the charity’s work overlap.

As the definition suggests, this is primarily about fundraising from those closest to you. For museums, this could be your visitors, Friends and volunteers.

### Supporter Triangle



Relationship Fundraising is often depicted as a triangle, showing the progress from initial Awareness through to Legacy – a supporter’s final engagement with a charity. The shape derives from the number of people at each stage. While you may raise awareness with a large number of people, only a small percentage will go on to make a first gift. Fewer still will go on to make a second gift, and so on.

The higher up the triangle people go, the warmer the relationship.

So, if numbers fall as you go up, **why bother?**

The reason Relationship Fundraising is beneficial to charities is that as the warmth of the relationship increases so does the financial value to the organisation. This increase comes from two places. The first is the increased value and regularity of the gifts given by that donor. On average, the higher up the triangle you go, the greater the value of gifts.

Secondly, a more engaged supporter will also bring in their networks. In a world where everyone is a channel and everyone has influence with others, this enables you to engage new supporters. The value grows outwards as well as up.

### Relationship Fundraising for Museums

Many arts and culture organisations have fundraising schemes which follow the principles of relationship fundraising. For example, organisations like Tate and the V&A have membership schemes while crowdfunding has become an increasingly hyped way of securing funding from a large number of people donating smaller amounts.

Most low/mid level schemes can be split into one of two categories:

- ⊗ **Transactional propositions** – in a Transactional scheme you are asking the donor to give in order to receive something in return. Museum and Art Gallery Friends/Membership schemes are traditionally transactional, with a package of benefits given in return for a gift of a set amount. While the money goes towards a charitable purpose you are asking the donor to make their primary decision based on whether the benefits they will receive represent good value for money for the donation given. For example, the Tate Membership is a Transactional scheme. In return for my donation of £70 I get free entry to all the exhibitions (in addition to some other benefits). As long as I go to 4+ exhibitions each year I am getting value for money.
- ⊗ **Philanthropic propositions** – in a Philanthropic proposition you are asking the donor to give in order to support the organisation's work or a specific project. While benefits might be given, this is not promoted as being the primary reason for making a donation. Donation boxes are philanthropic propositions (although, as we will see, not particularly good ones).

In practice, the boundaries between the two are blurred. Both raise funds for charitable purposes and both could give benefits. The key difference is how you present it – are you asking somebody to buy (transactional) or give (philanthropic)? In planning your campaign you need to consider which scheme best matches the motivations of your supporters. There are two questions that can help decide:

- ⊗ **Are we able to offer benefits that enough people will want?** Transactional schemes work best when the benefits offered are desirable. For organisations that charge for admission, a transactional scheme offering discounts or unlimited entry could be desirable (such as Tate or National Trust). Alternatively, if your shows always sell out in advance, a transactional scheme offering priority booking could be an attractive proposition (such as National Theatre, Glyndebourne or Donmar Warehouse). However, if the benefits you can offer are likely to have limited appeal it may not be the best proposition. Similarly, if you are going to need a lot of cash or time to deliver the benefits you have to consider whether the return is worth the investment.
- ⊗ **Is our work important/exciting/needed enough that enough people will want to support?** If people can see the need for your work and/or it matches their interests they might consider making a philanthropic, or charitable, gift to help make it happen. If enough people are likely to share this interest a philanthropic proposition could be an appropriate proposition.

### A word on donation boxes

Many museums use donation boxes as a way of collecting gifts, and some have great success. However, in many ways donation boxes are the enemy of relationship fundraising and could be doing you more harm than good. This is because:

- ⊗ People are encouraged to give but you have no way of thanking them or building the relationship
- ⊗ Most donation boxes are designed to encourage very small donations, favouring copper coins over larger donations. This means you are asking people who could donate more to give way below their capacity.
- ⊗ Most donation boxes are empty. This sends the psychological message that nobody else is giving. As social creatures we are more likely to follow the herd.





### **Planning your low/mid level giving campaign**

Before you start you need to think about the steps you and the donor need to take through the pyramid, starting from awareness. This is often called the “supporter journey”. Below we have set out some of the key things you need to think about:

#### **1) Who are your best prospects and what do you know about them?**



As the name suggests, Relationship Fundraising works best with those closest to you. This is likely to include your regular visitors, existing supporters and volunteers. However, specific campaigns might appeal to a wider audience if they have an interest in a particular aspect of the project. For example, the restoration of a nationally-significant item, such as a one-of-a-kind train or aircraft, is likely to appeal to people beyond your existing visitors.

You need to think about the different audience groups and what you know about them. In particular, you need to consider what their interests are – what do they like about your museum? What factors are important to them? What might motivate them to give? You also need to think about their likely capacity to give – the level of financial donation they might be able to make.

Remember – use as much evidence-based data as possible for this to ensure you are creating a campaign that is right for your target audience’s interests as well as their wallet! Focus groups, workshops and surveys can help understand what motivates your visitors. Audience development tools such as The Audience Agency’s “Audience Spectrum” and “Audience Finder” can help you gain an insight into your audience. A Mosaic Analysis of your database or mailing list can also help.

#### **2) What are your propositions?**

Donors like efficacy – they want to see the tangible impact of their gift. In planning your Individual Giving campaign you need to consider a range of different propositions – specific fundraising asks based on a supporter’s interests/motivations and their capacity to give. You need to plan different options based on your target audience’s interests and capacity to give.



**Supporter  
Motivation**



**Capacity  
to Give**



**Proposition**

The tangible difference needs to be relevant to their interests and the size of donation they can make. A supporter purely interested in education for children and young people is unlikely to respond to an ask focusing on conservation. Similarly, a conservation enthusiast is unlikely to respond to an appeal for your schools' programme.

	£10	£100	£1,000
Heritage/ Conservation	Buy a special gilding brush for Conservation Team	Buy enough Gold Leaf to re-gild one chandelier	Buy a new light sensor system for the museum store
Education	Produce a Teachers' Pack for one local school	Pay transport costs for one school to visit the museum	Provide a series of workshops for young people during the holidays
Research	Buy one issue of a research journal	Pay for a research fellow to attend a conference	Enable a researcher to work with a mentor at the local university

### 3) What is your story?

In general, donors respond best to emotional stories, rather than rational arguments that try to educate them. You need to be able to frame your message in a way that engages your potential supporter emotionally. This should communicate the need for your work and the impact on the beneficiaries.

These emotions can be positive (such as pleasure or hope) or negative (such as pain or fear). Different people have different preferences, although (on average) people are more likely to act to prevent a negative emotion than they are to achieve a positive one.

What story can you tell to generate a positive emotion? What story can you tell to generate a negative emotion?

### 4) What channels can you use to tell your story?

Having planned your story and proposition you now need to think about how you are going to raise awareness amongst your target audience. People are most likely to act when they have three things:

- ⊗ The motivation to act
- ⊗ The ability to act
- ⊗ A trigger encouraging them to act

Identify the moments when your visitors are most engaged with your work, and likely to be most motivated to give. When are the moments during their visit that people are most emotionally engaged? How can you get the attention of your target audience when they are not at the museum? Messaging within the museum, articles or adverts in brochures, emails and newsletters all provide opportunities to raise awareness.

You should also consider how you can use social media channels and your website to raise awareness of your need for support. Rather than relying on just your Support Us page to do this, you should think about the stories you are telling through these channels and how a fundraising message might fit in.

### 5) How will you make it easy to give a first gift?

Having identified the times of greatest motivation, you need to think about how you will make it as easy as possible for people to give. The more steps or barriers you put in the way, the more chance there is of the potential supporter not donating.

The most appropriate way of giving a first gift will depend on the preferences of your donors and the channels you are using to communicate. However, you should consider the following:

- ☉ If you are sending out communications in the post, have you included a form for them to complete and send back? Even better, could you include a freepost envelope to make it easier still?
- ☉ If you are communicating online, is there a link that the potential supporter can follow to make their donation there and then?
- ☉ Are there opportunities for people to donate when they are making other financial transactions while on site, such as when they are booking tickets, in the cafe or in the shop?
- ☉ With cheques slowly dying out and fewer people carrying cash, can you process card payments at the points that people might want to donate? Even better, can you take contactless payments.

### 6) How will you thank supporters and move them up the pyramid?

To understand how to build a relationship with supporters we can learn a lot by looking at why people stop giving, or don't give again. A recent survey of lapsed museum supporters in America found that the top three reasons supporters stopped were:

- ☉ [The perception that] they had not been thanked for their previous gift
- ☉ They had not been asked to donate again
- ☉ [A perceived] lack of communication about the use of their previous gift and its impact

I have added the comments in square brackets to reflect what I believe is a key learning point. It is very possible that those surveyed had received a thank you, and that there had been further communication. However, even if the organisations believed they had thanked and/or communicated impact, it did not register with the supporter – their perception is that their gift hadn't been properly acknowledged. And it is their perception that matters most.

Other reasons include:

- ☉ Inaction or inertia – the donor forgot
- ☉ Gave to someone else
- ☉ Dissatisfaction with the organisation

All of these can be overcome if you get the communication right between gifts.



A good thank you should have four elements:

- ③ It should be **prompt** – ideally, a gift should be acknowledged within 24 hours.
- ③ It should be **personal** – the thank you should reflect the amount donated, what it will help achieve, and conditions or requirements of the gift and the donor's previous relationship with the organisation, if any
- ③ It should be **passionate** – the donor should feel valued and that they have achieved something after reading the thank you
- ③ It should be **plural** – you should take every opportunity to thank the donor for what they have done. You may need to get other people to thank, such as personal contacts who have been involved in getting them to donate. Thank you messages from beneficiaries can also be incredibly powerful



**A receipt is  
NOT a Thank  
You!!!**

Remember – a receipt is not a thank you! Some of the most effective “thank yous” are incredibly simple – for example, a hand-written note or a telephone call. Those that are clearly personalised and linked to their interests help demonstrate that it is a true relationship. It just takes somebody to think of the donor.

Having thanked them for the gift, you then need to show the impact of their gift. What did it help achieve? What impact did it have on beneficiaries? This helps to continue creating a strong link between their gift and a positive emotional response. In turn, this helps to pave the way for you to discuss future gifts.

## About Apollo Fundraising

Apollo Fundraising provides consultancy, training and support to help arts and culture organisations to improve their fundraising.

Our areas of expertise include developing fundraising strategies, building individual giving and legacy programmes and helping organisations to identify their best prospects.

Our experience includes raising funds for a wide range of arts and culture organisations, including opera houses, historic buildings, theatres, orchestras, music festivals, museums and art galleries.

**Contact David today to find out more about our work and to discuss how Apollo Fundraising could help you and your organisation:**

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