Donor cultivation in theory and practice
A Centre for Charitable Giving and Philanthropy/Arts & Business Scotland
Discussion Paper

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Acknowledgements

Many thanks go to Isobel Speedman at the University of Edinburgh Business School and Carol Taylor at Arts & Business Scotland for their invaluable support and assistance throughout the course of the study. We would also like to thank all the participants who contributed to this study and generously gave their time and shared their insights. Finally, thanks go to our funders, the Scottish Government, the Office of Civil Society and the United Kingdom’s Economic and Social Research Council, who supported this work through ESRC Award Number RES-593-25-0004.

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Summary

Despite their central role within Scottish public policy and their contribution to Scotland’s economy, Scottish arts organisations face an uncertain funding future; they face the question of how to develop and ensure financial resilience. One promising approach is the notion of donor cultivation. This is the spectrum of relationship-building steps that lead to donorship, with cultivation continuing as part of an ongoing programme once a donation has been made. Little, however, is known about the existing donor cultivation practices within Scottish arts organisations, the challenges these organisations face as part of such an approach, and the opportunities that present themselves.

This discussion paper reports the findings of a co-produced research project between the Centre for Charitable Giving and Philanthropy (CGAP) and Arts & Business Scotland. The project focused on gaining a better understanding of donor cultivation in theory and practice. The work combined an online survey of, and telephone interviews and focus groups with, Arts & Business Scotland’s Arts Members with an exploratory review of existing literature on donor cultivation and fundraising more widely.

The fieldwork identified five clusters of concern for developing donor cultivation strategies. These were:

- Organisational factors – the internal organisational characteristics of individual organisations
- Contexts and relationships – the socio-political, cultural and economic environment, stakeholders, partners and competitors
- Donors – the knowledge and understanding of existing and potential donors
- Approaches – the extent and nature of approaching and interacting with donors
- Success – the understanding, assessment and use of ‘effectiveness’ within donor cultivation and fundraising more widely

The literature review found that donor cultivation is not a clearly defined concept and is often conflated with more general fundraising models. Bringing the different strands of literature together, we argue that instead of being an independent concept, donor cultivation should be perceived as an umbrella term that combines three strands of thinking about donor relationships: donor engagement where the relationship is of an interactive nature, donor education which is modelled around an instructive relationship, and donor control which takes a directive stance.

In light of the diversity of Scottish arts organisations’ characteristics, aims, geographical locations, socio-economic contexts, resources and different levels of donor cultivation programmes and the complex nature of donor variables that might impact upon relationship-building processes, it is impossible to provide a one-size-fits-all model. However, the insights were used as the basis for the development of a reflective framework...
for donor cultivation. The resulting ‘ThinKit! Steering Wheel’ to Donor Cultivation that is proposed within this discussion paper combines the three thematic clusters of donor engagement, donor education and donor control from the literature with the five thematic clusters of organisational factors, contexts and relationships, donors, approach and success that emerged from the practice insights. This combined framework draws attention to the practical elements and steps that need to be taken into account when developing, starting, or changing a donor cultivation theory, as well as the broader conceptual questions that organisations need to consider as part of this process.
Introduction

Arts and culture occupy a central part within Scottish public policy and economy. They play a vital role in contributing to the Scottish Government’s National Performance Framework (Turnbull 2009; Creative Scotland 2011), act as a major draw for tourism, and contribute over £5.2bn – around 5% of Gross Domestic Product (GDP) – to the Scottish economy (Scottish Enterprise 2011). While so far the Scottish budget for arts and culture has been more protected than its English equivalent, the ongoing public spending cuts by central and local governments across the United Kingdom have intensified debates about appropriate levels of public subsidies for the arts. Commentators have highlighted that despite culture being a devolved matter, the direction taken by the Westminster government is likely to have a major impact on the Scottish arts sector (Guardian 2010a). Indeed, there are worries that the current budget, which is only set for the one year period 2011-12, could be perceived as a strategic electioneering budget that temporarily postpones the difficult funding choices ahead (Guardian 2010b).

With Creative Scotland (2011) restructuring and consolidating its investment programme and with an uncertain post-2012 funding base, there are concerns about the speed and size with which current and future changes in funding for Scottish arts organisations are implemented. Widespread debates about the potential for increased philanthropy within the arts and urgent calls to address the sector’s undercapitalisation to support its financial resilience (Bolton et al. 2011) frequently do not reflect the full spectrum of challenges faced by Scottish arts organisations and so far appear to have had little impact on the ground.

Although a recent report by Arts & Business Scotland (2011) indicates that in the period 2009/10 private investment in culture increased in Scotland by 6% in real terms over the previous year, it also highlights that individual philanthropy decreased for a second year running, thereby continuing the interruption of permanent growth that had characterised the previous decade. The question therefore arises as to what Scottish arts organisations can do to develop and ensure financial resilience.

One promising approach to develop financial resilience is donor cultivation. We use this to refer to a spectrum of relationship-building steps that lead to donorship, with cultivation continuing as part of an ongoing programme once a donation has been made. So far, however, an understanding of existing donor cultivation practices within Scottish arts organisations, the challenges these organisations face as part of such a process, and the opportunities that present themselves has been limited. This discussion paper starts to address these knowledge-gaps. It presents the findings from a co-produced exploratory research project between the Centre for Charitable Giving and Philanthropy (CGAP) and Arts

1 For further information, please see http://www.scotland.gov.uk/About/scotPerforms
& Business Scotland. Following Martin (2010), co-production was perceived in its full sense as a process whereby the authors acted as co-researchers who worked together throughout the different stages of the project, from the research design, via the data gathering to the analysis and dissemination. The research took place between December 2010 and May 2011. Building on Arts & Business Scotland’s insight that donor cultivation was an important area to address, the work sought to identify the existing levels and nature of donor cultivation practices within the Scottish arts sector and to explore the challenges Scottish arts organisations face at a time of mounting resource pressures.

The paper is divided into three main sections. The first section outlines the key findings from an online survey, telephone interviews and focus groups with Arts & Business Scotland membership organisations. The second section highlights insights from an exploratory literature review of academic and grey literature on donor cultivation. In the final section, lessons from practice and literature are combined to provide a simple reflective framework. This practice framework outlines key areas that arts organisations should consider when examining their existing approach to, and when thinking about developing, their donor cultivation activities.

**Method**

To explore donor cultivation in theory and practice, a multi-method approach was used. This combined an exploratory review of academic and non-academic literature with an online survey, telephone interviews and focus groups with Arts & Business Scotland member organisations. The exploratory literature review included an electronic search of the Social Science Citation Index (SSCI), using ‘donor cultivation’, ‘donor education’, ‘donor engagement’ and ‘donor control’ as search terms, a manual search of key third sector journals and an online search for non-academic publications.

To examine existing practices and experiences of Scottish arts organisations, an email was sent to Arts & Business Scotland’s Arts Members mailing list, inviting them to participate in a short online survey. Running from December 2010 till January 2011, the survey focused on existing practices of and future plans for donor cultivation.

As part of the survey, respondents (N=60) were asked to indicate their willingness to be contacted for further research. Of the forty respondents that had expressed interest, thirteen participated in one-to-one semi-structured telephone interviews. These interviews concentrated on the themes of individuals’ views on fundraising within Scotland, organisational experience of building and developing its donor base, opportunities and challenges for donor cultivation, and organisational needs. Another seventeen respondents
participated in one of three focus groups (one each for small, medium and large organisations, with six, five and six participants respectively). Participation in the research was based on an understanding of anonymity and so detailed information on participating individuals and the organisations they represented cannot be shared.

Throughout the study, a thematic analysis approach using the guidelines provided by Braun and Clarke (2006) and Attride-Stirling (2001) was used. This allowed for the clear identification, analysis and synthesis of prominent or recurrent themes and patterns; provided a bridge between different epistemological, ontological and methodological perspectives; and ensured relevance across different academic and practice contexts (Boyatzis 1998; Dixon-Woods et al. 2005; Braun and Clarke 2006). A more detailed outline of the research approach is provided in Appendix A.

Findings from practice

The online survey provided a varied picture of Scottish arts organisations’ existing donor cultivation practices and the challenges they face. From the sixty survey respondents who were happy to share detailed insights on existing giving programmes (N=29), two had programmes that had been running for twenty years or more, while three had ones that had existed for less than a year; the majority of programmes had been around for two to fourteen years. The value of the annual income generated from these programmes indicated that while there was a range from £500 to £1m+, the majority fell into the £10,000-£49,999 category. Combined with the wide range, size and characteristics of arts organisations that participated throughout this research, some with turnovers in the lower hundred thousands and others with an annual turnover at multi-million pound levels, a wide spectrum of practices and challenges emerged. However, all of these can be categorised under the following five themes:

- **Organisational factors** – the internal organisational characteristics of individual organisations;
- **Contexts and relationships** – the socio-political, cultural and economic environment as well as stakeholders, partners and competitors within the sector;
- **Donors** – the knowledge and understanding of existing and potential donors;
- **Approaches** – the extent and nature of approaching and interacting with donors;
- **Success** – the understanding, assessment and use of ‘effectiveness’ within donor cultivation and fundraising more widely.
Organisational factors

Human Resources
One of the major challenges, especially for smaller organisations, was the availability of resources to develop and maintain a donor cultivation strategy. This related both to the availability of funds that could be used to initiate and invest in donor cultivation strategies and, more importantly, to issues about staff skills and capacity.

Within the sample, there was a majority view that there frequently appeared to be a lack of fundraising expertise within arts organisations. While many of the medium and larger organisations had staff dedicated to fundraising, those individuals’ background was often within the arts themselves rather than within fundraising. Smaller organisations struggled with an absence of dedicated fundraisers of any sort: employees had to be jack-of-all-trades and fundraising was undertaken alongside other roles and responsibilities within the organisation. Such roles ranged from programming, via marketing to box office work; these were time consuming and often got priority.

In general, participants aired frustration that either they did not have time to go on training courses, were unaware of training opportunities, or that the lessons, insights and improved skills they had gained as part of training could not necessarily be implemented: ‘it is all very well learning about this strategy or going on that training but it’s just frustrating if you know what you are meant to do but you don’t have the resources – staff time to do it in. There’s nothing you can do if the infrastructure isn’t there…’. These problems were considered to be aggravated by a high rate of staff turnover in the arts, particularly of fundraising staff.

Status and location within the organisation
The notion of who is responsible for fundraising and fundraising’s status within an organisation were a recurring concern. The perception of and importance assigned to fundraising was a central issue for participants working in development/fundraising positions. To-date fundraising within the arts often appears to have been perceived as an optional add-on, peripheral to arts organisations’ work: ‘even though everyone understands the need for funds, fundraising is perhaps not as valued as other parts of the organisation’.

One factor perceived as contributing to this was that senior staff and artistic directors were often predominantly rooted in the arts and lacked a business background. A second aspect adding to fundraising’s perceived low status was the time-lag between initiating a fundraising campaign and its bearing fruit. For example a direct link between a legacy campaign and the legacy gift coming in can be hard to establish and the person initiating ‘the ask’ may not be the same person that sees the fruition.

While smaller organisations face the challenge that ‘one person has to do everything’, larger organisations face the obstacle of who is in charge of fundraising: is it the fundraising team,
the development office, customer relations, finance, or in-house or external fundraising consultancies? A common issue was that fundraising activities were dispersed across numerous individuals or organisational sections. While spreading the responsibility for different elements of a fundraising or giving programme can work well, this was only true for organisations with good internal communication between members of staff and/or departments. For others, the resulting complex structures and departmental and individual struggles for power and status within the organisation created unnecessary conflict and tension: ‘things that you would expect to be under control of fundraising aren’t, for example donor boxes sit with visitor operations, databases are in marketing, the website is with programmes etc. This creates conflict and tension between the departments, [individuals] and development’.

The role of the board
There was a strong feeling amongst participants that boards needed to play a more active role in the fundraising process, both in relation to ‘asking’ and ‘managing’ donors. Board members were generally perceived as not properly engaging in the fundraising process: ‘the board is supportive in terms of management and staff but not good at fundraising – they’re mainly interested in sport!’.

Where the board was engaged, respondents felt that it was a very effective way to build donor relationships. For larger organisations, the board was often used to source new donors, make the introductions and then allow development staff to make ‘the ask’. For smaller organisations, participants pointed out that the board can play a key role in relieving some of the pressure on fundraising staff by making those ‘asks’ themselves and by actively engaging in fundraising for the organisation.

A general response in the focus group was that boards needed to be more realistic about what fundraising can and cannot achieve within the arts in general and within the Scottish context in particular; board members’ references to US philanthropy and fundraising were perceived as unhelpful. Board members were seen as needing to be more aware and engaged with the policy and practice contexts for the arts in the United Kingdom to understand the appropriateness of and extent to which ideas and practices were relevant and/or transferable.

Consequently, the importance of having or developing the ‘right’ board was an important and recurring theme throughout the project. Rather than having high-profile board members who might already hold various positions of responsibility, represent numerous organisations and only have limited time or ability to support an organisation’s work, participants argued for a mix of board members, albeit hard to achieve, that could promote the organisation through various networks, make ‘the ask’, understood the arts, and had a wider set of relevant skills and expertise.
**Physical factors**

A recurring theme was the question of the advantages and disadvantages of having or lacking a physical venue as an arts organisation. Frequently it seemed that the grass can appear greener on the other side. On the one hand commentators pointed out that ‘not having a venue in Scotland can be challenging—we have no physical presence but are hoping the website will change that’ while others argued that ‘touring companies are sexy and interesting...they are creating something new and people get excited about supporting the creation of a new project...we are just a building, we don’t create artistic product...or we very rarely do...we are just housing artistic products’.

**Contexts and relationships**

**The arts sector**

A number of participants felt that fundraising in the arts was in principle no different to fundraising in any other charitable sector as fundraising was usually based on the same idea: ‘in principle you give money to charitable causes because you can see an impact, you are motivated by the enthusiasm of the organisation’. According to several respondents, a key challenge for the arts, in comparison to charitable organisations more generally, was the perception that the primary function of an arts organisation is not to make money. Rather than raising funds for a ‘cause’, such as children hospitals or cancer treatment, where fundraising for the cause is the main aim of an organisation, respondents felt that their primary function was to create cultural activity which just happened to need investment.

Given the popular view that cultural activities differ from more emotive and need-based ones, there was an understanding that the nature of ‘the sell’ could be a lot harder. However, the perceived advantage of the arts was that they usually have an artistic ‘product’ that can be sold and that ‘the sell’ can be much more positive: ‘it is a harder sell, but a nice sell, it is not all doom and gloom’.

Asked whether in the current economic climate there were concerns within the arts about taking resources away from more ‘deserving’ causes, the majority of respondents within the focus groups felt that there was no direct competition: ‘people who give to the arts already give to other causes and will continue to do so’.

**The policy and funding context**

While out of necessity arts organisations were perceived as being highly reliant on public funding, several participants commented on the nature of government funding cycles and the negative impact they are having on Scottish arts organisations. One-year funding cycles were seen as leading to short-term planning, uncertainty for employees who at times had to
be put on short-term contracts, and potentially weakening organisations’ ability to access longer term sponsorships. For example, local authorities’ funding was considered by some as critical for leveraging further investments from trusts and foundations and for soliciting individual donations for capital campaigns.

Another concern about public funding participants mentioned was the lack of clarity around subsidies for the arts. They thought that there was a need for greater clarity around the purpose of subsidising the arts; is it meant to enable arts organisations to deliver the bare minimum of their activities, or to enable arts organisations to increase their level of reserves, become more sustainable and deliver more creative and innovative forms of art?

With the future funding of Creative Scotland uncertain, participants were concerned about the availability and extent of future funding, and at times about the transparency of existing funding processes across the field; existing guidance, next steps and available information were not always very clear or accessible and at times funders were perceived as increasingly ‘moving the goal posts’ and altering what they are and are not willing to fund.

Alongside worrying about the funding cuts by national and local government, respondents were concerned about the decreasing ‘funding pots’ and shrinking sums available from corporates, trusts, foundations and individuals as a result of poorly performing investments and share prices and reduced disposable incomes. Some thought that an aggravating factor was the perceived increase in competition from across the third sector that had resulted from an estimated funding shortfall of £12m per year over the last few years as major funders (such as the Lloyds TSB Foundation for Scotland, the Moffat Charitable Trust or the Laidlaw Youth Project) had either temporarily withdrawn, seen a reduction in resources, or ceased funding altogether.

**Funders’ requirements**

A further challenge associated with obtaining money from trusts and foundations was the extent of ‘fundraising’ or ‘development’ time needed to either apply for grants or to report back to funders. At times, arts organisations felt that they ought to alter their mission and objectives to meet the specific grant criteria of funders, leaving them in a vulnerable position if requirements changed. The predominant project-specific focus of funding from trusts and foundations was also cited as a challenge for arts organisations, especially by those that need to cover their running and production costs or are based in older venues with high maintenance costs and overheads.
Lesson drawing and collaboration
Throughout the work it appeared that little awareness of resources on donor cultivation and fundraising existed across the arts. Nonetheless, some participants pointed out that the arts could learn a lot from available offers by organisations such as the Institute of Fundraising or from the practices and approaches used in Higher Education. They also argued that arts fundraisers should make more effort to use existing research and borrow insights and practices from other non-profit fields as there was the ‘potential to simply reinvent the wheel’. However, they also highlighted that it would be useful to refrain from looking too much to the US for potential lessons and that Scotland should start to look towards other contexts which might be more appropriate. Prominent examples included Scandinavian countries such as Denmark and Sweden, as well as Canada, and New Zealand.

A number of participants, especially from smaller organisations, had a very positive view of the arts sector and felt that there was no direct competition between arts organisations: ‘it is about differentiating your brand of culture from other branches of culture and making the case for your organisation in that context’. Rather than worrying about competition, these individuals outlined the need for transferring fundraising knowledge and having access to benchmark data from other organisations on the performance of their own tried and tested individual fundraising approaches. From the sample of larger organisations, though, a more reserved view was noticeable at times; due to the relatively small pool of High Net Worth Individuals in Scotland, organisations may be trying to solicit the same set of individuals. As one participant pointed out, however, there might be a need for arts organisations to transcend the competition debate and recognise that ‘you need to focus on who you’re targeting There is a lot of diversity in the market. The donor isn’t going to be interested in ALL arts’ and that at a smaller, organisational level, competition is healthy.

Wider networks
Respondents generally thought that there was a need for further, more hands-on support for Scottish arts organisations. This included more applicable research and more opportunities for better networking, discussions and knowledge exchanges and practice workshops. Interviewees raised three key concerns. First of all, for organisations outside Edinburgh and Glasgow it was often difficult to spend time and resources attending either training or making contacts in the central belt. Secondly, some of the smaller organisations felt that although it was useful to meet other arts organisations, the lessons from larger organisations were not really applicable to themselves so that networking opportunities should be segmented in more appropriate ways. Finally, alongside specific themes, such as the potential of crowd-sourcing or guidance to data protection management, a large number of respondents felt that they would appreciate further help and opportunities for developing networking opportunities with business and would welcome a clearer understanding of and better map to how philanthropy may differ across Scotland.
Donors

Data
Ownership and access to audience data were perceived by participants as major obstacles when trying to establish and develop a database of existing and potential donors. Participants pointed out that as tickets were often not sold directly to the audience by arts organisation, the requirements of the Data Protection Act and similar legislation meant that they frequently did not have access to personal information and contact details of their audiences. While this was perceived as especially problematic for ‘travelling’ arts organisations, it also applied to venue-based organisations where the venue or box office was not owned by the arts organisation itself.

Even if data on audience members was obtainable, representatives from smaller organisations pointed out that they had issues of effectively managing this information as professional fundraising and donor management software was perceived to be prohibitively expensive. Referring back to questions of organisational and staff capacity, smaller organisations also faced the problem of making time to research and explore potential and existing donors.

Corporate donors
Within our sample, attention was drawn to the changing relationship between business and the arts. Participants cited a range of positive experiences of corporate sponsorship but organisations operating at a more rural level pointed out that this might not be a viable option for them. They noted the absence of ‘big business’ in their localities and doubted whether smaller, more local businesses were able to offer sponsorship within the current economic climate. Similarly, smaller organisations were concerned that developing and servicing corporate partnerships could be very time-consuming and expensive. With limited staff to cover corporate, trust, foundation and individual giving, they pointed out that they did not have the resources to dedicate a staff member to developing what they felt would be a ‘heavy duty’ relationship; businesses were perceived as wanting more for their money and smaller organisations thought it difficult to offer the type of rewards that companies might be looking for.

Approach
Organisations were generally quite optimistic about developing their fundraising and donor cultivation approaches. Some mentioned that ticket sales and audience numbers had continued to grow, providing an established basis upon which to develop individual giving.
Most importantly, there was a perception that ‘if we [the arts organisations] cannot be creative about fundraising, who can?’.

Several of the larger organisations pointed out that they had a range of existing giving schemes in place. Cited examples included membership, patron, benefactor and friends schemes. The majority of those organisations that did not already have well-established giving schemes in place indicated that they had future plans to develop these. Such plans included ‘beefing up’ individual programmes and rethinking how money is raised through targeting individuals. The view was that there was a lot of potential to build on, but that starting conversations and inviting people to build relationships took a lot of effort. Irrespective of organisational size or art form, participants pointed out that membership schemes for arts organisations were an approach that, compared to other sources of funding, only brought in a relatively low amounts of money. Consequently, unless a membership scheme provided clear benefits to both the organisation and the donor, the effectiveness of such schemes was questioned.

Closely linked to this were participants’ thoughts on the difficulty of engaging donors in an appropriate and balanced way. They said that donors frequently did not want to see their donations spend on non-arts-organisation aspects, such as being ‘entertained’ at members’ dinners or receiving ‘glossy magazines’. In addition, participants referred back to the question of organisational aspects: coordinating fundraising campaigns with regular communication material and events so as to avoid duplication was a point of concern, as was the amount of work needed for proper stewardship of donors.

The topic of alternative income generation did not feature highly during the discussions. A few individuals noted scope to expand online trading of goods, or hiring out their venue, but the majority of participants did not broach this topic. Indeed, one participant pointed out that the income generating arm of an arts organisation can be confusing for individuals: ‘if people attend an arts venue, queue for a drink at the bar or sit in a full auditorium, there is a tendency to assume that the organisation is self-funding and not in need of support. Income generation can send mixed messages to individuals about the charitable status of arts organisations’.

**Success**

Few respondents were actually evaluating their donor cultivation strategies in terms of calculating the return on investment. For example, several were monitoring the number of friends they had managed to secure but not the cost of donor benefits, such as magazines, or staff time needed in relation to the income generated. Respondents thought that one central problem for measuring the impact and success of individual giving programmes was the lack of benchmarking across the sector as a whole. Referring back to questions about
existing skills and capacities, several respondents felt they were not fundraisers by trade and so were unsure about how to predict the income from a membership scheme when there was no precedent within their organisation: ‘I have no background in this—there is no precedent—have tried to be modest in how much we can raise in a year…but it is difficult to calculate’.

Aside from measuring the success of fundraising activities, there was general agreement over both the importance of and challenges associated with measuring the impact of arts organisations’ own activities, the softer outcomes of their organisations’ work, and the value of the arts more broadly. Measuring the value of arts organisations was identified as a sector-wide problem, especially in relation to securing future public funding: ‘if we collectively as a sector can’t find an effective way of measuring outcomes – don’t have one at the moment – then it is hard to make the case for the arts’.

A further concern amongst participants was how to communicate any impact their organisation was having. Participants highlighted the need to thank donors and tell them what their gift had achieved through ‘telling good stories’ and ‘providing individual case studies’ but also stressed the importance of making sure that the form and frequency of this communication is considered to be right and appropriate by donors. Examples of the difficult balance that needs to be struck ranged from the use of second- rather than first-class postage to save costs, to ensuring that a ‘present’ to the donor is not perceived as being more valuable than its actual cost to the organisation.

A final point on communicating impact that was raised was the use of websites, new forms of technology and social media for engaging with donors. Several respondents felt the improved content and format of their websites, along with tweeting and Facebook had helped to communicate their message to supporters more effectively and efficiently.

Findings from the literature

A cursory scanning of the academic and practice literature on donor cultivation provides a plethora of general fundraising models and practices. Surprisingly, however, there appears to be little empirical research that takes a holistic view; rather than examining potential links between donor motivations, specific fundraising or marketing techniques and revenue generation these variables usually seem to be considered independently. Furthermore, the literature seems to be riddled with conceptual confusion where different authors use the same term to refer to different ideas or, vice versa, use different terms to refer to the same idea. This problem is aggravated by a mushrooming of models whereby minor modifications of existing models can appear to be ‘rebranded’ under new titles. In general, we found little
empirical testing of the identified models and little advice on how to implement or integrate the models into specific organisational practices.

To address the conceptual diversity within the literature and to structure our findings, we group the literature on donor cultivation into three broad themes, where each theme denotes a particular type of relationship between an organisation and its donor:

- Donor engagement – interactive relationships
- Donor education – instructive relationships
- Donor control – directive relationships

After outlining these concepts, an overview of prominent fundraising ideas and models is provided.

**Donor engagement – interactive relationships**

The literature on consumer marketing and fundraising both feature donor cultivation. The former, rooted in exchange theory, presents cultivation as a transactional relationship, whereas the latter emphasises relationship fundraising (Burnett 1992). Although it is possible to identify transferable lessons from consumer marketing to non-profit fundraising, several authors warn specifically against merging the two: unlike marketing’s underlying assumptions the arts may not be a ‘simple’ exchange of goods (Paton 2007; Wensley 1990; Sargeant et al. 2002).

**Transactional relationship perspective**

In both consumer and non-profit literature, exchange relationships can be based on tangible and intangible benefits. Tangible benefits are the material benefits received from a relationship such as the product purchased, free events or discounted tickets\(^2\). Non-material or intangible benefits are ‘symbolic, social, personal or emotional’ advantages of giving (Paswan and Troy 2004 cited in Camarero and Garrido 2010:5). These include links with others, a feeling of altruism or social responsibility, and social status (Guy and Paton 1988; Green and Webb 1997). The initial application of marketing theory to the arts suggested that gifts to charity are merely based on the value of this exchange (Sargeant et al. 2002).

The transferability of marketing theory has long been contested in the non-profit sector, particularly within the arts (Burnett 1992; Paton 2007; Gaio 2009). Sargeant et al. (2002)

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\(^2\) In museum fundraising for example, the exchange component of the donor relationship is usually based around tangible benefits, incentives such as free admission, special events, discounts, private views etc. (Green and Webb, 1997 cited in Camarero and Garrido 2010:5)
note that although marketing theory has been applied to the arts since the 1960s, and market research has a long tradition of being used in the segmentation of arts audiences (e.g. Michaelis 1976), the differences between marketing the arts and marketing economic goods and services are too pronounced to provide directly transferable lessons. However, not everybody agrees with this criticism. While marketing practices and perceptions might have little value where service delivery is detached from income generation, i.e. where funders of a service are not its beneficiaries (Wensley 1990; Patton 2007), this does not apply to the arts: the donor is usually simultaneously the supporter, client and beneficiary of the arts (Davies and Mitchell 2008; Gaio 2009). Indeed, as Bakhshi and Throsby (2009) highlight, non-profit arts organisations are subject to the same market fluctuations and political cycles as for-profit companies.

**Relationship fundraising perspective**

The fundraising literature has a broader conception of the donor relationship. Rather than perceiving donor cultivation as based on quantifiable transactions, fundraising identifies both the exchange giver, the consumer marketing approach, and the communal giver, those who give out of a desire to support a cause (Hibbert and Farsides 2005). Unlike marketing with its strong emphasis on programmes that are designed to foster beneficial exchange relationships (Paton 2007), relationship fundraising is the development and maintenance of long-term relationships with donors (Sargeant and Jay 2007); marketing ‘a cause’ is not about the amount of money raised, but about furthering the distinctive relationship between a charity and its supporters (Burnett 1992). Within the arts, therefore, relationship fundraising is specifically about the personal passions for an art form and the links between the individual and the arts organisation (Lloyd 2006).

The literature also suggests that fundraising in the arts differs from other non-profits in the way it applies marketing theory and in the pace at which it adapts to changing fundraising environments (Sargeant et al. 2002). For example, Dixon (1999) points out that the direct marketing revolution that changed the charity fundraising landscape during the 1980s, generally bypassed the art world. Indeed, commentators have argued that within the United Kingdom’s arts sector effective and continuous fundraising focused on individual giving is the exception rather than the norm (Sargeant et al. 2002), and that arts organisations need to harness emerging digital technologies to connect with wider audiences and find new ways to generate income (Department for Culture Media and Sport 2011).

**Donor education – instructive relationships**

While the marketing and fundraising literature focuses on the interaction between the donor and the organisation, the literature on donor education stresses a slightly different configuration between donor and charitable organisation, one, that is based on the learning
opportunities available to donors. It is closely associated with the work of Siegel and Yancey (2002; 2003) and the Donor Education Initiative. The latter was funded by four major American Foundations – the Ford Foundation, the William and Flora Hewlett Foundation, the David and Lucile Packard Foundation, and the W.K. Kellogg Foundation – and mapped the range and types of donor education programmes nascent in the US.

Donor education focuses on the different role and relationships that exist between non-profits, philanthropy advisors and donors, where the role of the development professionals is to facilitate a close relationship with donors while preserving the autonomy of their organisation (Dee and Henkin 1997). The approach assumes that donors prove more loyal to an organisation’s cause, the deeper their understanding of the organisation and its work. It has been defined as ‘the formal learning opportunities that engage and enable individuals to make wise decisions about their giving to achieve impact and change’ (Siegel and Yancey 2002: 8). To this end, donor education approaches instruct donors in the work of a charity and in the broader giving process. It fosters a relationship of mutual benefit and reciprocity which is considered as a win-win situation for both donor and institution (Dee and Henkin 1997).

Within the donor education industry a spectrum that ranges from the ‘boutique focus’ on one end to ‘community focus’ on the other exists (Siegel and Yancey 2002). The former has traditionally been geared towards High-Net Worth Individuals. It uses a top-down approach that proceeds from the value basis of individual donors. In contrast, the community-focus approach proceeds from the bottom up and builds on the interactive relationship between the non-profit organisation and the donor; non-profits provide the vehicle for engaging donors with and educating them about pertinent community issues.

While the boutique end of the continuum reflects much of the recent literature on venture philanthropy and the growing discourse on donors’ ‘philanthropic agendas’ (Ostrower 1995; Kressner Cobb 2002; Orosz et al. 2003), Ostrander (2007) strongly advocates an approach that is geared towards the community focus end: donor education should incorporate a social relational model of philanthropy based upon a reciprocal donor-recipient relationship that results in mutual benefits for those that supply philanthropic resources and those that demand them. For this to occur, it is essential that the donor-relationship is built around the needs of recipient groups.

**Donor control – directive relationships**

Venture philanthropy, impact reporting, donor-advised funds and donors demanding more choice over the direction of their gifts are increasingly common themes across the philanthropy literature; as donors are becoming more engaged and strategic in their giving they frequently desire more control over how their donations are used (Kressner Cobb
Such control can be ‘donor-centred’, a common trend amongst donor-relations in the early 1990s, or take the form of ‘high donor control’ (Ostrander 2007). The former approach refers to a non-profit directed relationship, while the latter is a donor-directed one.

Non-profit directed relationship
In donor-centred philanthropy, gift-seekers develop donor-centred appeals through donor prospecting. Donor prospecting is the extensive study of the interests, concerns and important life events of wealthy individuals that leads to the compilation of a detailed donor profile (Ostrander 2007). This can be used to target individuals, cultivate relationships and finally make ‘the ask’. A defining feature of this form of donor-centred relationship is that there is limited, if any, opportunity for donors to interact or benefit from work with recipients (Ostrander 2007). The relationship, although built on and centred around the values of the donor, is directed by the non-profit organisation.

Donor directed relationship
A donor directed relationship approach shares some characteristics of the non-profit directed one in so far as that it still takes the values, beliefs and interests of the donor as a starting point (Ostrander 2007). However, the donor is no longer just the recipient of a non-profit directed appeal centred on his or her values, but instead takes a directive stance towards his or her gift(s):

‘When donors are encouraged and enabled in giving more and more specific directives about their gifts, then recipients have less and less say about how best to use these needed resources. The valuable on-the-ground knowledge that recipient groups have to offer is diminished or lost and along with it the opportunity for that knowledge to enhance philanthropy’s effectiveness in dealing with social issues and social need’ (Ostrander 2007: 358).

The donor, therefore, takes a hands-on approach in both deciding what are interesting projects or ideas and in steering their direction. Increasingly, such high-control donors have been conflated with the broader notion of ‘social entrepreneurs’ (Ostrander 2007).

Whether donor-relationships are built around the needs of recipient groups, or on the educational, engagement and impact requirements of specific donors, the relationship has important implications for the size, longevity and type of funding non-profit organisations can access. Although the Scottish funding landscape is likely to change dramatically over the coming years, it is still unclear how an increased focus on venture philanthropy, ‘investment’ and ideas around high engagement and impact giving will influence the arts. For example, within the US, venture philanthropy and donor control were traditionally
perceived as bypassing the arts (e.g. Kressner Cobb 2002) and a recent study on individual giving to the arts in England found that ‘most donors were happy to let the organisation decide how their donations were spent’ (Gaio 2009: 19).

There have been concerns, however, that the language, concepts and priorities of venture philanthropy present specific challenges for the arts: arts organisations involved in donor control debates or approaches will need to reflect whether the current preoccupation with impact, assessment and measurement skews overall philanthropic funding too much towards measurable objectives and away from the arts (Kressner Cobb 2002).

**Fundraising models and perspectives**

In practice, whether an organisation is thinking in terms of engaging or educating donors, directing them or being directed, the steps an organisation can take to interact, instruct or respond to their donors covers a spectrum of possibilities. This ranges from simple newsletters and face-to-face fundraising, via membership schemes, legacy or capital campaigns, to online mechanisms and social media. Each of these activities is subject to a number of important variables: who is in charge, at whom is the activity targeted, and how do these activities fit with the wider objectives of the organisation? To this end, various models that address questions of donor cultivation and relationship building practices have been outlined in the fundraising literature. Those identified within our review can be clustered into three categories: steps and cycles approaches, pyramids and social interaction models.

**Steps and cycles, pyramids, and social interaction models**

The first group provides a series of steps that are considered to be needed to progress donors along a pathway that first identifies a potential donor, builds relationships and, once donations are being made, leads to an increase in both size and frequency of donations.
Within the literature, this idea is presented in a variety of ways – most commonly referred to as the Seven Steps of Giving – and we have characterised it here pictorially as consecutive links in a protective chain.

Closely related to the view that fundraising proceeds through progressive stages, pyramid models take a slightly different angle; they highlight different ‘building blocks’ for effective fundraising. These can focus on the actual giving process, donors’ learning needs or organisational fundraising capabilities.

The third category of models, social interaction approaches, focus on the social skills and questions of trust within donor relationship fundraising. As such, issues around communication and social skills and how to assess degrees of trust within, commitment to, and satisfaction with a relationship are perceived as central. Further information on and examples of all three categories of models is provided in appendices B, C and D.

Given the strong marketing perspective within these approaches that perceives motivations as key to the success of any fundraising campaign or strategy, learning more about donors’ needs and/or interests constitutes a central aspect within them. However, a strong evidence base on what actually motivates donors that can be used in practice is difficult to establish.

**Donor motivations**

The challenge for fundraisers is that any effective cultivation strategy needs to engage with the different values and motivations of specific donors. However, theories of donor motivation remain inconclusive (e.g. Hon and Grunig 1999; Meier 2006) and are often based on anecdotal evidence. A recent joint report by the William and Flora Hewlett Foundation and McKinsey & Company (2008: 4) noted that there is an urgent need to ‘invest in research that clarifies donors’ motivations, needs, and decision-making criteria’; surprisingly little is known about individual donors’ motivations and the available information is frequently dated. This concern is reflected in an increasing prominence of studies that examine donor motivations over the last few years (e.g. Nathan 2007; Breeze 2010; Lumley et al. 2011). As giving activities appear to involve a mixture of rational and motivational/psychological factors it is important to simultaneously explore ‘why’ people give, ‘how’ they give, ‘what’ they give and ‘when’ they give as all of these factors may impact on the performance of giving programmes (Gaio 2009: 19). Nonetheless, the available evidence on donor motivations does not provide a coherent basis for fundraisers to work from.

Picking up the challenge of gaining a better understanding of donors’ motivations, a US-based study by Hope Consulting (2010) combined an online survey of 4,000 individuals, with focus groups and thirty interviews with individuals. Its key findings were: high levels of loyalty in charitable giving; that donors rarely do any independent research before they give; that demographics seem to matter little; and that while donors might say that they
care about performance, few actually donated to the highest performing charities. Similarly, Breeze’s (2010) UK study into the giving preferences of 60 committed donors, defined as those holding a Charities Aid Foundation (CAF) account, also found a complexity of reasons; people might back organisations that promote their own preferences, support causes that either relate to their own life history or with which they feel some affinity, or help charities that are perceived to be efficient. Other motivating factors that have been identified may be the values of peers and family members (Siegel and Yancey 2003). The perspective that the awareness of and path of philanthropy is shaped by individuals’ personal and social networks is also reflected in the view of Arts Council England (2010: 33) which states that giving is becoming ‘increasingly interconnected and network-based’.

While one limitation of the literature on donor motivation is that it often looks at donor motivation and the role of fundraising independently of each other, i.e. very few studies look at the link between the two (Barman 2008), the diversity of findings questions the extent to which it is actually possible to design an effective, tailored, fundraising strategy that can meet the wide-ranging and often unstated preferences of donors.

**Targeting**

Within the fundraising literature, targeting is a recurring theme (e.g. Paton 2007; Prince et al. 2003; Sargeant and Jay 2004; Cowley et al. 2011). It is assumed that researching and segmenting a donor base is essential for using organisational resources efficiently (van Slyke and Brooks 2005; Sargeant and Jay 2007). For example, in a recent report that analysed three decades of household giving data Cowley et al. (2011) highlight the shift in importance of older donors; in 1978 over-65s accounted for a quarter of all donations, nowadays they account for 35 per cent. While further research is needed to identify why these trends materialise, such conclusions illustrate the importance for organisations to reflect and decide whom to target. Should the focus be on older donors who might be more willing to give, on High Net Worth Individuals who might be able to give much larger gifts, or on investing in new technology and social media to attract younger generations of donors?

While there are also general uncertainties about how best to target individuals, using technology as an effective mechanism for targeting donors appears to be a problematic area. Bernholz et al. (2010) and Dixon (2011) note that despite increases in technology and online fundraising sites there hasn’t been a huge difference in giving levels. Technology might alter where the money goes, but has yet to have any significant impact on the amount of philanthropic funds available. Equally Dixon (2011) argues that while new developments in crowd funding such as WeFund and Buzzbank may appeal to donors interested in new artists and performances, they are unlikely to add any additional benefits for established institutions. Although technology can be a powerful tool, the central
message and the extent to which it can facilitate a relationship should be the key area of concern (Dixon 2011: 8).

When targeting individuals, the content, coherence and consistency of the message leading to ‘the ask’, i.e. the case for support, is widely perceived as critical:

‘at the heart of an effective fundraising campaign irrespective of scale lies a clearly defined fundraising Case for Support which can be shared across an organisation internally to build common understanding and can be communicated to current and potential donors’ (Arts Quarter 2011)

Closely related to this, is the question as to who makes ‘the ask’. Alongside the actual nature of the case for support, this might be the second most important factor in determining the success of a fundraising campaign (Lloyd 2006). There seems to be general agreement that responsibility for making ‘the ask’ should include all organisational levels; it is argued that both board members and senior staff should play a central role within this cultivation process (e.g. Williams 1991; Lawson 1995; Smith 1997; Sargeant et al. 2002; Lloyd 2006; Paton 2007). Several authors also recommend to broaden this further and to include performers and beneficiaries in ‘the ask’ (Sargeant et al. 2002; Paton, 2007). The assertion is that greater engagement in the organisation consistently results in larger levels of commitment from donors as well as higher and more frequent gifts.

Although often considered interchangeably, developing and managing donor relationships are not one and the same thing. As Nathan and Hallam (2009) argue, within charities there appears to be a lack of understanding of how they should perceive their donors and that it has taken charities some time to acknowledge the importance of donor relationships. This view is confirmed by a recent report by Lumley et al. (2011). This suggests that charities need to manage their donor relationships a lot better and need to strike an appropriate balance between keeping donors informed about the impact of their gifts while being careful not to over-solicit them as this is likely to lead to attrition.

Attrition levels are a prominent area of concern for charities and should be an important consideration within the cultivation process (e.g. Sargeant and Jay 2004; Nathan and Hallam 2009). While Sargeant et al. (2002) note that due to the different nature of the relationship between the donor and arts organisations attrition may be less pronounced in the arts, limited information on attrition rates appears to be available and studies do not seem to examine potential links between attrition rates and individual cultivation practices.

**Donor cultivation**

As this exploratory review of the literature indicates, donor cultivation is a complex and multifaceted concept. It draws on insights from consumer marketing and professional fundraising practices, and incorporates ideas around donor engagement, donor education,
and donor control. It also raises questions about donors’ motivations and appropriate approaches to targeting them. Rather than being an independent concept, it should thus be perceived as an umbrella term that brings together the diverse literature and concepts around donors.

**Donor cultivation as an umbrella concept**

![Diagram of donor cultivation concepts]

**Linking theory and practice**

When comparing the insights from literature and practice, several points of convergence can be identified. For example, the different variables featuring in the literature – such as motivations, who asks, whom to target and who manages – were all practical issues raised during the survey, focus groups and interviews. Similarly, the three perspectives around donor relationships, interactive, instructive and directive, featured, albeit more implicitly, in the contributions from those arts organisations that already have or seek to develop the way in which they relate to their donors. However, the approach taken appears to be predominantly of a reactive rather than a proactive nature. Finally, while the larger organisations and those with professional fundraisers often referred to the existing models of fundraising, there appeared to be little awareness of such tools within the smaller organisations. As such, the challenge that presents itself is how to combine the insights from both literature and practice so as to provide Scottish arts organisations with appropriate guidance on how to reflect on and go about implementing donor cultivation programmes.

Given the diverse nature of Scottish arts organisations’ characteristics, aims, geographical locations, socio-economic contexts, resources, and different levels of donor cultivation programmes on the one hand, and the spectrum of fundraising models and practices that
feature in the donor cultivation literature combined with the range of variables that impact upon relationship-building processes on the other, it is unhelpful to provide direct guidance, specific recommendations, or a one-size-fits-all model. This is especially true, as the available evidence-base on donors’ motivations and effective fundraising practices seems inconclusive and does not appear to offer the firm foundations one would hope for.

Having said this, there seem to be clear lessons as to which areas organisations need to focus on when thinking about their perspectives on and approaches to donor cultivation. By combining the insights from the wider literature with the specific insights from Scottish arts’ organisations, we provide a framework for these reflections. This framework aims to aid organisations in steering through the complex donor cultivation field. Moreover, given the widespread concern that there is currently a lack of donor cultivation expertise in arts organisations in Scotland within our sample, findings which are supported by the results of an Arts Quarter (2011) survey which found that staff capacity and building fundraising skills within arts organisations was one of the most pressing concerns, this framework is designed as an initial step to meet this need; it offers simple measures for thinking through the development of a donor cultivation programme, sign-posts relevant resources, and suggests how best to use the information organisations’ already have available to them.

**The ThinKit! Steering Wheel to Donor Cultivation**

The proposed ThinKit! Steering Wheel to Donor Cultivation is outlined below. It combines the three thematic clusters of donor engagement, donor education, and donor control from the literature with the five thematic clusters of organisational factors, context and relationships, donors, approach and success that emerged from the practice insights. The benefit of such a combined framework is that it draws attention to the practical elements and steps that need to be taken into account when developing, starting or adapting a donor cultivation theory, as well as the broader conceptual question that organisations need to consider as part of this process. These aspects appear to be relevant to any organisation, regardless of its nature or situation.

Recognising that appropriate practice and steps to donor cultivation are dependent on an arts organisation’s individual circumstances, the ThinKit! Steering Wheel offers a reflective framework that draws out the different areas that need to be considered as part of a donor cultivation strategy. We perceive ‘reflective’ in its broad sense that can mean any activity from diagnosis to action within each segment. For each area, a range of questions is provided. These are envisaged to help steer organisational thinking and practices towards an effective donor cultivation approach that is appropriate to their unique organisational situation and aims.
How to use it within your organisation?

Throughout the discussion cultivation has been understood as the spectrum of relationship-building steps that lead to donorship, with cultivation continuing as part of an ongoing programme once a donation has been made. This framework is thus designed to reflect the ongoing and continuous process of cultivation. In theory an organisation can start at any point on the wheel, but the proposed path for developing a cultivation strategy begins and ends with the organisational factors (as shown by the arrow). This path is designed to guide organisations through the various thematic elements that appear to be essential for determining the success of a donor cultivation programme: organisational factors, the context and relationships within which the organisation operates, understanding donors, defining the approach to take, determining, understanding and advertising success.

For each cluster, a set of questions is provided. These are simple steps towards working out: what you already know, where next, and where next on the wheel. For example, if you know enough about the motivations of a specific donor, what they value and are interested in, you can then tailor an appropriate approach, measure and record success, and use this to inform future approaches. By no means are these questions considered to be exhaustive; they are meant as a starting point and should be considered as indicative of the range of issues you might want to consider within each thematic cluster.

Alternatively, if the thought of reflecting on all the elements of a cultivation strategy seems daunting, particularly for those organisations that feel stretched in terms of staff time and/or resources, it is possible to consider each element/box independently of the others. For example, with the limited resources and time you have available, you could either begin by focusing on:

- **Context and relationships**: thinking through the various available funding options, and possible new organisational links and partnerships; or
- **Donors**: gathering the right sort of data on your donors – who are your donors, how can you find out more about them, how often do they give, what sorts of campaigns do they respond to, who else could be approached; or
- **Approach**: how will you go about approaching your donors, would it be appropriate to use new media to engage with a different target audience; or
- **Success**: decide what constitutes success for your campaign, what do you want to achieve, can you assess the time and money involved in an existing giving programme in comparison to the obtained returns; or, focusing on the middle of the steering wheel
- **How do you want to relate to your donors**: interactive, instructive or directive?
ThinKit! Steering Wheel

A reflective framework to donor cultivation
Organisational factors

What are the internal challenges and opportunities for donor cultivation within your organisation? How do different organisational responsibilities relate to each other?

- What is the status of fundraising within your organisation?
- How does this affect fundraisers ability to carry out their job?
- How are the aims, objectives and mission of your organisation reflected in the donor cultivation strategy, and communicated both internally and externally?
- How does the board understand the role fundraising plays within the organisation and how can board members be engaged with the process?
- Does your board have the right mix of business, arts and fundraising expertise? If not, how can this be addressed?
- What are your organisation’s capabilities for donor cultivation, bearing in mind its size, current funding and future aspirations?
- What are the organisational resources (staff time, and money, and training) available for current and future fundraising activity? How appropriate are they? How they can be utilised?
- What challenges and opportunities do physical factors present – can having a venue, or not having a venue be used to your advantage?
- How can fundraising responsibility be better managed, coordinated and shared? Can responsibility be better shared and coordinated across departments (e.g. marketing, fundraising, development, finance, box office)?
- Who is in charge of the various components of donor cultivation activity?
- Who is responsible for managing relationships once they have been established?

Contexts and relationships

What challenges and opportunities does the socio-political and economic environment offer? What are your existing relationships with other organisations and how could these be used? Are there opportunities for networking or collaboration and how can these be developed?

- What funding opportunities are available?
- Do you need to build financial resilience, continue as you are, or expand and develop your activities further?
- Can you use existing relationships and fundraising resources more effectively, or access new ones? If so, how?
- What networks are you already in? Are there any networks you should be a member of?
- What learning resources are available? How do they relate to your situation? How can you access and use them?
- What opportunities for knowledge exchange and lesson-drawing exist (e.g. can you learn from the fundraising activities of other arts organisations and the schemes they have in place)?
• Have you explored case studies and resources from other non-profit sectors, or explored training opportunities offered by professional fundraising bodies?
• Is there scope to share fundraising practices? Collaborate rather than compete?
• If you are competing amongst other arts organisations, what is it that is unique about your organisation?

Donors

*Who are your existing and potential donors? What do you know about them? How can you learn more about them?*

• What data do you collect on your audience and/or donors?
• What do you know about your donors’ motivations for giving?
• What do you know about their preferences for communication (mail, telephone, face to face, newsletter, generic or tailored?)
• Can you use this information more effectively, establish or manage a database, segment your donors, keep track of communications, recent gifts?
• How can you find out more about existing or potential donors? Can you access data from other arts organisations, for example if you share a venue, or host a touring company? Wealth surveys and target list? Capturing visitor information?
• Would professional database management software be a worthwhile investment?
• Have you asked/explored all the contacts your board has?
• Can you engage new people through your existing memberships and friends schemes? Peers and community ties?

Approaches

*How will you go about approaching, engaging and managing existing and new donors?*

• How are you interacting?
  o Mail-outs?
  o Thank you?
  o Telemarketing campaign?
  o Annual appeal?
  o Website—‘Donate now function!’?
  o Ticket donation promotion (optional £1 donation on every ticket purchase)?
  o Donation boxes?
  o Facebook, Twitter, JustGiving?
  o Lucky ticket (£1 prize draw using ticketing system—prize £100 to spend at venue)?
  o Online fundraising?
• Re-branding

• How are you educating?
  o Annual reports
  o Newsletters
  o Building a case for support
  o Legacy campaigns
  o Ensure quality of artistic product
  o Formal evaluation of projects

• Are you being directive or directed?
  o Membership schemes
  o Patron & Benefactor schemes
  o Corporate sponsorship
  o Alumni giving
  o Events

• What is the appropriate balance when communicating with donors?

Success

*How do you define success for your donor cultivation strategy? Where do you want to be? How do you know that you are there? How are you going to communicate/use your successes?*

• What does successful cultivation look like for your organisation?
  o Is success £X amount raised for a capital appeal?
  o Is success X number of new donors?
  o Is success, x number of new and satisfied donors?
  o Is success defined as a repeat donation?
  o Is success, less about the money, and more about the relationship?

• How did you get on?
  o Have you calculated the time and cost of the cultivation activity?
  o Have you calculated the returns: financial, the number of new members, satisfaction and support for your organisation?
  o Are tools such as Social Return On Investment (SROI) appropriate?

• How could you illustrate or explain to donors the tangible or intangible value/impact of their gifts?

• Should you communicate with donors to inform them of the differences their gift has made? If so, how?

• Are you communicating your value as an organisation more widely, to current and potential donors and funders?

• Are you using all available tools to get the message across: website, social media, traditional media?
Appendix A: Method

Literature review
Aimed at getting an overview of the existing knowledge-base on donor cultivation and at identifying potential lessons for Scottish arts organisations, the exploratory literature review started off with a search of the Social Science Citation Index (SSCI). This indexes 2,100 core journals within the social sciences plus relevant publications from scientific and technical journals. A keyword search using ‘donor education’, ‘donor cultivation’, ‘donor engagement’ and ‘donor control’ resulted in 177 references. Of these 153 were in the field of science and technology, mainly haematology, twenty-seven within the social sciences and five within arts and humanities; only three of the records directly focused on non-profit organisations. As this indicated conceptual confusion and terminological imprecision around the donor cultivation idea, it was decided to do a manual search of articles – reviewing titles and abstracts for relevance – that had been published in key third sector journals. To account for the strong practice base within the fundraising field an online search for ‘grey literature’ was used to supplement insights from academic writings. This resulted in a list of 67 references.

Fieldwork
To gain an initial understanding of existing practices by and experiences of Scottish arts organisations, an email was sent out by Arts & Business Scotland to the 177 membership organisations on its Arts Members list, inviting them to participate in a short online survey. Given the fluid nature of mailing lists, the potential for non-delivery because of invalid email addresses and spam filters such an approach does not allow for the calculation of a valid response rate. However, in line with the survey’s exploratory nature it was assumed that this was outweighed by the benefit of broad coverage amongst key organisations offered by this approach. Bearing in mind existing quality criteria for online surveys in the survey design (see for example Peytchev et al. 2006; Smyth et al. 2006; Couper et al. 2007; Lefever et al. 2007; Fan and Yan 2010), the areas covered by the survey were the extent, nature and history of, as well as anticipated plans for, organisations’ giving programmes and donor cultivation strategies. Running between December 2010 and January 2011, the survey had sixty responses.

As part of the survey, respondents were asked to indicate their willingness to be contacted for further research on the topic. The forty respondents that had expressed a willingness to participate were categorised into two groups; one of potential interviewees and one of potential focus group participants. The assignment decision took into account: individual survey replies, physical location of the organisation, organisational size as well as background knowledge on and understanding of individual organisational activities and contexts based on Arts & Business Scotland insights. A total of 13 telephone interviews and three focus groups, one each for small, medium and large arts organisations, with six, five and six representatives respectively took place over the course of April and May 2011.
The telephone interviews lasted between twenty-four and thirty-five minutes. They followed a semi-structured approach that concentrated on the themes of: individuals’ views on fundraising within Scotland; organisational experience of building and developing its donor base; opportunities and challenges for donor cultivation; organisational needs. The focus groups lasted for two hours each and to frame the groups’ discussion, an Appreciative Inquiry/4D approach was used, that utilised the framework provided below. This approach had previously been used at a Arts & Business Scotland/CGAP Philanthropy Masterclass on Legacy Giving at the University of Edinburgh Business School in March 2011.

To review and synthesise all of the research data, thematic analysis utilising the guidelines provided by Braun and Clarke (2006) and Attride-Stirling (2001) was used. This approach: allowed for the clear identification, analysis and synthesis of prominent or recurrent themes and patterns; provided a bridge between different epistemological, ontological and methodological perspectives; and ensured relevance across different academic and practice contexts (Boyatzis 1998; Dixon-Woods et al. 2005; Braun and Clarke 2006).

The AI/4D Focus Group Discussion Framework
## Appendix B: Variations on a theme – examples of steps- and cycle-based fundraising models

<table>
<thead>
<tr>
<th>Model</th>
<th>Steps</th>
<th>Purpose</th>
</tr>
</thead>
</table>
| **Seven Steps**  
(also referred to as Solicitation Cycle, Cultivation Cycle or Prospect Pipeline) | 1. Identify  
2. Qualify  
3. Strategy  
4. Cultivation  
5. Solicitation  
6. Recognition  
7. Stewardship | A cyclical process that lists the series of steps from identifying a potential donor to receiving a donation, with the aim of progressing a donor along the giving ladder, increasing both size and frequency of gift. |
| **Seven Stages of Solicitation**  
(Institute of Philanthropy 2003) | 1. Research and drawing up prospect list  
2. Evaluation and judging potential  
3. Getting to know the prospect, understanding what motivates them, and finding out what interests them  
4. Identifying the specific areas of the charity’s work that are of greatest interest  
5. Asking for the money  
6. Thanks and recognition  
7. Consolidation and stewardship | The Institute of Philanthropy provide a template that represents the key stages of a solicitation programme: each stage has further disciplines and procedures within it. |
### Five Is (Smith 1997)
1. Identification
2. Information
3. Interest
4. Involvement
5. Investment

These five steps are proposed to nurture and develop individuals who are committed to a non-profit’s work (Smith 1997).

### Dunlop’s alternative major giving cycle (Dunlop 1993)
1. Identification
2. Information
3. Awareness
4. Knowledge
5. Caring
6. Involvement
7. Commitment

A series of ‘initiatives or moves to develop each prospect’s awareness of, knowledge of, interest in, involvement with and commitment to the institution and its mission’.

### ROPES (Kelly 1998)
1. Research
2. Objectives
3. Programming
4. Evaluation
5. Stewardship

Outlines and discusses procedures and techniques to build and maintain lasting relationships with donors.

### Organization-public relationship (OPR) framework (Waters 2011)
1. Access
2. Positivity
3. Openness
4. Assurances
5. Networking
6. Sharing of tasks
7. Stewardship
8. Reciprocity
9. Responsibility
10. Reporting
11. Relationship nurturing

Building on works by Hon and Grunig (1999) and Kelly (1998), Waters (2011) suggests these ten strategies outline how a non-profits can 'properly cultivate' relationships with donors.
Seven Steps to Building a Programme to Stem Attrition (Nathan and Hallam 2009).

1. Start a relationship – welcome and quickly re-affirm the donors decision to give
2. Manage your donors expectations Use donor-centric communications – talk about the donor and what they have done
3. Use communication vehicles that suit the donor; segment your database
4. Keep thinking about new and different ways to meet your donor’s needs – show them how they are making a difference
5. Provide choice – ask them what sorts of communication they want
6. Know your donors – listen and remember; use database, tag, do some testing, how do they respond to certain methods
7. Part as friends – let go with dignity

To stem attrition, as this is perceived to be costing the sector a fortune (Nathan and Hallam 2009: 24).
Appendix C: Examples of fundraising pyramids

**Pyramid of Giving**

Cited by Sargeant et al. (2002) as the fundraising model that dominates the work of US donor development staff, the Pyramid of Giving starts with the assumption that the donor first gives a small annual gift. As time proceeds, and depending on capabilities, the donor is ‘moved upwards’ as regards the size and type of his or her donation. For example, *the development officer begins with the annual gift program and later introduces major and planned gift opportunities. It is assumed that major and planned gift prospects will thus emerge from the annual fund* (Dean 1996 in Sargeant et al. 2002: 13).

**Learning Pyramid**

(Siegel and Yancey 2003)

The framework for the ‘Learning Pyramid’ emerged from the fieldwork for the Donor Education Initiative (DEI) conducted by Siegel and Yancey (2003). The Learning Pyramid is built on three learning needs of donors: Internal reflection—who you are, this stage explores why questions relating to the values and passions of the donor; Substantive Knowledge—what you care about, this next stage is about assessing the donors desired focus for change which can involve learning about a community, key issues or the work of a specific nonprofit; and Operational skills—how to give, the final stage is around mastering the toolkit of giving, learning strategies, tactics, and tools such as selecting and using appropriate giving vehicles, tax and financial matters, and evaluating the work of a nonprofit.

**Pyramid of Fundraising Capability**

This model suggests that fundraising ‘capability’ is dependent on skill, capacity and the attitude of arts organisation towards fundraising. The pyramid suggests that the financial structure of an arts organisation (No private funding → Project-based fundraising/Revenue fundraising →Organisation building →Building endowments) is closely linked to the ‘organisation’s ability to build, develop and maintain donor relationships’ and that some organisations ‘simply do not have the capacity or specialist expertise to mount a successful fundraising campaign’ (Arts Council England 2010:24). Arts Council England (2010) argues that not many organisations reach the stage where fundraising for permanent endowments is appropriate: the purpose of this pyramid is thus to show that fundraising is linked to the stage an organisation is at in its development.
Appendix D: Examples of social skills and trust models

**Riggio’s Social Skills Inventory Categories and the Donor Relations Process**  
(Riggio 1989 in Dee and Henkin 1997: 114)

This model centres on the role of communication skills in developing donor relations. Riggio’s framework maps four actions in the relationship process on to four related social skill categories and identifies a key social behaviour for each: Initiation → Emotional expressivity → Demonstrating Enthusiasm and Sincerity; Maintaining the conversation → Social expressivity → Speaking and engaging others in interaction; Developing the relationship → Emotional control, social control → Demonstrating restraint and tactfulness;rafting the gift opportunity → Emotional sensitivity, social sensitivity → Listening and reading others’ nonverbal cues.

**Interpersonal Communication and measuring the donor-nonprofit relationship**  
(Hon and Grunig 1999 in Waters 2011:459-60)

This suggests that relationships such as those between non-profits and donors can be measured by assessing the levels of trust, commitment, satisfaction and power in a relationship.
The ESRC Centre for Charitable Giving and Philanthropy

The ESRC Centre for Charitable Giving and Philanthropy (CGAP) is the first academic centre in the UK dedicated to research on charitable giving and philanthropy. It aims to develop charitable giving and philanthropy through building an evidence base and bringing researchers and practitioners together to share knowledge and expertise. CGAP is funded by the ESRC, the Office for Civil Society, the Scottish Government and Carnegie UK Trust. With three main research strands, CGAP is a consortium of institutions.

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