

## **Creative Fundraising for Ensemble Theatres**

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**Workshop Co-Sponsored with Network of Ensemble Theatres**

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### ***Overview - Fundraising in Tough Times***

The current economic downturn already has had a great impact on nonprofits, especially those in the arts. Companies have closed, seasons cancelled or shortened and jobs lost. To survive and thrive, nonprofit organizations must improve their fundraising efforts, and they must explore creative alternatives (ranging from radically different approaches, to methods well-known but just not used before, or recently).

There is increasing evidence that despite many challenges for both individual and institutional donors, ranging from the stock market tumble to the Madoff scandal, many foundations, individual donors and corporations are taking the initiative to respond positively. Some of course are cutting back, but others are actually increasing their philanthropy, or are redirecting funds to meet emergency needs. Government funders are responding as well.

This gives a platform of hope for nonprofits as they struggle to raise funds both for today's operations and to build for tomorrow. Following are some options for brainstorming and planning about raising funds for ensemble theatres in the San Fernando Valley and throughout Los Angeles.

### ***Reaching Wealthy Donors***

Although most nonprofits already rely substantially on individual donors for support, in the current hard economic times they are even more important, especially as possible replacements for lost foundation or corporate funders. Time-tested methods that might be revisited, and some possible new approaches, include the following:

- \* board member contacts - family, friends and business associates
- \* past donors - either to renew or refer
- \* giving circles and other donor groups - either to start or approach
- \* donor advisors (a recent research study illuminates their philanthropic strategy role)
  - private bankers (approached through the nonprofit's own banking relationship manager)
  - trust attorneys
  - wealth managers
  - philanthropic advisors
  - family office managers
  - accountants (approached through the nonprofit's CFO or external accountant)

### ***Foundation Funding***

Both new and time-tested funding processes or programs are offered by local foundations to help nonprofits deal with the current economic challenges (funding now is tighter because of the foundations' own financial problems):

\* *discretionary grants* - foundation senior staff often have a small fund they are authorized to spend each year on projects of their choosing, usually with quicker and simpler review processes. Especially for a focused project or for a smaller amount of operating support, nonprofits can approach foundation CEOs, trustees of family foundations, or program officers they know well enough to "get a foot in the door" for one of these discretionary grants

\* *emergency grants* - several local foundations have started providing operating support on an emergency basis to nonprofits in dangerous circumstances. Again, these are likely to be on a quicker, simpler review process.

\* *abbreviated process grants* - just as one example, Weingart Foundation has recently created a new Small Grants Program with a much faster review and decision-making process than for its conventional grants. This may of course be very helpful when funds are needed quickly.

### ***Support for Capacity Building on Development***

Nonprofits that have reached a certain size (most typically, \$1 million a year total revenues, but this applies to many smaller organizations as well) need to have a development director, and still larger groups may need an entire development office. Making this transition is challenging for many nonprofits, and may require (a) establishing a development (fundraising) committee of the Board and (b) creating and implementing a strategic development plan for these significant changes in function.

Foundations and individual donors can provide one-time grants targeted to supporting these activities, which are considered an element of "capacity building." Among the local foundation funders of such efforts:

- \* Annenberg Foundation
- \* James Irvine Foundation
- \* California Community Foundation
- \* Dwight Stuart Youth Foundation
- \* Weingart Foundation

More information on these and other foundations supporting capacity building are in the *Resource Directory for Nonprofit Capacity Building in Los Angeles County*.

In addition to capacity-building grants for helping to support a development director or office, grant support also may be requested to buy fundraising software, which can help keep the complex records of many dozens or hundreds of approaches, or to obtain training for the nonprofit's staff, e.g., through development courses offered by Southern California Center for Nonprofit Management, California Association of Nonprofits or other resources).

### ***Proposal Writing***

Fundraising success requires developing relationships with funders and writing proposals for program, operating or capital support. Among the steps nonprofits can take to enhance these activities:

- take a course on proposal writing either from the Grantsmanship Center (a good local resource for training in the art of grantwriting) or the Foundation Center (which offers courses in Los Angeles, and offers a partial scholarship for nonprofits taking these courses)

- establish a proposal writing committee, to coordinate the nonprofit's fundraising efforts that involve a grant application (operated under the direction of the Board or the Executive Director of the agency)

### ***Online Fundraising***

As the recent Obama Presidential campaign proved, fundraising has come to the Internet at a massive level. Nonprofits can develop or enhance online options for fundraising in a number of ways:

- creating an online fundraising subcommittee of the Board's development/fundraising committee, and/or delegating this activity to young staff (under-30 staff who grew up online may be the best resource for developing a successful online fundraising effort)

- developing an online fundraising plan, including such basics as building an e-mail list, enhancing the nonprofit's website (e.g., to build in PayPal or taking credit cards for donations), sending regular eBlasts, etc.

- seeking funds through online proposals (an increasing number of foundation and corporate funders encourage or even require the use of online applications to minimize paperwork)

(*Note:* regulations can limit online fundraising; consultation may be needed from an attorney or from nonprofit resources such as the California Association of Nonprofits, which also may be useful for addressing the legal side of other fundraising activities, e.g., registration with the California Registry of Charitable Trusts)

### ***Feasibility Study***

Fundraising takes effort and resources - especially in hard times these may be very precious so some type of initial feasibility study, formal or informal, can be useful, particularly if a fundraising effort is going to be very labor-intensive or have other high costs. Either a structured or informal review can help to determine whether a particular fundraising effort is likely enough to work that it is worth devoting scarce resources to undertaking it. Among the options:

- for a major fundraising effort, consider getting a small foundation or private donor grant to underwrite the costs of a feasibility study (sometimes foundations will fund feasibility studies themselves and subsequently support the fundraising project if the results are good)

- out of a feasibility study can come a "statement of need," a brief description of the purpose and structure of a new program a nonprofit wishes to undertake, which can be shared with funders for dialogue before an actual proposal is invited.

### ***Board Involvement***

In addition to its governance role (development/fundraising committee, etc.) and connecting their nonprofit with donors or donor advisors, as already discussed, a Board can serve other valuable purposes regarding fundraising (additional options discussed in BoardSource materials):

- Board as source of funds (consider increasing the Board's "get or give" requirement)

- Board connections with government, corporate or foundation funders

- Board as example (consider requiring all Board members to give some cash even if they also raise funds, so that funders can be told "100% of the Board supports the organization financially")

### ***Events and Mailings***

Some nonprofits use an annual dinner or other gala event as their largest single fundraising effort. Taking whatever has been the organization's experience with such events, new ways of inviting people and focusing the event on current funding challenges can lead to good results. Galas such as an annual lunch or dinner, and their associated auctions or raffles, can be focused on meeting a particular goal (retiring debt, saving a program that otherwise would have to be ended, etc.).

Special mail appeals to current donors or the community at large can also have such an emphasis. These often are done at the end of the year when donors may be seeking deductions for tax planning purposes. However, because the number of appeals made by nonprofits zooms up at the end of the year, requests at other times may actually be more effective.

(*Note:* regulations can limit how fundraising events are structured and operated, and registration with the State of California, Los Angeles County, etc. may be required)

### ***Fundraising Consultants***

Fundraising consultants may offer significant benefits, especially if they have content knowledge about the nonprofit and the field in which it operates. Consultants who do not have direct knowledge of and contacts in the field in which the nonprofit works may be less likely to get results but there are individual exceptions. Methods for identifying a good fundraising consultant include:

- *Chronicle of Philanthropy* (has an annual directory of fundraising consultants)
- Fundraising professional societies such as the Association of Fundraising Professionals, which has chapters in the Greater Los Angeles and Greater San Fernando Valley areas
- Referrals from colleagues in other nonprofits, or from local nonprofit professional or trade associations
- *Los Angeles Capacity Building Resource Directory* lists a number of consultants, some of whom also do fundraising work

### ***In Conclusion - The Spirit of Effective Fundraising in a Recession***

Joanne Fritz, writing in About.com, suggests the following about fundraising in these difficult times:

- 1 - Don't become or sound desperate.
- 2 - Prove that you are responsible.
- 3 - Don't give up on your corporate and cause-marketing activities
- 4 - Diversify your funding sources by identifying all types of financial support
- 5 - Put your fundraising programs under the microscope
- 6 - Don't pull the plug on major campaigns, but do slow down.
- 7 - Keep up your marketing and PR.

## ***Resources for Further Learning***

Alexander, G.D. & Carlson, K.J. (2005). *Essential principles for fundraising success: An answer manual for the everyday challenges of raising money*. San Francisco: Jossey-Bass.

Association of Fundraising Professionals, [www.afpnet.org](http://www.afpnet.org)

Backer, T.E. (2008). *Donor advisors and philanthropic strategy*. Encino, CA: Human Interaction Research Institute. (Free copies may be downloaded from the Publications section, [www.humaninteract.org](http://www.humaninteract.org))

BoardSource, [www.boardsource.org](http://www.boardsource.org)

Bray, I.M. (2008). *Effective fundraising for nonprofits: Real world strategies that work*. Berkeley, CA: NOLO.

California Association of Nonprofits, [www.canonprofits.org](http://www.canonprofits.org)

Chronicle of Philanthropy, [www.philanthropy.com](http://www.philanthropy.com)

Flanagan, J. (2002). *Successful fundraising: A complete handbook for volunteers and professionals*. New York: Contemporary Books.

Foundation Center, [www.foundationcenter.org](http://www.foundationcenter.org)

Grantsmanship Center, [www.tcgi.com](http://www.tcgi.com)

Kushner, B.K., Kushner B.L. & Jacob, J.G. (2001). *Fundraising basics: A complete guide*. Sudbury, MA: Jones & Bartlett.

Mintzer, R. & Friedman, S. (2003). *The everything fundraising book: Create a strategy, plan events, increase visibility and raise the money you need*. Avon, MA: Adams Media.

Mutz, J. & Murray, K. (2000). *Fundraising for dummies*. Foster City, CA: IDG Books Worldwide.

*Nonprofit Fundraising and Grantwriting*, in the Free Management Library  
[http://managementhelp.org/fndrsng/np\\_raise/np\\_raise.htm#anchor830005](http://managementhelp.org/fndrsng/np_raise/np_raise.htm#anchor830005)

*Resource directory for nonprofit capacity building in Los Angeles County*. 2008 Edition. Encino, CA: Human Interaction Research Institute (Free copies may be downloaded from Valley Nonprofit Resources, [www.valleynonprofitresources.org](http://www.valleynonprofitresources.org))

Ross, B. & Segal, C. (2008). *The influential fundraiser*. San Francisco: Jossey-Bass.

Southern California Center for Nonprofit Management, [www.cnmsocal.org](http://www.cnmsocal.org)

Zimmerman, R. & Lehman, A. (2004). *Boards that love fundraising: A how-to guide for your board*. San Francisco: Jossey-Bass.

(Information on foundation grantmaking programs mentioned may be found on their websites)