

Encore

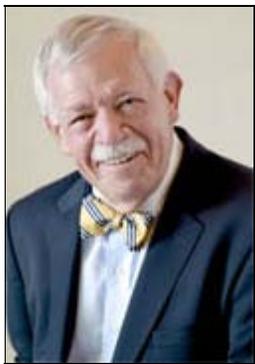
A Spotlight on Philanthropy in the
Performing Arts

Alexander Haas
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from the coastal-desk of
David T. Shufflebarger | Senior Partner

First Principles

A friend gave me Thomas Ricks' recent book, **First Principles**, an examination of the impact of the Greek and Roman classics on the thinking of our first four American Presidents. As a political science major and a recovering Virginian, I immediately took to it and was delighted by Ricks' portrayal of how Washington, Adams, Jefferson, and Madison were influenced by the classics in their approach to governing with a central theme of virtue. (Just in case you missed it, three of the four are from Virginia).

Now, you may wonder, what place does this have in a newsletter devoted to philanthropy? Well, *First Principles* reminded me of what influenced me the most and shaped my thinking about our work in development. My two classics are *Designs for Fund-Raising* (1966) by Harold J. Seymour and *The Raising of Money: Thirty-Five Essentials Every Trustee Should Know* (1983) by James Gregory Lloyd. I suspect I am not alone in having been greatly impacted by their enduring wisdom.

To be sure much has changed in the 55 years since Seymour and the 38 years since Lloyd put pen to paper. Indeed, when the Fund Raising Institute published a second edition of Seymour's work in 1988, it included annotations from Charles E. Lawson, the then Chairman and CEO of Brakeley, John Price Jones, to reflect changing trends in the 22 years since it was first published. While Lawson cited 21, most of them were statistical updates. The major changes noted included the increasing role of women, computers, and phone-mail; annual giving becoming a year-round program; and Seymour's rule of three in campaigns (one third of the total from the top 10 gifts, one third from the next 100, and the final third from all of the rest) morphing into 40-40-20 (40% from the top 10 gifts, 40% from the next 100, and 20% from all the rest). Alexander Haas updated that with our study focusing on the outsized role of the top 10 gifts which we presented to the *CASE Annual Assembly* in 2006.

But while much has changed including the role of social media, the sophistication of prospect research with predictive modeling, and the use of artificial intelligence, the core principles endure. Indeed, as I reviewed Lloyd's 35 essentials, all ring true today and are well worth repeating:

1. Organizations Have No Needs
2. Seek Investment, Not Charity
3. Position Your Organization Relative to its
19. People Prefer Structure
20. Take One Step at a Time
21. Scheduling Creates Momentum

Competition

4. Listen to the Donor Community
5. Listen to What Each Donor Has to Say
6. Donors Will Tell You What They Want
7. Make Your Case Larger Than the Institution
8. Go for the Gold
9. Create Authentic Involvement
10. The Process of Planning is More Important Than the Plan Itself
11. Share Your Plans Without Asking for Money
12. Use a Feasibility Study to Build a Strategy
13. If You Seek Average Gifts, You Get Below-Average Results
14. A Few Will Do the Most
15. The Early Donor Sets the Pace
16. Trustees Have an Opportunity, Not an Obligation
17. Staff Giving Lends Credibility
18. Make Great Investments Possible
22. Build a Sense of Campaign
23. Create a Climate of Universality
24. Winning is Fundamental
25. Meetings Keep Things Moving
26. People Give to People
27. The Right Person Makes the Difference
28. The One Who Asks Must First Give
29. See Each Prospect Face to Face
30. Ask for a Specific Amount; As for Enough
31. Qualify the Prospect
32. Tenacity Prevails
33. Ask for the Order
34. The Donor Deserves Good Stewardship
35. The Best Advocate is Both Donor and Volunteer

Underlying all of this is the principle that ours is a virtuous endeavor, exemplified by Seymour's inclusion of a quote from John R. Mott the legendary leader of the YMCA:

Blessed are the money-raisers. For in Heaven they shall stand next to the martyrs.

We Think You Should Know

Arts Orgs Among Hardest Hit by Drop in Donations in 2020

While most charities saw increases in contributions between 2015 and 2019, that trend was reversed in 2020 for many, and small organizations were particularly hard hit.

A new report found that from 2015 to 2019, 58% of organizations reported growth in donations, while 32% saw stable donations and 10% saw declines. In 2020:

- 37% of surveyed nonprofits reported a drop in donations, 24% reporting significant declines.
- 42% of organizations with budgets under \$500,000 (small) experienced a decrease in donations in 2020, compared with 29% of those with budgets of at least \$500,000 (large).
- 40% of organizations reported losses in total revenue for 2020, including 54% of arts organizations.
- The average loss was 31% of total revenue and 7% of their paid staff by the end of 2020.
- Revenue from service fees fell by 30% at the median. In terms of issue areas, arts organizations were most likely to report declines in contributions in 2020, at 43%.
- From 2015 to 2019, a greater share of organizations led by people of color saw declines in

donations compared with non-Hispanic-white-led organizations (14% vs. 9%) and a smaller share saw increases (46% vs. 60%).

- In 2020, however, somewhat similar shares of POC- and white-led organizations saw declines (38% vs. 37%) and increases (47% vs. 52%) in contributions.

The report, *Trends and Impacts 2021: National Findings on Donation Trends from 2015 through 2020, Diversity and Representation, and First-Year Impacts of the COVID-19 Pandemic*, can be [found here](#). PND, 10-12

A Round of Applause to Our Client Partner The Aurora Theatre!

On October 23-24, **The Aurora Theatre** is opening the doors to its new home—the culmination of a dream and the result of a long-running public-private partnership with the City of Lawrenceville, Georgia. The new **Lawrenceville Arts Center** (LAC) is a \$34 million investment in arts and the community, with The Aurora Theatre serving as the anchor tenant and manager of the new LAC, following a successful capital campaign to fund its portion of the building costs. Aurora started 15 years ago as a storefront theatre and has been a catalyst for economic growth while also serving as a leader in community engagement and diversity in the arts. Hats off to co-founders **Ann-Carol Pence** and **Anthony Rodriguez** and their talented team for a job well done!

Other News in the Arts

Giuliano Kornberg, chief revenue and development officer, will be promoted to executive director of the **Sacramento Philharmonic and Opera** in February 2022. He will succeed **Alice Sauro**, who is stepping down. COP, 10-8

The **Cleveland Orchestra** received \$50 million from the **Jack, Joseph, and Morton Mandel Foundation**. Of the total, \$31.5 million will add to its endowment and create the *Jack, Joseph, and Morton Mandel Opera and Humanities Festival*. The balance will expand the orchestra's programs and partnerships, including its online streaming platform. COP, 10-6

The Lincoln Center for the Performing Arts received a \$10 million gift from **David M. Rubenstein**. The gift will fund expanded programming in the *David Rubenstein Atrium*. Forbes, 9-30

Christopher Harrington will become president and CEO of the **Ordway Center for the Performing Arts** on November 1. He is currently director of audience development at the **Detroit Symphony Orchestra**. COP, 9-17

More You Should Know

Stocks Faltered in September, But Fundraisers Shouldn't Fret

Nonprofits face a mixed bag of economic news in the early days of October. While jobless rates have continued a slow rebound, the stock market in September was topsy-turvy, and consumer confidence remains depressed. The following economic indicators, which experts say are important to nonprofits, showed notable developments.

Stock Market

For the first time in 2021, major stock indices fell month-to-month. However, the long-term picture is more optimistic. So far this year, all major stock indices are up considerably — from 13 to 17 percent. Experts say September's economic news likely won't have a big effect on giving patterns.

Consumer Confidence

Consumers were more optimistic in September, but only slightly. Over all, consumer sentiment stands at a score of 72.8 out of a possible of 100, up 3.6 percent from August but down 9.5 percent from last year.

Unemployment

The national unemployment rate fell slightly to 5.2 percent in August, a steady decline from around 6 percent at the start of the year. The number of long-term unemployed people fell to 3.2 million, still 2.1 million more than before the pandemic in February 2020. These figures suggest persistent demand for services from nonprofits that assist the poor and unemployed. *COP, 10-1*

Foundations Increase Investment with Diverse-Owned Firms

The largest foundations showed increased investing with diverse-owned firms in 2021 as compared to 2020. Conducted by the Knight Foundation, the report, *Knight Diversity of Asset Managers Research Series: Philanthropy* found, among 30 participating foundations:

- \$11.07 billion (16.6%) is invested with diverse-owned firms.
- \$6.24 billion (9.3%) is invested with women-owned firms.
- \$6.70 billion (10.0%) is invested with minority-owned firms.
- The average foundation invests 16.3% of its assets in diverse-owned firms.
- The median foundation invests 16.0% in diverse-owned firms.
- 90% of the participating foundations invest some portion of their assets with diverse-owned firms, with 63.3% investing more than 10% and four foundations (13.3%) investing more than 30%.

Among the foundations included in the analysis, the share of assets managed by diverse-owned firms ranged from 0% at the Bill & Melinda Gates Foundation, to 7% at the JPB Foundation, 22.4% at the Robert Wood Johnson Foundation, 34.4% at the Silicon Valley Community Foundation, and 35.9% at Casey Family Programs. Of the top 55 foundations, which collectively hold \$300.34 billion in total assets, 14 elected not to disclose diversity statistics or data at all. [More Here.](#) *PND, 10-4*

We'd Like You To Know

Transforming *Institutions*

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