

# New Music Centre, Groningen

## Fundraising Campaign Strategy



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## 1. Introduction

In early 2020 efesai and BECCA Europe were asked to research the feasibility of fundraising for the proposed new Music Centre in Groningen, to replace the Oosterpoort. Our report showed good potential for income from fundraising. Towards the end of 2020, there was a unanimous decision by the Gemeente Groningen to move ahead with plans for the new building on a site adjacent to Groningen train station.

Following this decision, SPOT Groningen asked efesai to make a detailed strategy for fundraising from private donors, audiences, foundations, and businesses. BECCA Europe have been asked to make a separate plan for applications to the EU.

*This Strategy follows on from the Feasibility Report and the two documents should be read together. References to the Feasibility Report can be seen in several places in this Strategy.*

*This Strategy links closely with the EU funding strategy in preparation by BECCA Europe and they should be read together. References to the EU funding strategy can be seen in several places in this Strategy.*

The aim of this Strategy is to give SPOT a practical blueprint for starting and then developing fundraising income. The primary focus is to raise funds for the construction and equipping of the new Music Centre, but we will also consider how fundraising will continue after the new Music Centre opens its doors. Thus, it will be practical for the short-term but also have a strategic long-term view.

### A Vision for Performing Arts in Groningen

The Oosterpoort has been the home of live performing arts in Groningen for decades, serving a large area of northern Netherlands. It is the home of the Noord Nederlands Orkest, Club Guy & Roni and Eurosonic Noorderslag and is a key location in performing arts touring in the Netherlands and internationally. It is a vital link in the chain of making and presenting performing arts for amateur and small professional companies in the region.

The Oosterpoort cannot be replaced....except with a bigger and better Oosterpoort! The new Music Centre will be built next to Groningen station, a short walk from the current location and will be managed by the same organisation, SPOT, on behalf of the Gemeente. Whatever name is decided for the new Centre, in effect it will be the new Oosterpoort.

Continuity is thus a central feature of the new Music Centre. On the other hand, it really will be a 'new' facility, with more auditoria, increased capacity, and many smaller spaces. Facilities for performers and audiences will be improved, as will facilities for performing arts and horeca students from local colleges. The new building will be equipped with the latest technology. It will be a location for digital as well as physical performance.

The new Music Centre is a commitment by the Gemeente to the future of performing arts in Groningen, for artists and for audiences.

## 2. Summary and Recommendations

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### 3. The Fundraising Campaign

*On page 16 of the Feasibility Study, we explained the benefits of a public fundraising campaign for engagement and future marketing (in addition to the money generated). We have not repeated this explanation here.*

We recommend that a Fundraising Campaign should be created with its own name and identity and a clear financial target. In its simplest form, communication will be:

***'The {NAME} Campaign will raise €5m for the new Music Centre'***

The Campaign will need a very simple target and timescale. But what the target will be does require careful discussion – do we include potential EU funding? How confident are we prepared to be? When will the new Music Centre open its doors? The target must be ambitious, but the Campaign must be confident that it can be reached (and ideally surpassed). *There is an obvious balance to be made between over-confidence and under-achievement and this discussion needs to take place during 2021.*

The Campaign will include many activities such as private fundraising from foundations and wealthy philanthropists, corporate partnerships, funding from public bodies, fundraising concerts and so on. This is why it must be presented as a unified campaign with its own identity including a name, logo and other graphic elements, and some standard texts. The identity chosen must be:

- Relevant to Groningen and to performing arts
- Simple to explain
- Capable of representation in a single visual image
- Positive and inspirational
- Neutral (politically, socially) so that everyone can relate to it
- Long-lasting - for a campaign that will last perhaps ten years (to be decided)

One of the first tasks is to *select a name for the Campaign*. Examples could be:

North star (Noordster) Fanfare Tempo Allegro Heartbeat Groninger Beat  
Next Stage Dynamo Remix

It could be that the name is simply the name for the new Music Centre, but this is not yet known. It is important to find a name which fits Groningen and performing arts but there are many possibilities, and it is not necessary to spend too long on this decision. However, once a campaign identity is chosen it must be used consistently and rigorously to establish a brand for the Campaign.

A designer will create options for the logo and graphic design for the Campaign. The Campaign will be managed so that the long-term fundraising capacity of SPOT is increased, with more donors and business partners, greater staff experience and improved understanding of fundraising amongst leaders and managers.

A Fundraising Campaign of this kind, with a fixed target over a specific time period is often referred to as a ‘capital’ campaign (because it will raise a fixed amount of financial capital). These campaigns usually have two main phases:

- **‘Quiet’ phase:** private conversations with public funders, business partners, large foundations, and wealthy donors
- **‘Public’ phase:** using media, PR, and mass communications to engage large numbers of the wider public

In the case of the Campaign for the new Music Centre we need to add two other phases:

- **‘Audience and Users phase:** to engage with audiences and users such as amateur groups (they already have a strong connection, so they are not the ‘public’)
- **‘Transition’ phase:** to shift attention to the work of the new Music Centre after it opens.

The Campaign Timetable (see *Appendix I*) shows details of these phases. In summary:

Phase	Dates	Targets	Size of gifts	% raised by end of period
Quiet phase	2022 onwards	Public funders, major donors, business partners, foundations	€25,000 up	50%
Audiences and Users Phase	2025 onwards	Audiences, Oosterpoort users	€50 up	80%
Public Phase	2028	General Public	Small and up	100%
Transition Phase	2029	All	variable	

*This assumes that the new Music Centre opens in 2030 and the Fundraising Campaign is closed shortly afterwards.*

Note that the early phases continue throughout the Campaign and do not stop when the new phases begin. This creates a ‘cascade of fundraising.’

Note also that none of the phases are ‘secret’, it is just a question of where the fundraising effort and resources are dedicated at certain times.

The majority of the fundraising target will be met by a small number of major gifts from public funders, business partners, individual philanthropists and from foundations. The Audiences and users will be approached mid-way during the campaign which has the effect of raising money but also enlarges the donorbase (essential to increase long-term fundraising). Finally, in the later stages of the campaign, a wider public appeal will draw in more donors and helps engage a wider public with the vision of the new Music Centre.

## 4. Key Management Issues

Pages 24-28 of the Feasibility Report looked at management issues and risk management.

### Legal structure for Fundraising

- 1) The feasibility report recommended that an ANBI registered stichting should be formed to take philanthropic donations. In fact, it seems likely that an existing stichting, Cultuur Groningen can take on this role.
- 2) Since this is legally a separate organisation, it is important that the relationship between the stichting, SPOT and the Gemeente is clarified at the start.
- 3) The board of the Stichting will form part of the leadership group for fundraising (but will have no legal authority for the project). See page 36.

### Key Decisions

- 1) The adoption of this Strategy implies investment in capacity and the adoption of policies and processes.
- 2) The Case for Support and the ethical fundraising policy are important foundations for fundraising and should be adopted at the same time as the Strategy (see pages 10 and 36).
- 3) The choice of a fundraising target is a balance between ambition and realism and a decision is needed during 2021
- 4) The capacity of SPOT to raise funds depends on having the right staff and agency support in place. Recruitment is an important first step; further staff and agency appointments will follow later only when justified by results (see page 38).
- 5) A communications plan is essential for fundraising and this must be part of an overall communications plan for the new Music Centre (see page 33).
- 6) A Theory of Change and Impact Strategy will clarify the full range of impacts the new Music Centre will create and open up new partnerships and routes to funding. (see page 16).
- 7) As part of this, a clear Engagement Strategy will demonstrate the way in which the new Music Centre will serve all parts of the community (see page 17).

### Prioritization of Investment in Fundraising

We suggest the following checklist when prioritising investment in fundraising:

- 1) What is the projected cost and income of each activity and thus net income and RoI?
- 2) What is the opportunity cost i.e., if we do this, what will we not be doing?
- 3) Relationship development – will this activity help us to develop important relationships?
- 4) Development of a donorbase and an audience – will an activity help create a wide pool of donors and future ticket-buyers
- 5) Communications and PR – can this activity create attention from the right people?

The balance between these considerations will inform decisions on investment.

## Cost Control and Evaluation

- 1) Approval of investment must be followed by careful control of costs and income.
- 2) Each fundraising activity will have its own cycle of expenditure and income (some will cover more than one financial year). In every case, the next stage of investment should only be approved if results from previous activities show that it is justified. Plans will be reviewed often and adapted as necessary.
- 3) There will be a regular programme of reviews at senior management level, in addition to the usual detailed oversight within the fundraising and finance teams.
- 4) These reviews will be based on financial results but also on the achievement of non-financial KPIs.

## Success Indicators and KPIs

The main indicator of success for fundraising is, of course, income raised for the project! However, there are other considerations which should not be forgotten:

- 1) Return on Investment (ROI) takes into account costs as well as income. ROI analysis provides a way to compare different types of fundraising, and to compare one year against the next. A low ROI may be acceptable if it brings high total profits or meets other KPIs. For many types of fundraising, ROI must be measured over several years (see page 40).
- 2) Participation of the public in is desirable because the new Music Centre must be rooted in the community. Some activities with lower ROI may be valuable because they engage many people (see page 30).
- 3) Lead generation - fundraising from businesses and high net worth (HNW) individuals can often take considerable time. Along the way, the generation and development of relationships can be recorded and measured (see page 35).
- 4) Donor retention is essential because the new Music Centre wishes to continue fundraising into the future, long after it opens its doors. Thus, keeping hold of donors is vital (see page 35).
- 5) Communications objectives can be achieved by fundraising activities, such as a large fundraising concerts, PR and media coverage, or a large-scale mailing to local people. But these objectives must be defined in advance and then measured and not used as an excuse for poor fundraising.

## Risk Management

### 1) Missing Targets

This Strategy proposes income targets for fundraising broken down by source. These targets are certainly wrong! SPOT has some experience of fundraising but not on this scale, which means that previous fundraising cannot guide estimates. It is inevitable that in the early years some results will exceed targets and others will fall short.

After three years of fundraising, SPOT can have confidence in its future targets but, in the early stages, it must take care not to rely on income estimates when planning expenditure. *Regular evaluation and adaptation of plans is needed, based on rigorous analysis of financial targets and non-financial KPIs.*

### 2) Disruption to Building Plans

It is possible that the building could be delayed, or the costs increase. This is not necessarily a problem for the fundraising campaign, as long as communications are controlled. *The campaign must be ready with personal messages for important contacts and general communications for the media and public to keep confidence in the project and the fundraising campaign.*

*Note that if there are cost overruns, it is unlikely that extra fundraising will meet the shortfall.*

### 3) Political Problems

The decision in the Gemeente to approve the new Music Centre was unanimous. This should mean that political problems within the Gemeente will be avoided, at least for some years. However, circumstances and politics change fast, and it is important to maintain good contacts with key politicians during the whole Campaign. *Engaging with a wide range of the people of the city and region through careful media communications and through fundraising will help maintain political support.*

### 4) Media Criticism

The unanimous decision in the Gemeente means that the media are less likely to find ammunition for negative angles. However, journalists are always looking for stories and the Campaign can expect criticism of the costs, the choice of location, impact on traffic and the environment, the architectural plans etc. etc. These are common for cultural projects of this size anywhere in the world. *The communication plan must be ready with answers to the most obvious criticisms and must stress the importance of the new Music Centre for all people in the city and region.*

## 5. Case for Support & Pitch Deck

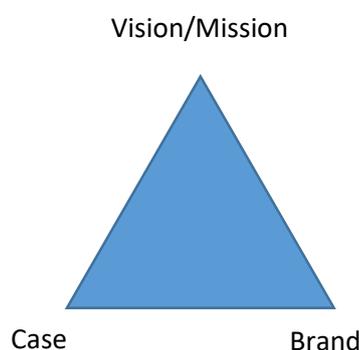
The Case for Support was also discussed in page 31 of the Feasibility Report.

The *Feasibility Study* prepared by efesai described the importance of a *Case for Support*. Philanthropic fundraising is driven by passion and enabled by technique; to put this another way; first the heart and then the head. There are many technical elements in fundraising, but they will not be successful unless rooted in an emotional engagement.

*Case for Support* is a term used in fundraising to describe a document, ideally one page long and certainly no more than two pages, which answers a few basic questions which any potential donor would ask. There are basically three parts:

- Why are we special and essential?
- What will we do with donations?
- What part can you (the donor) play in our story?

The Case for Support is an **internal document**. It forms the base from which marketing materials are created, such as website text, leaflets, detailed booklets, short summaries, and useful phrases which can be used by anyone involved in fundraising. Behind the Case for Support there must be detailed information on all aspects of the project and organisation. The Case for Support must link closely with the vision/mission and brand.



One question which must be tackled directly in the *Case for Support* is why are donations needed for a centre which is owned by the Gemeente and which it will mainly fund?

*Appendix A* shows the draft Case for Support prepared for the Feasibility Study. (This is the same draft which was presented in the Feasibility Report)

### Pitch-Deck

A *Case for Support* primarily concerns philanthropic donations, although it can be helpful when telling the story of the project to *any* potential supporter or partner. Business partnerships may also have a philanthropic motivation, but they usually feature a clear commercial component – essentially the business is partly buying benefits such as brand association, priority access to spaces and tickets, demonstrating civic engagement, benefits for employees etc. This often means that business partnerships need to account for BTW, at least in part.

A Campaign 'pitch-deck' (a presentation document to introduce the Campaign when 'pitching' a partnership proposal) should be created at the start of fundraising. The pitch-deck should be professionally designed and will include essential information and example benefits for business partners. It should be adaptable, so that specific proposals can be added when presenting to each potential partner.

The pitch-deck is not a marketing document for the general public. However, many elements of design and text will also be useful for more general communications.

Business partnerships are discussed in more detail from page 19 onwards.

## 6. Project Packages

*Some Project Packages are also relevant for EU funding and they will be developed together with BECCA Europe.*

The word 'project' in fundraising terminology essentially means a part of the whole expenditure budget which can be separated out in some way. Effectively, this approach slices the Campaign into bite-sized pieces for the purpose of promotion to organizations, individuals, or groups of potential supporters. These 'packages' can range in size from a few thousand euros to tens of thousands and can cover different types of activities and objects. This means that fundraisers have packages which can suit different donor motivations and a range of personal and business budgets.

The reason to present 'packages' is to show donors and sponsors that their contribution can make a real difference. With a campaign of several million euros, smaller donors can feel that their few euros are not important. By presenting smaller parts of the whole campaign, they can see that their contribution is important and has a definite result and they may also find elements which are particularly close to their heart which might otherwise be swallowed by the whole project.

Note that these 'packages' are for fundraising promotion only and it does not necessarily mean that the name of a business or person will be connected to the object or activity ('naming' is discussed on page 14).

*Does the money need to be spent on that particular project?* That depends on how the appeal is used. For example, if a donor is told that their money will be used for a particular purpose, then they will expect that their donation will be spent in that way. On the other hand, it is possible to use costs as *examples* of what can be achieved: "€100 helps us to buy a microphone", "€50 per month for five years" helps us to buy a seat in the auditorium." This is an important distinction and donor communication must be honest and clear.

Note also that if a donation pays directly for a particular expenditure, then general funds can be released to be spent on something else. This assumes that the expenditure was already budgeted.

*What happens if plans change and the activity does not take place or the price changes? In this case it is important to go back to the donor(s) and explain what is happening and why. Usually, they are happy for their donation to be spent on another project instead.*

*This highlights the importance of clear communications and good relationships with donors.*

The plans for building and equipping the new Music Centre are not yet available and it will be several years before the full details of new programme activities will be known. However, we can already identify some overall themes:

#### Areas of the building

- Individual concert halls, rehearsal and recital rooms and other spaces

#### Equipment

- Recording and studio equipment
- Cameras and digital equipment
- Furniture etc. for rehearsal rooms
- Stage and backstage equipment, including orchestra seats
- Lighting and sound equipment in the concert halls
- Front-of-house displays
- Seats in the concert halls

#### Activities

- Music education activities
- Activities with amateurs in the building
- Community programmes outside the building
- Programmes for specific music forms e.g., classical, pop & rock, jazz, folk

*As the plans for the new Music Centre are developed fundraisers will produce a variety of fundraising packages. Marketing materials would then be created for each of the project packages, ready to present to potential donors and business partners as appropriate. This process would be repeated as plans develop.*

## **7. Fundraising 'Assets' and Reciprocation**

*Pages 33-35 of the Feasibility Report briefly discussed Project Packages, Fundraising Assets and Reciprocation.*

An 'asset' in this context is something about the project which is of value to potential donors, funders, or business partners. These 'assets' can be tangible or intangible (intangibles are often the most powerful). Some examples may help explain what is meant with the word 'asset' in this context:

- A private donor may wish to ensure that future generations learn to play and enjoy music – in this case the talent development programme can be shown to them to encourage a donation
- A foundation may support civic life in the city of Groningen – the cultural and community activities of the new Music Centre are an ‘asset’ in this regard
- A business may wish to showcase its community credentials as part of its CSR policy – the fact that 550,000-750,000 will attend concerts at the new music centre is very attractive for the business to realise its communications policy
- A wealthy family may wish to make a large donation in memory of a family member – the new Music Centre will have many halls and rooms which could be named

This idea of assets is clearly related to the idea of project packages (see previous section), but it is not the same – ‘assets’ relates to the personal motivations of donors and partners, whilst ‘packages’ are a sales mechanism.

Note that some of these assets are not directly connected with music and performing arts. The new Music Centre will be important to Groningen in many ways.

The question of the ‘value’ of these assets is subjective – a feature which is very attractive and valuable for one person or organisation may have little interest for another. Value is in the eye of the beholder, so each asset should be considered in relation to target groups.

In some cases, it is relatively easy to establish a value for an asset by looking at market prices (e.g., tickets, hospitality, room hire, advertising equivalent value for marketing) or by benchmarking against other organisations. In some cases, the value cannot easily be calculated but, nevertheless, the value may be very high in the minds of some donors.

The new Music Centre have a powerful set of intangible assets:

- It has international credibility in its programming
- The brand of the Oosterpoort is strong. Brand association is a powerful tool when seeking partnerships. The new Music Centre will have an even stronger brand due to the high level of communication during a public fundraising campaign.
- The Oosterpoort and the new Music Centre can demonstrate economic and social impact in the region.
- The Oosterpoort has a unique status in the city and the region which makes it essential. Even people who are not music and dance lovers are likely to agree that it is necessary for Groningen to have a top concert building
- Trust in Oosterpoort (and SPOT) (i.e., relating to honesty and management effectiveness) are essential for any kind of fundraising. SPOT is strong in this area and one of the jobs of the communication plan is to ensure that trust is maintained.

The new Music Centre will also be strong in tangible assets:

- The building will be an attractive venue for events of many kinds, including hospitality as part of business partnerships and social events for donors.
- The new building opens up the possibility of naming rooms or other parts of the building for donors and business partners (see below).

- Sponsorship of concerts, concert series, talent-development programmes and other activities is possible for donors or business partners
- Free or reduced-price tickets, room-hires, and access to special areas.
- The audiences are themselves an asset. The number and type of ticket-buyers are evidence of the impact and importance of Oosterpoort the new Music Centre. For some businesses, they may be a valuable target group, directly or indirectly.

### **Reciprocation**

The main motivation of private donors, small or large, is support for music, dance and Oosterpoort's work with talent development and community arts. Nobody donates just for the benefits! However, most people like to be acknowledged and thanked in some way. The new Music Centre is in a good position to offer a wide variety of reciprocation such as:

- Invitations to special events
- Free or reduced-price access to events, room-hire, and catering
- A special 'Donors' Room' could be considered
- Private meetings with senior staff and board members
- Personal thanks from these people
- Special tokens of thanks (e.g., an artist designed memento)
- Listing on a donor's board or book. An artist would be able to come up with a creative and beautiful way of mentioning donors' names in the building.

The same is true for business partners. In addition to this list, the new Music Centre can offer reciprocation relating to the business partner's marketing, client entertaining and employee engagement.

Naming of rooms or of activity programmes, or even of the entire building, must be discussed as soon as possible. The Campaign needs a general policy, before specific examples are considered.

The policy on namings should consider:

- Which parts of the building may (and may not) be named?
- The 'price' of such a naming i.e., how much money would need to be provided for a room or other space to be named
- The length of time a naming is guaranteed (it should not be forever!)
- Namings will also be subject to the ethical policy.

Some donors or business partners do not want to see their name (or the name of a family member) on a building, but others do, and it could help unlock large amounts of money.

Since the plans for the building are not known it is not possible at this moment to specify naming options and pricing. This will be one of the jobs of the fundraising team and project managers at a later date.

## 8. Impact Measurement and Theory of Change

*The Identification and Measurement of Social, environmental, and economic impact is important for many potential EU funding sources. The issue of Impact will be developed together with BECCA Europe.*

### **Impact philanthropy and impact investment explained**

In the past philanthropy and investment could more easily be distinguished. Philanthropy referring to the donation of money without any financial return and investment as a solely financial act directly aiming for a financial return on investment.

But societal changes and global challenges have led to both sectors to rethink the effect of their practice. Nowadays the private sector and civil society sector overlap to a wider extent than before, social enterprises emerged, and corporate social responsibility (CSR) strategies have become common. Social Impact Bonds have emerged as innovative financing mechanism in which governments or commissioners enter into agreements with social service providers, such as social enterprises or non-profit organisations, and investors to pay for the delivery of pre-defined social outcomes.

The boundaries are fading, and philanthropy and investment changed as well, with overlapping activities and interests.

The concept of Impact includes social factors such as inclusivity, youth engagement and education as well as environmental and economic effects of an activity (in this case the building and operation of the new Music Centre).

*An Impact mindset may well open up new partnerships (see page 38) and funding sources such as the EU and new foundations (see page 21).*

#### *Impact Philanthropy*

In the last decades governments and foundations increased the requirements that the projects, programs, and organisations that they fund must meet. Monitoring and evaluation reports are demanded which include both financial and non-financial targets.

In the past, individual philanthropists and family foundations often did not require this level of accountability and instead relied on mutual values and personal trust. However, there is a clear trend for these donors to explicitly allocate their resources to achieve agreed outcomes. This results-focused donation is described as Impact Philanthropy.

#### *Impact Investment*

Financial investments were exclusively driven by the financial return on investment, but this is no longer always the case. Many financial institutions, commercial partners and private investors also take into account non-financial returns on investment such as social or environmental impact. They may accept lower financial returns in exchange for non-financial returns.

*We recommend that, during 2021, the Campaign research the potential for impact investment and impact philanthropy. Identification and measurement of the many impacts of the new Music Centre will be useful from many points of view. The further question is: will this help unlock further funding?*

Efesai has created the ImpACT programme with the *Impact Institute*, an Amsterdam-based agency specialising in defining and measuring social impact. This is the only programme in the Netherlands which helps cultural organisations identify and measure their social, environmental, and economic impact.

### **Procedures for identifying and measuring impact**

There are many well-established techniques and benchmarks for measuring non-financial impacts. These techniques are used by both commercial and charitable organisations.

The Impact Institute describes 'Impact' as:

*The difference one makes in the world by having an effect on the things valued in society.*

Or in more technical terms:

*The difference between the outcome of the activity and the reference scenario (if the project or program had not taken place).*

To research and plan for impact, a Logical Framework can be used:

<b>Activity</b>	<b>Output</b>	<b>Result/ Purpose</b>	<b>Outcome/Goal</b>	<b>Impact / Change</b>
<i>What are we doing?</i>	<i>The direct results of what we are doing</i>	<i>The results of the output</i>	<i>The effect of the result</i>	<i>The difference between the outcome and the reference scenario</i>

### *Impact measurement*

To measure the success of a project or program, results and outcomes can be analysed. The ultimate goal of a mission driven organisation is to contribute to a certain change and an activity that contributes to this change has an impact. There are two options to measure impact:

- A baseline study before starting the activity and a yearly research on the changes caused by the study compared to a reference scenario. Or, in case no baseline study has been executed, by controlling for all possible external influences over time with the help of a reference control group.
- A study executed on secondary data available (e.g., with help of Global Impact Database as designed by the Impact Institute) estimating the impact of the activity or project for the whole value chain.

## **The Theory of Change**

Planning for impact gives the impression that change is a linear process which is in fact not usually the case. Impact measurement is very relevant in quantifying and analysing the added value of a particular activity but *efesai also recommends that SPOT create a Theory of Change for the new Music Centre as a whole, including the interconnected projects and programs.*

Theory of Change is described as a comprehensive description and illustration of how and why a desired change is expected to happen in a particular context. It is focused in particular on mapping out or “filling in” what has been described as the “missing middle” between what a program or change initiative does (its activities or interventions) and how these lead to desired goals being achieved. It does this by first identifying the desired long-term goals and then works back from these to identify all the conditions (outcomes) that must be in place (and how these related to one another causally) for the goals to occur.

Whereas the Logical Framework of impact analysis can be used to plan for the measurable impact of activities and projects, the Theory of Change is used to analyse the broader transformative change aimed for by (the programs of) the organisation.

The Theory of Change focuses on social change processes and considers the diverse relations between domains such as politics, culture, economics, and geography. It involves the identification of Change Agents, their position in society, their networks, and their agendas relevant to the desired change. The Theory helps to plan interventions which influence these agents and those related.

Developing a Theory of Change provides a tool for monitoring actions and opens the space for accountability to the organisation itself and to those stakeholders involved in the process. It helps to be aware, simplify, redefine, create understanding and coordinate assumptions and visualize the pathway of change.

In order to work towards a Theory of Change several questions need to be discussed among stakeholders such as:

- What is the desired change?
- Who are the change agents that are or can be involved and in what way (e.g., advocacy, lobby, delivery)
- What are the assumption that we have and how does this support the change logic?
- What will be the indicators of change?
- Who will be involved in the monitoring and accounting process and how?

## **Creating a Theory of Change**

As, previously mentioned *efesai* recommends that SPOT develop a Theory of Change for the new Music Centre. This process should involve key stakeholders, probably assisted by outside moderators (*efesai* can provide this role). We recommend that this should be organised as soon as face-to-face meetings are possible.

The purpose of face-to-face sessions lies in developing shared understanding, thorough discussion about the different assumptions (explicit and implicit) which underlie the plans for the new Music Centre, and in fully designing all pathways of change.

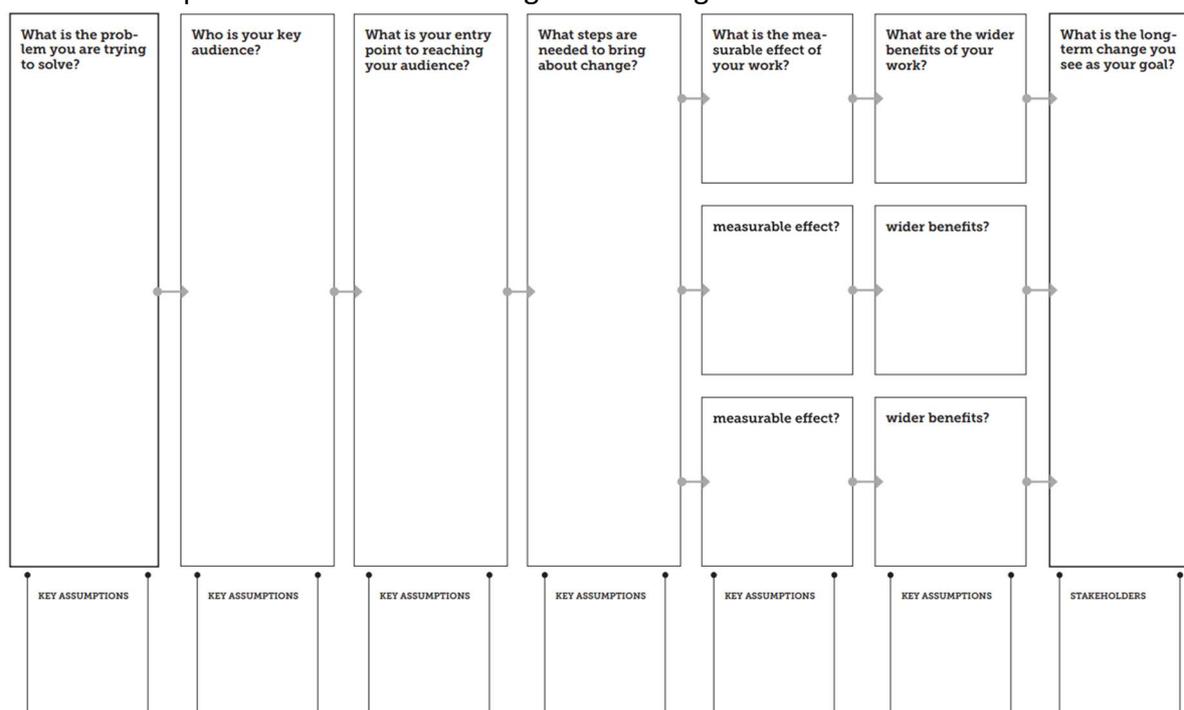
The process of creating a Theory of Change has the added advantage of generating a shared understanding of the mission and many purposes of the new Music Centre and can thus help in creating a shared vision of the overall importance of the project.

It is also very helpful for fundraising, communications and for reporting to funders (including the Gemeente) to draw up a Theory of Change for each of the main part of the new Music Centre project, focusing on the many activities it will enable for many stakeholders.

This can be done by combining the Logical Framework and extensive Theory of Change as is done in the *DIY Theory of Change Framework* created by Development Impact & You.

Alongside the explanation of output (measurable effects), outcomes (wider benefits) and impact (long term change) this comprises a clear description of:

- The problem to solve
- The key audience
- The entry point to reach the key audience
- The steps that are needed to bring about change



An instruction video which clarifies how to do the exercise can be found here:

[https://www.youtube.com/watch?v=6zRre\\_gB6A4](https://www.youtube.com/watch?v=6zRre_gB6A4)

## 9. Plan for Fundraising from each source

### Introduction

*There is no clear line between the sources shown below. For example, business owners could also be major donors or run a family foundation. At all times, it is essential to treat individuals and organisations holistically. Nevertheless, it is useful for planning and investment purposes to divide fundraising sources and activities into broad categories.*

### **A. Businesses**

*Some EU funding sources would directly involve larger businesses in the region. Business fundraising will therefore be developed together with BECCA Europe.*

The Gemeente itself, SPOT's leadership, and potential members of the Fundraising Stichting have good relationships with business leaders and their connections will be the starting point. These connections will be supported with research into each business and its leadership whenever an approach is being considered (see research section on page 39).

Groningen Province does not have many national business HQs but business leaders in the northern part of the Netherlands have a strong regional network which can be accessed through personal and professional contacts and the Campaign can use the strong regional importance of the new Music Centre to its advantage. The aim for fundraising will be to secure one or two larger partnerships and then several medium-sized partnerships.

These connections and the strong regional focus provide a good starting point for business relationships but there remains much work to do in order to use them effectively.

Note that businesses tend to oversee their partnerships more thoroughly than private donors and foundations, especially if marketing and other benefits are included in the deal. This can make it more expensive and time-consuming to service business partnerships which should be taken into account when prioritizing fundraising plans.

Businesses may engage with the New Music Centre in a variety of ways including:

- Joint business venture (e.g., development of a hospitality offering)
- Impact investment (for social returns)
- Supplier of services or goods to the new Music Centre
- Customer for services from the new Music Centre
- Marketing-related sponsorships (e.g., brand association, access to potential customers, client hospitality)
- Employee-related engagement (e.g., priority access for employees, staff discounts)
- Corporate Social Responsibility (CSR) policies which match the Music Centre's work
- Simple donation, from the company or from a linked foundation
- Demonstration of civic pride and commitment to the region
- Access to networks (political, social, political)

These are not mutually exclusive.

It is best to engage at the highest level possible with a company. Matching of brand, corporate philosophy and personal motivations of leaders are high-level considerations. On the other hand, some activities such as marketing, access to donations, and to CSR funds can be dealt with at officer level. Even at this lower level it is very helpful to understand policy, budget, and personal motivation of the decision makers and having the stamp of approval from higher managers will certainly clear the path for junior executives and encourage them to move faster!

For the Campaign to be successful with business partnerships it must *establish a business logic for the partnership*. Even where business leaders are supportive, they must show their boards, shareholders, senior managers, and staff that there is a clear *business* reason for their company to partner with the new Music Centre, alongside other factors.

Each potential business relationship needs to be evaluated in advance, and then re-evaluated as new information is gathered from meetings and research. We recommend that the Campaign use the following process for each potential partnership under consideration.

- a. What is the business plan of the 'project' which could be discussed with the potential partner? What are its aims, costs, and income?
- b. What is the intended social impact of the project and how can this be evidenced?
- c. Before approaching the business, undertake research, including ethical due diligence
- d. Identify key people in (and around) the business
- e. Draft a variety of potential offers which could be made and set an initial value based on:
  - i. The New Music Centre's cost perspective
  - ii. The value of the partnership to the partner, from their perspective
  - iii. An assessment of the market – can we compare with other deals?
- f. Prepare a pitch deck, including supporting documentation
- g. Informal contacts through networks
  - i. To get early feedback on ideas
  - ii. To establish (or protect) relationships
  - iii. To understand the potential partner's business priorities and gain additional information
- h. Initial pitch meetings

As with all relationships, the first partnerships should never be the last. Hearing a 'yes' should be that start of a longer-term relationship. Hearing a 'no' should be the start of further discussions at a later moment.

The Board of the Fundraising Stichting will play an important role in opening doors for meetings with business leaders and in advising the Campaign on the best approach to take.

During early preparations for the Campaign three important tasks should be undertaken:

- Draw up a target list of businesses and named business leaders by research and by asking for suggestions from close contacts of the Campaign
- Sketch some partnership packages, ready to offer to potential partners – these first sketches will change during discussions with businesses, but it is essential to have a good starting point
- Prioritise the potential partners and design the paths to approach them – Who? When? What?.

Information on potential business partners should be entered into a CRM system (see page 39) and updated as new information is gathered.

## **B. Foundations**

There is very good experience within the SPOT team of making applications to foundations. The Campaign will prioritise approaches to foundations it already knows and make applications at the right moment.

Research into other foundations will reveal prospects unknown to the SPOT team. Directories of grant-making foundations are available online (see section on research on page 39). Identification of social, environmental, and economic impacts will help to uncover new foundations which do not otherwise support cultural projects.

We should draw a distinction between private (often family) foundations which are essentially controlled by one individual or family and independent foundations which are not (entirely) controlled by the founders. Naturally, there are hybrid forms, but this distinction is useful.

Private foundations are the tax-efficient giving vehicles for wealthy people, and it is necessary to gain their support, even where they rely on advice from professional staff and advisors. To some extent, approaching these foundations is rather like dealing with major donors (see page 27)

Independent foundations will typically have a stated mission, strategic policy priorities, structured application processes and a bureaucracy. Here too, it is useful to know the key people, but it is important to recognise that they are bureaucracies and know how to tailor an application to fit their budgets, priorities, and processes.

The process of identifying potential foundation funders is similar to the process for finding business partners, but with crucial differences:

- a. What is the intended social impact of the 'project' and how can this be evidenced?
- b. What funding is needed?
- c. Based on these two objectives, which foundations are potential funders?
  - i. Foundations already within SPOT's networks
  - ii. Foundations which are not yet known, but which seem a good fit

- d. Before approaching the foundation, undertake research including ethical due diligence
- e. Identify key people in (and around) the foundation
- f. Prepare an outline application
  - iii. From the new Music Centre's cost perspective
  - iv. From the fit with the foundation's policies and budgets
- g. Prepare supporting materials (which may be different from one foundation to another)
- h. Informal contacts through networks
  - v. To get early feedback on ideas
  - vi. To establish (or protect) relationships
  - vii. To understand the potential funder's priorities and gain additional information
- i. Make an application
- j. If unsuccessful, find out why? Can we try again in the future?
- k. If successful, make reports as required and maintain relationships

Note that for this Campaign, which lasts for ten years and which includes many different facets, it will be possible to make more than one application to each foundation during the lifetime of the Campaign. Maintaining good relationships with the managers and boards of foundations is thus crucial.

During early preparations for the Campaign three important tasks should be undertaken:

- Draw up a target list of foundations by reference to existing contacts and by research
- Identify some projects within the overall Campaign which fit the priorities and budgets of these foundations
- Prioritise the potential foundation funders and design the paths to approach them – Who? When? What?.

### **C. Major Donors**

*As noted above, wealthy individuals may also be business leaders and control family funds. The conversations with these individuals should be flexible and personal and, finally, it is their decision whether money is channelled through a personal donation, a foundation or perhaps via a business.*

This is how major donor fundraising works.....



Drop a stone into a lake and the ripples will spread outwards until a large part of the water has been affected by your initial action. In other words, start with the people you already know and work systematically outwards from there. Major donor fundraising is based on peer networks.

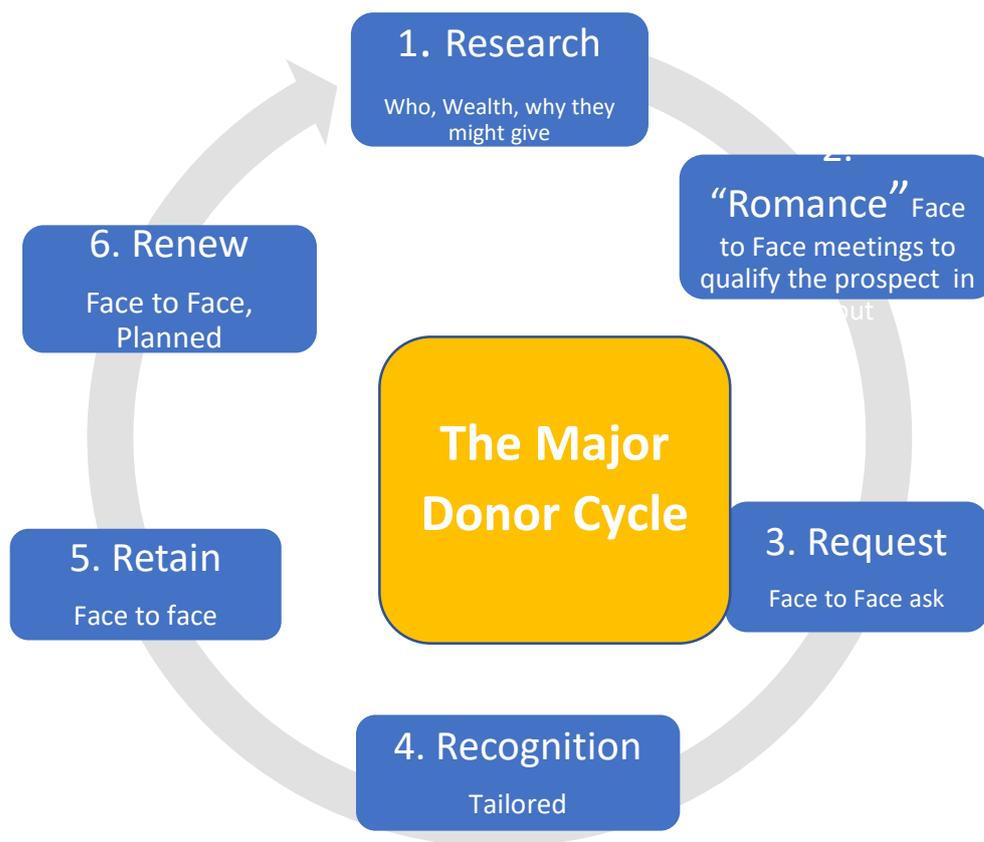
People respond to people they know and/or relate to as equals. This is not a like making an application to a foundation or pitching a business idea; it is a question of hearts and minds, personal relationships backed up with detailed arguments and supporting information.

In one sense, this is obvious: networking through existing contacts is how the world turns around. *The leadership and team of the Gemeente, SPOT and the Fundraising Stichting have plenty of experience of how this works.*

However, behind this familiar principle lie sophisticated professional techniques which turn ad hoc gifts into a strategic major donor fundraising programme which broadens and deepens the pool of donors and brings more income each year to the Campaign and to the new Music Centre once its doors open.

The task of major donor fundraising is not to find donors, but to grow them by personal engagement around a shared vision.

We must never forget the very human nature of major donor seeking and the sensitivity of working with important personal and professional contacts. But now consider the following diagram which shows how major donor development becomes long-term and strategic:



Long-term success with wealthy donors demands a hard-nosed process of research and cultivation planning which lies below highly personal relationships. Think of a swan gliding gracefully across a lake – underneath the water its feet are paddling hard!

There are two starting points for securing major donors:

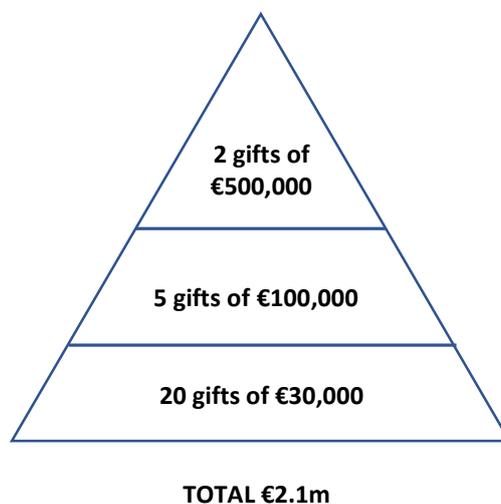
- Who do we already know? How can we secure their support?
- Who seems like a good fit for our work (from research and from recommendations) and how do we get to know them?

*Initially, the Campaign must rely on personal and professional contacts of people connected with the new Music Centre project. A plan is needed for using these early networks to extend the reach of the Campaign and to identify other potential donors.*

### Pathfinder Gifts

Part of the purpose of the Quiet Phase of the Campaign is to secure a large part of the target *before* a public campaign is launched. This means that the public are being asked to complete a campaign which is already on the way to success.

In fact, the same is true within the Quiet Phase itself. A capital campaign will typically generate a small number of very large gifts, a larger number of medium size gifts and then a large number of smaller gifts. This gives rise to the famous fundraising pyramid:



Life is never so simple! However, this does demonstrate the importance of securing the large gifts.

Ideally, some of these larger gifts will be secured right at the start of the Campaign to create a secure foundation for the fundraising, and to set the bar for other wealthy donors. These early donations are called 'pathfinder' gifts and for some wealthy people it can be a matter of pride to show the way to others. Having pathfinder gifts is very helpful for fundraising and psychologically important for everyone involved. It is not essential for the largest gift to be secured first, but the Campaign should target a few early, large gifts.

One of the first tasks of the fundraising team and the Fundraising Committee (see the leadership section on page 36) is to identify potential larger donors who could potentially be pathfinder donors.

The keys to success in major donor fundraising are:

- A strategic approach
- Good research and data management
- Personal engagement with donors and prospects to develop long-term relationships
- Identification of the motivations of each donor
- Active involvement of senior leadership and, often, a Board or Fundraising Group of well-connected supporters
- They must be supported by experienced professionals
- A clear *Case for Support*
- Identification and communication of specific needs of the organisation
- Excellent administration

A professional major donor fundraising operation uses well-established methods, including:

#### *Overall Prospect Planning Summary*

This is an overview of all major donor prospects and donors showing the stages in their cultivation. The Summary gives the team an overview of progress, ensures that people and actions are not forgotten and gives the team an opportunity to discuss next steps.

#### *Scoring grid*

How do we prioritise our potential donors? Which are most important to us and how do we divide our scarce resources? Each potential donor can be given a simple score combining the size of their potential gift, their affinity with our cause, their giving history and how well we know them.

#### *Donor profile*

A dossier containing all the information we hold on a current or prospective donor. This includes basic contact information, education, family, professional, estimates of net worth, interests and so on. It also includes a record of contacts between the person and the Campaign. This dossier can be on paper but ideally it is contained in a CRM system (bearing in mind data protection issues).

#### *Cultivation plan*

This sets out how you intend to deepen relationships with an individual (or couple) and, finally, how you expect to ask for a donation. Of course, things never turn out exactly as you expect, but the cultivation plan gives a path to start and some ideas in developing this particular personal relationship. Success is measured firstly in deepening engagement and, finally, by the amount of money raised from that person.

*The Donor Profile and the Cultivation Plan go together – you must have both.*

#### *Meeting or event briefing*

Some people are naturals at 'working the room' but even they will benefit from short briefings on the people they will meet and our objectives. A written briefing and pre-meeting are often helpful. For larger events, several people from the Campaign will be engaged and they must be focused to ensure they speak to all the relevant people, neither omitting nor duplicating. Also remember the de-briefing after the event which ensures that snippets of information gathered during conversations are recorded, giving the fundraisers a chance to update plans.

*Examples of these tools are attached to this strategy as Appendices C to F.*

#### Leadership

Major Donor Fundraising success requires active involvement from leaders. This is partly because the leaders of an organisation are likely to have the best contacts and also because individuals considering a large philanthropic donation are likely to expect attention from the leaders. Note that donors often also want to meet the experts – the people who do the work and can talk from first-hand experience – but it is the leaders who are the peers.

The leadership of a major donor fundraising organisation typically consists of:

- Chair of a Board and other board members
- The CEO
- Professional fundraisers.

Alongside these people with formal roles, there are often groups of supporters with more or less engagement with the organisation, perhaps organised as a 'fundraising committee' of some kind or more lightly involved as 'patrons'. In every case the idea is to engage people as a network in a way which suits them, and which opens doors for the organisation.

In the case of the fundraising Campaign for the new Music Centre, leadership includes the board of the fundraising Stichting, the leadership of SPOT and some political leaders and senior executives at the Gemeente. These are busy people who are giving up precious time and using their personal reputation and contacts to attract support for the Campaign. They must be supported well by the staff team and their contacts must be protected.

A professional fundraiser with major donor fundraising experience will be needed to support and guide the leadership of the Campaign as they develop networks. The issue of leadership is discussed on page 36 and staff capacity on page 38.

#### **D. Audiences and Users of Oosterpoort**

The Oosterpoort is the main performing arts venue for a wide area of northern Netherlands. Thus, most of the general public of the region know of the Oosterpoort and are aware of the role it plays in their community. However, two groups of people have a particular relation with the venue and cannot be categorised with the 'general public':

- Audiences i.e., people who have attended events
- Users i.e., amateur and professional artists who have performed there

SPOT has a database with contact information on very many of these people and, thus, they can be contacted directly and personally. In contrast, SPOT has no such data on the 'general public' and they must be contacted indirectly and impersonally. This section refers only to those users and audiences of the Oosterpoort who are registered on the SPOT database and fundraising from the general public is considered on page 30.

#### **Database-Driven Fundraising**

This is a term which covers smaller gifts from a large number of people. Simple arithmetic shows that 10,000 people giving €10 per month adds up to a very nice stream of reliable income. Managing such a large number of people means automating processes and undertaking analysis using a specialised CRM database.

Fundraising from a large number of individuals brings many other benefits:

- It is a marketing pool to promote events at the new Music Centre
- Some of these people who make a small donation are, in fact, wealthy and can be developed to become larger donors
- This large group of supporters can be used to promote Oosterpoort and the new Music Centre generally on social media and offline
- These donors could make a substantial legacy gift, if encouraged

SPOT has approximately 400,000 records on its database. Primarily these are ticket-buyers but also include Agenda subscribers and other smaller groups. However, this database includes records with no activity for several years and the majority of people have attended only one event. Before this data can be used for fundraising, selections must be made. The order of priority for fundraising is:

1. Agenda subscribers
2. Attenders of two or more events in the last two years
3. Attenders of one event in the last two years
4. All other records

The Campaign team would give a briefing to their colleagues in the Marketing Department to ask for simple number counts in these categories, removing records of children. The counts are not yet known, but it is likely that no more than 20% of the records on the database will fall into the first two categories.

Thus, the Campaign can expect to be able to make personal contact with around 80,000 individuals who have a recent relationship with the Oosterpoort.

These people can be contacted by email, post, or telephone. Small-scale testing (perhaps 5,000 records per test) will determine which groups are worth contacting and which media works best. Email is cheapest but brings lowest results, whereas telephone is most expensive but brings the best results.

Testing will reveal average percentage of donors, average donation amounts and also show if it is worth extending the programme to the final two segments of the database.

This kind of database-driven fundraising is very common amongst cultural organisations in the UK and has been tried successfully in the Netherlands, notably by International Film Festival Rotterdam and ITA Amsterdam.

The intention is to ask people to support the Campaign with a small monthly contribution by direct debit, for example €5 per month. This is not much to ask, but at €60 per month over several years adds a significant contribution to the Campaign target.

*Example Cost and Income from database fundraising*

Just to give an example of how this kind of fundraising could work, here is an idea of the costs and income of such a programme:

Telephone

Original records:	80,000
Telephone contacts:	10,000 (from the 80,000)
Donors (15%)	1,500
Average donation per year	€60
Average income per year	€900,000
Over 5 years	€450,000
Cost of telephone	€8 * 10,000 = €80,000 (one-time cost)
<b>Net income</b>	<b>€370,000</b>

Post

Original records:	70,000 (after 10,000 removed for telephone)
Record with postal address:	40,000 (estimate)
Donors (3%)	1,200
Average donation per year	€20
Average income per year	€24,000
Over 5 years	€120,000
Cost of post campaign	€1 * 40,000 = €40,000 (one-time cost)
<b>Net income</b>	<b>€80,000</b>

Email

Original records:	30,000 (after 10,000 telephone and 40,000 post)
Donors (1%)	300
Average donation per year	€20
Average income per year	€6,000
Over 5 years	€30,000
Cost of email campaign	€0.1 * 70,000 = €7,000 (one-time cost)
<b>Net income</b>	<b>€27,000</b>

**Total net income over five years €477,000**

**Total Donors 3,000**

*Note that this is not a firm estimate and is offered as an example only. Testing will establish the correct figures for what % of people make a gift and the average amount.*

Donor Development

The income figures shown above relate to the first donation. A process known as donor development encourages donors to stay engaged and to make further donations as the Campaign proceeds (see page 35). Thus, the total income received from audiences will be much higher than this amount over the whole lifetime of the Campaign. Furthermore, many of these donors will continue to support the new Music Centre after it opens, if the Transition Phase is managed well.

### Timetable for Asking for Donations from Audiences

The Campaign Timetable shown as *Appendix I* shows when database fundraising will take place. Basically, there are three elements to the process of asking for donations from audiences:

- Initial campaign at the start of the Audience and Users Phase (see page 6) in 2024
- An annual programme of contact with donors and repeat asking for donations
- A 'final push' in the Transition Phase (see page 6) in 2029
- 

*Data Privacy legislation* is important. The Campaign team should consult with colleagues in the Marketing Department to check on the permission statements connected with the database and, if necessary, engage in a process of updating these permissions during the first years of the Campaign, before audience fundraising begins in 2024.

### Fundraising from Amateur and other Users

SPOT has good contacts with amateur and semi-professional groups in the region and many of these groups (not all) have performed at Oosterpoort. Since part of the purpose of the new Music Centre is to create more space and to provide new equipment for amateur as well as professional performers, a very good argument can be made to these groups that they will benefit greatly and should join in with the fundraising.

During the 'Quiet Phase' of the campaign i.e., from 2021-2024 the Campaign should make personal contact with as many of these groups as possible to talk about the plans for the new Music Centre and about the Campaign to encourage them to join in with the fundraising. Precisely how they do this will vary but it could include:

- Performing small benefit concerts to raise money
- Gathering together as a group to fund one part of the Campaign (a seat, a room, a piece of equipment...)
- Making a direct appeal to their members to give donations

At this moment it is not possible to estimate how much money could be generated from these groups, although this will become clearer during the first two years.

### **E. Public Fundraising Campaign**

Leaving aside the audience and user groups, the general public of the city and the region will have a great interest in the new Music Centre; it will be a major improvement to the facilities of the city, will be a new landmark building, and will have a big price-tag! It will attract media coverage and comments.

The aim of the Campaign is to use this public attention a) to communicate the basic message of the *Case for Support* (see page 10) as widely as possible and b) to appeal for donations and other support.

This is the chance for the wider public of the region to engage with the Campaign. New donors will feel an ownership of the new Music Centre when it re-opens, and many will continue to support in the future.

A detailed plan for the public campaign will be developed and the following points set the overall strategy:

### Celebrity Support

A public campaign will benefit from the endorsement and participation of celebrities. Celebrities can act as 'patrons' i.e., lending their names to the campaign and/or be more actively involved by hosting and attending events. Naturally, some may be willing to perform at concerts to support the Campaign. In some cases, the social media reach of such people will be much larger and broader than that of SPOT.

### Media engagement

The campaign does not have a budget for extensive spending on media advertising so the more that can be achieved through PR activities the better.

Consideration should be given to finding a media partner for the Campaign, or perhaps one broadcast and one print partner. This has obvious advantages but could make coverage in other media less likely.

Engagement with the media forms part of the Communication plan which will be put together by communication specialists with knowledge of the regional and national media

### Social Media, Web and Digital Fundraising

See next section.

### Events

Events are discussed below on page 34. In relation to the public campaign, a programme of small events and one larger fundraising event each year will support media coverage, raise some money, and give varied opportunities for active engagement. Events can include small concerts, art-based fundraising events, cycle rides etc. etc.

## **F. Digital Fundraising**

*Digital has transformed communication and customer engagement, and this is also true of fundraising; the Campaign should put digital communication at the centre of wider fundraising communications. This is less true of personalised fundraising, such as major donors, businesses, and foundations but those individuals will also be aware of social media posts and will visit the website*

### Social Media

Oosterpoort makes extensive use of social media for marketing and communications and has around 50,000 followers on various social media. Communication about the Campaign must be included in ongoing social media planning. More than this, these networks can be mobilised for fundraising by direct appeals for gifts, by asking supporters to share fundraising messages with their own networks and by seeking support for events and other fundraising initiatives.

### Website

The SPOT website has around one million unique visitors each year. The Campaign will have its own website but with strong links to the SPOT website so that people visiting the SPOT site will see the fundraising message clearly.

The Campaign website will feature information on the new Music Centre project, the benefits for different groups, donor stories, ways of engaging with fundraising and online giving links. All will be based on the *Case for Support*.

### Email

Included in discussion of audience fundraising in the previous section.

### Crowdfunding

Crowdfunding now usually refers to social-media and web-based fundraising. However, it can also include offline fundraising. The core concept is to use a group to raise money for a specific project. It is not difficult to try out various ideas to see what works and to keep up engagement and attention for the campaign.

## **G. Legacies**

Legacies are a pot of gold as the 'boomer' generation retires and considers their inheritance. This is the wealthiest generation in the history of the Netherlands, and many have been engaged with cultural and social issues for much of their lives. A legacy is often the largest gift a donor can ever give and the amount of money which will be donated to charity as the 'boomer' generation dies is in the billions of Euros.

The New Music Centre looks to the future, building a better world for generations to come. This is the ideal message for legacy fundraising. The potential for income from legacy donations is very large.

Legacy gifts are large – the average gift to a goede doel in the Netherlands is €33,000. Of course, we do not know when these gifts will be received but simple statistics tell us that if we encourage 400,000 contacts of the Oosterpoort to consider making a gift in their will then a significant number will be received during the ten years of the campaign.

Promotion of legacy giving is simple and cheap and essentially involves frequent repetition on the website, as email footers, in social media posts and so on. Legacy promotion is low-level and long-term. The sooner it is started, the better, and *we recommend that the Campaign promote legacies in a low-key but consistent way from the start*.

Working with the Netherlands' leading legacy fundraising specialist, *Centrum Nalatenschappen*, Efesai has created '*Laat Cultuur Doorleven*' a special legacy promotion and administration service for the cultural sector.

## 10. Campaign Communications

The Oosterpoort is an important and high-profile cultural venue and it pays a great deal of attention to communications about performances, but also generally about its work.

This ongoing communication is vital to fundraising since it maintains awareness but, in addition, communications must consistently highlight the vision for the new Music Centre and the messages of the *case for support* for the new building. Wherever possible, communication will emphasize fundraising stories and the need for further donations.

Looking from the other side, the Campaign will itself use all forms of media, especially micro-communications with donors and supporters, to help the search for financial support. Thus, the Campaign's own fundraising activities must contribute to the Oosterpoort's and SPOT's overall communications aims.

*This means the SPOT general communication strategy and the Campaign communication strategy must work together.*

SPOT has an experienced communications team, but they have ongoing work to manage and not much spare capacity. SPOT should consider the option of hiring an outside communications agency to create a detailed communications plan for the Campaign and SPOT should also consider whether the same agency should, in fact, create a single unified communication strategy to cover the development of the new Music Centre and the Campaign for the next ten years.

Key elements of the Campaign Communication Strategy will certainly include:

- Campaign identity and design
- The use of celebrities
- PR generally and in relation to the public fundraising campaign
- Working with print and broadcast media, possibly including a media partner
- Production of printed materials and video
- Social media
- Website
- Events programme

*Internal communication must not be forgotten.* Many people work for and with SPOT and they must also feel that they are engaged. A simple plan for informing and consulting them should be drawn up very early in the campaign.

### The Involvement of Artists

SPOT has good contacts with performers, amateur as well as professional. Involving well-known performers in the Campaign brings publicity and may raise funds from concerts.

Engaging amateur artists increases local engagement and could also help raise funds.

Involving artists in fundraising also helps keep them involved whilst the new Music Centre is being built. (see events section on page34).

## 11. Events

Events relating to fundraising can be divided roughly into three types:

- Networking and cultivation, usually small and private
- Raising money directly, for example benefit concerts
- PR activities, designed to attract media attention

Obviously, events can serve more than one aim, but the important thing is to be clear about the primary purpose of each event.

*The Campaign will plan a programme of small cultivation events* where new people can be introduced to the network and existing supporters can be thanked and relationships maintained. The programme will include dinners and drinks evenings and may take place in private homes hosted by supporters of the new Music Centre and/or around particular milestones in the Campaign.

Cultivation events do not raise money directly but are essential for developing and maintaining relationships. In some cases, a business or donor can be found to pay the costs of hosting the event.

These cultivation events can generally include business leaders as well as private donors since they are often part of the same social circles. However, as part of the development of business relationships, it may be useful to hold some events for business leaders only.

Since the purpose of these events is relationship building, they should be planned carefully. The invitation list should be carefully considered, and clear roles for members of Boards and staff allocated in advance, including speaking with named individuals. They should be given a briefing in advance about the people they should speak with and any special topic of conversation. After the event they should share notes with the development team and any new information added to the person's database record.

To raise money directly, we propose one gala or concert each year. This will include entertainment and catering. Ticket/table sales and raffles, auctions etc. will generate income and a business sponsor may pay some costs.

Finally, the communication plan will include small activities designed to attract media attention. Often these will involve celebrities or well-known experts and public figures. They should be low cost but high profile.

*Events are included in the timetable shown as Appendix I*

## 12. Networks and Management of Relationships

SPOT and the Gemeente have good personal and professional networks in the region. These networks include wealthy individuals and families, board members of foundations and leaders of businesses. These contacts are potentially of great value to the Campaign, but they are also highly sensitive and of great importance to the individual concerned. Processes for managing and developing these relationships have two purposes:

- To protect the contacts of SPOT and its close supporters.
- To put in place highly personalised plans to develop relationships, including partial hand-over to team members, which are fully agreed with the person initially suggesting the contact.

It is well-known that existing customers are more profitable for businesses than finding new ones which is why CRM (Customer Relationship Management) processes are so important for most businesses. The same is true for donors and business partners and *the Campaign will create a clear Donor and Partner Stewardship Plan* which includes clearly stated standards and routines for donor and partner care and administration, including CRM software, (see page 39) and a plan for donor and partner communications.

The major donor cycle diagram on page 24 shows how potential donors and partners are first contacted through networks, then brought into closer engagement before a gift or partnership is proposed. The next steps are to ensure the relationship deepens.

The process of taking care of important supporters is known as 'stewardship'. The Campaign must understand how best to take care of its supporters including awareness of their preferences (how they like to communicate, food allergies, personal and political sensitivities, religious customs etc.). *This is based on good relationships with the people concerned and on flawless administration.*

### Donor Development – A strategic Perspective

Fundraising requires initial investment justified by a well-researched strategic plan, needs the right leadership and professional support, and works best when long-term relationships are built. The first gift should never be the last gift and existing donors are always the best source of future donations.

In the specific case of donor relationships, the Campaign will put in place basic routines for donor care and administration (including software to manage donor and donation data), a plan for donor communication over three years and a cycle of asking for repeat and upgraded gifts. This will not be complicated, but it is all too easy to thank the donor and then forget them.

Ideally, donors will be encouraged to make their gift by direct debit (*volmachtiging*) since this brings a regular monthly income over a long period of time, with relatively little administration for donor or the Campaign, and which also gives tax benefits to the donor over five years.

### 13. Ethical Policy

*P29 of the Feasibility Report mentioned the need for an Ethical Policy*

#### **Big gifts = big reputation risks!**

Big gifts and business partnerships have presented some well-publicized problems for fundraising organisations in recent years – for example MIT and Jeffrey Epstein, the London School of Economics and Muammar Gaddafi, various cultural organizations around the world and the Sackler family, and there are continuing criticism of links between fossil fuel companies and cultural organisations.

It is not possible to avoid such issues completely, since a few people (and some reporters) will criticize almost *any* wealthy person or big company. However, with a solid ethical policy and a clear and transparent process for evaluating large gifts and business partnerships, SPOT and the Campaign will demonstrate its ethical intentions and its thorough approach to decision-making on accepting such money.

At the start of the Campaign, SPOT should adopt an ethical policy consisting of two parts:

- 1) An ethical statement setting out broad guidance and some 'red-lines'. This is likely to include some specific industries (Tobacco? Arms dealers? Some pharmaceuticals?) but there should also be a general reference to damage to SPOT's reputation.
- 2) A process by which all major gifts and business partnerships are evaluated.

*A draft Ethical Policy is shown in Appendix G*

### 14. Leadership

*High-level contacts generally expect and deserve the engagement of high-level people.* This is not just a question of status but of peer-to-peer relationship-building.

The Campaign will establish formal leadership in the Stichting, and it will have an important role in approving top-level policies and strategies (these also need to be approved by SPOT willing to do so). The Board of the Stichting will also have an important role in developing networks of their own but also in supporting the development of relationships with other contacts suggested to the Campaign.

Two other groups will also lead the Campaign in a formal or informal manner:

- SPOT's management
- The Gemeente, especially the relevant wethouders

Leadership in these cases means being consulted on decisions and actively supporting the Campaign in appropriate ways (see below).

The Campaign will also invite celebrities, regional VIPs and others to become 'patrons' i.e., to lend their name and approval to the Campaign.

This group cannot be described as leaders, yet they may be prepared to open doors, attend events or take other action demonstrating to potential supporters that they have lent their weight to the Campaign.

Beyond these more-or-less structured groups lies informal networks of people who may be asked to support fundraising in some way e.g., open doors, attend events, perform, endorse the Campaign and so on. These informal networks are not leaders but can demonstrate the level of support Caravane.Earth can call on.

Individual members of these leadership groups can support the Campaign in many ways:

- Give donations
- Talk about the organisation
- Endorse the organisation with their own reputation
- Introduce other people
- Ask for advice from other people, especially in relation to networking
- Host events in their homes and offices
- Act as tour hosts to donors, prospects, and other good contacts
- Personally acknowledge donors e.g., with phone calls
- Give feedback to the organisation
- Ask for donations when the time is right

*Professional support from the Campaign is essential.* These are busy people who are giving up precious time and that they are using their personal reputation and contacts to attract support for the organisation. The team must provide practical support in producing correspondence, providing information, arranging meetings and cultivation events, and generally supporting their activities as much as possible, leaving them to focus on relationships.

*They also need guidance.* They are not themselves professional fundraisers and would benefit from advice from professional fundraisers with experience.

The Leaders in the Stichting, SPOT and the Gemeente may also welcome some training in high-level fundraising to dispel myths, provide them with techniques and create a shared understanding of the Campaign and their role.

## 15. Fundraising Partner Organisations

On Page 18 of the Feasibility Study, we identified three areas for further research: Healthy-ageing, Digital Culture and Energy Transformation. Each could potentially lead to powerful strategic partnerships, including additional funds, but there would be implications for the construction and operation of the new Music Centre. Conversations with potential partners can already begin but they will not finish before the Fundraising Plan is delivered.

The Campaign will take a close interest in these areas and will pursue formal partnerships, including joint funding applications to the EU, foundations, and national and regional government funds, where appropriate.

*This area of fundraising is potentially of great importance, but it is not included in this Strategy since it deals primarily with institutional funding and, thus, will be covered by the complementary institutional fundraising strategy being prepared by BECCA Europe.*

## 16. Fundraising Capacity

On Page 26 of the Feasibility Study the question of capacity was also covered.

Capacity in relation to fundraising falls into four categories:

- 1) Staff
- 2) Professional expertise
- 3) CRM software
- 4) Other resources such as digital and print materials, entertainment budget

Beyond this formal resource, the whole organisation must have a general understanding of the process of fundraising since, from time to time, they will be asked to cooperate with fundraising in some way. Without their support and understanding, the professional and volunteer team will not be able to work effectively.

Looking at the question of organizational understanding and support for fundraising, this falls into two categories:

- Internal communications
- Training

Internal communications will be an element of the Communications Plan (see page xx).

A small training budget is needed for professional training for fundraising staff and for training of high-level volunteers and managers in the basics of strategic fundraising. This budget would primarily be needed in the first year of the Campaign.

Overall, the resources needed to develop and manage a fundraising operation for the Campaign are not great and certainly low compared to the potential income. We recommend the following resources:

<u>Staff</u>	Annual Cost
Fundraising Director, full-time	€65,000 per annum from Q3 2021
Administrator and database manager, part-time	€18,000 per annum from 2022
Corporate Relationship Manager, full-time	€40,000 per annum from 2022
<i>Public campaign Manager, full time</i>	<i>€40,000 per annum from Q3 2027</i>

NB we assume the Fundraising Manager will take responsibility for major donor fundraising.

#### Professional Expertise and Agency Support

Agencies will be engaged to give general advice and to provide support for specific activities. including:

High-level Advice and training for the team and to the leadership.

Development of a Theory of Change and development of an impact framework.

Legacy fundraising advice.

Mail and phone fundraising agencies. Costs included in the budgets for each campaign and thus not a regular budget allocation

We assume that events can be organised from within the Oosterpoort team. Events would each have their own budget.

#### Fundraising CRM system

This will be needed if, as we believe, the ticketing-CRM system of SPOT cannot be adapted to for the necessary functionality. Integration with the ticketing database and financial systems will be reviewed. A competitive tendering process will identify the costs of the CRM system

Other costs such as Campaign print materials, website, entertainment, travel etc.

Cost estimates are shown on page 40 and in *Appendix H*

#### Research

*Research is an important component of high-level fundraising* including:

- Prospect and donor profiles
- Potential foundation supporters
- Research into potential business partners
- Competitor research

In the future, research is best handled in-house but, in the first instance research can be provided by a specialist agency or freelancer.

## 17. Potential Income

The Feasibility Study made estimates of potential income from the sources described in this Strategy. Because of the lack of experience of SPOT in this kind of fundraising, with the exception of foundations, our estimates are broad. One of the risks discussed on page 9 is the possibility of missing targets and the first two years of the Campaign will be a process of testing estimates against reality. Thus, the figures shown below will be revised regularly and investment plans also adjusted.

### Income Estimates (from the Feasibility Study)

Major donors (including family foundations)	€ 1.000.000 - € 2.100.000
Foundations	€ 1.750.000 - € 4.000.000
Businesses (excluding <i>in kind</i> contributions)	€ 600.000 - € 1.900.000
Events (after subtraction of costs)	€ 20.000 - € 50.000
Public fundraising campaign (after subtraction of costs)	€ 50.000 - € 100.000
Audiences, amateur companies (after subtraction of costs)	€ 250.000 - € 500.000
Legacies	<u>€ 100.000 - € 1.000.000</u>

**Totals € 3.770.000 - € 9.650.000**

## 18. Investment Costs

*Appendix H* gives a detailed breakdown of the Investment Costs needed on a cashflow basis.

Note that the transition phase would be dedicated to fundraising for operational activities and these costs are not included in the Campaign budget.

*The total investment budget for the Campaign is estimated at €1,441,550*

### Return on Investment

Taking this investment budget and comparing it with the estimated income gives a Return on Investment ranging from 2.62:1 (262) to 6.69:1 (669%).

*In reality, costs would be reduced if income is not as high as expected, so the RoI would be towards the top of the range.*

## 19. Timetable

A timetable for the Campaign is detailed in *Appendix I*

## 20. First Steps

On page 2 we said that this Strategy *will be practical for the short-term but also have a strategic long-term view.*

These are the first steps which we recommend to get the Campaign underway.

- 1) Pay particular attention to the key decisions (page 7) the cost budget (Appendix H) and the timeline (Appendix I)
- 2) Confirm the role of the Cultuur Groningen Stichting (see page 7)
- 3) Confirm the cost budget for the Campaign (see Appendix H)
- 4) Confirm the public fundraising target (see page 5)
- 5) Confirm the timeline for the Campaign (see Appendix I)
- 6) Appoint agencies to help with early implementation (see page 39)
- 7) (Recruitment of staff is scheduled for late 2021 – see page 39)
- 8) Agree the *Case for Support* (see page 10 and Appendix A)
- 9) Adopt an Ethical Policy before fundraising gets underway (see page 36)
- 10) Begin the creation of a Communications Plan, including internal communications (see page 33)
- 11) Consider the potential of a Theory of Change and Impact measurement (see page 15)
- 12) As part of this, consider the need for an Engagement Strategy, including the topic of inclusivity (see page 17)
- 13) Begin recruitment for new members of the Cultuur Groningen Stichting (see page 36)
- 14) Agree a process of review of fundraising, including review meetings (see page 8)