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THEATRE COMMUNICATIONS GROUP, INC.

CENTERPIECE

FOCUS ON: DEVELOPMENT & MARKETING

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THE CHANGING FACE OF CORPORATE FUNDRAISING

BY LISA SALOMON

Does anyone remember the days when corporations gave money to nonprofits for purely philanthropic reasons? To be good corporate citizens? To support the communities in which their employees work and live? While all of these are certainly still motivating factors for many companies, in today's highly competitive business climate, mergers and acquisitions, streamlining, and cut-backs are the norm. As a result, the dollars available for corporate giving have also been substantially trimmed, as have the staff positions assigned to distribute those dollars. Gone are the days of corporate giving departments; it's often a crapshoot figuring out whether to seek funding from public or community relations or another department entirely.

Corporate funding of the arts has changed dramatically and has also become much more competitive. The good news is that, as fundraisers, we have access to more corporate budgets: direct giving and foundation budgets for artistic and educational support, business development budgets for entertaining clients, and marketing and promotions budgets for high level sponsorships. Many companies also have matching programs to encourage employee giving, and others give generously by providing pro bono services and in-kind gifts.

The bottom line? Theatres need to be both more creative and strategic about benefits packaging and collaborating with corporate marketers and sponsorship "matchmakers." Fundraising events and planned giving programs often attract business development and marketing dollars because of the demographic profile of the audience. In fact, most theatre audiences as a whole provide an ideal target market for most upscale retailers and financial services products. The major issue that we, as theatre companies, contend with is that our numbers can't compete with sporting and other large-scale events. It is essential that our development and marketing departments work closely together to identify potential sponsors and create benefits packages and cross-promotional opportunities that meet the business objectives of our corporate prospects.

Some of our colleagues have had great success at securing large corporate gifts by providing significant promotional value in return. For an extreme example of such success, see *The New York Times* article titled *A Theater Goes the Way of Arenas, With an Airline Name* in the March 1, 2000 *Living Arts* section. This piece announces an \$8.5 million deal between the Roundabout Theatre and American Airlines to name their new facility in Times Square. The telecommunications, credit card and auto industries have also been very generous sponsors of the performing arts throughout the country. In addition, the consolidation of the banking industry has provided some organizations the opportunity to attract sponsors looking to change their corporate image.

In the pages that follow, we have tried to pull together several perspectives on corporate giving from both grantmakers and grantseekers. In future issues, we hope to share other lists of resources and success stories. We cannot do this, however, without your participation. Please submit any ideas, hot tips or success stories to Chris Shuff at TCG (212) 697-5230 or email cshuff@tcg.org.

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MERGERS, ACQUISITIONS AND THE CORPORATE DONOR

BY SUZANNE M. SATO

In February 2000, the Foundation Center released its summary of trends in private and corporate foundation giving for 1998. The good news was that Arts, Culture and the Humanities realized the fastest growth in funding among major subject areas, jumping 42.1% between 1997 and 1998. As a share of grant dollars, Arts, Culture and the Humanities rose from 12.7% to 14.8%. Less felicitous was Giving USA's analysis of all philanthropic giving which showed Arts, Culture and Humanities is the only field declining by 0.8% overall when all other fields rose between 4.5 and 29%. How does corporate giving to the arts impact this profile?

In the corporate sector, the past few years have been particularly volatile, with enormous growth in the economy accompanied by some of the biggest corporate mergers of all time. Banking and telecommunications dealmaking has been very much in the news, along with landmark mergers in pharmaceuticals, petroleum, and other fields, each announcement setting a new benchmark for "the largest." The rule of thumb in assessing the impact of mergers and breakups on corporate giving is that breakups result in a net gain to philanthropy, and mergers a net loss. One important reason is that corporate giving is often tied to key cities and/or markets, especially to headquarters cities. Banking, for example, is an industry known for establishing a local footprint in philanthropy, whether in community redevelopment, arts and culture or education. When a bank headquartered in North Carolina acquired another in Florida, the cessation of an important source of business dollars for Miami was the result.

In the roller coaster world of telecommunications mergers and acquisitions, the jury is out about the impact on philanthropy of these almost daily changes. Though AT&T's grants budget is the largest of the telecoms, the Baby Bells, which were established at the breakup of AT&T in 1984, reported combined giving in 1998 that was easily triple that of AT&T. Though AT&T's philanthropic commitment far exceeds the expenditures of any one local phone company, the local nature of Baby Bell funding, combined with their aggregate resources, resulted in AT&T's movement toward increasingly strategic grantmaking, focusing grants on specific goals and projects rather than on widespread general operating support.

Now, local companies have become regional and even national. When BellAtlantic, recognized for its adoption of arts education initiatives, merged with Nynex with its high profile giving to arts, especially arts and technology, in New York City, BellAtlantic's challenge was to manage expectations among its Nynex grantees. When Southwestern Bell, based in San Antonio where it is a generous headquarters-city donor, merged with Ameritech, a leading arts donor in Chicago, it was understandable that the nonprofit community would wonder whether SBC would or could assert a leadership position tantamount to its role in the Southwest.

But these high profile mergers do not necessarily connote a net loss for the arts vis-a-vis the corporate sector. First, other forms of corporate participation in the arts — sponsorships, cause-related marketing, volunteerism, in-kind contributions, board participation — are usually not quantified in reports of corporate support. Second, the booming stock market has meant expanding portfolios for private foundations and community foundations, many of which demonstrate growth in their arts budgets. Third, the explosion in capital campaigns and donor-named facilities is emblematic of the health of current individual giving to the arts.

Finally, even as traditional corporate donors redesign their names, product lines, geographic mandates and marketing messages in ways that may change their dollar commitments to philanthropy — and specifically to the arts — there are, at the same time, new entrants into the marketplace. For example, Bloomberg News, Aetna, Intel are all relative newcomers to high profile arts philanthropy, and the much bruided dot.coms are just beginning to turn their attention to philanthropy in very different ways, whether through pooling resources in new Silicon Valley donor advised funds or through burgeoning e-philanthropy enterprises. The downside for overworked nonprofits is that giving from these sources means scoring with the right idea at the right time, much as the dot.coms have build their wealth, rather than in the now time-honored NEA model of panel-adjudicated open calls for proposals. New business dollars are often much more interested in return than in process, and fundraising success goes to the nimble, the inventive and the adaptable.

In these fast-changing times, large and small organizations have done marginally better in winning business dollars. Giving USA reports, "Data for 1998 show that large and small arts organizations had good years, with increases above 6%. Mid-sized entities reported declining contribution revenue."

Even in this time of economic prosperity and seemingly limitless resources, why don't the arts seem as imbued with the sense of limitless possibility that prevailed in the '80s? First, "once burned, twice shy," as the old saying goes, and the arts were really burned in the Culture Wars. Second, the almost formulaic possibilities for growth in the '80s has given way to the late '90s boom, where potential donors are created overnight, and there are no templates about how to harness that giving potential on behalf of the arts. That mergers may diminish the aggregate giving of the merged entities is only part of the story, and belies the unpredictable possibility of what corporate and business-generated individual giving might yet become.

Suzanne M. Sato is Vice President, Arts & Culture, at the AT&T Foundation

14 TIPS FROM A CORPORATE GRANTMAKER

BY PAMELA COOK

- 1. Do your homework before you talk to a foundation.** Sadly, more than 80% of the nearly five thousand requests we receive annually do not fit our established guidelines. Most corporate foundation guidelines are now available on the web; you can even apply online for some. Many publish reports you can request by email or phone. Libraries, directories and databases have information about funders. The Foundation Center is a terrific resource. You will need to check this information on at least an annual basis — guidelines and deadlines can change from year to year. If you have reviewed the guidelines and still are not sure whether you fit, call the funder prior to filling out a full application.
- 2. Funders want tangible, measurable results.** Be sure to quantify when possible. Use data like test scores, number of clients served, audience demographics and total completing programs.
- 3. Visibility is increasingly important.** Corporations need and want to be recognized. Think creatively about how you can mention funders in publications, web sites, at events, etc.
- 4. Corporations are increasingly strategic in focus.** Companies make fewer exceptions to stated criteria and often want to make an impact in a small number of focus areas.
- 5. Funders look for collaboration.** As dollars become scarce, funders look to how they might leverage their dollars by supporting efforts where nonprofits work together.
- 6. There is more competition for corporate giving throughout the company.** At one time, most of the dollars that corporations provided stayed in the headquarters community. Increasingly, companies are providing support to all areas where they have facilities or customers, even internationally. For nonprofits, this may be a mixed blessing. You should look closely at organizations that have operating facilities in your locations and determine whether support may be available. At the same time, some companies that provided support in the past may no longer be able to as they direct resources to more locations.
- 7. Employee involvement influences corporate giving.** Corporate giving programs are an important way to improve employee morale and enhance recruiting efforts. Because of this, most companies are more inclined to provide support to nonprofits where employees are involved. There may also be additional opportunities to obtain support through gift matching programs (which increasingly have broadened beyond the traditional United Way campaigns and may allow matching to all nonprofits) and dollars for doers, where companies will provide grants to organizations where employees volunteer. Involving officers and high-level executives may be helpful as they may have access to funding, but involvement of employees at any level may assist your case with the company.
- 8. Diversity is important.** Most foundations will carefully scrutinize lists of clients served, audience reached, staff and board to determine whether your organization is responding to the increasing diversity of the workforce and population.
- 9. A strong board and staff are important.** Funders will look for stability and good management. While funders will fund start-up programs from time to time, they will want assurance that the funds they provide will be well utilized.
- 10. Companies may be able to provide resources beyond dollars.** Think about whether there are ways in-kind resources (such as products, computers, furniture, meeting space, printing or mailing) may be helpful. Are there volunteer projects where a company might be able to help? Companies vary in the kinds of resources they can provide, but it is always worthwhile to ask.
- 11. There are many discussions going on in foundation circles about what kind of support may be most helpful to nonprofits.** While many funders in the past were not willing to provide general operating support, you may find an increasing willingness to consider such requests, particularly when the amount requested is small.
- 12. There may be additional marketing dollars available through sponsorships or cause-related marketing partnerships.** While some companies have moved away from these kinds of efforts, they are the only way others provide support. Do corporate grantmaking groups and marketing groups discuss potential partnerships? Sometimes they do, sometimes they don't. This is an area you may want to explore and find out each company's position. The community relations department can probably give you a sense of whether there are other avenues for funding in the company. However, some companies may be very decentralized and you may need to do some sleuthing.
- 13. The major funding focus for companies continues to be education and youth development.** Seeing a link between a qualified workforce, good schools for children of employees and a positive environment in communities surrounding facilities, most companies are interested in projects that help improve K-12 education. While not all funders select this focus, it is so prevalent that it is worth considering whether you have projects in this focus which you could present to funders.
- 14. Share your triumphs and challenges!** Funders like to be your partners. To do this, they need to be kept informed of what is going on at your agency. Don't let one of your funders read troubling news about your agency in the newspaper — tell them first!

Pamela Cook is Manager of Community Relations at the Clorox Company in Oakland, California, where she manages the Clorox Foundation, volunteer program, disaster relief efforts and other community outreach activities.

CORPORATE MATCHMAKING ON A LOCAL LEVEL

BY ELIZABETH KENNEDY

Much of City National Bank's community involvement comes through the Marketing Department of the bank, and necessarily has a strong business development emphasis. For us, sponsorships and underwriting have to achieve two ends: providing opportunities for actual contact with individuals who potentially fall within our target markets and at the same time providing opportunities for us to entertain our existing clients and prospects. Of course, it is wonderful to be able to provide support to nonprofit organizations through well-crafted arrangements that suit both our needs and the organization's needs. The challenge is to find organizations whose board/donor/audience profile matches our customer profile. We know who our major markets are — high net worth individuals, mid-range businesses, entrepreneurs, entertainment and real estate, and we also know that no one event or organization reaches all of those groups. The matchmaking aspect of all of this is what is most interesting to me; part of my job is to find organizations throughout our territory with whom we can structure a program that not only works for us, but is of value to the organization as well. The smart organizations are the ones that help us meet our goals at the same time that they are meeting theirs.

Elizabeth Kennedy is Vice President, Corporate Affiliations Manager, Marketing for City National Bank in Southern California.

CAR SPONSORS BREEZE INTO THE WINDY CITY

BY RACHEL KRAFT

The idea for a theatre district in Chicago's North Loop is almost two decades old. But it wasn't until the renovated Oriental Theatre announced it's opening of the musical *Ragtime* with \$9 million in advance sales that the public really started to pay attention. The car industry was way ahead of them. The opening of the Oriental was also distinguished by the renaming of the space as the Ford Theatre for the Performing Arts for a substantial undisclosed amount.

A year and a half later, the renovated Palace Theatre was receiving advanced publicity for the premiere of the musical *Aida*. It also caught the attention of the automotive community, and the space was renamed the Cadillac Palace with a big check, also for an undisclosed amount.

Eileen LaCario, National Director of Sales and Marketing for Fox Theatricals (former V.P. of Sales for Livent), observes that the car industry is attracted to Chicago's theatre community because "Theatregoers typically represent intelligent patrons with a budget of disposable income. These sponsors want to build a relationship with their community and their customers. They want their customer to feel proud of their car and proud of their dealer's investment in the cultural landscape." In the case of the Cadillac Palace, Eileen noted that this was a *regional* sponsorship, not funds from the national office (in the case of the Ford Theatre it was a North American multi-million dollar deal that named theatres in Chicago, New York, Vancouver and Toronto). "A regional sponsorship offers special benefits. You are able to develop a

"The Goodman, with its long-standing tradition of quality and innovation is a perfect match for Oldsmobile," said Sandra Reid-Smith, regional marketing manager for Oldsmobile in the North Central Region. "Our partnership with the Goodman is yet another example of Oldsmobile's and General Motors' commitment to the city of Chicago, as well as the importance of the market to us. We are making significant commitments in forming relationships, not just sponsorships, with properties and venues in the Chicago area."

wonderful relationship with local partners and they are much more invested and can respond quickly to opportunities as they arise."

This regional focus has benefited the Goodman Theatre as well. As the Goodman, the only nonprofit addition to Chicago's Theatre District, prepares for the opening of its new complex in the fall of 2000, it has secured a car partner of its own. General Motors (GM) approached the Goodman six months ago about developing a relationship that would begin now and carry into the new building. They desired a very high profile in the city (already represented by their naming of the Palace Theatre for its Cadillac division).

Specifically, GM wanted to affiliate Oldsmobile with the *New Goodman Theatre*. Since the inaugural season is becoming enormously popular with current and potential sponsors, the Goodman advised GM that the best way to guarantee the strongest possible relationship in the new building was to come on board *this* season.

Over the next few months, their promotions company R*WORKS began to work with key Goodman staff in development and marketing to develop a two-year sponsorship that would identify them as the Exclusive Automotive Sponsor of the Goodman Theatre and recognize them each year as a Major Corporate Sponsor beginning with the world premiere of *Boy Gets Girl* this spring. In return, they will provide a minimum of \$175,000 in cash (in-store promotions may result in greater income) and a straight donation (not a lease) of one minivan to serve as the company car. GM also provided an extra \$10,000 gift to underwrite the Goodman Discovery Board's annual Cutting Edge Chicago benefit for additional entertainment and recognition opportunities.

Chicago's theatre district will be bright from a growing number of marquees (and headlights) for years to come. As Oldsmobile would say, we're "starting something!"

Rachel Kraft is the Director of Development for the Goodman Theatre in Chicago, Illinois.

IN-KIND GIFTS:

THE OTHER SIDE OF THE EQUATION

BY PATRICIA FALZON

By the very definition of our job, we development officers focus on raising funds and cultivating donors which enable our organizations to carry out annual — and longer term — artistic plans. To varying degrees, organizations also seek or receive donations of specific products or services from businesses and individuals. These gifts "in-kind" can range from airline tickets and computer systems to bottled water or wine.

In-kind donors are valuable in several ways:

First, their gifts can directly offset an identified expense in the organization's budget (the other side of the budget equation). In-kind donors that help to offset major expense lines, such as with the donation of airfare or a vehicle, deserve to be treated as any major donor would: with long-term cultivation and recognition designed to their needs. Major in-kind donors can be invited to attend exclusive donor events, attend opening nights or receive a block of tickets for their own business development purposes, just like any other major sponsor.

Secondly, they can help build awareness within their own company or industry or community for a specific program or activity of the organization. When a donor agrees to contribute goods or services which are needed for a specific production, event or other identified activity, chances are that they will demonstrate a deeper interest in and enthusiasm for that project. Don't forget to invite your in-kind donors to be part of the process themselves! Sharing your plan with volunteers can inspire them to identify beneficial in-kind gifts themselves.

When South Coast Repertory (SCR) committed to installing an integrated PC network (and therefore raising the money to facilitate this), a technology executive who also served on the board offered some of their company's staff expertise to assess our networking and system integration needs. The result was a well-conceived, customized network installation plan, provided at no cost. And as a result of this close volunteer participation, another executive in the industry was motivated to make a significant cash gift toward the purchase of equipment.

Third, an in-kind donor's relationship with your organization is more likely to extend beyond the precinct of the development department. In-kind donors can be effectively solicited, cultivated and recognized with help from those staff members and/or volunteers who directly benefit from the in-kind gift. These cross-organizational relationships often build a donor's enthusiasm and a greater awareness of the organization and its overall mission, particularly when they involve members of the artistic and production staffs.

Finally, cultivating in-kind gifts allows fundraisers to develop more unique, creative recognition packages. The most effective recognition for an in-kind donor may be that which identifies their product to a distinct group of peers or customers. It's important to "think outside the box" with regard to recognition of in-kind donors and offer packages that bear an appropriate relationship to those offered for cash donations.

At SCR, a major automobile manufacturer has loaned the theatre a minivan for transporting the actors in our annual Educational Touring Production. Their support was recognized in the way that best suits both organizations: on the side of the van (which by the way, travels throughout our county for almost six months of the year).

Developing meaningful relationships with in-kind donors and prospects helps to ensure that all possible ways of supporting your

organization are explored. So, keep your eyes and mind open to the possibilities, and never forget... identify, cultivate, solicit and recognize your in-kind donors too!

Patricia Falzon is the Director of Development for the South Coast Repertory in Costa Mesa, California.

Think about soliciting the following industries for in-kind gifts:

- Airlines
- Hotels
- Restaurants
- Wineries
- Liquor producers and distributors
- Prepared foods
- Consumer products manufacturers
- Local and national retailers
- Auto manufacturers and dealers
- Designers and printers
- Media outlets
- Computer manufacturers and distributors (hardware and software)
- Accountants

Following are a few of the things in-kind gifts can support:

- Opening night parties
- Artist travel
- Auctions and raffles
- Visibility and marketing
- Furnishings, fixtures and equipment
- Planned giving efforts