1. Executive summary ............................................. 1
2. Introduction .................................................. 5
  2.1 Background and aims of the programme.................... 5
  2.2 Aims of the evaluation ..................................... 6
  2.3 Methodology ............................................... 7
  2.4 Evaluation framework ..................................... 8
  2.5 Structure of the report ................................... 8
3. Wider context ................................................. 10
  3.1 The landscape ............................................ 10
  3.2 Barriers to fundraising ................................... 13
  3.3 Enablers of positive change ............................... 15
  3.3.1 Arts organisations .................................... 15
  3.3.2 Policymakers .......................................... 17
4. Activities undertaken by Catalyst recipients 19
  4.1 About the beneficiaries included in the evaluation ...... 19
  4.2 Catalyst activities ........................................ 20
    4.2.1 Developing new fundraising expertise ............... 20
  4.3 Upskilling existing staff, board members and volunteers in
       fundraising ............................................... 23
  4.4 Piloting fundraising methods and tools new to the
       organisation ............................................... 23
  4.5 Communicate the new approach to fundraising .......... 25
5. Intermediate outcomes ....................................... 26
  5.1 Changes to the organisations’ missions, structures and
       process .................................................. 26
  5.2 Fundraising strategy is improved .......................... 29
    5.2.1 Fundraising strategies, tools and approaches are more
           developed & effective .................................. 29
  5.2.2 Organisations’ confidence in asking is increased ....... 33
  5.2.3 Organisations’ understanding of donors’ motivations is
       enhanced ................................................. 33
  5.2.4 Organisations become more proactive in fundraising .... 33
  5.2.5 New donors are identified and approached ............ 34
  5.2.6 The ‘ask’ to existing and potential donors is revised and
       refreshed ................................................. 34
  5.2.7 Organisations are more empowered in the negotiation
       process .................................................. 35
  5.2.8 Organisations get better at relationship management of
       donors ..................................................... 35
6. Short-term financial outcomes ............................... 36
  6.1 New sources of private giving are accessed ............... 36
  6.2 The proportion of total revenue accounted for by private
       giving is increased ....................................... 36
  6.3 Target match funding is achieved .......................... 39
7. Participants’ perceptions of the programme so far ........ 41
  7.1 Suggestions for improving the programme ................. 41
8. Conclusions .................................................. 44
9. Next steps of the evaluation ................................ 47
  9.1 Year 2: January – December 2015 ......................... 47
    9.1.1 Quarter 1: January – March .......................... 47
    9.1.2 Quarter 2: April – June ............................. 47
    9.1.3 Quarter 3: July – September ........................ 47
    9.1.4 Quarter 4: October – December ...................... 47
10. Appendix ..................................................... 48
    10.1 Full List of Year 1 Interviewees ......................... 48
10.2 Sample of case studies .......................................................... 49
New Writing North: Recognising your fundraising assets and articulating your value ......................................................... 49
Streetwise Opera: Being innovative ........................................... 51
National Centre for Circus Arts: Embedding fundraising across the organisation ................................................................. 53
Ministry of Stories: Defining and articulating a strong and unique mission and vision .......................................................... 55
Create Gloucestershire: Creating a better strategic vision and working together ................................................................. 57

Table of Figures
Figure 1 Arts Council England Catalyst programme strands and grant recipients ................................................................. 6
Figure 2 Logic model of the Arts Council England Catalyst programme (Tiers 2 and 3) ................................................................. 9
Figure 3 Revenue mix for arts and culture organisations, by percentage of total revenue, 2012 .................................................. 11
Figure 4 Distribution of private investment, by the size of the arts and culture organisation, 2010 ................................................ 12
Figure 5 An example of how to communicate the impact of an arts organisation ................................................................. 17
Figure 6 Survey sample and total population of organisations in the Catalyst programme, by region ............................................. 19
Figure 7 Average size of the arts organisations in the survey sample, by Full-time Equivalent Jobs ........................................... 20
Figure 8 Catalyst recipients’ experience of working with consultants ..................................................................................... 21
Figure 9 How Catalyst recipients ensured that they learnt from the fundraising consultants they hired through Catalyst .......... 22
Figure 10 Average number of full-time equivalent jobs, before and during Catalyst, by job roles ................................................. 22
Figure 11 Most frequently used providers of training for fundraising ......................................................................................... 23
Figure 12 Catalyst beneficiaries’ investment in ICT infrastructure related to fundraising ............................................................ 24
Figure 13 Changes to the organisations’ missions, structures and processes ......................................................................... 27
Figure 14 Changes that occurred to the board of trustees in relation to fundraising and as a result of Catalyst .................................. 28
Figure 15 Status of Catalyst recipients’ fundraising strategy before Catalyst started ................................................................. 29
Figure 16 Status of Catalyst recipients’ fundraising strategy before Catalyst started, by region .................................................. 29
Figure 17 Whether Catalyst recipients now have a formal fundraising strategy in place ............................................................. 30
Figure 18 The impact of Catalyst on organisations’ fundraising events .................................................................................... 30
Figure 19 Catalyst beneficiaries’ experience of using ICT systems ......................................................................................... 31
Figure 20 Catalyst beneficiaries’ experiences of crowdfunding through the programme ............................................................ 32
Figure 21 Improvements in organisations’ fundraising strategy as a result of Catalyst ................................................................. 34
Figure 22 Organisations that have approached new donors through their Catalyst projects ....................................................... 34
Figure 23 Proportion of total turnover of Catalyst recipients accounted for by different revenues streams, before and during Catalyst, all organisations .................................................. 37
Figure 24 Proportion of total turnover of Catalyst recipients accounted for by different revenues streams, before and during Catalyst, by Tier ........................................................................... 37
Figure 25 Proportion of total turnover of Catalyst recipients accounted for by different revenues streams, before and during Catalyst, by geography ............................................................. 38
1. Executive summary

In April 2014, BOP Consulting was commissioned by Arts Council England to undertake the evaluation of their Catalyst programme. Catalyst is a £68 million culture sector-wide private giving investment scheme aimed at helping arts organisations diversify their income streams and access more funding from private sources. The evaluation is longitudinal and set to run until November 2016. This report is the first published output from the evaluation.

Background and aims of the programme
Fundraising from private sources, philanthropy and endowments has long been understood as an important income-raising approach in the American arts and cultural sector and in other UK charity sectors. However, awareness of this has only relatively recently gained traction within the English arts and cultural sector. For Arts Council England, the Catalyst scheme represents one of the key measures that it is putting in place to 'help create a more sustainable, resilient and innovative arts sector'.

The programme consists of three 'Tiers', each with differing processes and emphases, and aimed at organisations with differing levels of existing practice and expertise in engaging in philanthropy and fundraising. This first part of the evaluation only covers Tier 2 (Capacity Building and Match Funding) and Tier 3 (Building Fundraising Capacity only). Tier 1 (Endowments) will be included in the remaining tasks of the evaluation.

The Arts Council England Catalyst programme aims to:

- build the capacity and ability of arts organisations to fundraise,
- incentivise giving to the arts, particularly from new donors,
- support a long-term culture change/shift in arts organisations towards fundraising, and
- contribute to an increase in the diversification of income sources, thereby increase arts organisations’ resilience.

Methodology
The evaluation takes a mixed method approach. The substantive research contained in this report has been generated from:

- Interviews with stakeholders – covering the sponsoring government department, the Department for Culture, Media and Sport (DCMS), and representatives from related and parallel programmes currently being run in the arts and heritage sectors.
- Literature review – an overview of arts philanthropy in the UK; the current landscape of private investment, and the barriers and enablers to fundraising in the arts.
- In-depth interviews with 12 donors – covering a range of different trusts and foundations, both arts specific and more generalist, as well as High Net Worth Individuals (HNWIs).
- Case studies with Catalyst recipients – 13 organisations from Tier 2 (x9) and Tier 3 (x4) were chosen to investigate qualitatively if (and how) Catalyst-supported projects have brought about change in organisations’ strategies, processes and finances.
- A detailed online survey of 143 Tier 2 and Tier 3 Catalyst recipients – to identify what arts activities and purposes organisations have put their Catalyst funds towards, and to quantitatively investigate the outcomes to date of Catalyst.

Wider context
Landscape of private investment in the arts in the UK

According to the latest Arts & Business survey, private funding totalled £660.5 million in the cultural sector in 2011/12. Of this, individual giving accounted for 57 per cent trusts and foundations 26 per cent, and business investments (both giving and sponsorship) accounted for 17 per cent.

Private giving in the arts is still considerably smaller when compared to the sums that flow into the sector from both public funding
and earned income. Giving is also unequally distributed, being skewed by size and location, with major organisations based in central London attracting the large majority of private funding. Given this, it is likely that small cultural organisations based outside London face the toughest challenge in generating private investment.

**Barriers to fundraising**

Through the literature review and the interviews with stakeholders and donors, a set of barriers and enablers to fundraising in the arts in the UK was identified. This includes:

- The culture of giving in the UK is still underdeveloped—it is not simply that people give less in the UK, but also that arts organisations are more reluctant to ask, though this is beginning to change.
- Fundraising for the arts is challenging—as they are perceived as ‘nice to have’ rather than being essential. More prosaically, many people do not understand that arts organisations are charities and therefore do not see the need to support the arts financially.
- Lack of confidence in articulating their contribution—many arts organisations lack the ability to express the full range of positive social outcomes which are associated with the arts. In part, this is related to weaknesses in monitoring and evaluation.
- Arts organisations are still reluctant to embrace private fundraising—they fear that private individuals or entities will exert undue influence over their agenda, and are also wary of the extra time and resources required to cultivate private fundraising, which requires a lot of relationship management.
- Many arts organisations concentrate on the same pool of donors—organisations are too focused on HNWIs, missing out on important categories of donors, including their own customer base.
- Lack of fundraising knowledge in small organisations—this can come down to lack of financial resources to employ dedicated fundraising posts, but also to greater difficulties in hanging onto good fundraisers.

**Enablers of positive change within arts organisations**

- Articulating a clear mission and vision—this sounds basic but it is very important in the context of fundraising.
- Recognising fundraising assets—before approaching donors, organisations need to identify their best fundraising ‘assets’ that are likely to appeal to different kinds of donors.
- Establishing leadership of the fundraising vision—the fundraising vision must be part of the overall leadership function for arts organisations, and this must be distinctive and widely shared.
- Embedding fundraising within the organisation—even when dedicated staff are responsible for fundraising, all employees need to be familiar with the organisation’s fundraising strategy and with basic fundraising concepts.
- Learning to tailor communications to different donors—for example, a busy trust may prefer quarterly written reports but a major donor who is passionate about the cause may appreciate more frequent communications.
- Better articulating the impact of the organisation—getting better at communicating what the organisation achieves is very important in the context of fundraising.
- Exploiting technology—such as Customer Relationship Management systems (CRMs) and social media—can help organisations to make their processes more effective and efficient; crowdfunding can enable organisations to reach far larger numbers of individual givers.
- Exploiting the positive relationship between audience development and fundraising—most donors tend to be passionate about the art they support: there is a positive link between programming and fundraising.

**What has been achieved by the programme to date?**

Looking across the results of this first stage of empirical work, it seems clear that there are many encouraging, positive signs that the Catalyst programme is triggering and supporting the kinds of change that it is aiming to produce.

**Accessing new fundraising expertise**
Catalyst beneficiaries have brought new fundraising knowledge into their organisations by: taking on new staff (there are a greater number of staff in each fundraising role now as compared to prior to Catalyst); by hiring external consultants (55 per cent of Tier 2 organisations and 82 per cent of Tier 3); and by training a range of staff (90 per cent of organisations).

**Piloting new fundraising methods and tools**

- 85 per cent of organisations have piloted fundraising methods new to the organisation.
- This included roughly a quarter of organisations that had never done so before running fundraising events and campaigns; 30 per cent that established new membership schemes from scratch; 48 per cent that invested in CRM systems; and 19 per cent that experimented with crowdfunding.

**Developing more effective fundraising strategies, tools and approaches**

- Before participating in Catalyst, 28 per cent of Tier 2 organisations and 25 per cent of Tier 3 organisations had no fundraising strategy in place – these figures have dropped to four per cent and seven per cent respectively at this midpoint of the programme.
- Organisations that were already running events, campaigns and membership schemes prior to Catalyst have often been able to revise and improve these in a range of different ways in light of what they have learnt through their Catalyst-supported project. These improvements include better-targeted events and campaigns (41 per cent and 37 per cent respectively) that were also more professionally executed in some cases (31 per cent for both events and campaigns).
- Organisations’ experience with ICT investments, such as CRM and new technologically supported means of giving (i.e. crowdfunding), has been more mixed, with the latter in particular seemingly still difficult for arts organisations to make work, at least within this short time period.

The programme has also been successful in supporting organisations to identify and approach new donors, with 88 per cent of organisations reporting that they have done so. Organisations also report a wider range of positive changes across their organisations, such as:

**Building more effective fundraising organisations**

- Organisations’ trustees are now more aware of, and involved in, fundraising than previously, and many organisations have made changes to their board to bring in specific fundraising skills, knowledge and contacts.
- The majority of organisations now have greater collaborative working across departments to facilitate fundraising (69 per cent report this), and getting on for half of the Catalyst beneficiaries (43 per cent) report that the programme has made them clarify their mission and vision.
- The majority of organisations have also become more proactive in their fundraising, have more confidence in their ability to fundraise, have a greater understanding of donors’ motivations, and report that their relationship management of donors has also improved.

In prompting and supporting these changes, Catalyst has acted as its name suggests: as a catalyst. The funding support has given the organisations the confidence to try new pathways and experiment with new tools and strategies, as it has greatly de-risked the experimentation process. It has also contributed towards making the case internally for fundraising within arts organisations. The successes achieved through Catalyst to date have helped organisations to showcase the value of investing in fundraising to other members of their organisations.

**Diversifying revenue streams**

It is too early to say at this interim stage whether all this experimentation, innovation and organisational change has led to positive financial outcomes.

Across the survey respondents, there has been a small increase in private giving as a proportion of total turnover. This finding should be treated with caution at this early stage. However, it is positive and therefore suggests that the majority of organisations are moving in the right direction. The final survey of beneficiaries, after Catalyst has ended, will enable much firmer conclusions to be drawn.
Similarly, it is still too early to answer the ‘distributional’ research questions set in the brief for the evaluation (i.e. what differences do structural characteristics like location make to the outcomes experienced by different organisations?). For instance, while the signs for organisations outside London and the South East are encouraging, more work will be required to demonstrate that the increase in private giving is not more a reflection of the weaknesses of other revenue streams over the assessed time period rather than the strength of philanthropy.

How might programme delivery be improved?
As an Interim Report, the evaluation to date has had a formative element that has looked at how programme delivery has worked and what might be changed to improve it. On the whole, the majority of the participating organisations have found the programme to be a good process.

There were diverse responses from beneficiaries when asked how programme delivery could be improved. Clearly, elements of the programme that worked well for some worked less well for others. This is to be expected for a programme that has such a large number and wide range of participating organisations.

- Longer timescales – while some organisations felt that the timescale gave them a target to aim for, the weight of responses favour having a longer timeframe in which organisations can improve their skills, build capacity, and change the structure and processes across their organisations to make them more suited to fundraising.
- Clearer communication regarding process – within Tier 2, it is clear that not all recipients were aware of the precise ratio of match funding that they were expected to achieve, despite this being stated in the programme guidelines.
- Wider scope/greater flexibility regarding what funds can be matched and therefore what revenues Tier 2 organisations could pursue – in particular, the exclusion of business sponsorship was reported by more than one organisation as something that cuts across their existing work. At the time, Arts Council England considered corporate sponsorship to be different to philanthropy, and therefore was not included. However, neither Tier 2 nor Tier 3 organisations were prevented from pursuing business sponsorship opportunities at the same time as business giving opportunities; simply that Tier 2 organisations could not use sponsorship money as match funding.
- Concentrate funds exclusively on Organisational Resilience activities – Tier 2 is unusual within Catalyst in that these awards also require organisations to use new money to fund additional artistic activity. Some organisations felt that this distracted them from the main organisational development purpose of Catalyst. This observation chimes with a consistent critique that has been made of public funding in the arts in recent years. Grants from public funders are so tied to producing artistic and educational outputs that organisations cannot develop sustainable business models, as they are denied the time and resources to devote to the task. Catalyst is the perfect vehicle by which Arts Council England allows organisations this space and time, but the requirement in Tier 2 to produce additional artistic activity seems to have compromised this a little for this cohort of beneficiaries.
- Facilitate networking and peer-to-peer learning – many organisations have expressed a desire to learn more from other Catalyst recipients and Arts Council about what is working in terms of private fundraising. In part, this demand will be met through the next phase of the evaluation which will start with two full-day learning and dissemination events for Tier 2 and 3 participants.
2. Introduction

In April 2014, BOP Consulting was commissioned by Arts Council England to undertake the evaluation of their Catalyst programme. Catalyst is a £100 million culture sector-wide private giving investment scheme aimed at helping cultural organisations diversify their income streams and access more funding from private sources. The scheme is made up of investment from Arts Council England, Heritage Lottery Fund (HLF) and the Department for Culture, Media and Sport (DCMS). Arts Council’s total investment in the scheme amounts to £70 million, including a commissioned grant of £2 million allocated to the Arts Fundraising and Philanthropy (AFP) training programme.

The evaluation is longitudinal and set to run until November 2016, which will be over a year after the completion of the final projects in the Catalyst programme. The post-Catalyst period will be very valuable in helping to assess what the legacy of the programme has been, and how sustainable are the organisations’ approaches.

This report is the first published output from the evaluation. It details the work undertaken to date – to develop the overall evaluation approach and to report on the substantive research tasks that have already been completed. At present, the evaluation has only covered two of the three ‘tiers’ of the programme. The decision to focus on the outset on only two tiers of the programme is strategic: Arts Council England is particularly keen to understand how Tiers 2 and 3 of the programme have been performing as it is these models of intervention that are most likely to be carried forward by Arts Council England. However, the experience of Tier 1 organisations will be included in the remainder of the evaluation.

2.1 Background and aims of the programme

Fundraising from private sources, philanthropy and endowments has long been understood as an important income-raising approach in the American arts and cultural sector and in other UK charity sectors. However, awareness of this has only relatively recently gained traction within the English arts and cultural sector. The introduction of a new coalition government in May 2010 in particular has given a new policy impetus to the agenda, with the DCMS announcing a 10-point plan in February 2012 to boost philanthropy across the sector. The overall Catalyst programme (i.e. across both the arts and heritage) is a key element of this plan and the Department has funded the endowment component of Catalyst.

For Arts Council England, the Catalyst scheme represents one of the key measures that it is putting in place to:

• ‘help create a more sustainable, resilient and innovative arts sector – one of the five goals set out in achieving great art and culture for everyone, our 10-year framework for the arts.’

The programme consists of three ‘tiers’, each with differing processes and emphases and aimed at organisations with differing levels of existing practice and expertise in engaging in philanthropy and fundraising:

• Tier 1: Endowments – these were the first Catalyst awards to be announced in 2012, with 18 arts organisations granted £30,500,000 in total. The Arts Council England contribution provides match funding to arts organisations with a successful track record of fundraising to help them build endowments that will ultimately provide an annual income over the medium to long term (the expendable endowments are required to be managed for a minimum of 25 years, i.e. to 2027).

• Tier 2: Capacity building and match funding – the scheme is intended to support organisations in building their fundraising capacity and capability over a three-year period. The awards are designed to be invested in organisations that are ‘committed to

---

1 Invitation-to-Tender (ITT) for the Catalyst Evaluation, produced by Arts Council England.

2 The Transforming Arts Fundraising programme (a £2 million grant for skills development and knowledge sharing across the sector) is also a part of Catalyst, but it is a commissioned grant and has a separate evaluation and therefore will not be covered in the scope of this evaluation.
making a step change in their approach to fundraising so that they become more financially and organisationally resilient. This Tier was designed for organisations with some existing experience in fundraising that were committed to wanting to ‘raise their game’. The first year funds were dedicated to gearing up resources and building capacity, with the money in years two and three increasingly to be used as match funding to incentivise donations. Tier 2 organisations also had to demonstrate that Catalyst funding would enable them to undertake additional artistic activity.

Figure 1 Arts Council England Catalyst programme strands and grant recipients

- **£55 million (ACE, HLF, DCMS)** with £30.5 from ACE
- **£30 million (ACE)**
- **£7 million (ACE)**
- 18 organisations
- 173 organisations
- 62 consortia benefitting 217 organisations

Source: BOP Consulting (2014)

- **Tier 3:** Building fundraising capacity – this strand of Catalyst is intended to increase capacity and expertise for arts organisations with an underdeveloped fundraising model. Unlike Tier 1 and Tier 2, the award is given to a consortium of organisations to work together collectively in the belief that ‘learning and skills will be embedded and reach more organisations if collaboration is at the heart of this scheme’.

Figure 1 above illustrates how the funds have been disbursed across the three Tiers, and how many organisations are in receipt of funds within each Tier. As can be seen, the programme is large and ambitious, accounting for £68 million of investment from Arts Council England between March 2012 and May 2013 across 253 grants in three schemes and one commissioned grant.

In summary, the Arts Council England Catalyst programme aims to:
- build the capacity and ability of arts organisations to fundraise—with arts organisations adopting a range of tools and approaches to build capacity, fundraise and develop individual giving,
- incentivise giving to the arts, particularly from new donors—with the aim that match funding and the adoption of new fundraising approaches from organisations provides a new spur to donors to give to the arts,
- support a long-term culture change/shift in arts organisations towards fundraising, and
- contribute to an increase in the diversification of income sources for the arts (through fundraising and endowment income as appropriate), thereby contributing to their resilience and their capacity to deliver great art and culture in the long term.

### 2.2 Aims of the evaluation

The purposes of the evaluation can be summarised as follows:
- understand the impact of Arts Council England’s investment through the Catalyst scheme,
- support Arts Council to develop a future funding programme, and
- disseminate the resulting learning and knowledge.

And by doing all of the above:
- deepen knowledge on philanthropy in the arts in the UK, and
• improve Arts Council England’s and others’ policy and programme delivery in this area in the future.

In turn, a more detailed set of research questions were set by Arts Council England in the brief for the evaluation. These can be grouped into three sets of questions:

• ‘Distributional’ research questions: identify the impact of Catalyst in different regions and identify trends in the use of these tools and approaches by other key characteristics (e.g. size, artform, stage of development, organisation type, etc.)

• ‘Diagnostic’/learning questions: what have been the key challenges and successes? Which tools and approaches seem most effective, in which context? What factors have enabled or hindered culture change? Were there any other factors that might have supported/hindered progress in fundraising?

• Dissemination/policy questions: how transferable are the lessons learned? Are there any lessons for Arts Council in improving investment in fundraising?

2.3 Methodology

The evaluation takes a mixed method approach and is based on the following tasks:

1. Interviews with stakeholders – with the Head of Philanthropy at DCMS; with the Head of Strategic Business Development at the Heritage Lottery Fund (HLF), who are running the sister Catalyst programme in heritage; with Cause4, who are leading the consortium that is delivering the Arts Fundraising and Philanthropy Programme, and with Spektrix, a company that helps organisations to use data from their box office systems for a range of purposes, including fundraising.

2. Literature review – an overview of arts philanthropy in the UK, covering: a snapshot of general trends in philanthropy; the state of the art in the UK in terms of how much is given to the arts, from what sources, and to which kinds of organisations; and finally identifying the barriers and enablers to giving to the arts, as identified by the literature.

3. Interviews with donors – existing donors were interviewed whose experience covers both giving to and fundraising for the arts, as well as for other social causes. The 12 interviewees covered a range of different trusts and foundations and High Net Worth Individuals (HNWIs).

4. Case studies with Catalyst recipients – interviews with 13 organisations from Tier 2 (x9) and Tier 3 (x4). The interviews covered what the organisations had done through their projects as well as the challenges they had faced, what results they could already discern (if any) and what they felt they had learnt through the programme.

5. An online survey of Tier 2 and Tier 3 Catalyst recipients – 163 of the 390 organisations responded (42per cent), of which 143 responses were usable (37 per cent). The survey was used to quantitatively explore and assess the issues that have been identified to date through the previous qualitative research and the literature review, and as formalised in the logic model developed for the programme.

These are the tasks that have been completed to date during the first nine months of the evaluation. The remaining tasks to be completed over the next two years are:

6. Learning and dissemination events with Catalyst recipients.
7. Qualitative work with Tier 1 organisations.
8. Comparator case studies – looking at the experience of a small number of arts organisations in similar circumstances to the ones in Catalyst.
9. Further T2 and T3 Catalyst case studies.
10. Repeat of the donor interviews at the end of the evaluation.
11. Repeat of the online survey of Tier 2 and 3 Catalyst recipients.
2.4 Evaluation framework

Although the activity taking place in the Catalyst programme varies, it does have clearly articulated overall aims. One of the first tasks of the evaluation has been to work backwards from the expressed aims of the programme to understand exactly what the activities are and the processes of change that need to take place—with the support of Catalyst—in order for arts organisations to successfully realise the aims of the programme (such as greater diversification in revenue streams, a culture change in arts organisations towards fundraising).

In particular, the evaluation framework unpacks what ‘capacity building’ and ‘improving the ability of arts organisations to fundraise’ mean for Catalyst recipients. This is illustrated below in the ‘logic model’ that has been developed for the evaluation (Figure 2). A logic model sets out a pathway of change that shows how the range of activities that organisations undertake through their Catalyst project are linked to positive organisational outcomes in the short to medium and long term. At the outset of the evaluation, the logical pathway was purely hypothetical (based on the programme’s aims and existing knowledge of the subject area). The job of the evaluation is to test whether the outcomes are actually achieved through the programme and whether the logical relationships between the different stages of the model can be demonstrated in practice.

Expressed most simply, the core proposition is that the Arts Council England Catalyst programme enables:

1. a range of tools and approaches to improve fundraising to be used by arts organisations, which leads to
2. organisations developing greater fundraising capacity and expertise, that in turn enables them in the short term to
3. diversify their revenue streams, and in the medium to long term to become more financially resilient.

As with all logic models, the relationship between Arts Council England’s investment and any related positive or negative changes becomes weaker the further along the chain. This is because:

- the Catalyst programme design specifies to some extent the project activities that are undertaken (particularly with regard to Tier 1), but little else, and
- as time progresses, the influence of other, larger factors (e.g. macro-economic conditions, the decisions of other public funders, changes in personnel and leadership, etc.) will become increasingly important.

As this suggests, the impact that can be most closely attributed to Catalyst therefore decreases with time (in most cases).

Going forward, the logic model will be revisited in light of the empirical work conducted with Tier 1 organisations to ensure that it is still applicable to the organisations in this strand of the programme.

2.5 Structure of the report

The next section outlines the wider context regarding private giving in the arts in the UK. The main body of the report contains the key empirical findings to date, based on the survey results and the case studies of Catalyst recipients. This includes some of the feedback from the Catalyst recipients on their views on how the programme has been run to date. The report closes with a short set of interim conclusions that can be drawn from this first stage of the evaluation.
<table>
<thead>
<tr>
<th>Inputs</th>
<th>Activities and outputs</th>
<th>Intermediate outcomes</th>
<th>Short term financial outcomes</th>
<th>Medium to long term outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>A range of tools &amp; approaches to improve fundraising are used</td>
<td>Organisations develop greater fundraising capacity &amp; expertise</td>
<td>Revenue from private giving is increased</td>
<td>Organisations are more financially resilient</td>
<td></td>
</tr>
<tr>
<td>- Access fundraising expertise new to the organisation</td>
<td>- Re-define or clarify their overall mission and vision as a result</td>
<td>- New sources of private giving are realised</td>
<td>- Revenue from private giving is more predictable and sustained</td>
<td></td>
</tr>
<tr>
<td>Outputs</td>
<td>- Hire consultants (to deliver fundraising training, marcomms &amp; wealth screening)</td>
<td>- Develove authority for fundraising across depts</td>
<td>- Targeted match funding is secured</td>
<td>- Long term planning for fundraising, linked to programming, is routine</td>
</tr>
<tr>
<td>- Employ new fundraising/development staff</td>
<td>- Work more collaboratively x-department</td>
<td>- Organisations become stronger advocates in fundraising</td>
<td>- Private giving instigated by organisations' Board members is increased</td>
<td>- Organisations commit to resourcing fundraising activities beyond Catalyst</td>
</tr>
<tr>
<td>...</td>
<td>- Review &amp; re-structure their Board to enhance their fundraising</td>
<td>- Board members become stronger advocates in fundraising</td>
<td>- The drop-off rate of donors is reduced</td>
<td>- Revenue from private giving is more predictable and sustained</td>
</tr>
<tr>
<td>...</td>
<td>- Recalibrate the risks associated with investing in fundraising</td>
<td>- The proportion of total revenues accounted for by private giving is increased</td>
<td>- The proportion of total revenues accounted for by private giving is increased</td>
<td></td>
</tr>
<tr>
<td>...</td>
<td>- Fundraising strategy is improved</td>
<td>- Fundraising strategies, tools and approaches are more developed &amp; effective</td>
<td>- Private giving instigated by organisations' Board members is increased</td>
<td></td>
</tr>
<tr>
<td>Organisations diversify their revenue streams</td>
<td>- Organisations become more pro active in fundraising</td>
<td>- Organisations' confidence in asking is increased</td>
<td>- Organisations commit to resourcing fundraising activities beyond Catalyst</td>
<td></td>
</tr>
<tr>
<td>Organisations are more financially resilient</td>
<td>- New donors are identified &amp; approached</td>
<td>- Organisations' understanding of donors' motivations is enhanced</td>
<td>- Revenue from private giving is more predictable and sustained</td>
<td></td>
</tr>
<tr>
<td>Organisations are more financially resilient</td>
<td>- The 'ask' to existing donors is revised &amp; refreshed</td>
<td>- Organisations become more pro active in fundraising</td>
<td>- Long term planning for fundraising, linked to programming, is routine</td>
<td></td>
</tr>
<tr>
<td>Organisations are more financially resilient</td>
<td>- Organisations are more empowered in the negotiation process</td>
<td>- New donors are identified &amp; approached</td>
<td>- Private giving instigated by organisations' Board members is increased</td>
<td></td>
</tr>
<tr>
<td>Organisations are more financially resilient</td>
<td>- Organisations get better at relationship management of donors</td>
<td>- Organisations are more empowered in the negotiation process</td>
<td>- Revenue from private giving is more predictable and sustained</td>
<td></td>
</tr>
<tr>
<td>Organisations are more financially resilient</td>
<td>- Communicate the new approach to fundraising</td>
<td>- Organisations are more empowered in the negotiation process</td>
<td>- Long term planning for fundraising, linked to programming, is routine</td>
<td></td>
</tr>
<tr>
<td>Organisations are more financially resilient</td>
<td>- Develop events, campaigns &amp; membership schemes</td>
<td>- Organisations are more empowered in the negotiation process</td>
<td>- Private giving instigated by organisations' Board members is increased</td>
<td></td>
</tr>
<tr>
<td>Organisations are more financially resilient</td>
<td>- Invest in ICT infrastructure to improve fundraising</td>
<td>- Organisations are more empowered in the negotiation process</td>
<td>- Revenue from private giving is more predictable and sustained</td>
<td></td>
</tr>
<tr>
<td>Organisations are more financially resilient</td>
<td>- Deliver events &amp; marcomms material to promote the joint offer</td>
<td>- Organisations are more empowered in the negotiation process</td>
<td>- Long term planning for fundraising, linked to programming, is routine</td>
<td></td>
</tr>
</tbody>
</table>

**Context**

Organisations' characteristics are likely to influence outcomes and what activities work best in which context

- Size
- Location
- Artform
- Building or non-building based

Source: BOP Consulting (2014)
3. Wider context

3.1 The landscape

Worldwide trends in giving
Our literature review started with an overview of the broader trends in giving taking place internationally, not just within the arts. The most significant findings are included below.

Research on major donors and trusts and foundations suggests that many of them are shifting to a more strategic approach to giving, in order to deliver long-term, sustainable, tangible impact. More specifically, this ‘strategic approach’ involves:

a) Narrowing the scope of philanthropic activity in order to be able to dedicate more resources to the causes they support and to have greater impact.

b) Seeking closer engagement with supported organisations: to help them deliver on common targets and objectives.

c) Increasing interest in measuring and evaluating impact to ensure an effective and efficient allocation of resources.

Research in individual giving has emphasised how donor decisions are often driven by causes which go beyond ‘need’ or ‘urgency level’, but that are related to personal history, self-image and self-reward. In Professor Beth Breeze’s words: ‘People do not give to the most urgent needs but rather they give to things that mean something to them’. Within this context, branding—the ability for the organisation to project a memorable and unique image—plays a key role. Further research, investigating donors’ behaviour has identified five key drivers:

- **Service quality:** good service quality is likely to keep donors engaged and drives loyalty.
- **Reliability:** the organisation needs to show its effectiveness and reliability by communicating its activity and its positive impact.
- **Trust:** trust in the organisation substantially impacts donors’ commitment and, as a consequence, their loyalty.
- **Shared beliefs:** donors want to identify with organisations and share their goals and ideas. These shared beliefs help the donor to commit to the organisation and become active in engaging with the charity or cause.
- **Personal links:** a donor is more likely to maintain active commitment if they can personally see the impact of their donation and what would be lost if the donation was withdrawn.

Finally, the literature emphasises how technology can substantially impact on the fundraising sector across the entire spectrum. In particular, it is possible to identify three main ways in which technology has recently facilitated innovations in fundraising:

1. **Amplification**—the web amplifies charities’ ability to communicate their impact, reaching a wide audience in different ways. Crowdfunding is a clear illustration of this.

2. **Building networks**—the web provides opportunities to build networks across givers at all levels, in which they can share their experiences and act as ambassadors for the charity they are supporting.

3. **Targeting new givers**—technology enables organisations to develop sophisticated online marketing techniques which allows

---


them to identify potential customers as well as to tailor their communication according to their customers’ profile. In the context of fundraising, these techniques can substantially help organisations to identify new donors to target and to manage their relationships with their existing ones.

Given this multifaceted and rapidly changing environment, organisations need to develop the ability to articulate their value to different audiences and to become more agile, in order to constantly re-adapt and evolve.

**Arts philanthropy in the UK**

Having briefly outlined the broader fundraising trends, the literature review investigated the arts philanthropy landscape in the UK.

Private investment in culture still accounts for the smallest share of investment in the arts. For instance, analysis of the composition of the revenues of Arts Council’s Regularly funded organisations (RFOs) shows absolute growth for each of the three types of revenue over the 2000s. But philanthropy revenues did not grow as fast as other revenue streams and therefore stayed at nine per cent of overall revenues over the 10-year period.

It should, of course, be noted that the Arts Council’s RFOs (now National portfolio organisations) represent only a small sub-set of arts organisations in the country. The Arts and Business (A&B) Private Investment in Culture survey encompasses a wider sample of arts organisations, as well as many of the country’s larger museums and galleries. According to A&B’s most recent iteration of this survey, at 22 per cent of total revenues, philanthropy considerably exceeds the nine per cent of total revenue reported by Phillips² for the RFOs in 2010/11 (see Figure 3).

---

**Figure 3 Revenue mix for arts and culture organisations, by percentage of total revenue, 2012**

<table>
<thead>
<tr>
<th>Revenue stream</th>
<th>2011/12</th>
</tr>
</thead>
<tbody>
<tr>
<td>National/local government</td>
<td>41%</td>
</tr>
<tr>
<td>Earned income</td>
<td>37%</td>
</tr>
<tr>
<td>Philanthropy</td>
<td>22%</td>
</tr>
</tbody>
</table>

Source: Arts and Business (2012)

However, even assuming that this higher figure of approximately one fifth of total investment in the arts stems from private sources, it still lags behind revenues from both grant funding and earned income. In particular, the reality across the sector is still far away from A&B’s own ideal of a ‘tripod economy’ for arts organisations in which total revenues consist of roughly equal shares across the three different revenue streams.

According to the latest A&B survey, private funding totalled £660.5 million in the cultural sector in 2011/2012. Out of this total:

- **Individual giving** accounted for 57 per cent (£372.9 million), representing the largest share of private investment across the sector. This was a slight decrease from the previous year.

- **Trusts and foundations’** revenues accounted for 26 per cent (£173.8 million) — a substantial increase from the previous year (nine per cent). However A&B noted that this growth rate is unlikely to be sustainable in the long term.

- **Business investments** (both giving and sponsorship) accounted for 17 per cent (£113.8 million), revenues that have declined year-on-year since 2006.

In addition to analysing the different sources of private giving, A&B has long tracked how private revenues are distributed across the arts and culture sector according to characteristics such as the size and location of organisations. Their findings reveal a relatively uneven picture, with the largest organisations generating the majority of

---

revenues from private investment (Figure 4) and the majority of funding concentrated in London.

According to the literature, several factors contribute to a pattern of private giving that is concentrated in particular types of organisations. These are:

- **Supply**: London is the base for greater numbers of wealthy individual givers, trusts and foundations, and businesses, when compared to other areas of England. Recent research commissioned by the DCMS shows how in 2011 London achieved over £77 million in philanthropic donations (representing 21 per cent of the revenue of the region’s NPOs’ income), with the next largest figure being £8 million amassed in the North West (eight per cent of the region’s NPOs’ revenues).

- **Resources**: larger cultural organisations, many of which are based in London, can draw on greater expertise and resources, meaning that they can take a greater strategic approach to fundraising and potential donors.

- **Return on investment/benefits**: in comparison with small organisations, larger arts and cultural organisations are also able to offer a greater visibility and prestige to donors wishing to invest. The availability of dedicated development departments (see ‘Resources’) also means they are better able to communicate what they can give back.

- **Media and publicity**: linked to communication and visibility is the larger presence of media outlets in London, meaning that it is likely to be easier for arts and cultural organisations to benefit from the ‘oxygen of publicity’ due to the co-location of the national media in London.

This snapshot of the current private giving landscape in the arts confirms how it is still considerably lower when compared to public funding and earned income. Additionally, it shows an extremely unequal distribution of private funding, mostly skewed by size and location, with major organisations based in London attracting the large majority of private funding. Given this, it is likely that small cultural organisations based outside London face the toughest challenge in generating private investment. Equipping smaller arts and cultural organisations with the resources and expertise that are crucial for attracting and securing private investment is particularly important, and something that Catalyst is attempting to do.

**Figure 4 Distribution of private investment, by the size of the arts and culture organisation, 2010**

![Distribution of private investment](image)

Source: Arts and Business 2010b

**Insights from stakeholders, donors and practitioners**

**UK Government continues to be enthusiastic about philanthropy**

Knowledge of philanthropy is growing across Government and it is better understood. While the attention has predominately revolved around High Net Worth Individuals (HNWIs), the Government’s attention is now widening to corporate support and individual giving. There is a view across Government that there is an attitudinal shift underway, with...
more people embracing philanthropy and understanding how it is built over time.

‘Endowments’ are sometimes too abstract and organisations need to make them come to life. Organisations that have been successful in managing endowments so far have given the endowment a specific role and branded it accordingly. For instance, the National Portrait Gallery are building up their endowment as the Portrait Fund, from which they will finance new acquisitions.

Trustees need to hold the long-term view about private fundraising. Non-executives who understand the need for long-term investment and not to spend too quickly will help an organisation shift to being more successful with private fundraising.

Match funding is easy and it can sometimes be multiplied many times over. The longer-term selling of an organisation is more difficult, requiring a longer-term view and a stronger selling point.

Preferred level of engagement between donor and recipient varies, depending on their style and approach. Contrary to what the literature on the worldwide trends of giving suggests, the donors interviewed so far did not always subscribe to the view that they need a high level of engagement with recipients. Due to time constraints, many donors – and especially trusts and foundations – seem to value effective interactions and communication more than being overly involved in an organisation. In these instances, what often makes a good donor relationship is building the relationship and trust before the grant or donation is made. However, some donors do want to be heavily engaged in the work of the organisation, closely liaising with organisations to set up objectives and monitoring progress. As one of the donors interviewed commented:

There are two type of donor: the chequebook philanthropist and the active philanthropist
(John Studzinski, Founder and Chair of TheGenesis Foundation.)

**Increasing interest in measuring and evaluating impact**

There seems to be increasing importance attributed to the monitoring and evaluation (M&E) of an organisation’s work in relationship to giving. People want to understand the impact of their support and how it has been used. But this is not to say that they necessarily want overly burdensome approaches, and they seem generally flexible about which system an organisation cares to choose.

Also, there seems to be a distinction between philanthropists who mainly focus on social causes and philanthropists who predominately focus on the arts. The philanthropists who are more involved with tackling social causes tend to be more enthusiastic about the implementation of M&E frameworks and Key Performance Indicators (KPIs). Those giving more in the arts think that this might not always be appropriate or possible.

**We are more commercially, more KPI focused in our approach; we invest and want to see a return – an impact**
(Ewan Hunter, Chief Executive, The Hunter Foundation)

We tend to be quite relaxed about M&E. Soft impacts are difficult to evaluate. How do we know how a child has been impacted by the establishment of a library or a museum in his city?
(Omar Al-Qattan, Chairman, A M Qattan Foundation)

**3.2 Barriers to fundraising**

Through the literature review and the interviews with stakeholders and donors, we have identified a set of barriers which prevent organisations from successfully attracting private fundraising, as well as a set of enablers – factors that can help arts organisations and policymakers in their efforts to grow arts philanthropy in the UK.
The culture of giving in the UK is still underdeveloped
Both the literature and our interviewees note that the culture of giving in the UK is still relatively underdeveloped compared to the US. Of course, this does compare the UK to the most developed philanthropy market in the world. What is important in the comparison with the US is not simply that people give less in the UK, but also that arts organisations are more reluctant to ask. However, our interviewees also agreed that the past few decades have seen that this is beginning to change, with a rise in the overall level of philanthropy.

Fundraising for the arts is challenging
Private fundraising is often perceived as very challenging for arts organisations. The interviewees cited several factors that contribute to this perception. First, there is a feeling that the arts are perceived as a nice ‘add-on’ rather than a fundamental component of a good life. As Sir Steven Waley Cohen, chairman of The Garrick Charitable Trust, noted: ‘People tend to be more sensitive and emotive about material poverty but not so much to “spiritual poverty”’. Secondly, arts organisations have a relatively complex financial structure: they are set up as charitable organisations, but they also generate their own revenues and benefit from public funding. As a consequence, many people do not recognise arts organisations as charitable and fail to appreciate and understand the need to support the arts financially. Finally, there is also a lack of awareness of the general decline in state funding for the arts and for the increasing importance of private income as part of a mixed funding model.

Many arts organisations lack confidence in articulating their contribution
Echoing the findings of some recent research, donors, practitioners and stakeholders interviewed for the evaluation all agree that a large proportion of arts organisations lack the ability to express the full range of positive social outcomes which are associated with the arts. Thus, they are not fully confident in articulating the value of arts for society. This is an issue which needs to be overcome, particularly given the current economic climate.

At present, people don’t really want to hear “art for art’s sake”. The argument needs to be much more sophisticated and capture more thoroughly all the range of benefits which are associated with the arts. But it seems like the sector is having huge issues with this. (Libby Penn, Director of Business Development, Spektrix)

Arts organisations are still reluctant to embrace private fundraising
According to our stakeholders, many arts organisations are also still not comfortable about the idea of attracting private income. This resistance can have different causes. First, they fear that private individuals or private entities will exert undue influence over their agenda and potentially compromise the artistic quality of their work. Second, there is also a cynical perception about Government’s promotion of philanthropy: organisations fear that Government is promoting philanthropy to justify decreased state support to the arts. Finally, organisations are aware of the extra investment of time and resources that is required to cultivate private fundraising, which requires a lot more relationship management compared to public sector funders.

Many arts organisations concentrate on the same pool of donors
The perception of many of the philanthropists interviewed is that arts organisations tend to be too focused on HNWIs. As a result, organisations attempt to engage with the same small group of people. The arts are therefore missing out on important categories of donors, such as the new, young generation of the wealthy, or indeed their own customer base.

Many organisations just believe that because people are paying for tickets they won’t give out anything, while those are precisely the people which an organisation should be targeting. The
people who are engaging with the arts are the people who are more likely to support them.
(David Hall, Chief Executive, The Foyle Foundation)

There is a top end of the donor spectrum which is being almost over-bombarded with demand. But then there is a second tier of middle wealthy people that are simply not being asked. There is a younger pool of donors that also could be potentially asked. The question is: how do you get them to engage with organisations?
(Aliceson Robinson, Chair of the Young Patron Committee of the National Theatre)

The question raised by Aliceson Robinson in the quote above is particularly relevant to smaller organisations and for organisations based outside London. Big organisations based in London have already been relatively successful in engaging the different tiers of donors. Interviewees felt that it is mostly organisations in the regions, or smaller organisations, which need to be supported to reach these different categories of donors.

Lack of fundraising knowledge in small organisations
Another common perception from our donors and fundraising practitioners is that small organisations lack fundraising skills and knowledge compared to big organisations. This may be because more experienced fundraisers seek opportunities for career progression in bigger, national organisations. As such, it can be harder for smaller organisations to hold on to good fundraisers.

However, this may also reflect a culture of fundraising that is less developed in arts organisations outside London. This is the view of some of the donors interviewed for the evaluation. They note that this under-developed culture of fundraising has impacts on the quality of their applications to donors, but also in their limited understanding of the time it takes to get the funding approved and eventually released.

On the other hand, many of the trusts and foundations we have interviewed also seem willing to help and assist small organisations to develop fundraising knowledge and skills. They recognise that small arts organisations often provide some of the most interesting cases for support. Many of them were also extremely interested in working with organisations outside London – but they also suggested they were finding it hard to identify good partners.

3.3 Enablers of positive change

Mirroring factors that hinder private fundraising for the arts in the UK, our research has also identified a set of actions that can be undertaken to facilitate arts fundraising, the ‘enablers of positive change’.

3.3.1 Arts organisations

Articulating a clear mission and vision
The ability to clearly articulate the mission and vision of the arts organisation or the integrity of its organisational purpose is of paramount importance. More confident organisations are seen to have a ‘clear and consistent narrative around their organisational purpose that is well understood by fundraisers and leadership alike’\(^7\). This type of communication can be seen as a key skill that organisations need to build to support their growth and development\(^8\).

Recognising fundraising assets
The literature also suggests that, before approaching donors, organisations need to identify their best fundraising ‘assets’ – specific projects or elements of their work or their relationships which are likely to appeal to different kinds of donors.

In the literature, many positives have also been identified around arts and cultural organisations’ ability to create a sense of place in which they can build support. This could be a physical space in which donors

---
\(^8\) Ibid
felt a sense of inclusion. Where buildings were perceived to lack 'prestige in a traditional sense', they could instead be 'utilised to generate a unique or distinctive event or experience for the audience or a sense of identification for a local community'.

**Establishing leadership of the fundraising vision**

Interviewees noted that the fundraising vision must be part of the overall leadership function for arts organisations, and that this must be distinctive and widely shared. Once this is in place, it enhances the organisation's brand while strengthening its external communication. Secondly, it facilitates a successful liaison between departments (marketing departments, fundraising departments, box office, etc.).

"Your idea drives the money. Not the opposite."

(Omar Al-Qattan, Chairman, A M Qattan Foundation)

"We tend to find a lot of dysfunction: the box office is separate from marketing, which is separate to fundraising. Many organisations seem to lack that unified vision."

(Libby Penn, Director of Business Development, Spektrix)

**Embedding fundraising with the organisation**

Following on from the previous enabler, fundraising needs to be envisioned as a holistic process which is owned across the organisation. Even if a specialised member of staff is responsible for fundraising, all employees across the organisation need to be familiar with the company’s fundraising strategy and with basic fundraising concepts. Further, programmers and fundraisers should work together as closely as possible. Many of the foundations reported their frustrations in having to deal with fundraisers and programme managers on a separate basis:

Another issue which I think is present throughout the sector is the disconnection between fundraising people and programme developers. You don’t feel the same strength and unified vision. That makes the overall fundraising effort much weaker. Fundraising needs to be embedded in the organisation.

(David Hall, Chief Executive, The Foyle Foundation)

**Learning to tailor communications to different donors**

Echoing the literature, donors and stakeholders have emphasised how a good communications strategy is essential to attracting new funding and to retaining a good relationship with existing supporters. The most successful strategies will take into account the different wants and needs of donors, and tailor their communications accordingly. A busy trust may prefer quarterly written reports but a major donor who is passionate about the cause may appreciate more frequent communications.

**Better articulating the impact of the organisation**

Donors felt that getting better at communicating what the organisation does is very important in the context of fundraising. This can be challenging as the different kinds of impacts which the arts have on society means that the messages they need to communicate are often highly complex. Using visualisation, as illustrated in the example in Figure 5, can help organisations to communicate the impact of their activities. The Soho Theatre Visualisation was specifically highlighted by David Hall, Chief Executive of The Foyle Foundation, as an example of good practice.

**Exploiting technology**

As discussed above in the literature review, technological tools can constitute a great aid for arts organisations looking to diversify their income streams. New technological tools, such as CRMs and social networks, can also help organisations to make their processes more effective and efficient. This is important considering many arts
organisations work at maximum capacity and with very limited resources.

**Being open to innovation**
When asking donors and philanthropy experts about what could be learned from other causes such as health, education or youth, a lot of responses revolved around the idea of learning how to be able to be innovative and open to change. ‘Innovation’ here is not solely intended to refer to technology (although technological tools are often key to facilitating innovation). Rather, innovation here refers to an organisation’s ability to identify and develop new viable systems and solutions that are tailored to the specific characteristics of their particular organisation.

**Exploit the positive relationship between audience development and fundraising**
The ‘ladder of giving’ is a familiar concept in philanthropy and one that applies well to the arts. Most of the donors tend to be passionate about the art they support: there is a positive link between programming and fundraising. Understanding how to engage and target different audience segments is key.

### 3.3.2 Policymakers

Our discussions with stakeholders, donors and practitioners also uncovered further suggested actions which can be undertaken by policymakers to increase the level of arts philanthropy in the UK.

**Raising awareness of the contribution of the arts**

Our interviewees felt that, at present, there is a low awareness and appreciation of the contribution that the arts make to society, both at policy level and amongst the general public. Their perception is that people tend to see the arts as a nice add-on, a luxury, rather than a vital part of a healthy society. In Government, the tendency to quantify the monetary value of all kinds of public and social endeavours is potentially penalising for the arts as their impact is harder to measure in this way.
These factors can potentially hinder donors of all kinds from giving to the arts as it implies that the arts are not seen as a priority compared with other causes. An enabler of change would be to publicly celebrate the sector for its contribution to society, to the general public and to other policy areas. The message needs to reach a wide audience: for this reason some of our donors suggested engaging high-profile personalities from different sectors to join the debate about the contribution of the arts.

The contribution of the arts needs to be articulated and communicated to people in different sectors. Giving to the arts needs to be seen to be as valuable as giving to health.

(Sir Stephen Waley Cohen, Chairman, The Garrick Charitable Trust)

Celebrating philanthropists
Another valuable finding from our discussions with donors and stakeholders is the need to incentivise philanthropy in the arts by celebrating the donors and the organisations who give to the arts. This could be achieved by organising ad hoc, high-profile events, such as Royal Garden Parties or awards to celebrate the most significant achievements in arts philanthropy, building on the model set by Arts and Business.

Facilitating interaction and exploiting peer networks
Some of our interviewees felt strongly about the need to facilitate interaction between potential donors (especially those who belong to the relatively untapped categories of donors, such as the new generation of wealth) and arts organisations.

Some of them even expressed an interest in collaborating with Arts Council England to realise this. Networking events are seen as a great opportunity to raise the overall profile of the sector, to open new doors to arts organisations and to exploit peer networks. Moreover, it is often only the biggest organisations which have the resources and the contacts to run initiatives such as young patrons schemes. Public institutions should encourage and help smaller organisations to access and implement these kinds of initiatives, to lessen the divide between bigger and smaller organisations.

Improving Gift Aid and other fiscal incentives
Finally, although most of our candidates recognised the effectiveness of the current tax system, they also suggested that Gift Aid could be simplified and that more tax incentives could be implemented to incentivise philanthropy. This was considered particularly significant with regard to incentives for arts capital programmes, as a number of key foundations that specifically fund capital projects are winding up having spent out their capital.
4. Activities undertaken by Catalyst recipients

This section moves into the analysis of the Catalyst programme to date, from the perspective of the beneficiaries themselves. It draws heavily on the Year 1 survey findings as well as insights from the 13 case studies so far completed.

4.1 About the beneficiaries included in the evaluation

Case study research
Between August and December 2014, BOP Consulting conducted interviews with 13 arts organisations in receipt of Catalyst awards. These case study organisations include:

**Tier 2**
1. New Writing North, Literature, North East
2. Streetwise Opera, Music, London
3. Dance Exchange, Dance, West Midlands
4. Birmingham Hippodrome, Combined Arts, West Midlands
5. National Centre for Circus Arts, Theatre, London
7. FACT, Visual Arts, North West
8. Salisbury Festival, Combined Arts, South West

**Tier 3**
10. Spike Island, Visual Arts, South West
11. Create Gloucestershire, Combined Arts, South West
12. Equal Arts, Combined Arts, North East
13. B Arts, Combined Arts, West Midlands

**Year 1 survey**
Before presenting the analysis of the survey findings, it is important to provide some details on the sample composition. As stated above, there were usable responses to the survey from 143 organisations.

- **Location**: as can be seen from Figure 6 in terms of location, the survey sample closely reflects the overall population of arts organisations participating in the Arts Council England Catalyst programme, with a high number of organisations based in London, the South West, the North West and the West Midlands.

**Figure 6 Survey sample and total population of organisations in the Catalyst programme, by region**

Source: BOP Consulting (2014) [n=143]
• **Tiers:** The survey respondents are slightly less representative of the overall Catalyst population in terms of the different tiers of the programme. While 60 per cent of the respondents are drawn from Tier 2 and the remaining 40 per cent from Tier 3, there are fewer organisations involved in Tier 2 overall so these organisations are a little over-represented in the sample.

• **Artform:** Considering artform, the survey sample contains a relatively larger number of organisations from combined arts, theatre, visual arts and music, and a small minority from literature and galleries.

• **Size:** The majority of the organisations who filled in the survey were small, with 44 per cent of the sample employing between 0 and 9 full-time equivalent members of staff.

**Figure 7: Average size of the arts organisations in the survey sample, by Full-time Equivalent Jobs**

<table>
<thead>
<tr>
<th>Size</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro (&lt;10)</td>
<td>41%</td>
</tr>
<tr>
<td>Small (&lt;25)</td>
<td>17%</td>
</tr>
<tr>
<td>Medium (&lt;100)</td>
<td>22%</td>
</tr>
<tr>
<td>Large (&gt;100)</td>
<td>8%</td>
</tr>
<tr>
<td>N/A</td>
<td>13%</td>
</tr>
</tbody>
</table>

Source: BOP Consulting (2014) [n=143]

**4.2 Catalyst activities**

The criteria for awarding funds in Tier 2 and Tier 3 did not specify that arts organisations must implement a particular method of fundraising, as was the case with endowments in Tier 1. One of the tasks of the evaluation is therefore to establish exactly what organisations have done with the support of Catalyst. Having discussed this with Arts Council England, stakeholders and some of the beneficiaries themselves, it became possible to group the activities into a small number of general activities, which seemed to be relatively widespread across the organisations. These are outlined in the logic model and we report on these categories of activities in the rest of this sub-section.

As with the 'intermediate outcomes’ in the next section, we would not expect to see all organisations undertaking all of the following activities, as the organisations have differing levels of resources and foci to their Catalyst-supported activity. But equally, it would be concerning if none of the organisations were reporting having undertaken any of the activities. As an overall indicator across the survey sample, 85 per cent of organisations reported piloting new fundraising tools and approaches through their Catalyst-supported activity.

**4.2.1 Developing new fundraising expertise**

One common set of actions undertaken as a result of the Catalyst grant aims to develop new fundraising expertise. This is being implemented either externally, by hiring a consultant, or internally, by hiring dedicated fundraising personnel and undertaking training for other key staff members.

**Hiring an external fundraising consultant**

The survey response shows that the majority of the organisations (66 per cent) hired an external consultant to help with their Catalyst work. As expected – given the lack of experience regarding fundraising compared with organisations in Tier 2 – this was more pronounced across Tier 3 organisations (82 per cent compared to 55 per cent respectively).

**What did the external consultants do?**

The nature of the work commissioned to the external consultants varies. The most common activities relate to top-level systematic tasks such as:

• developing a sound fundraising strategy,
• formulating a strong case for support,
• effectively integrating fundraising to the organisation’s external communications, and
• building fundraising confidence and knowledge among staff and board members.

Some organisations also commissioned consultants with more specific tasks, such as to help with:
• developing a particular income stream (trusts and foundations, individual giving or corporate donors),
• developing a particular event or campaign, and
• integrating digital tools into their fundraising strategy.

**Have the consultants been effective?**

Encouragingly, the survey reveals that over 92 per cent of the organisations that have hired external consultants have rated their consultant’s performance as ‘effective’ or ‘very effective’. The table below shows a selection of illustrative quotes from survey participants on the performance of their consultant.

<table>
<thead>
<tr>
<th>Rating</th>
<th>Comments on the Consultant’s Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effective</td>
<td>'The work isn’t finished yet but so far the consultant has addressed many concerns we had as individual organisations, and has quickly designed and began to implement a strategy which we are all signed up to.'</td>
</tr>
<tr>
<td></td>
<td>'We have progressed a long way in understanding and articulating our approach and needs. We also have a clearer understanding of our current situation and how we can build on from that.'</td>
</tr>
<tr>
<td></td>
<td>'Through the consultant we are developing a much more themed, less ad hoc programme; the consultant has sought external views on the organisation which was very helpful; is helping us set up a website which enables us to launch a targeted individual giving programme; is also helping us represent our information in order that bids to Trusts and Foundations will be successful.'</td>
</tr>
<tr>
<td>Mixed</td>
<td>'We developed a very good relationship with one particular member of staff from the consultants who worked very effectively with our company. The consortium-wide sessions were led by a different member of their team and were on the whole less effective.'</td>
</tr>
<tr>
<td></td>
<td>'I think we expected more originally because we weren’t aware of how much work we’d need to do on branding before getting started on fundraising campaigns. The consultant was also very good at pointing out faults of funding campaigns but not successes, so we didn’t find this particularly helpful.'</td>
</tr>
<tr>
<td>Ineffective</td>
<td>'I think in hindsight I would have gone with a professional body specialising in fundraising advice rather than a mentor. I think they would be more geared up to working with us on a structured plan of development. We gained a few insights with our mentor but nothing very structured.'</td>
</tr>
<tr>
<td></td>
<td>'We appointed [x consultancy] who promised the earth— they found it difficult to understand us and as a result none of the bids have as yet been successful.'</td>
</tr>
</tbody>
</table>

Source: BOP Consulting (2014)

Having recommendations for actions written up in different forms (presentations, reports), so they can be shared across the organisation.

Again, a selection of the verbatim responses provided by organisations in the survey is given on the next page.
Figure 9 How Catalyst recipients ensured that they learnt from the fundraising consultants they hired through Catalyst

<table>
<thead>
<tr>
<th>Approach</th>
<th>Examples</th>
</tr>
</thead>
</table>
| Embedding and sharing practice across organisation | ‘Regular group sessions for wider team and boards of each organisation so that the learning runs throughout the organisations.’  
‘Open discussion within the team and every team member taking on new responsibility re. fundraising.’  
‘Shadowing: carrying out work alongside the consultant to gain direct experience.’ |
| Training and development | ‘We held a Fundraising away 2 days and a series of board workshops to spread fundraising awareness and knowledge. Information documented.’  
‘The strategy is in place and the consultant spent several sessions with our Development Manager in a mentoring and training role.’ |
| Leadership | ‘We have built fundraising into our company meetings as a regular agenda item. We have established a board development committee to lead on this area.’  
‘Consultant is working closely with Chief Executive and is helping plan board succession which will have a long-term legacy.’ |
| New fundraising role within organisation | ‘From January 2015 we will be employing a business development manager.’  
‘Sessions have been towards building a strategic plan and cases for support, which will be with us beyond the activities. As a result of the sessions, we have hired someone dedicated to Individual Giving.’ |
| Still need external support to make plans work | ‘External support is still needed to make strong applications to trusts and foundations.’  
‘A challenge, given the very small size of organisation and impending departure of the Director (the only full-time member of staff), but the budget for 2015/16 includes provision for the continuing employment of the same external consultant.’ |

Employing dedicated fundraising staff

Many of the case study organisations have used their Catalyst grant to hire new dedicated fundraising staff, or to increase the number of hours worked by existing members of the fundraising team. For example, Salisbury Festival reported that Catalyst was a key factor in the organisation deciding to hire a new development manager. Through Catalyst, Streetwise Opera could turn its Head of Development post from part-time to full-time and create a new post for a fundraising intern.

This trend across the case study organisations is largely confirmed by analysing the respondents’ fundraising capacity before and during Catalyst. Figure 10 below shows the average number of staff employed in fundraising across the organisations (and across a range of job roles), both before the start of their Catalyst-supported project and during the project. In all job roles, the current average number of staff is greater than before the start of Catalyst.

Figure 10 Average number of full-time equivalent jobs, before and during Catalyst, by job roles

![Graph showing average number of full-time equivalent jobs before and during Catalyst, by job roles.](image)

Source: BOP Consulting (2014)[n:137]
4.3 Upskilling existing staff, board members and volunteers in fundraising

All of the case study organisations interviewed so far have accessed specific fundraising training. This pattern is confirmed from the survey results as 90 per cent of respondent organisations have invested in fundraising training. Significantly, almost all of the survey respondents that have accessed training reported that their investments in training were part of their Catalyst plan or triggered by other Catalyst activities.

Who delivered the training?

The Arts Fundraising and Philanthropy programme is the most accessed training provider, followed by the Institute of Fundraising, the Directory of Social Change and the Management Centre.

Figure 11 Most frequently used providers of training for fundraising

<table>
<thead>
<tr>
<th>Arts Fundraising and Philanthropy Programme</th>
<th>The Institute of Fundraising</th>
<th>The Directory of Social Change</th>
<th>The Management Centre</th>
<th>Yes, Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>38%</td>
<td>23%</td>
<td>20%</td>
<td>19%</td>
<td>17%</td>
</tr>
</tbody>
</table>

Source: BOP Consulting (2014) [n=105]

Other organisations who have delivered training for the Catalyst beneficiaries include:

- The Foundation for Social Improvement
- The Cultural Commissioning Programme

- CidaCo (Creative Industries Development Agency)
- Action Planning
- The Raiser’s Edge
- Third Sector

Who has had access to training?

In line with our findings from the case studies, the beneficiaries of the training have largely been senior staff members, board members and dedicated fundraising staff.

Has the training been effective?

Once again the majority of the organisations were largely either ‘satisfied’ with the training (65 per cent of the respondents) or ‘very satisfied’ (25 per cent).

4.4 Piloting fundraising methods and tools new to the organisation

In addition to growing fundraising expertise and skills, Catalyst participants have invested in a range of fundraising initiatives. These have included launching new campaigns and events, developing new or existing fundraising schemes, or investing in new ICT infrastructure and tools.

Fundraising events

Our discussions with the case study organisations revealed that fundraising events have been an important part of Catalyst participants’ experience. Organisations have been organising events for several reasons, including:

- increasing the visibility and profile of the organisation,
- projecting a more donor-friendly image of the organisation, and
- engaging the board and non-fundraising staff in fundraising activities.
From the survey results, 61 per cent of Tier 3 organisations and 82 per cent of Tier 2 respondents reported having organised fundraising events after securing the Catalyst grant. Almost a quarter (22 per cent) of the organisations that organised events stated they did not run events before their Catalyst project.

On average, organisations have held two to four events per year. The number of events organised does not vary substantially considering the different kinds of artforms, although combined arts and theatre organisations seem to be organising a slightly higher than average number of events.

**Fundraising campaigns**
Campaigns have also been a significant part of the Catalyst experience, especially for those organisations that were seeking to grow their individual giving revenues. Out of the survey respondents, 73 per cent have organised at least one fundraising campaign. Again, approximately a quarter of organisations (26 per cent) that had run a fundraising campaign(s) had not done so before securing the Catalyst award.

**Membership schemes**
Several of the case study organisations also reported that they have used their Catalyst grant to set up new membership schemes or to develop existing ones. The survey responses confirm this across the sample: two fifths (41 per cent) have developed their existing membership scheme and almost one in three (30 per cent) have built a new membership scheme from scratch.

**Investing in ICT infrastructure and experimenting with new ways of giving**
Our sample of case studies reveal that organisations had been eager to experiment with technology before Catalyst. However, in many instances it was often felt that their effectiveness was too uncertain and that therefore investing in them would be too risky. For example, Streetwise Opera had previously considered purchasing a CRM system or developing a more donor-friendly website. However according to Bridget Rennie, Development Manager, the outcomes associated with these investments felt too uncertain. By providing extra resources to support the development of fundraising capacity, Catalyst decreased the risk associated with these kinds of investments.

Not surprisingly then, the survey reveals that a lot of organisations have utilised their Catalyst grant to try out new ICT infrastructure (see Figure 12 below). Almost half report having invested in a CRM system and almost one third (31 per cent) have invested in wealth screening.

**Figure 12 Catalyst beneficiaries’ investment in ICT infrastructure related to fundraising**

![Graph showing investment in ICT infrastructure]

Source: BOP Consulting (2014)[n=105]

Organisations have used ICTs for different purposes, but mainly to:
- access new knowledge to better target donors (especially major donors and HNWIs),
- manage relationships with audiences and customers (including tracking donations), and
- implement and improve online donation systems.

‘Other’ ICT and software systems identified through the survey related to building better and bespoke customer databases, with some working with IT consultants to build their own in house. Driving online giving was
also identified as being important, with some respondents adding a
giving tool to their website along with online ticket systems (e.g. Charity
Checkout).

In contrast to the proportion of organisations that have invested
in other ICT infrastructure, only 19 per cent of the survey sample has
experimented with crowdfunding. Both the case studies and survey
results show that organisations have tended to use crowdfunding for
new artistic projects, but not for equity crowdfunding the organisation
itself.

In summary, 85 per cent of the respondents in the survey reported
having piloted one or more fundraising method or tool that was new to
their organisations, by participating in Catalyst.

4.5 Communicate the new approach to fundraising

Existing evidence suggests that it is important for those in charge of
fundraising across an organisation to share it with the rest of their
team.10 Some organisations within our sample of case studies, including
the National Centre for Circus and the Ministry of Stories, reported
benefitting substantially from including the wider organisation in their
fundraising efforts.

This finding is also overwhelmingly reflected in the experience of
the survey respondents as 92 per cent of organisations reported that
their fundraising strategy has been shared further than those who are
charged with designing and implementing it. Out of these respondents,
55 per cent shared their fundraising strategy with the whole of the
organisation, while 26 per cent only shared it with senior management.
Significantly, the large majority (77 per cent) of those who have
developed an internal communications strategy to share their new
fundraising plan reported that Catalyst has helped them to reach a wider
audience across the organisation. Catalyst was able to do this as the

funding provided through the programme translated into valuable time
and resources, as Jane Rice-Bowen, Joint Chief Executive at the National
Centre for Circus Arts, explained:

“Catalyst definitely bought us more time
and it gave us the opportunity to have detailed
internal discussions, generate and share ideas.
It also made it fun as well! I felt engaged and excited
about it.
(Jane Rice-Bowen, Joint Chief Executive,
National Centre for Circus Arts)

Communicating the strategy externally

Several organisations in the sample of case studies have also utilised
their Catalyst grant to design a fundraising communications plan or to
improve their existing one. For example, Equal Arts have hired a
communications professional, who they feel has produced good results.
Out of the survey respondents, half reported that they have developed
an external communications strategy as part of their Catalyst-supported
activities. This external communications strategy was either built from
scratch (60 per cent) or improved (40 per cent) as a result of time and/or
resources provided through their Catalyst grant.

sports organisations; CASE: the culture and sport evidence programme
5. Intermediate outcomes

As a result of the activities undertaken by arts organisations participating in Catalyst, they may develop greater fundraising capacity and expertise. How does Arts Council England know that this has taken place? Based on the literature and interviews with stakeholders and donors, the logic model identifies a set of changes that are markers of the development of greater fundraising capacity and ability within arts organisations. It is important to track these changes. Although they are not the ultimate outcomes desired by the Catalyst programme (i.e. that organisations have increased their revenues from private giving and have therefore become more resilient), they are early evidence that organisations are on their way towards this goal. For this reason, we refer to them as ‘intermediate outcomes’. They encompass changes to structures and processes, but also to attitudes and behaviours, which are key components of organisational culture.

As with the activities, we would not expect to see all organisations achieving all of the following intermediate outcomes, as the organisations have differing foci to their Catalyst-supported activity. But equally, it would be concerning if none of the organisations were reporting any of the following outcomes.

5.1 Changes to the organisations’ missions, structures and process

Mission and vision statements are redefined and re-articulated
As discussed above in Section3.2, available evidence suggests that there is a positive link between having a strong and unique mission and vision statement and unlocking private fundraising. This link is well illustrated by the experience of Ministry of Stories (please see case study in Appendix). Streetwise Opera, New Writing North and Salisbury Festival.

Not surprisingly, then, as a result of developing and testing a fundraising strategy, some organisations have come to redefine or re-articulate their mission. Some organisations within our sample of case studies came to understand through Catalyst that some of the difficulties they were experiencing when pitching to donors were due to issues related to their mission and vision statement. They are now undertaking positive steps to resolve these issues.

Almost a quarter of the survey respondents (24 per cent) reported that their organisation’s mission and vision have been redefined as a result of Catalyst-supported activities (see Figure 13 on the next page).

Authority for fundraising is devolved across departments
Some of the case study organisations have proactively sought to embed fundraising across the organisation, to good effect. For example, the joint Chief Executive and the fundraising team at the National Centre for Circus Arts managed to successfully engage the whole organisation in fundraising activities, having taken the time to proactively communicate the importance of fundraising and encouraged everyone to be a fundraiser (see case study in the Appendix).

Another positive illustration of this is the Norfolk & Norwich Festival. According to the directors and the fundraising team, the organisation as a whole is now more engaged in their fundraising as a result of being involved in the set-up of their annual gala.

However, when looking at the wider group of Catalyst recipients in the survey, this was not a widespread outcome, with 29 per cent reporting that authority for fundraising has been devolved across departments (see Figure 13 on the next page).

Work more collaboratively across departments
As emphasised by the donors and the stakeholders, fundraising works best when organisations work collaboratively across different departments. Some organisations within our case study sample suggest how Catalyst has enabled them to strengthen cross-department
collaboration. For example, the Birmingham Hippodrome sought to strengthen the collaboration between its box office, its programming and its fundraising departments.

This seems quite a widespread outcome of working on a Catalyst project, with the majority of survey respondents (69 per cent) reporting that they have increased collaboration across departments to facilitate fundraising.

**Figure 13 Changes to the organisations’ missions, structures and processes**

<table>
<thead>
<tr>
<th>Change</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>The organisation’s mission and vision has been re-defined</td>
<td>24%</td>
</tr>
<tr>
<td>Authority for fundraising has been devolved down across departments</td>
<td>29%</td>
</tr>
<tr>
<td>The organisation’s mission and vision has been clarified</td>
<td>43%</td>
</tr>
<tr>
<td>The organisation’s business plan has been revised</td>
<td>69%</td>
</tr>
<tr>
<td>Collaboration across departments to facilitate fundraising has increased</td>
<td>69%</td>
</tr>
<tr>
<td>New fundraising methods and tools have been piloted</td>
<td>85%</td>
</tr>
</tbody>
</table>

*Source: BOP Consulting (2014) [n: 137]*

**Revise their Business Plan**

Catalyst has enabled some of the case study organisations to already unlock new sources of private fundraising (e.g. National Centre for Circus Arts and New Writing North). As a result of this early success, these organisations have changed their business plan going forward, to expect to generate greater sums from private investment. Changes in the business plan can entail complementing an organisation’s programming with a wider range of ‘fundraising-friendly’ activities. This is well illustrated by Salisbury Festival, which, in order to meet their ambitious fundraising targets, has launched a new set of year-round events to help attract funding beyond the Festival’s duration. While Salisbury Festival had already contemplated this strategy before receiving the Catalyst award, the extra resources provided by the programme helped the organisation to make the decision to put it into practice. Lastly, developing a more fundraising-focused business plan also implies re-allocating internal resources and in the case of Salisbury, Catalyst was pivotal in them taking the decision to establish a dedicated fundraising department.

This trend is also reflected positively by the survey sample, 69 per cent of whom said that their organisation’s Business Plans have been revised as a result of their Catalyst activity.

**The board of trustees becomes a stronger advocate and supporter of fundraising**

The experience of some of the case study organisations reveals how Catalyst has helped them to cultivate a culture of fundraising within their board, hiring new members and engaging existing members into discussions that were not previously being had.

This is clearly illustrated by the case of the Ministry of Stories (MoS), which has managed to build a more fundraising-oriented board and has gained valuable insights as a result.
These individuals would have supported us regardless of Catalyst, but Catalyst gave the organisation the endorsement to think about fundraising and to recruit new board members.
(Ben Payne, Director, Ministry of Stories)

This is also illustrated by the case of the National Centre for Circus Arts. The board of trustees was used to giving time but not used to giving money to the organisation, or to raise funds for it. Through organising new and original fundraising events – including a dinner at Fortnum & Mason (with live performances by their students) – the Centre has managed to successfully engage the board in fundraising activities. Moreover, new board member David Chin has not only supported the organisation financially himself, but has actively helped to set-up fundraising activities such as the Centre’s gala. He has also worked as an ambassador for the organisation, promoting the organisation among his friends and colleagues.

The survey respondents were also canvassed for if they felt their Catalyst-supported project had affected their board of trustees in any way. As can be seen from Figure 14, opposite, survey respondents on the whole are in agreement that working on their Catalyst project has created greater awareness of the importance of fundraising among the board members (an average score of 4.2 out of 5). There is also agreement, though less strong, that, as a result of Catalyst:

- trustees themselves are now more involved in fundraising (3.8), and organisations have made changes to the board to bring in specific skills, knowledge and contacts related to fundraising (3.4).

Recalibrate the risks associated with investing in fundraising

Many of the case study organisations were eager to design and implement a fundraising strategy before applying to Catalyst. However, some organisations (e.g. Spike Island, New Writing North, Streetwise Opera) also felt that the possible outcomes of fundraising activities were too uncertain and as such, the risk of investing in fundraising was too high.

Figure 14 Changes that occurred to the board of trustees in relation to fundraising and as a result of Catalyst

<table>
<thead>
<tr>
<th>Change</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Antagonism from the Board related to fundraising strategy</td>
<td>1.8</td>
</tr>
<tr>
<td>No major changes at Board level</td>
<td>2.6</td>
</tr>
<tr>
<td>Changes to the Board to bring in specific skills, knowledge and contacts related to fundraising</td>
<td>3.4</td>
</tr>
<tr>
<td>More involvement of trustees themselves in fundraising</td>
<td>3.8</td>
</tr>
<tr>
<td>Greater awareness of the importance of fundraising amongst the board</td>
<td>4.2</td>
</tr>
</tbody>
</table>

Strongly disagree = 1, Disagree = 2, Neither agree or disagree =3, Agree = 4, Strongly Agree = 5

Source: BOP Consulting (2014) [n=140]

As a result of Catalyst, these organisations now feel more aware of the opportunities associated with investing in fundraising. As such, they have recalibrated the risk associated with investing in fundraising. Bridget Rennie, Head of Development at Streetwise Opera commented:
We got the chance to invest in things we would never have otherwise. Catalyst has definitely provided us with the opportunity to explore new pathways – things we always wanted to try out but have never really done, because we did not feel like we could justify the investment.

5.2 Fundraising strategy is improved

5.2.1 Fundraising strategies, tools and approaches are more developed & effective

Figure 15 Status of Catalyst recipients’ fundraising strategy before Catalyst started

Source: BOP Consulting (2014) [Tier 2 n=80; Tier 3 n=52]

Fundraising strategies

Many of the organisations within our case study sample reported that they did not have a written fundraising strategy before applying for Catalyst funds. Others observed that their strategy was very basic (c.f. the full case study of New Writing North in the Appendix). As shown by Figure 15, this was reflected in the responses of both Tier 2 and Tier 3 organisations. For each Tier, roughly half of the organisations reported that their fundraising strategy before Catalyst either did not exist or was basic and not well articulated (51 per cent for Tier 2 and 55 per cent for Tier 3).

Figure 16 Status of Catalyst recipients’ fundraising strategy before Catalyst started, by region

Source: BOP Consulting (2014) [London & SE n=46; Other regions n=96]

The research suggests then that Catalyst brought about the opportunity to invest time and resources into developing a sound fundraising strategy. Almost all of the case studies have developed, or are in the process of developing, an improved fundraising strategy. For example:
• Spike Island and the Birmingham Hippodrome reported that they have moved from being opportunistic and reactive, to being proactive and strategic in their fundraising efforts.

• Streetwise Opera, who were experienced in fundraising with trusts and foundations, sought to complement this existing strategy with an individual giving fundraising plan.

• Salisbury Festival already had a good portfolio of private donors that engaged with them during the period of the Festival. However, they were less engaged outside this short period so, through Catalyst, the Festival has been exploring how to engage these donors year-round.

From the survey responses, 71 per cent of Tier 2 and 40 per cent of Tier 3 now have a formal fundraising strategy in place.

Figure 17 Whether Catalyst recipients now have a formal fundraising strategy in place

<table>
<thead>
<tr>
<th></th>
<th>Tier 2</th>
<th>Tier 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>26%</td>
<td>71%</td>
</tr>
<tr>
<td>Yes</td>
<td>53%</td>
<td>40%</td>
</tr>
<tr>
<td>No – but it is currently in development</td>
<td>4%</td>
<td>7%</td>
</tr>
</tbody>
</table>

Fundraising events
The survey responses also reveal that the experience of Catalyst has had, in some instances, an impact on the quality of their fundraising events. Out of those who have organised events, approximately a quarter stated that they were better attended, more imaginative, more cost effective, and bigger in scale and ambition. A larger number of respondents – 41 per cent – stated that they were better targeted in terms of audiences. Almost a third (31 per cent) stated that they were more professionally executed.

Figure 18 The impact of Catalyst on organisations’ fundraising events

<table>
<thead>
<tr>
<th>Impact</th>
<th>Tier 2</th>
<th>Tier 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>They were unchanged from before we applied for Catalyst funding</td>
<td>3%</td>
<td></td>
</tr>
<tr>
<td>We took greater risk in their design / format, or with who was targeted</td>
<td>15%</td>
<td></td>
</tr>
<tr>
<td>Generated a higher response rate</td>
<td>24%</td>
<td></td>
</tr>
<tr>
<td>Bigger in scale and ambition</td>
<td>24%</td>
<td></td>
</tr>
<tr>
<td>More imaginative in their design / format</td>
<td>25%</td>
<td></td>
</tr>
<tr>
<td>N/A – we did not run fundraising campaigns prior to securing them</td>
<td>26%</td>
<td></td>
</tr>
<tr>
<td>Generated more money per campaign</td>
<td>26%</td>
<td></td>
</tr>
<tr>
<td>More professionally executed / higher production values</td>
<td>31%</td>
<td></td>
</tr>
<tr>
<td>Better targeted in terms of audience(s)</td>
<td>37%</td>
<td></td>
</tr>
</tbody>
</table>

Source: BOP Consulting (2014) [Tier 2 n=85; Tier 3 n=57]
Campaigns
When looking at the impact of Catalyst on the campaigns that organisations have run to date, the picture is very similar to that for fundraising events. Again, a quarter felt that, as a result of Catalyst, their campaigns generated a higher response rate, and were more imaginative, more cost effective and bigger in scale and ambition. Thirty-seven per cent felt that they were better targeted in terms of audiences, and 31 per cent felt that they were more professionally executed.

Membership schemes
The experiences of the case study organisations suggest that it takes time to make membership schemes work well and cost effectively. The organisations that already had a membership system in place before Catalyst have sought to further develop these through the programme. However, organisations that established schemes from scratch, are still struggling to see their benefits at this early stage.

Investing in ICT infrastructure
The experiences of the case study organisations with regard to ICT infrastructure are mixed. Some organisations have experienced benefits. Streetwise Opera, for example, reported that their new Customer Relationship Management (CRM) system is improving not just their fundraising but the efficiency of the organisation as a whole. Equal Arts and Spike Island have also been able to access new donors through wealth screening.

However, other organisations have not experienced the benefits they were hoping for. In some instances (such as the Ministry of Stories), this was due to the fact that the system was not adequately tailored to the specific needs of the organisation.

The mixed experience of the organisations in the sample of case studies is reflected in the survey. Many reported that they are still investigating this area or that it is still too early to tell how effective their investment in ICT through Catalyst has been.

Analysing the open responses in the survey (see Figure 19 on the next page), many organisations can see the value in the systems and are optimistic about how they will help them. The ways in which CRM can assist relationship-building and management was the standout feature of the positive responses provided by organisations in the survey. A large number of the respondents reported that the new systems allowed them to, for the first time, track the interaction between themselves and customers/supporters. Some have even found HNWIs and lapsed donors on their existing contact databases with whom they have been able to cultivate and attract financial support from.

However, a minority of these organisations still also see the financial and time investment in CRM and wealth screening as prohibitively expensive.

Figure 19 Catalyst beneficiaries’ experience of using ICT systems

<table>
<thead>
<tr>
<th>Response</th>
<th>Examples of what people said about their experience</th>
</tr>
</thead>
<tbody>
<tr>
<td>Positive about benefits</td>
<td>'Wealth screening has enabled us to identify High Net Worth Individuals who are already supporters and CRM software enables us to keep more accurate records.'</td>
</tr>
<tr>
<td></td>
<td>'Ability to track donors much easier— all information is centralised and can be used by everyone.'</td>
</tr>
<tr>
<td></td>
<td>'We have a new ticketing/CRM system that we use to underpin all our fundraising activities from recording donations, Gift Aid declarations to identifying potential donors and using this information to target appeals. It has been invaluable.'</td>
</tr>
<tr>
<td></td>
<td>'[the main positives:] Wealth Screening— identifying hidden wealth on the database, and we’ve begun nurturing these. CRM— still early days with this, and has not yet proved its worth.'</td>
</tr>
<tr>
<td></td>
<td>'Brilliant result with the CRM system which has absolutely transformed our business. Able to work offsite too so we have been able to assist other pop-up activity in the City. Information is easy to obtain and we are currently analysing our audience demographics which will help with future'</td>
</tr>
</tbody>
</table>
Early achievements through technology

'Significant increase in donations – better tracking of donors.'

'For the first time the organisation now has a CRM system which will enable us to target specific supporters as part of our fundraising campaigns. The initial pilot is already underway with our top 20 ticket buyers.'

'W ealth Screening has uncovered a number of new prospects or long lapsed donors to the organisation resulting in new individual gifts ranging from £100-$5,000.'

Too early to say

'We are waiting to see the benefits – we are estimating that it will be up to 3 years until the benefits are fully realised on both counts.'

'Still to fully understand, but aim to better understand relationships with diverse range of audience and customers to inform future fundraising and developments.'

Costs prohibitive

'Better knowledge of customers from the wealth screening. Now recognise that good CRM is vital for fundraising, but our consortium members lack the funds to develop their own. Three organisations did research into options for databases, but could not afford the off-the-shelf options or training courses.'

Source: BOP Consulting (2014)

Crowdfunding

As with ICT, participants’ experience of crowdfunding is also mixed. For example, Streetwise Opera successfully launched a campaign on Indiegogo, which exceeded their target and generated two regular individual givers as a result. Another organisation however, reported that their experience was relatively unsuccessful, as the organisation had underestimated the need to publicise the crowdfunding campaign and encourage giving.

Figure 20 Catalyst beneficiaries’ experiences of crowdfunding through the programme

<table>
<thead>
<tr>
<th>Rating</th>
<th>Examples of Catalyst recipients’ experience with crowdfunding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Successful</td>
<td>'We launched a new crowdfunding portal to raise more funding to support our new music commissions. Whereas before donors had to give at least a three-figure amount to support new music (generally) with this new campaign you can give from £10, to one or more of eight different commissions at any one time. Overall, the experience has been excellent — raising significant levels of new funding.'</td>
</tr>
<tr>
<td></td>
<td>'We used crowdfunding to raise funds for a recording project. The campaign was successfully overfunded in the 28-day period. It’s likely we’ll look to run one or two targeted crowdfunding campaigns each year.'</td>
</tr>
<tr>
<td>Unclear / mixed success</td>
<td>'We took a subscription with Just Giving for the first time and did a crowdfunding campaign for a specific project applying learning from fundraising school. It was a good test of doing something which our board and staff could get behind and we learnt a lot. It is still ongoing.'</td>
</tr>
<tr>
<td></td>
<td>'We used Just Giving for a specific item in our Festival. It was carefully targeted and successful. However, we feel this is unlikely to work on a regular basis as it depends on a specific appeal and drive to achieve something comparably small.'</td>
</tr>
<tr>
<td>Unsuccessful</td>
<td>'An early campaign which was largely unsuccessful and didn’t achieve its promise. Required a lot of staff time and resource and whilst delivered professionally and effectively, we didn’t get the public response we had hoped for.'</td>
</tr>
<tr>
<td></td>
<td>'We have used crowdfunding for a schools engagement project and for an opera R&amp;D. Neither hit the modest targets set but we did receive some funds via this route.'</td>
</tr>
</tbody>
</table>

Source: BOP Consulting (2014)
This mixed experience is also reflected in the verbatim responses provided by organisations to the survey. Some organisations have exceeded their targets and will use crowdfunding in the future. Some reported that their experience was not as positive as they hoped it to be, but that they may experiment further with it in the future. Others, however, felt less positive about their experiences and do not feel crowdfunding is a cost-effective activity.

5.2.2 Organisations’ confidence in asking is increased
The positive experience of Catalyst reported by some of the case study organisations has clearly boosted their confidence in fundraising. Claire Malcolm, Director of new Writing North commented

“We know what we need to do now. We learned a lot about how it works. Catalyst has enabled us to build the confidence to knock on the door of people we would not have been confident approaching and pitch to them.

(Claire Malcolm, Director, New Writing North)

Many organisations also noted how Catalyst has boosted their confidence in a broader and more symbolic way, as it is a clear endorsement of the importance of arts philanthropy in the UK. Further, for Tier 2 organisations, the match funding provided by Catalyst gave them additional confidence in pursuing fundraising.

On the other hand, some of the organisations in our sample of case studies also revealed how a certain lack of confidence still remains an issue. Indeed many organisations – including some of the most successful case studies – admit that they have often been apprehensive about approaching donors and have felt embarrassed about asking for support. As a result, some of them have delegated the initiation of relationship with new donors to third parties.

Figure 21 shows the results from a survey question that asked respondents the extent to which they agreed or disagreed with statements regarding how their fundraising strategy had been affected by participating in Catalyst. With an average score of 4.1 out of 5, the majority of organisations do indeed report that their confidence has been increased as a result of Catalyst.

5.2.3 Organisations’ understanding of donors’ motivations is enhanced
Some organisations in the sample of case studies have clearly shown some better understanding of what does and what does not appeal to donors. Understanding donors’ motivations requires organisations to first and foremost interact with donors, and, as discussed earlier, Catalyst activities have triggered this interaction (see Figure 22). Consultations with external professionals also helped organisations to understand the motivations driving donors’ support. This trend is well illustrated by the experience of FACT. Having proactively interacted with several corporate donors and collaborated with an external consultant, the organisation feels much more aware of the motivations behind corporate support.

Some organisations have also sought to understand donors’ motivations before approaching them. Streetwise Opera, for instance, carried out an online survey that investigated the motivations behind their donors’ support to inform their new individual giving strategy (see full case study in Appendix_).

5.2.4 Organisations become more proactive in fundraising
Almost all of the case study organisations, regardless of their achievements so far, have noted how Catalyst has lived up to its name and ultimately worked as a catalyst, providing them with the stimulus and the resources to go out, test the waters and act. This seems to have applied to all kinds of organisations, from the less experienced ones – such as Equal Arts, New Writing North and Spike Island – to the organisations that were already familiar with fundraising, such as Birmingham Hippodrome and Streetwise Opera.
This finding is confirmed by the survey, with the vast majority of respondents strongly agreeing or agreeing that they had become more proactive in fundraising as a result of Catalyst (see Figure 21).

**Figure 21 Improvements in organisations’ fundraising strategy as a result of Catalyst**

<table>
<thead>
<tr>
<th>Perception</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>The organisation is more inclined to take risks generally</td>
<td>3.2</td>
</tr>
<tr>
<td>We feel more empowered in the negotiation process with donors</td>
<td>3.6</td>
</tr>
<tr>
<td>We are more aware of the importance of fundraising</td>
<td>3.8</td>
</tr>
<tr>
<td>Our relationship management of donors has improved</td>
<td>4.0</td>
</tr>
<tr>
<td>The organisation is now more inclined to experiment with new fundraising strategies</td>
<td>4.0</td>
</tr>
<tr>
<td>Our understanding of donor motivations has been enhanced</td>
<td>4.1</td>
</tr>
<tr>
<td>The organisation’s confidence in fundraising has increased</td>
<td>4.1</td>
</tr>
<tr>
<td>The organisation has become more proactive in its approach to fundraising</td>
<td>4.3</td>
</tr>
</tbody>
</table>

Strongly disagree = 1, Disagree = 2, Neither agree or disagree = 3, Agree = 4, Strongly agree = 5

Source: BOP Consulting (2014) [n=139]

**5.2.5 New donors are identified and approached**

The large majority of the case study organisations have identified and approached new donors. However, some organisations working in Tier 3 consortia are still finding it challenging to identify and approach new donors. This is usually because, like the consortium led by B Arts, they are still in the process of developing a strong, unified fundraising proposition. Considering the wider survey sample, an overwhelming majority of the organisations (88 per cent) have identified and approached new donors.

**Figure 22 Organisations that have approached new donors through their Catalyst projects**

Source: BOP Consulting (2014) [n=139]

**5.2.6 The ‘ask’ to existing and potential donors is revised and refreshed**

As a result of designing and implementing more sophisticated and better targeted fundraising plans, organisations have often revised or further developed their fundraising propositions. For example, New Writing North decided to focus its ask on its most ‘donor-friendly’ initiatives, the North Writers Awards and the Young Cuckoo Award (see
case study in the Appendix). Similarly, Dance Exchange decided to make their annual dance festival the focus of their fundraising efforts.

Some organisations, however, are still in the process of understanding how to strengthen their offer. This typically happens when organisations are still developing a fundraising strategy and identifying their best targets – as illustrated by B Arts and Spike Island from the case study organisations.

5.2.7 Organisations are more empowered in the negotiation process

The experience of a few of the organisations in our case study sample suggests that, as a result of Catalyst, they have felt more empowered when negotiating with major or corporate donors. This was clearly spelled out by New Writing North – Claire Malcolm, the Director of NWN, made specific reference to the usefulness of the match funding mechanism in this regard. Some of the survey respondents also agreed that they felt more empowered (see on page 35). However, overall this was a less common outcome than other intermediate outcomes assessed within the evaluation to date.

5.2.8 Organisations get better at relationship management of donors

As a result of approaching new donors and building fundraising capacity and expertise, some of the case study organisations have improved their donor relationship management skills. For example, the National Centre for Circus Arts has learned about the importance of understanding donors’ needs and tailoring communication and relationship management as closely as possible. Salisbury Festival also reported that it felt that its ability to manage individual givers has increased as a result of the extra resources afforded by Catalyst.

Looking across the wider survey sample, organisations are strongly in agreement that Catalyst has helped them to get better at the relationship management of donors. This is perhaps not surprising given the training, new hires and investment in tools designed for the task (e.g. CRM systems) that has taken place across the Catalyst organisations.
6. Short-term financial outcomes

The majority of organisations have reported that revenues have gone up during the time of their Catalyst activity. This has included some organisations who have reported an increase in philanthropy, as well as improved income from business and corporate sources.

6.1 New sources of private giving are accessed

As discussed above, 88 per cent of survey respondents have approached new donors through the Catalyst programme. Analysing the verbatim responses, new donors includes the full spectrum of possibilities: individual givers, trusts and foundations, HNWIs and corporates. Because of the wide range of different types of givers, survey respondents reported accessing from five to 200,000 new givers through their Catalyst-supported projects. Thus some organisations are targeting audiences and consumers in the form of an appeal or campaign, while others are taking a narrower approach and contacting a smaller number of potential high net worth donors. The second half of this evaluation will investigate to what extent extra revenues will be generated by these different types of donors.

At this early stage, the picture seems varied. Many organisations have reported that the new donors they approached have already started to give to the organisation. But for some, progress is slower. The range of experience is reflected in a selection of the verbatim responses from the survey detailing what new sources have been identified:

‘12 new donors [accessed] who will donate over £500 on an annual basis and a variety of one-off larger donations ranging from £500-£7,000’
(Tier 2 recipient)

‘Hundreds, if not thousands. We have started at a very low engagement level of money in a donation tin, up to major gifts, so it’s impossible to accurately quantify this.’
(Tier 2 recipient)

‘One individual donor [accessed], although we have received sponsorship from several new companies’
(Tier 2 recipient)

‘There are currently 256 paid-up subscribers: 188 Friends, 48 Best Friends, 13 Patrons and 7 Benefactors of The Poetry Trust. These include around 50 new donors since May 2013.’
(Tier 2 recipient)

‘Still at an early stage – donations have been made by staff and board members so far.’
(Tier 3 recipient)

Many organisations appear to be yielding a good return on their donor approaches. However, these figures need more interrogation and a possible follow-up with respondents.

6.2 The proportion of total revenue accounted for by private giving is increased

The survey reveals that, overall, there has been a small, potentially important increase in the level of private giving generated by Catalyst beneficiaries that responded to the survey (see Figure 23 on the following page). Across the sample, the respondents reported that philanthropy revenues had increased from 9.7 per cent of total revenues before they applied to Catalyst to 12.1 per cent in the present (i.e. partway through their Catalyst project)—a 2.4 percentage point increase.

At this stage it is too early to properly assess to what extent Catalyst may have contributed to this small change. But it is nonetheless
an encouraging sign that the Catalyst participating organisations appear to be moving in the right direction towards diversifying their revenue streams.

Figure 23 Proportion of total turnover of Catalyst recipients accounted for by different revenues streams, before and during Catalyst, all organisations

![Bar chart showing the proportion of total turnover of Catalyst recipients accounted for by different revenues streams, before and during Catalyst, all organisations.](chart1)

Source: BOP Consulting (2014) [n=110]

When the programme is analysed by Tier we can see some small differences between Tier 2 (Panel A, Figure 24) and Tier 3 (Panel B, Figure 24). Specifically, while Tier 2 organisations’ grant funding and earned income has declined, both of these revenue streams have increased, on average, across the Tier 3 organisations. Revenues from philanthropy have increased a little across both tiers, with the increase slightly greater across Tier 2 organisations (three percentage points).

Figure 24 Proportion of total turnover of Catalyst recipients accounted for by different revenues streams, before and during Catalyst, by Tier

**Panel A: Tier 2 organisations**

![Bar chart showing the proportion of total turnover of Catalyst recipients accounted for by different revenues streams, before and during Catalyst, Tier 2 organisations.](chart2)

**Panel B: Tier 3 organisations**

![Bar chart showing the proportion of total turnover of Catalyst recipients accounted for by different revenues streams, before and during Catalyst, Tier 3 organisations.](chart3)

Source: BOP Consulting (2014) [Tier 2 n=64; Tier 3 n=46]
When looked at by geography, there are some small differences between the organisations based outside London and the South East (Panel A, Figure 25), and those whose home is in the capital or the surrounding South East region (Panel B, Figure 25). Outside London and the South East (SE), there has been a noticeable increase in philanthropy of three percentage points, and a reduction in grants/earned income.

On the contrary, philanthropy revenues were virtually unchanged (0.8 percentage point increase) for organisations in London and the SE, and the only real change of note over the period is a growth in earned income as a proportion of total turnover.

As noted in Section 3 (‘Wider Context’) above, all the available evidence suggests that it is harder for arts organisations based outside the capital to fundraise than those within London. Arguably, Catalyst need is far greater for arts organisations in the regions. It is therefore encouraging that the interim indications suggest that the programme may be contributing most to these organisations.

However, not all organisations outside London and the SE see Catalyst support as being enough on its own to make the difference it is seeking regarding arts philanthropy in the regions:

*I am still not convinced there are companies outside London prepared to fund small-mid scale arts organisations – look forward to seeing the evidence at the end of this Catalyst programme. Case studies would be most welcome. Need to have a real debate with Government about tax incentives for corporates – they quote the US model as something we should aim for so therefore they need to understand it fully.*

(Tier 2 recipient)

The full assessment of any regional trends, and the degree to which any positive change in these trends can be attributed to Catalyst, will be made in the Final Report of the evaluation.

Source: BOP Consulting (2014) [Panel A n=46; Panel B n=74]
6.3 Target match funding is achieved

As the work for many Catalyst recipients is ongoing, it is still too early to comment on whether the match funding targets for Tier 2 organisations have been met in full. However, the programme survey invited those with a match funding target to reflect upon this component of the programme and their experience to date. Summarised below are some views on both the positives and the negatives regarding match funding.

Positive feedback about match funding

The match funding opportunity was welcomed by the majority of the survey respondents. They stated that it helped to focus the organisation on a target and timescales. Many also expressed how match funding was a great incentive for donors, and helped organisations to access private income more easily.

"The main benefit is that the match provides an incentive for donors who see that the impact of their donation is increased once the match is applied."

(Tier 2 recipient)

However, the occasional respondent did perceive some disincentives related to the match funding:

"It is a benefit because people feel they are getting more for their money invested in WMC. However, some people reduce their giving by the amount of the match."

(Tier 2 recipient)

The degree to which the match funding component may have a neutral or negative impact on giving will be explored further over the remainder of the evaluation.

Negative feedback about match funding

Some organisations that found match funding to be difficult appear to be still struggling to reach out to new private donors, mentioning both competition for donors and a limited pool of donors locally (see Figure 26, on the next page, ‘Very difficult’ category). In the same category of organisations who found it ‘Very difficult’ to achieve their match funding targets, there are some that would have liked to have been able to match further types of funding (e.g. business or corporate funding).

"[Drawbacks were] Restrictions in the Catalyst scheme as to what could be matched against (corporate sponsorship, new money, new projects)."

(Tier 2 recipient)

Others are now wondering about the effects of the match funding ceasing:

"Drawbacks – it’s going to stop! Those donors that were motivated by the match may well stop giving."

(Tier 2 recipient)

A point which was also highlighted by many of the case study organisations was the fact that match funding needed to be spent on new artistic programming. Organisations thought that being able to invest these new revenues to further strengthen their fundraising infrastructure or other aspects of their core operations would have been more in line with Catalyst objectives. This was also reported by survey respondents, as in the quote immediately below and others in the ‘Difficult’ category on Figure 26, overleaf.

"The money needs to be invested in programming but what we really need is to further invest into fundraising. Finding money for core funding is the most difficult part – if we cannot use Catalyst money to invest in fundraising, which money should we use?"

(Tier 2)

The verbatim survey responses also provide a number of examples of organisations that felt that the timescale was too challenging (Figure 26, ‘Difficult’ category). The best explanation as to why this was experienced as too challenging was one organisation that noted that they had to undergo training and capacity building simultaneously with generating match funding. They would have preferred to have undertaken the fundraising once the learning and capacity building had ceased.
Figure 26 Examples of why Catalyst beneficiaries found it difficult to achieve their match funding

<table>
<thead>
<tr>
<th>Response</th>
<th>What factors prompted this response</th>
</tr>
</thead>
</table>
| Very difficult | 'Fierce competition for funds in the sector, particularly through Trusts and Foundations.'  
'Funds which are eligible are more competitive route. Unable to match in-kind or corporate funding'  
'Limited donors available to organisation.' |
| Difficult | 'Use of money too limited, not for core funding and needing to be linked to "Additional Artistic Output".'  
'Pressure on need for core funding – cuts elsewhere in budget vs need for new work.'  
'If training and capacity building was staged before starting match funding, organisations could be in a stronger position.'  
'Time pressures to achieve the target did not help.'  
'Timeframe too restrictive.'  
'Funding targets too high.'  
'Poor economic environment in locality.'  
'Moving from 1:1 to 1:1.5 ratio is challenging.' |
| Easy | 'Focused the organisation and created target culture.'  
'Created timescale and provided an incentive'  
'Met target, now wish went for a higher gearing ratio for the match.'  
'Perhaps too easy – concerns about how to achieve these levels without match.' |
| Very easy | 'Very easy – but you still need a product to sell to donors.'  
'Ran out too quickly and perhaps meant losing more donations.'  
'Added value to core T&F approach.' |

Source: BOP Consulting (2014)

Finally, a few organisations reported that the match funding guidelines were somehow confusing. They felt that it was hard to understand what could and could not be matched, or when to report the match funding by.

'Benefit is that we’ve now formed a relationship with many new donors, including some high value individuals. Drawback was the shift from the 1:1 ratio to the 1:1.5 ratio – we got this wrong and didn’t put in a major claim until after the change date and so we’ve had to work a lot harder to raise the money.'

(Tier 2 Recipient)

Looking across both the positive and negative views, it is clear that there is some apparent contradiction. For some organisations, the timescale and the target for the match funding were parts of the programme design that were appreciated, whereas others were less enthusiastic. However, the apparent contradiction is more likely to be simply the expression of the diversity of organisations – and their existing experience of fundraising – that are participating in the Catalyst programme.
7. Participants’ perceptions of the programme so far

Through our research we have been asking organisations to consider how the programme has been run. The survey also offered participants a chance to reflect upon what they expected from the programme and how they have found the process. Many offered suggestions on how the programme could be run differently based on their experiences.

Generally, the majority of participants found the programme to be a good process, meeting expectations. Things have, in most cases, ‘gone to plan’. For Tier 2, the structure of the programme motivated people to develop and implement a plan of action. The match funding element was (generally) very welcome and helped organisations to fundraise.

Tier 3 participants were also positive about the investment and welcomed working with other organisations. At the same time they have often highlighted how working in partnerships requires more time.

‘It seems to have worked quite well with our cohort, but lack of time is a universal factor.’
(Tier 3 recipient)

However, some expressed reservations about how the consortium approach works in practice:

‘The “partnership” idea may have worked on paper, but in reality, has felt largely tokenistic. There has been little productive or sustainable partnership activity because of the small size of the two organisations, the different stages we are at in our life cycle, our different audiences and the inevitable competition for funding for literature activities in the [X region].’
(Tier 3 recipient)

7.1 Suggestions for improving the programme

Some ideas about how the programme could be changed or adapted were captured through the survey. These suggestions are summarised below, though it should be noted that they do not come from the majority of respondents.

1. Allow for more time

At present, organisations need to act and deliver on their strategy within a set framework, ranging from two to three years. This certainly pushes organisations to make speedy progress, as discussed above. However it should also be recognised that diversifying income streams and attracting private income is an ambitious endeavour, one that often requires a medium- to long-term approach. This is especially true if an organisation is building systems from scratch. Allowing for the grants to be released more gradually and over a longer period of time could be helpful. The more general quotes below reinforce some of the views regarding the specific match funding component of Tier 2 (c.f. Figure 26 above).

‘We could definitely use some more time.’
(Tier 2 recipient)

‘Continue the programme over a longer timeframe.’
(Tier 3 recipient)

‘Coordinating a consortium of partners is time consuming, especially small organisations with limited capacity. Two years will enable our three organisations to research, trial, implement changes and share learning. An additional year would allow these to be effectively integrated into each organisation and help achieve new income targets.’
(Tier 3 recipient)
2. Allow for more flexibility
In addition to allowing for more time, organisations have expressed a desire for more flexibility overall, and in particular with regard to what kind of funds can be matched and how the money can be spent.

'Simplify the scheme in terms of the timetable, different match amounts, and documentation required to drawdown funds.'
(Tier 2 recipient)

'Give the receiving arts organisations more freedom as to how they spend the income they generate.'
(Tier 2 recipient)

3. Include business and corporate sponsorship
Further, many respondents to the survey have stated that making strong links to corporate and business partners has been a key feature of their work and they would have liked to have included this as match funding. In some cases this included in-kind support from corporates, and more short-term support. Some organisations felt that by diverting time and energy away from raising sponsorship with businesses towards philanthropy, they were achieving overall lower returns. This was because they felt they were focusing on a smaller pool with less available money.

'The decision to exclude sponsorship was very difficult for us. We have invested heavily over the previous five years in engaging the business community, as we know that we don't have many HNWIs in the region. We were on the cusp of being able to significantly upscale our engagement and Catalyst would have been the perfect opportunity to do this had it included sponsorship.'
(Tier 2 recipient)

This may highlight that there is some misunderstanding across the beneficiaries as to the purpose of Catalyst. That is, Catalyst’s aims are to achieve long-term culture change towards philanthropy, rather than simply focusing on shorter term ‘quick wins’.

4. Develop clearer guidelines
Some organisations felt unclear about some expectations for their match funding. In particular, they would have liked better guidance from Arts Council England and a closer relationship to ensure that they got this right.

‘Clearer guidelines from the outset as to what income would be “matchable” and what wouldn’t – the parameters appear to have shifted in the course of Catalyst. Better guidance as to choice of mentor and the importance of specialist knowledge and understanding of the contemporary art world.’
(Tier 2 recipient)

‘Clarity about the rules! We put in a claim for the period of the 1:1 ratio matched funding as soon as this period was over and we had complete records. This meant that the claim fell into the 1:1.5 ratio period and consequently we’ve had to raise more money. Had we claimed 12 days earlier we would now have exceeded our target. This was not well explained.’
(Tier 2 recipient)

5. Enhance the role of Arts Council staff
Many of the organisations suggested they would have been eager to share their experiences with Arts Council England staff and interact with them on a more regular basis. Based on the interviews, some participants felt that despite contacting Arts Council staff, the response was not always forthcoming. More contact could be welcomed by organisations as Arts Council staff could act as potential guides, encouraging best practices and providing support as well as capturing their experiences to share more widely.

6. Facilitate networking and peer-to-peer learning
Many organisations have expressed a desire to learn more from other Catalyst recipients and Arts Council England about what is working in terms of private fundraising.
'Perhaps we could be put in touch with peer Catalyst groups for wider shared learning.'
(Tier 3 recipient)

'More shared learning experience through ACE.'
(Tier 2 recipient)

It is an encouraging sign that the learning and dissemination eventsthat will be organised as part of this evaluation process will meet a real need among the participants of Catalyst.

7. Learn then fundraise
Some organisations also talked about how a staged process might have benefited their organisations. As also reported above in Figure 26, some Tier 2 organisations would have preferred to have undertaken training and capacity building first, then embark on their matched fundraising, rather than run it simultaneously. Sequencing the process would have made their fundraising more informed, as it was difficult to apply what they had learned and to change tack once their Catalyst project was underway.

‘...the match funding could have started/triggered after the capacity building part to allow for an organisation to prepare the structure and strategy to maximise the match funding offer.’
(Tier 2 recipient)

I think it was a challenge to build capacity over the first 12 months and longer time was needed. The finances have turned around slowly. The major impact has been around knowledge and capability – we now need to see the fruits of a more intelligent approach blossom. We are not necessarily cash rich at the end of the programme, we are however better educated which should lead to wealth.’
(Tier 2 recipient)

These comments from Tier 2 organisations suggest that several organisations needed more than the 12 months of capacity building that was the assumption built into the Tier 2 programme.
8. Conclusions

What the programme is being assessed against
Arts Council England's Catalyst programme is a bold initiative with the long-term aim to transform the funding base of a large cohort of arts organisations by growing private giving revenues. In this, it is looking to support nothing less than structural change in the arts sector. Arts Council England has not committed itself to achieving one specific financial outcome through Catalyst – for instance, an increase of X-Y per cent in the absolute value of private giving generated by organisations. Rather, the emphasis of the programme is to trigger certain types of organisational change (building fundraising capacity and ability; 'long-term culture change/shift in arts organisations'), alongside more specific outcomes related to fundraising (new fundraising tools and approaches will be piloted; the programme will 'incentivise giving to the arts, particularly among new donors'). Achieving these measures of success will still be a real achievement, given the difficulties of achieving successful organisational change and the widely reported barriers that arts organisations face with regard to private giving (see Section 3.2 above).

What this first stage of the evaluation has therefore done is to unpack and investigate in much more detail quite how, and to what degree, Catalyst has been achieving its main goals to:

• improve the organisational capacity, expertise and practice of arts organisations within Tier 2 and 3, and
• incentivise giving to the arts, particularly among new donors.

What has been achieved by the programme to date?
Looking across the results of this first stage of empirical work, it seems clear that there are many encouraging, positive signs that the Catalyst programme is triggering and supporting the kinds of change that was envisaged.

Accessing fundraising expertise new to the organisation
• Catalyst beneficiaries chose to bring new fundraising knowledge into their organisation by: taking on new staff (there are a greater number of staff in each fundraising job role now as compared to prior to Catalyst); hiring external consultants (55 per cent of Tier 2 organisations and 82 per cent of Tier 3), and training a range a range of staff (90 per cent of organisations).

Piloting fundraising methods and tools new to the organisation
• Eighty-five per cent of organisations have piloted fundraising methods new to the organisation.

This included roughly a quarter of organisations that ran fundraising events and campaigns that had never done so before; 30 per cent that established new membership schemes from scratch; 48 per cent that invested in CRM systems, and 19 per cent that experimented with crowdfunding.

Developing fundraising strategies, tools and approaches and making them more effective
• Before participating in Catalyst, 28 per cent of Tier 2 organisations and 25 per cent of Tier 3 organisations had no fundraising strategy in place – these figures have dropped to four per cent and seven per cent respectively at this midpoint of the programme.

• Further, only 21 per cent of Tier 2 and 16 per cent of Tier 3 organisations have made no improvements – such as setting clear priorities and targets – to their fundraising strategies since participating in Catalyst.

• Organisations that were already running events, campaigns and membership schemes prior to Catalyst have often been able to revise and improve these in a range of different ways in light of what they have learnt through their Catalyst-supported project. These improvements include more effectively targeted events and campaigns (41 per cent and 37 per cent respectively) that were also more professionally executed in some cases (31 per cent for both events and campaigns).
• Organisations’ experience with both ICT investments such as CRM and new technologically supported means of giving (i.e. crowdfunding) has been more mixed, with the latter in particular seemingly still difficult for arts organisations to make work, at least within this short time period.

The programme has also been successful so far in terms of organisations’ identifying and approaching new donors, with 88 per cent of organisations reporting that they have done so, despite several challenges and barriers that the organisations have had to overcome in this respect.

Organisations also report a wider range of positive changes across their organisations, such as:

Changes to organisational mission, structures and processes
• Particularly in terms of greater trustee awareness of, and involvement in, fundraising, but also in terms of:
• Greater collaborative working across departments to facilitate fundraising, with 69% per cent of organisations reporting this, and getting on for half of the Catalyst beneficiaries (43 per cent) reporting that the programme has made them clarify their mission and vision.

Changes to attitudes and behaviours related to fundraising
• Since engaging with Catalyst, the large majority of organisations have become more proactive in their fundraising and more confident in their ability to fundraise, have a greater understanding of donors’ motivations, and report that their relationship management of donors has also improved.

In prompting and supporting these changes, Catalyst has acted as its name suggests: as a catalyst. The funding support has given the organisations the confidence to try new pathways and experiment with new tools and strategies, as it has greatly de-risked the experimentation process. It has also contributed towards making the case internally for fundraising within arts organisations. The successes achieved through Catalyst to date have helped organisations to showcase the value of investing in fundraising to other members of their organisations.

It is not possible to say at this point whether all this experimentation, innovation and organisational change has led to positive financial outcomes. The differences in private giving as a proportion of total turnover that have been reported by beneficiary organisations through the survey to date are small, and should be treated with caution at this stage. But they are positive and therefore suggest that the majority of organisations are moving in the right direction. The final survey of beneficiaries, after Catalyst has ended, will enable much firmer conclusions to be drawn.

Similarly, it is still too early to answer the 'distributional' research questions set in the brief for the evaluation (i.e. what differences do structural characteristics like location and size make to the outcomes experienced by different organisations?). For instance, while the signs for organisations outside London and the South East are encouraging, more work will be required to demonstrate that the increase in private giving is not more of a reflection of the weaknesses of other revenue streams over the assessed time period rather than the strength of philanthropy.

How might programme delivery be improved?
As an Interim Report, the evaluation to date has had a formative element that has looked at how programme delivery has worked and what might be changed to improve it. On the whole, the majority of the participating organisations have found the programme to be a good process.

A diversity of responses has been generated from beneficiaries when asked how programme delivery could be improved. Clearly, elements of the programme that worked well for some worked less well for others. This is to be expected for a programme that has such a large number and wide range of participating organisations.

While some organisations felt that the timescale gave them a target to aim for, the weight of responses favour having a longer timeframe. This was reported by organisations in both Tier 3, which have two years in which to complete their project and drawdown funds, and Tier 2 organisations, which have three years but are supposed to use only the first of this for capacity building. This finding suggests that
capacity building and other types of organisational change are often slower to achieve than Arts Council has planned for.

It also seems that there have been one or two communication issues concerning the level of match funding that organisations are expected to achieve in Tier 2. Some organisations reported that they were unhappy about the ratio changing part way through the programme from 1:1 to 1:1.5, when the higher level was clearly stated in the Catalyst grant offer letters and management information. A very small minority of organisations also felt that the ratio of 1:1.5 was simply too big an ask to achieve. But this was balanced out by a similar frequency of response which reported that, with hindsight, the 1:1.5 ratio was actually too low and too easy to achieve.

Several organisations in Tier 2 would have preferred the programme to have a wider remit/greater flexibility regarding what funds can be matched and what revenues Catalyst organisations can pursue (particularly business sponsorship). Indeed, the parallel HLF Catalyst scheme does have this wider scope, with heritage organisations allowed to use the money to generate all types of private income.

When looking at the revenue mix of Catalyst organisations as reported in the survey, excluding earned income from Catalyst, it seems entirely appropriate given that it accounts for comfortably more than a third of total revenues. However, the same argument cannot be made for business sponsorship. This currently accounts for only a fraction of organisations’ revenues (as reported through the survey), and the best available evidence suggests that business investment in the arts as a whole has been in decline since 2006. As corporate sponsorship is an exchange for goods and services, Arts Council considered it to be different to philanthropy, and therefore it was not included, even if the status of corporate sponsorship with regards to philanthropy is ambiguous.\(^\text{11}\)

However, neither Tier 2 nor Tier 3 organisations were prevented from pursuing business sponsorship opportunities at the same time as business giving opportunities; simply that Tier 2 organisations could not use sponsorship money as match funding.

The criticisms of the specific goal within Tier 2 for the Catalyst awards to be used to also fund additional artistic activity also seem valid. They chime with a consistent critique that has been made of public funding in the arts in recent years. Grants from public funders are in many cases so tied to producing artistic and educational outputs that organisations cannot develop sustainable business models, as they are denied the time and resources to devote to the task.\(^\text{12}\) Catalyst is the perfect vehicle by which Arts Council England allows organisations this space and time, but the requirement in Tier 2 to produce additional artistic activity seems to have compromised this a little for this cohort of beneficiaries.

Finally, the desire expressed by Catalyst recipients to learn from each other is very understandable and meeting this need has, in part, been built into the evaluation process. The next phase of the evaluation will start with two full-day learning and dissemination events, open for all Tier 2 and 3 participants.

\(^\text{11}\) For instance, Phillips (2012) *Philanthropy outside London* report, commissioned by the Secretary of State for Culture, Media and Sport, states that business sponsorship is a part of philanthropy, which is defined as donated income from individual givers, directly or via intermediary organisations, donations from trusts and foundations, and sponsorship or donations from the business sector, page 14.

9. Next steps of the evaluation

9.1 Year 2: January – December 2015

Over the next calendar year, BOP Consulting proposes the following plan for the evaluation activity. This will be agreed with ACE in a yearly planning meeting to be held in January 2015.

9.1.1 Quarter 1: January – March

February: Learning events
BOP will lead two learning events which will bring together organisations across Tiers 2 and 3 to share their experiences and learn from each other. We will facilitate these events in such a way that we create peer-to-peer exchange while capturing knowledge and insight into organisations’ experiences.

March: Planning meeting
BOP and ACE to meet to discuss the forward plan of evaluation project.

9.1.2 Quarter 2: April – June

April: Tier 1 research
To date our research has been focused on Tiers 2 and 3. Over this first quarter, we will engage with Tier 1 organisations which have been concentrating on building their endowment as they work towards the close of the matching scheme. Due to the small number of organisations involved, we propose that research will be about facilitating an exchange between organisations. A session will be run which will bring together lead members of staff involved in the Catalyst process to think through the challenges and successes they have encountered. A short registration questionnaire will help us gain insight and plan the event to best engage with organisations.

April – June: Field work
We will take a similar approach to Year 1 by carrying out in-depth case studies to understand what organisations have been achieving. We suggest some of the following themes to further guide case study work and analysis, building on the success of the Year 1 approach:
- Investigate how well Tier 3 consortia are working
- Further analysis of role of trustees and boards.
- Understand how organisations have achieved match-funding.
- Understand how they plan to sustain the momentum created by investment.

9.1.3 Quarter 3: July – September

September: Programme survey
Following the end of the Catalyst programme, we suggest that we undertake another programme survey to look back across the programme. This survey will be shorter than the first survey.

9.1.4 Quarter 4: October – December

Further fieldwork:
This quarter will fall three months after the official end of the programme. We will begin to take a look back over what was achieved in full with case study organisations and find out how they are planning to take forward their fundraising work. We will take time to analyse the onward fundraising strategies to see how they will 1) continue to raise private fundraising support and 2) continue to invest in building capacity within their organisations.
10. Appendix

10.1 Full List of Year 1 Interviewees

Case studies
1. New Writing North, Literature, North East
2. Spike Island, Visual Arts, South West
4. Equal Arts, Combined Arts, North East
5. Dance Exchange, Dance, West Midlands
6. Birmingham Hippodrome, Combined Arts, West Midlands
7. National Centre for Circus Arts, Theatre, London
8. Create Gloucestershire, Combined Arts, South West
10. FACT, Visual Arts, North West
11. B Arts, Combined Arts, West Midlands
12. Salisbury Festival, Combined Arts, South West

Stakeholders
1. Keith Nichol, Head of Philanthropy, DCMS
2. Anne Young, Head of Strategic Business Development, HLF
3. Amanda Rigali, Cause4, Arts Fundraising and Philanthropy Programme
4. Sue Hayton, University of Leeds, Arts Fundraising and Philanthropy Programme
5. Michael Nabarro, Managing Director, Spektrix
6. Libby Penn, Director of Business Development, Spektrix

Donors
1. Ewan Hunter, Director, The Hunter Foundation
2. Cathryn Pender, Grants Director, John Lyon’s Charity
3. Nicky Lappin, Research and Information Manager, The Tudor Trust
4. David Hall, Chief Executive, The Foyle Foundation
6. Aliceson Robinson, Chair of the Young Patron Committee of the National Theatre
7. Omar Al-Qattan, Chairman, The A. M. Qattan Foundation
8. John Studzinski, Senior Managing Director & Global Head of Blackstone Advisory and Founder and Chair of The Genesis Foundation, at Genesis Foundation
9. Alan Bookbinder, Head of the Sainsbury Family Charitable Trusts
10. Philippa Charles, Director, Garfield Weston Foundation
11. Regis Cochefert, Head of Arts, Paul Hamlyn Foundation
12. David Chinn, Partner, McKinsey, and Trustee, Chair of Development Committee at National Centre for Circus Arts
10.2 Sample of case studies

New Writing North: Recognising your fundraising assets and articulating your value

What kind of challenges was the organisation experiencing?
New Writing North (NWN), a writing development agency based in the North East of England, had previously developed a desire to design and implement a fundraising strategy. However, it was felt that the organisation would not be able to sustain the extra effort, due to its limited capacity and its high amount of project and programme work. In addition to these internal constraints, the organisation felt disadvantaged because of location as well as because of its artform: ‘There are not many potential businesses interested in supporting the arts—and especially literature—in the area,’ observed Claire Malcolm, Director.

What did they do?
In spite of these environmental challenges, NWN applied for the Catalyst Capacity Building and Match Funding Grant in order to secure enough resources to put its fundraising ambitions into practice. The Catalyst award enabled the organisation to invest in fundraising training and to build the necessary internal support for fundraising activities. The organisation further invested in a set of fundraising tools, such as an online donation system, fundraising leaflets and brochures.

Conscious that the organisation’s capacity was still quite stretched, NWN was determined to act as strategically as possible and worked to identify the ‘donor friendliest’ parts of its work: projects which were more likely to appeal to prospective donors. NWN understood that the Northern Writers Awards and Cuckoo Young Writers programme—two initiatives aimed at supporting writers of all ages—would most easily attract support. It also thought creatively about how to tell the story of the organisation compellingly, in a way that emphasises the importance of supporting the cultivation of literature in the North East of England.

Having developed a fundraising infrastructure and a sound fundraising strategy, NWN began to proactively approach new donors. The organisation initially set its focus on trusts and foundations, a field in which it had previously been successful, but purposely retained an open attitude, hence also scanned the environment for opportunities in individual giving and corporate giving. With the help of the Chair of the board, Jonathan Blackie, NWN identified and approached a diverse set of potential donors, mostly based in the local area.

What have they achieved?
During its two years as a Catalyst recipient, the organisation has been able to successfully build a portfolio of new donors.

First, the organisation succeeded in securing two corporate donors, including the University of Northumbria, who committed to support the organisation’s activity and in particular its annual event, the Northern Writers Awards. Quite unexpectedly then, corporate donations now constitute an important part of their overall revenues, accounting for 74 per cent of their total private funding.

In tandem, NWN also managed to constantly grow its regular individual giving by developing an online donation system and developing new events, such as fundraising dinners. The organisation also experimented with new ways of giving and they successfully crowdfunded to set up a new award category in their Northern Writers Awards.

Finally, the organisation kept on targeting trusts and foundations, but ventured into producing more complex and ambitious bids. NWN has recently managed to successfully secure new grants, including a new three-year grant from the Ballinger Charitable Trust.

Reflecting on these achievements, Claire emphasised the positive influence of match funding: ‘Going out there and pitching to people is much easier if you can say your donation will be matched. We felt empowered when we were negotiating with our corporate partner; it makes a difference if you can say: your donation will be matched.’
What key lessons can be drawn?

NWN’s success is remarkable, especially given the relatively small size of the organisation, the nature of its work and its location. It is often argued that small arts organisations based outside London face the toughest challenges when attempting to grow private revenues. Fundraising for literature may also be particularly challenging, compared to other artforms.

The experience of NWN clearly shows how, by developing a proactive and strategic attitude and by building confidence and awareness about organisational assets, small organisations outside London can also achieve significant results – even if, as Claire admitted, identifying and securing new donors had not always been easy. But the organisation does not get discouraged, maintaining a positive and open attitude. ‘We know what we need to do now. We learned a lot about how it works. Catalyst has enabled us to build the confidence to knock on the door of people we would not have been confident approaching and pitch to them.’

Claire further explained that NWN’s successes are the result of substantial internal commitment. Fundraising responsibilities have been devolved across the organisation and, as a result, members of staff feel more confident and positive about private fundraising. The question now for NWN is how to keep investing in fundraising when the extra capacity afforded by the Catalyst grant is gone. However, its accomplishments so far suggest that its positive attitude, strategic approach and new learning gained throughout its experience as Catalyst grantee stands them in good stead for the future.
Streetwise Opera: Being innovative

What kind of challenges was the organisation experiencing?
Streetwise Opera has long been well known for its innovative approach. Having succeeded in the delicate task of blending artistic excellence with social practice, the organisation works across the UK to provide homeless and formerly homeless people with opportunities for development through participation in music making. While approaching its 10th anniversary in 2012, the organisation felt it was time to embed its innovative attitude to the organisation as a whole in order to ensure its future growth and resilience. Growing the level of private fundraising was seen as integral to the organisation’s future strategy.

Securing the Catalyst award in 2012 was particularly timely. Experienced in dealing with Trusts and Foundations and with corporate donors, Streetwise Opera was eager to venture into growing individual giving. According to Bridget Rennie, Head of Development, there had never really been a proactive approach to growing this particular income stream. Previous experience in attracting individual giving had been largely opportunistic, with donations being mainly driven by the Directors’ and board members’ personal contacts. It had been previously felt that individual giving was an untapped revenue stream but there were not enough resources to explore it.

What did they do?
The organisation first utilised the Catalyst grant to develop its existing fundraising infrastructure, developing more capacity and accessing specific fundraising training. In addition to acquiring the necessary capacity to explore this new revenue stream, the organisation piloted a broad set of new tools, systems and activities.

In line with its specific objective of targeting individual givers, the organisation first concentrated on better understanding its audience and donor spectrum. By using the popular online survey tool Survey Monkey, the organisation carried out a simple survey to ask its audience and its donors about the motivations behind their engagement with, and support to, Streetwise Opera. The survey was completed by a significant number of respondents, whose answers generated valuable insights, such as donors’ fascination with the intersection between art and homeless people, and their desire to see more workshops and more shows.

Streetwise Opera also worked to promote its new image as a more donor-friendly organisation, undertaking a website redevelopment and designing fundraising leaflets. The organisation also launched two campaigns: a 10-year anniversary campaign and a Christmas campaign, both of them marketed through different channels (email, post and website).

Streetwise Opera also successfully experimented with new communication tools and with new ways of giving, such as crowdfunding. Having learned about its donors’ enthusiasm for its performances through the survey, the organisation tried to incorporate more media and visual elements in their communication strategy. ‘Film is a really good way to show our face all year around,’ noted Bridget, explaining how multimedia enables Streetwise Opera to overcome some of the challenges associated with not having a venue, or an intensive touring programme.

Streetwise Opera has also worked to develop a new Customer Relationship Management (CRM) system. The CRM gathered information about the whole donors and audience members lists in a single space and all members of staff benefitted from fundraising training. As a result, the organisation was better able to target individuals when organising events or launching new campaigns, but also to work more efficiently as an organisation as a whole.

What have they achieved?
Although the sorts of investments highlighted are likely to generate higher returns on investments in the medium term, the organisation has already obtained some important achievements. Since receiving its Catalyst award two years ago, the proportion of individual giving in the organisation’s total private revenues has increased over twofold in the past two years. Further, the organisation quadrupled its individual giving base and also secured donations by four major donors.
Another important outcome, arguably the most important of all, is that the possibility of unlocking private funding is now felt much more within the organisation. In the past, fundraising was associated with an element of risk, as the outcomes of new tools and processes are often uncertain. But the Catalyst grant minimised this risk, by providing funds which had to be invested in fundraising.” As a result, the board of trustees as well as senior management now better appreciate the opportunities associated with fundraising from individuals, and feel more confident about the idea of investing in fundraising resources. ‘It has created a bit of a cultural change in the organisation, where now the value of investing in this kind of activity is appreciated. We have demonstrated that having some money for fundraising makes you more money. It pays off in the long run.’

What key lessons can be learnt?
The positive outcomes accomplished by Streetwise Opera so far are linked to their original ambition of being innovative. The organisation succeeded in piloting new tools and in identifying and developing new viable systems and solutions that are tailored to the specific characteristics of the organisation.

The experience of Streetwise Opera also showcases how Catalyst can help organisations become more innovative in their approach to fundraising. ‘We got the chance to invest in things we would never have otherwise,’ commented Bridget. ‘Catalyst has definitely provided us with the opportunity to explore new pathways – things we always wanted to try out but have never really done, because we did not feel like we could justify the investment.’
National Centre for Circus Arts: Embedding fundraising across the organisation

What kind of challenges was the organisation experiencing?
As with many arts organisations in the UK, the National Centre for Circus Arts has recently faced some significant challenges. The Centre is the largest organisation for the development of circus arts in the UK. However, it had been substantially hit by the recent economic crisis, losing some of its public funding and experiencing a progressive decrease in its level of corporate support sponsorship, an important part of its overall revenues. As a consequence, the senior management team decided to try to grow the organisation’s philanthropic revenues in order to preserve the future stability of the organisation. However, when they announced their new philanthropy targets and started to implement their fundraising strategy among the staff, there was an initial feeling of perplexity, almost uneasiness. Many staff members did not fully understand why the organisation needed to raise funds and had not fully bought into the charitable nature of the organisation.

What did they do?
The senior management team and the fundraising team understood that, if any substantial progress was to be achieved, the culture of the organisation needed to be changed. They therefore decided to take the time to clarify the ‘why’ of the fundraising mission internally. With the help of the finance team, the executives gave internal presentations to illustrate how fundraising had to become an important part of their revenue streams if the organisation was to continue delivering world-class circus arts training. The presentation was not too technical, and information was conveyed in a simple and direct way. ‘People felt more confident and knowledgeable,’ commented Head of Development Rachael Palmer, reflecting on the result of the presentation.

After clarifying the ‘why’ of their fundraising strategy, the fundraising and senior management teams proactively sought to cultivate a culture of fundraising within the organisation and to engage members of staff in their fundraising efforts, making clear that every little helped, and that everyone could be a fundraiser. A range of new fundraising campaigns were launched and members of staff were encouraged to develop a donor-friendly attitude to those visiting the organisation.

The success of these internal campaigns is reflected by many achievements, from full donation boxes to students and employees enthusiastically acting as fundraising ambassadors. A particularly striking example is provided by how Aileen Getty, a well-known American philanthropist, became the first major supporter of the organisation. When Aileen’s PA called to enquire about the possibility of scheduling some private classes for Aileen, in theory the staff member who took the call should have simply answered that the Centre does not offer private classes. However, she decided to note the contact details and to report the call to her senior manager: she understood that Aileen may be potentially interested in supporting the organisation. Aileen Getty is now a major donor to the National Centre for Circus Arts, having agreed to give £200,000 per annum to the organisation over three years.

The importance of fundraising was not only communicated to staff members. Engaging members of the board in the organisation’s fundraising strategy has been another important commitment of the National Centre for Circus Arts. At first, the task seemed particularly challenging. According to Jane Rice-Bowen, Joint Chief Executive, board members were used to giving time, rather than giving money. However, the fundraising team was able to engage the board in fundraising through the organisation of special events, such as an evening at Fortnum & Mason and an Inaugural Gala to celebrate the organisation’s 25th anniversary.

Another important change at board level occurred when the organisation recruited David Chinn, a partner at McKinsey who is passionate about circus, to be a trustee. David brought in further fresh enthusiasm towards fundraising, committing to act as a fundraising ambassador for the organisation and articulating an ambition to raise substantial amounts of funding for the National Centre for Circus Arts.
What have they achieved?
These positive achievements are largely reflected in the changes to the organisation’s revenue portfolio. Since the receipt of its Catalyst award in 2012, the organisation’s proportion of private revenue has doubled and private funding now accounts for 18 per cent of the organisation’s total revenues. Major donations account for the large majority of the organisation’s private revenues (60 per cent), which have increased from zero to almost £300,000 in less than three years. Other individual giving streams have also increased, and total individual giving has grown to become the most significant private revenue stream.

What lessons can be drawn?
The National Centre for Circus Arts is a good illustration of how engaging the organisation as a whole can substantially boost an organisation’s fundraising strategy. Fundraising strategies are most successful when fundraising is not just a separate activity – an independent task carried out by a few people within the organisation – but when fundraising becomes a process that permeates the entire organisation, a process that is owned and shared across different levels and different departments. As observed by Jane: ‘Fundraising needs to be a team effort, with lots of people playing different roles.’ The case of the National Centre for Circus Arts also shows how Catalyst can help organisations to secure enough capacity and resources to invest in developing an effective internal communication plan. ‘Catalyst,’ she added, ‘definitely bought us more time and it gave us the opportunity to have detailed internal discussions, generate and share ideas. It made it fun as well! I felt engaged and excited about it.’
Ministry of Stories: Defining and articulating a strong and unique mission and vision

What challenges were they facing?
The Ministry of Stories (MoS) is a creative writing and mentoring centre for young people, based in East London. Since Ben Payne, Lucy McNab and the well-known writer Nick Hornby set up the organisation in 2010, MoS has grown rapidly. In its first year, the organisation built a cohort of over 500 volunteers, who delivered support to 2,500 young people. MoS is now in the process of scaling up nationally, setting up further ministries throughout the UK.

MoS’s rapid but steady growth can be closely linked to its strong mission and vision statement and to the original model. The organisation aims to inspire young people through creative writing and storytelling, helping them to build their confidence, self-respect and communication skills. MoS’s ambition is ultimately that of building a nation of storytellers. The company provides mentoring and advice to young writers, relying on a large cohort of volunteers, which includes writers, teachers and artists. The organisation’s writing centre is located in the heart of Hoxton, behind their Monster Supplies shop, a retailer which sells sweets and oddities.

Notwithstanding the positivity of the MoS success story, such speedy expansion has also brought about several challenges, especially from a managerial perspective. In particular, developing and retaining a clear sense of shared purpose across the organisation as it scales up both in London and nationally is not an easy task, but it is an essential one: its strong mission and vision largely lies at the heart of its success.

MoS’s private fundraising experience so far reflects the wider strengths and weaknesses of the organisation. The organisation has already achieved significant success, attracting a range of high-profile donors such as Colin Firth, Emma Thompson, Google, Pearson and UBS, among others. Once again, the donors were largely attracted by the uniqueness of the organisation, which MoS sought to embed and express in their fundraising proposition. For example, its major donors’ scheme involved setting up ‘ministerial appointments’ (e.g. Colin Firth is the Minister of Fluency).

The challenge now is to make sure that the uniqueness of its work is integrated into the private fundraising proposition of the forthcoming consortium to help grow a network of further Ministries across the UK. A further challenge is how to fully articulate the value of what MoS does to different groups of donors, something which MoS feels particularly strongly about but has had difficulties with in the past.

What did the organisation do and what has been achieved?
After securing the Catalyst grant in 2012, MoS built enough internal capacity to formulate a more coherent fundraising strategy. In particular, the organisation invested time into making its board of trustees and advisory panel more fundraising oriented, recruiting a diverse pool of well-connected individuals who would be willing to commit to supporting fundraising activities.

The directors and their new board of trustees and development are now working closely to develop a sound, coherent and more targeted strategy. As a result, the organisation feels more confident about its fundraising proposition and is better equipped to articulate the value of the organisation to different donors. ‘We got to know ourselves better,’ said Director Ben Payne.

These discussions also helped the organisation to develop a coherent fundraising strategy, which can be shared by the forthcoming consortium.

What key lessons can be drawn?
The case of MoS is a clear illustration of how a strong and unique mission and vision can be an important enabler of private fundraising. Donors tend to be most attracted by an organisation that is clear about its purpose and that thinks creatively about how to deliver results.

However, the experience of MoS also shows how a strong mission and vision statement needs not only to be defined: it also needs to be articulated and communicated effectively, both within the organisation and across different types of donors.

As in the case of MoS, Catalyst has helped organisations to dedicate time to the internal research and the external consultations that
are needed to improve these two key aspects of an organisation's proposition.
Create Gloucestershire: Creating a better strategic vision and working together

The Tier 3 consortium is led by Create Gloucestershire (CG), a membership organisation which aims to create a more cohesive approach to arts and culture in the county. The consortium partners are Air in G, Artspace Cinderford, Art Shape, GDance, New Brewery Arts, Prema and Stroud Valley Arts. The seven consortium partners, all CG members, were brought together by CG to develop the project and prepare a collective bid. They are committed to collective working as well as seeking to advance their individual fundraising. The project is due to run until May 2015.

What challenges were the consortium partners facing?
At the start of the project, the consortium conducted an audit which identified some strengths and weaknesses within the group of partners. They could see that they had a strong track record raising money from trusts, commissions and earned income. With their local profile, the partners felt also that they had an asset base of individuals with a strong engagement. They were committed to changing their business models to sustain their offer and were willing to share learning.

However, there was limited capacity, expertise or activity around private donors and fundraising. There were no organised structures available to identify and cultivate private donors, either within or across the partners. There was also little input by trustees into fundraising activity at this time.

As a result, the levels of private funding raised were very low. Out of the partners, only two of the seven members spent any time developing their private funding income. Consequently, only one of the organisations in the consortium had received individual gifts worth over £10,000 and two organisations had received no individual gifts at all. When it came to diversifying income more broadly, only two organisations received any income from community events, two had business sponsorship links and only one had any experience of legacy giving.

What did they do through Catalyst?
The partners developed a joint action plan for building private fundraising across the consortium. The aim of this strategy was to improve skills, knowledge and capacity for private fundraising and to create a long-term impact on their business models. The focus was on how the partners could do more of their ‘art’ and how they could do it better. They therefore aimed to take a holistic approach to growing their family of supporters, not just short-term funders. Crucially, the nature of CG meant that the partners already had experience of working collectively, so the trust, respect and support required for successful joint working had already been established across a range of work streams.

The partners worked with a central fundraising consultant who supported and co-ordinated the consortium. The partners wanted to, where possible, share ‘back office functions’ – like wealth screening and training – rather than look to collectively fundraise. Both staff and trustees from partner organisations came together where possible to share training opportunities as well as to build capacity within their organisations through tailored training.

The co-ordinator worked with each organisation to develop an individual fundraising strategy, which identified targets and milestones, and plans to organise their internal systems. This process also identified how the available mentoring support should be used to help enact the plan. Bearing in mind the low level of engagement of trustees, the consultant has successfully worked with each of the organisation’s boards to develop their understanding and potential role related to fundraising. Reflecting the good levels of support and connection with the organisations from the local community, wealth screening and database work was undertaken to try to identify supporters who might be able to become more active with the organisations, financially or otherwise.

As well as attempting to develop individual income for the organisation, the partners worked together to create greater awareness and visibility of the arts in the county. The aim is to help to attract donors to give more in Gloucestershire. One idea was that a cross-county group of ‘Arts Ambassadors’ should be researched to help to lead on boosting
the profile of arts and its contribution to communities in the County. CG and the consortium partners have been trying to link other organisations’ work to promote Gloucestershire as a place to live and do business, illustrating the positive role that the arts play in the county. CG is now investigating whether a new funding pot from private sources could be developed which benefits the whole arts sector in the county.

**Learning and examples of success**

Key learning points for the Create Gloucestershire consortium include:

- **Developing confidence** – confidence has grown hugely through a combination of a new peer-to-peer network and the mentoring provided by the freelance consultant employed by CG.

- **Engaging trustees** – building involvement and engagement of trustees has been vital to progress. Moving the trustees into an active fundraising role has been a step change for the organisations, and this has been vital to ensure effective leadership can be created and to help build profile for the fundraising campaigns.

- **Improved friends and member schemes** – some of the partner organisations had existing member schemes which were actually inhibiting their fundraising potential. New Brewery Arts realised that the membership was serving as a discount scheme and that it was not helping them grow support. Now it operates a friends scheme with reduced financial incentives, more engagement opportunities but a higher price. Though this has reduced the number of supporters initially, it has made the group more engaged and active. Stroud Valley Arts is an artist-led organisation whose previous membership scheme was limited to artists. They have introduced a new ‘friend for life’ scheme where people pay a minimum of £1 to support the organisation. They have also redeveloped the Associate Member scheme which is aimed at artists and regular users who pay £25 a year to gain benefits such as being able to take studio space. Again, they are aiming to bring supporters closer to the organisation with members’ Supper Clubs and regular coffee mornings.

- **Building skills and capacity** – the focus has been on developing plans which are owned by the partners, rather than outsourcing through a fundraiser. Working closely with organisations has demonstrated how sometimes things like organising internal databases can take time. Building capacity in the organisations needs to be responsive and tackle the specific requirements of the organisation and, again, this can take time, but once confidence is developed, action is taken by organisations.

Examples of individual fundraising successes can be seen across the consortium and these include:

- **Prema** has moved from a ‘rather sell a kidney than ask for private funds’ to leading a £70,000 individual giving appeal as part of a £346,000 capital campaign; they are nearing the £70,000 target (currently at £50,000). Through work with its board, a trustee is now giving three hours a week to active fundraising, supporting the director in campaigns. This focused activity is starting to yield some returns, including the introduction of new High Net Worth Individuals to the organisation.

- **GDance** has an ambitious programme of inclusive productions, local events and training, and was trying to convert this enthusiasm into private support. As a result of the fundraising plan, they will embark upon a 20th anniversary campaign which will attempt to raise £20,000 from private sources. This approach has galvanised support from trustees who are taking a more active role in promoting the organisation and the campaign. The hope is that this will become an annual appeal in future years.

- **New Brewery Arts** have redeveloped their friends scheme and launched a £100,000 individual giving appeal as part of a £1.2million capital campaign linked to the development of The Barrel Store. They have developed a corporate partnership with St James Place to support fundraising events which will boost their income. They have recruited a new high-profile patron, who is helping to champion the work. To support their work, they have also recruited a part-time fundraiser within the organisation.
Arts Council England
The Hive
49 Lever Street
Manchester M1 1FN

Email: enquiries@artscouncil.org.uk
Phone: 0845 300 6200
Textphone: 020 7973 6564
artscouncil.org.uk
@ace_national
Facebook.com/artscouncilofengland

Charity registration no 1036733

Awarding funds from The National Lottery

You can get this publication in Braille, in large print, on audio CD and in electronic formats. Please contact us if you need any of these formats.

To download this publication, or for the full list of Arts Council England publications, see artscouncil.org.uk

ISBN: 978-0-7287-1552-3

© Arts Council England, March 2014


We are committed to being open and accessible. We welcome all comments on our work. Please send these to: National Director, Advocacy & Communications, at Arts Council England, address above.