THE ART AND SCIENCE OF ASKING AND GIVING.

A lecture by John Nickson

given at
Wissenschaftszentrum Berlin für Sozialforschung (WZB)
(Berlin Social Science Centre)
30 November 2015.

Firstly, I must thank you for your invitation to speak about fundraising.

I must also apologise for talking to you in English. Despite a life long fascination with German culture and music in particular, I cannot speak your language and I regret that. Thank you for your patience.

Professor Dr. Huck has asked me to talk informally about how to secure larger donations, based upon my career as a professional fundraiser.

I am not sure if WZB wishes to secure investment from philanthropists but let assume that you do.

In the course of the next half hour, I hope to persuade you that this is within your reach IF you are able to understand that donors are people who have needs and expectations as you do. You must be able to understand their needs and to tell them a compelling story about WZB and its needs in a way that is relevant to them. It really is that simple ---and that difficult.

I am going to tell you a story that involves, in alphabetical order:

Ambition, charisma, consensus, diplomacy, empathy, inspiration, instinct, leadership, luck, marketing, patience, persuasion, planning, research, strategy, tact, teamwork, trust and vision.

This description of what is involved and required does not only apply to fundraisers but to the many people in your institution who must be involved if fundraising is to succeed. Fundraising is a team effort in which you may find yourselves taking part.

Above all, this is a story about people and the relationships between them. This is because people give to people they trust.

I am going to tell you how I accidentally became a fundraiser in the 1980's and what I learned by being a Director of Fundraising for 4 British national organisations. By doing so, I hope to give you some insight and understanding of the British way of fundraising.
Whilst each culture must find its own method, I do believe that the fundamental principals of fundraising are the same everywhere because the need to give is deeply embedded in humanity.

I am acutely conscious that I know almost nothing about how people, foundations and business companies give in Germany and I hope to learn more whilst I am here.

Whilst I learned about all aspects of fundraising during my career, I came to specialize in asking people to give large sums of money, by which I mean thousands, hundreds of thousands and sometimes many millions of pounds.

My story begins in 1987 after Margaret Thatcher had won her third and final election victory. What we did not know then was that this election confirmed the end of social democracy as we knew it in the UK based on a model that had prevailed through successive governments since 1945. The neo-liberal revolution of 1979 then continued throughout successive Tony Blair governments and is being pursued with vigour by our current Conservative government today.

In 1987, we had not yet realised how profoundly the UK would be changed.

At the time, I ran the press office at British Council headquarters in London and was soon to become Director of Information. We knew that cuts to British Council funding would continue and that we needed to diversify and find alternative sources of revenue.

I recommended that the Council should seek funding from and form partnerships with business companies. I became Director of Information and Business Relations in 1988.

That is how I began a second career as a fundraiser at the age of 41, without any experience and knowledge. I had no idea what I was doing or what I should do next. I did, however, have the most tremendous good luck.

A colleague knew the Chairman of Rank Xerox Europe and so a meeting was arranged. The Chairman explained that because of Perestroika, Rank Xerox was looking for opportunities to expand its business behind the Iron Curtain. We put together a plan whereby Rank Xerox would pay for training managers from Eastern Europe and the Soviet Union and the British Council would organize the training in the UK. The deal was worth £3m to the Council, a very large sum then.

I must tell you that the most challenging and difficult aspect of securing agreement was the resistance of my colleagues within the British Council, then largely funded by the British Government.
Curiously for an organization supposed to be promoting Britain overseas, the Council was then inward looking. My colleagues were not used to considering the aims and objectives of anyone other than the British government and the governments in the countries where the Council was represented. They found it hard to adapt to the needs of commercial partners and sponsors.

However, agreement was reached eventually. I then had more good luck.

I knew that English National Opera was planning a tour of the Soviet Union to coincide with a planned summit between Thatcher and Gorbachev in 1990. The British Council had committed to supporting the tour by giving a grant.

The tour was to start in Kiev and I asked the Rank Xerox chairman if the company had interests in the Ukraine. He told me that the company would be opening an office in Kiev. I then did something I had no right to do because I had no way of knowing if the Council could deliver what I was promising.

I took a risk and it turned out to be exactly the right thing to do. I told Rank Xerox, in confidence that Thatcher and Gorbachev would attend the first night of the tour in Kiev.

The deal was done in minutes and Rank Xerox confirmed sponsorship of the tour for £250,000.

What I did not know then was that English National Opera was looking for a new Director of Development to be responsible for fundraising.

This was 1989 and arts fundraising in Britain was in its adolescence.

The arrival of Sir Peter Jonas in 1985 as the new Director of ENO was a seminal moment for culture in Britain. Jonas’s priority was to attract more people to enjoy opera with an emphasis on Music as Drama.

This was a time of renaissance for the opera going public in Britain, particularly for those who could not afford to go to the Royal Opera House. Radical and dramatic productions at ENO both shocked and thrilled the public. This was accompanied by a high profile and sophisticated marketing campaign.

Peter Jonas had learned about fundraising in Chicago whilst managing the Chicago Symphony Orchestra for Maestro Solti and he brought a highly experienced American fundraiser over from Chicago to join the new ENO team in London. This was probably the first time in the UK that a sophisticated team of arts managers, musicians, marketing and fundraising professionals had worked together to maximise artistic, political, fundraising and public support.

ENO’s American fundraiser had great success in recruiting business companies to sponsor opera productions. However, for personal reasons she decided to
leave in 1989 and that is when Peter Jonas asked me to work for ENO. This was because I had secured additional sponsorship for ENO’s Soviet tour.

I told him that although I was in love with music and opera, I had virtually no fundraising experience and no experience of working in a large national arts company.

Jonas did an extraordinary thing. He told me that my lack of experience was irrelevant. He took a risk by saying that he knew I could do the job and he would teach me what I did not know. And so I joined ENO as Director of Development.

I found leaving the British Council difficult but I felt I had no choice because it was clear to me that there was little understanding of sponsorship and its potential. I mention this because successful fundraising is impossible if it is not supported from within. I should add that the British Council is very different today.

I joined English National Opera in time for the Soviet tour. Gorbachev did not attend the first night of the tour but Thatcher did. When she entered the opera house in Kiev, the ovation almost raised the roof. The chairman of Rank Xerox was very happy.

I will give you one other example of our fundraising success at ENO and then sum up what can be learned from this exhilarating time.

In 1990-91, ENO planned a season of twentieth century opera. A recession was on its way and public spending was under pressure. In order to avoid a deficit, all 19 productions in that challenging season had to be sponsored.

A few years earlier, ENO had given the UK premiere of Shostakovich’s masterpiece, Lady Macbeth of Mtsensk. This was a particularly expensive production with a huge cast and chorus and onstage bands. I did not believe a business company would want to sponsor it and so decided that we should appeal to our audience and ask them to be the sponsor.

I believed that we could do this because a combination of ENO’s artistic success and imaginative and high profile marketing had attracted a committed audience.

So it was that 6 months before the opening of Lady Macbeth, we made a series of speeches from the stage just before performances, speeches lasting no more than three minutes appealing to the audience to sponsor the forthcoming production. This required support from everyone involved backstage, onstage, in the orchestra pit and in the front of house. It was a challenge to persuade the audience to listen when everyone, including the conductor, orchestra and singers, wanted me to get off stage so that the performance could begin.
I believe that our campaign in 1990 was the first example of arts crowd-funding in the UK. The most recent was the Royal Academy of Arts’ campaign for the current Ai Wei Wei exhibition, specifically to create a forest in the Academy's Courtyard.

At ENO, we raised more than £100,000 from the public to sponsor Lady Macbeth with an average donation of just under £40.

This was an extraordinary example of public commitment and a tremendous endorsement of the company.

Our appeal to the public also generated some larger personal donations who became significant donors later.

I have told you about my experience at ENO because I learned so much about the motivation of people who give and what appeals to them. We were successful because our public understood our need.

They understood what the company stood for and what it was trying to achieve. They had confidence in the company’s artistic leadership and management. ENO had given many their first experience of opera. They enjoyed and were enthusiastic about our productions. They wanted Lady Macbeth to return. They were convinced by the case for support made by those who spoke from the stage (mostly me and Peter Jonas) and believed that they could make a difference by giving. Above all, they UNDERSTOOD our need and WANTED to give us more money in addition to buying a ticket.

The component parts of any successful fundraising campaign may be found in what we called Sponsor An Opera.

The Sponsor an Opera campaign would not have been a success without the active support and cooperation of everyone in the company.

Above all, the lesson from the success of ENO during this period was the importance of inspirational leadership.

Peter Jonas left ENO in 1993 to be an outstandingly successful director of the Bayerische Staatsoper in Munich and he knows how fundraising works in Germany.

By the time I left ENO in 1996 after 8 years, I had learned a lot but there was even more to learn from my time at the Royal Academy of Arts and Tate.

The Royal Academy of Arts was founded by King George the Third in 1768, during The Age of The Enlightenment. The RA is a superior sort of Trade Union for artists. It was always independent of government, does not receive public funding and is entirely dependent upon donations and sponsorship in addition to what it charges for exhibitions. Its main business is to mount exhibitions and to run the oldest art school in the UK.
The RA lives in a very grand and expensive building on London's Piccadilly and has had to raise millions to maintain and develop the building in addition to its running costs.

When I arrived in 1996 it was on the point of bankruptcy. There was a multi million pound deficit and the head of finance was in prison for fraud. The Academy has a complicated form of governance. It is run by a membership of elected artists who do not always like each other. This is not a recipe for harmony. King George the Third is reputed to have said: “God save me from disputatious artists”.

In 1996, whilst the artists were disputing with each other, the Director was increasingly invisible and the Academy was running out of money.

In a sentence, the Royal Academy was spectacularly badly managed.

The structure at the Academy was this: The artists were the governors. They recruited the executive. We, the executive, were called the servants. And then there were the trustees who had no power over either the artists or the executive, who guarded an endowment fund that donated a million a year to the Academy.

Despite virtual civil war between the Academy’s various factions, I stayed for almost 10 years and mostly loved my time there. This was because of the quality of the people I worked with, particularly my senior management colleagues and the trustees.

The most important lesson I learned there was how to work with a board of trustees and how to inspire them to give their money and to ask their networks to support the Academy.

In 1996, this was hard to do as the Academy’s public reputation was tarnished by financial scandal and internal discord.

My first job was to talk to the guardians of the endowment, the trustees. I had never been in this situation before but instinct told me that this must be the right thing to do. It was. I found myself talking to a much respected and loved trustee who was also a sympathetic and philanthropic billionaire. I proposed we establish an Exhibition fund that would be a device for pulling in urgently needed money. Our billionaire gave us £800,000. Other trustees either gave or engineered donations that provided the million we needed so urgently.

The priority was to rebuild confidence. Having solved the immediate financial crisis and recruited a new director and a strong management team, we could concentrate on refining our fundraising strategy and setting out a coherent case for support from donors.
None of this would have been possible without our trustees who were the guardians of our reputation in the world of philanthropy. By working together, we were able to increase annual giving by corporations and donors and raise capital to restore and redevelop our estate, amounting to a total of £110 million over nine years.

The principal lesson I learned from my 10 years at the Royal Academy of Arts was the need for integrity in both governance and management.

Without integrity, there is no confidence. I also learned the importance of unity of purpose and the need for mutual understanding and trust between executives and non executives. I also learned that the board and executive of successful fundraising institutions look to the director of fundraising for leadership, to provide a fund raising strategy that is consistent with and supports the overall strategy of the institution.

The Director of Fundraising must be a senior appointment, a key member of the senior management team who coordinates fellow senior managers and board members, who directs them in support of achieving fundraising objectives.

By this point, in 2004, I was in my late 50’s and thought that I might stop being a professional fundraiser when I was 60. 20 years as a Director of Fundraising seemed long enough.

However, I was persuaded by Sir Nicholas Serota, Director of Tate, that I should work for him.

There are 4 Tate galleries in Britain, collectively known as Tate after a rebranding exercise when Tate Modern opened in 2000. Tate Modern is the most popular museum of modern and contemporary art in the world in terms of attendances averaging around 5 million a year.

Tate is also one of the most successful arts organisations in Britain because of the quality of its leadership. Nicholas Serota, who has run Tate for over 20 years, is an exceptional leader because of the clarity of his vision, his single minded determination to succeed, his ability to communicate and to persuade, his understanding of power, including his own, and of the need to work with a powerful non executive board and to appoint the highest calibre of staff.

Nicholas Serota also understands fundraising. The transformation of Tate into one of the world’s leading cultural brands could not have been achieved without significant public sector and philanthropic funding. Serota, his trustees and his most senior executives were brilliantly successful in persuading government and major international philanthropists that London needed a museum of modern and contemporary art and so they were successful in raising the £130m needed to build Tate Modern in 2000.

Tate was successful because Serota and his team developed a compelling case that demonstrated what a new museum would mean for a relatively deprived
part of London, its impact upon the local economy, upon London as a cultural and financial centre, upon the reputation of Britain and for the future of contemporary art. The case was backed up by a compelling business plan.

Interestingly, one of the first appointments made as planning for Tate Modern began in the 1990's was a community officer whose job was to engage with local people, businesses and local government.

Planning was an outstanding success in almost every respect but one. The team failed to anticipate visitor numbers which were double what was expected. And it was for this reason that Nicholas Serota asked me to join his team. Tate Modern had to expand and build an extension that would double its size.

Serota was concerned that although his fundraising team was doing extraordinary well in terms of attracting major international business companies to support Tate with sponsorship and annual membership, at that time there was no one in his team with experience of raising large sums of philanthropic capital from private individuals and trusts and foundations.

Given my experience and track record at the Royal Academy, Nicholas Serota was eventually successful in persuading me that I should extend my fundraising career and join the team, which I did in 2005.

My first task was to persuade the Tate trustees that they should start a campaign to raise almost £300m for capital projects. This was before the recession.

The second task was to write a case for support to persuade the government and private philanthropists to give £215m towards the cost of doubling the size of Tate Modern.

I am emphasising the importance of what we call the case for support because it is the starting point for designing any fundraising strategy.

Writing a case for support is much more difficult than it may sound. What was the new Tate Modern building for? This is the most obvious question and you might expect the answer to be obvious but the question produced a number of different answers and none of them were satisfactory.

Creating more space for visitors to give them a better experience may be a good idea but should it cost £215m? Eventually, it was agreed that the extension of Tate Modern would enable Tate to show larger art works as well as performing arts for the first time and, in addition to creating much more public space, would enable visitors to engage with the collection in innovative and interactive ways.

Writing the case for support required the involvement of almost every part of Tate and necessarily took a long time. It is not possible to design a strategy to raise money until the case for support has been defined and agreed. The case for support and the subsequent fundraising strategy also required the agreement of
the trustees who should act as ambassadors and, in some case as fundraisers as well as donors.

Fundraising at this level requires a sophisticated approach. We needed a pledge from the government to add credibility and security to the project and to encourage those private donors who like to be seen as partners with government. We were fortunate to secure a £50m grant from the Labour government just before the international crash.

When dealing with the most significant and senior philanthropists, it is important to recognise that their motives for giving may be more about recognition by a small number of the most powerful world leaders rather than a wider public. It is often necessary to find intermediaries who are very close to a prospective benefactor and who will conduct negotiations on their behalf before there is any first hand meeting. Sometimes, negotiations never get to that point. It may also be necessary for the British Prime Minister to telephone a prospective philanthropist to say how much Britain would appreciate and welcome their generosity.

Throughout this long process of the most sophisticated form of love making, many of my senior colleagues would be involved in telling Tate’s story, why we needed so much money and how their generosity would transform Tate and the experience of our visitors.

Public benefit is a fundamental requirement of most donors and all those seeking public and private funding need to be able to prove that the public interest will be a priority.

I retired from Tate in 2011 after almost 25 years as a Director of Fundraising. Between 2005 and 2011, Tate raised about £230 million of capital, despite recession. Also during this period, we increased annual donations at the £10,000 level by 120%, despite the recession.

It is worth pausing to reflect why Tate was so successful.

Visionary and charismatic leadership had inspired and convinced the government and the private sector that Tate was making a valuable contribution to international culture and the national interest.

Tate had created an international brand worthy of investment.

Tate had articulated clear plans to create both cultural and social capital and that is why it has been so successful in attracting both public and private investment.

Tate’s senior management and the chairman and trustees of Tate’s governing board were all involved in planning the investment programme and supported fundraising in a variety of ways, whether directly or indirectly.

The essential point is that fundraising must be a team effort.
My role was to act as the conductor of an orchestra and to ensure a perfect ensemble and the most powerful performance possible.

The Tate Modern extension project has taken longer than anticipated because of recession but the new building will open in the summer of 2016.

We should now reflect upon the importance of philanthropy to Tate in the context of declining public funding.

Over a period of 25 years, Tate’s grant from the government has declined from 80% of budget to 35% in 2012/13.

During the past 25 years, a combination of public funding and philanthropy has enabled the physical expansion of Tate from one to four galleries and an increase in visitor numbers from 1.7m to almost 8 million. Clearly, as public funding declines, Tate, in common with other cultural organisations, will have to rely more upon philanthropic giving and to continue to generate more revenue by being even more entrepreneurial.

Reductions in public funding have also been significant in the higher education and university sector. Fundraising by British universities was slow to take off but is now showing significant growth. Between 2007 and 2012, philanthropic gifts increased from £500m to almost £700m a year. 35% more funds were raised from 54% more donors in 2012.

This reflects a significant change in attitude and policy. Universities have lost most of their teaching grants from government and charge fees. These, however, are insufficient and universities are seeking philanthropic funding to provide bursaries for students from low income families, to fund post graduate students, to fund research and to provide capital for investment in buildings and infrastructure.

One significant reason for the growth in philanthropic giving was a challenge grant from government that matched every pound donated up to a maximum of £400 million. Donors like doubling their money.

I suggest you read pages 125 and 140 in my book Giving Is Good For You for an account of how Manchester University has successfully embraced fundraising. Chris Cox, the university’s Director of Development told me: “We talk about the university as an agent of change and progress. Our case for support is much more about the future rather than the university”.

This radical change in funding has also encouraged the most imaginative universities to engage more with local business, local communities, local cultural institutions and local government.

This is certainly the case regarding the Royal College of Music where I am a trustee and at University College London, my alma mater.
All the trustees of the Royal College of Music are contributing to a £35 million appeal as are members of the fundraising department. At UCL, the Director of Development and members of her team are giving a monthly donation to the College. This represents a significant cultural shift.

For example, UCL has been successful in exploiting a new 5p levy on plastic bags for shopping. Some supermarkets in London are donating the levy to help fund a new Dementia centre established by UCL and UCLH.

The British Government is committed to shrinking the size of the state and reducing public spending from 45% of GDP in 2010 to 36% by 2020. This will have profound implications for our country. Whether or not the government succeeds in reducing the size of the state, the government will provide less in terms of funding for institutions and social welfare.

This will put pressure on Britain’s third or voluntary sector. The sector is not equipped to meet extra demand, partly because philanthropic giving has not increased for 30 years despite a colossal increase in personal wealth.

The British government spends £750 billion a year. The expenditure of the voluntary sector and all charities is £40 billion. Donations from personal giving is £10 bn.

Whilst annual charitable giving of £10 billion is a relatively small figure compared with government spending of £750 billion, philanthropy often acts as a catalyst that generates much more funding.

For example, the creation of an Institute of Reproductive Biology at the Hammersmith Hospital in London has proved transformational in our understanding of fertility and has produced research that has enabled many more women to have children. The Institute was entirely funded by philanthropy totalling £15 million and would not have been founded without it.

A £20 million pound donation to University College Hospital in London to establish an experimental neurology centre has attracted further private and public funding that will lead to the creation of new Dementia Institute.

These are only two examples of the crucial role that philanthropy can play as a catalyst, enabling academic research and new practice that would not otherwise happen and which should benefit millions.

As the state retreats, we shall need much more philanthropy in Britain and many more imaginative partnerships between the public, private and voluntary sectors. This will be a challenge and require cultural change. That is never easy.

This will be the subject of my next book. The reason I am in Berlin is for research to enable me to understand how Germany has been so successful in rebuilding civil society after 1945 and reunification.
I believe that Germany may have something to learn from us about philanthropy but we have something to learn from you about creating and sustaining a consensual society.

I fear that I have not able to do justice to my topic in half an hour and I hope that we may explore further during questions, not least the dangers of following the US model and the need to ensure a mixed economy. I would also like to talk further about the way in which philanthropy acts a catalyst for change and innovation and can achieve what other forms of funding cannot.

However, I hope I have persuaded you that fundraising is a science in terms of the need for research, analysis, planning and methodology and an art form in terms of its delivery and appeal to the emotions.

You may tell me that Germany does not have a culture of giving. I must tell you that Britain did have a culture of giving in the nineteenth century but we have almost lost it. The challenge for us is to create a new one.

That is why I am a missionary about giving. I believe that intelligent giving is good for the donor and good for society. Giving is not the answer to every problem and I believe we need an enabling state. However, giving to others is one of the highest expressions of humanity.

Thank you.