

**wslf
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**VALUE & IMPACT
STUDY**

**DEVELOPMENT
SUMMIT**

May 16 – 17, 2007

Hosted by Stanford Lively Arts

 **ENGAGE**



Welcome to the Value & Impact Study Development Summit

- Participatory learning exercise
 - An abbreviated version of the marketing summit that took place in Feb.
- This is the bridge between theory and practice
 - Translating research into application
- Taking our collaboration to a new place
- Moving beyond what we know and leaving our safety zones
- Investing in each other's learning experience

Desired Outcomes of our Meeting

- Gain an understand of the new donor typologies
- Hear what happened at the marketing summit, and what ideas were generated for using the ticket buyer model
- Gain a sense of how we can use the donor model
- Brainstorm some specific campaign ideas
- Talk about a future means of classifying donors



**Donor Segmentation Model:
Methodology & Key Findings**

MUP Value & Impact Study

Online Survey Methodology

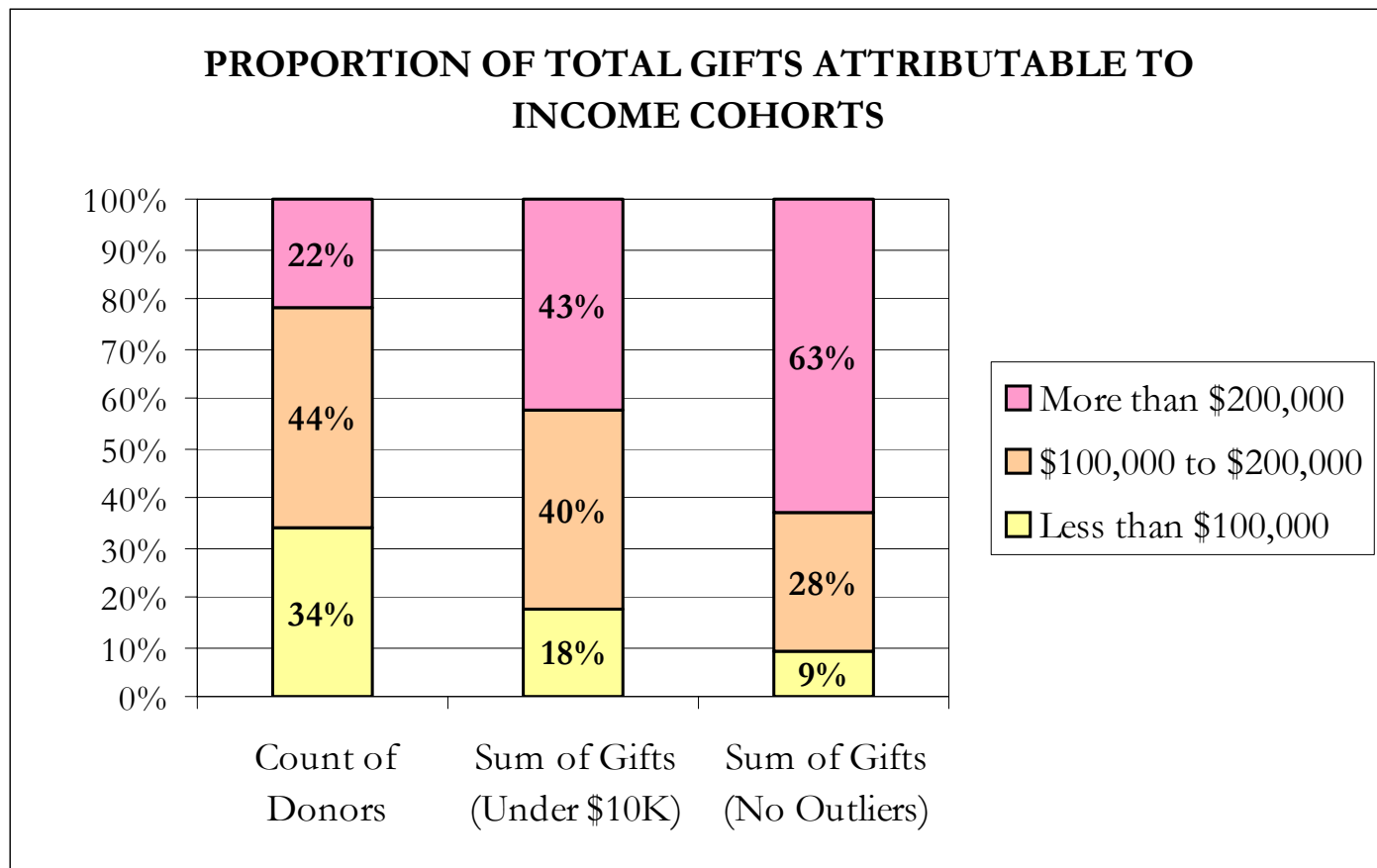
- Protocol builds on qualitative data from interviews
- Extensive protocol design effort
 - Study partners contributed a great deal to the protocol
 - Pre-test with UMS respondents
- 7,252 email invitations sent to 12 donor email lists
- 1,771 responses received (24% response)
- Lengthy survey (about 15 minutes to complete)
- Aggressive use of incentives
- Survey data matched to gift amounts through email address
- Acknowledge sources of bias in the data

Cluster Analysis

- Many iterations were run, involving three to 10 segments
- Different combinations of variables were tried
 - *Strictly attitudinal variables - this is not a demographic model*
- Very multi-dimensional model
 - *Driven by motivations, salience of benefits, support priorities, key values*
- Ultimately decided on a five-segment solution
- Segments are designed to be as different as possible

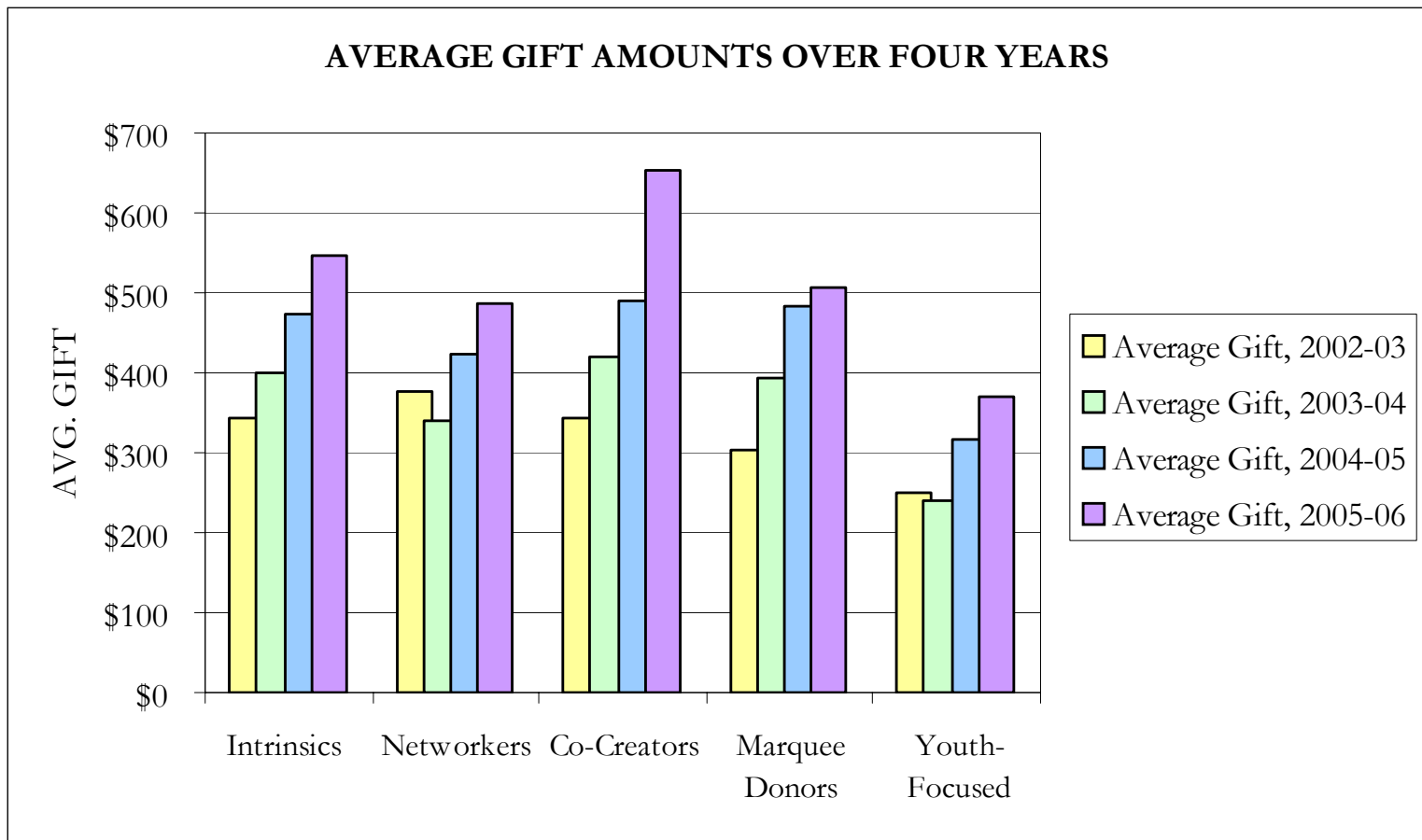


Key Observation: Note the relationship between gift value and income





Key Observation: Co-Creators make the largest gifts, on average, while Youth-Focused donor make the smallest gifts

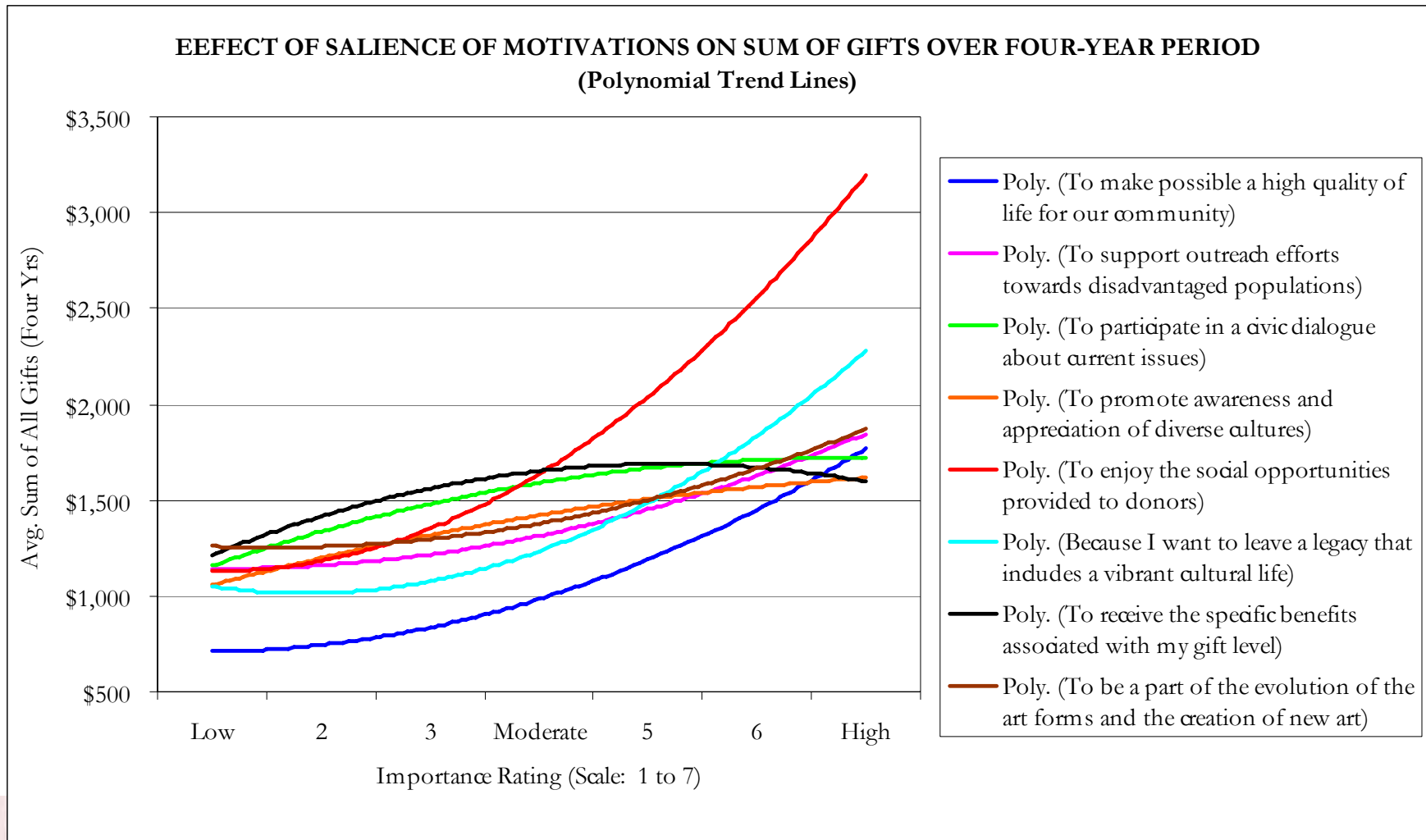


Key Observation: There are three basic categories of donor motivations

- Artistic and Civic Motivations
 - Desire for deeper engagement
 - Diversity
 - Concern about popular culture
- Social and Transactional Motivations
 - Attraction to social opportunities and business networking
 - Desire to receive specific benefits associated with gift level
- Sustainability Motivations
 - General, altruistic motivations kick in when other motivations are less salient
 - Support long-term health of the program
 - Maintain high quality of life for community

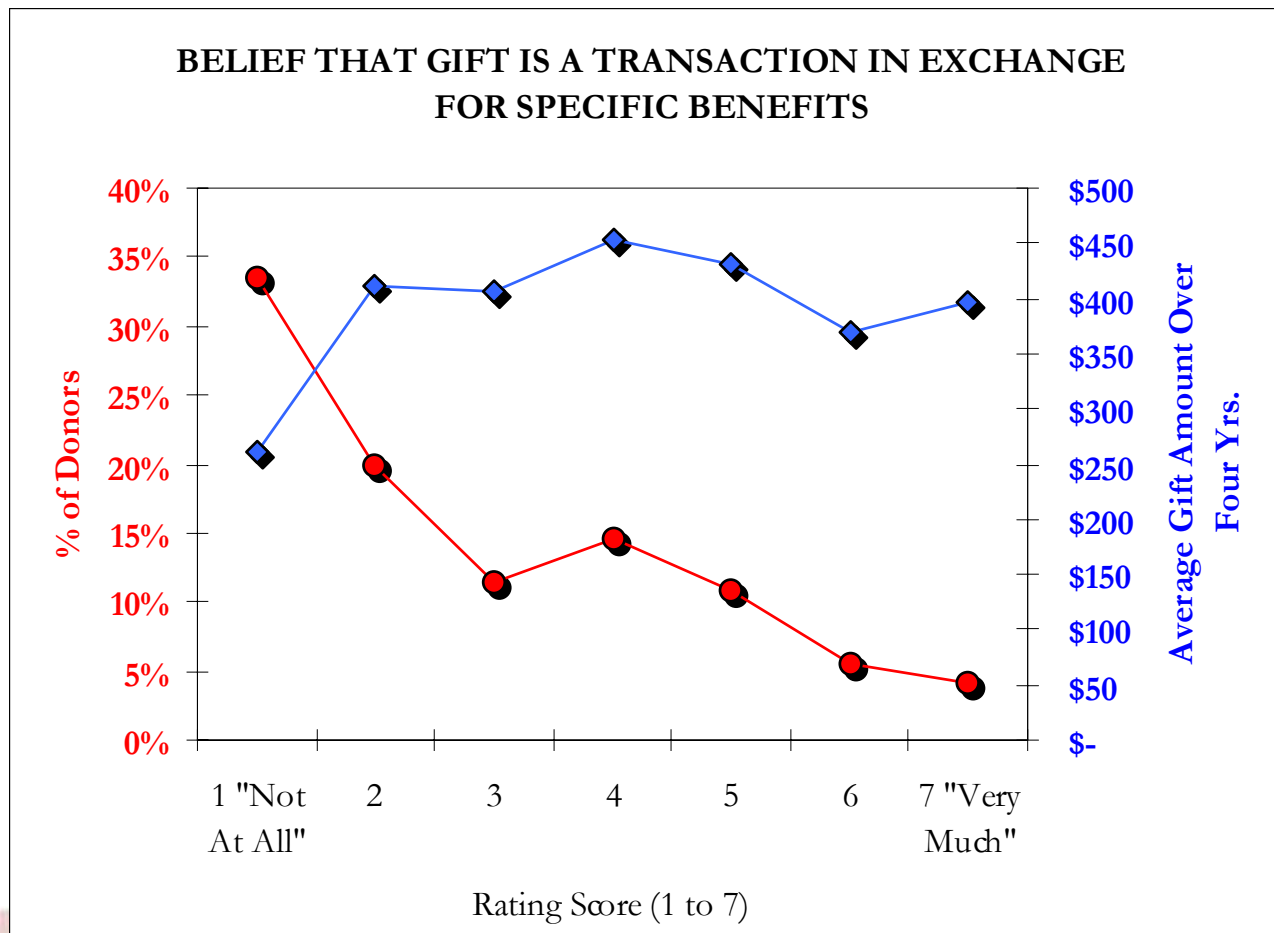


Key Observation: There is a high correlation between social motivations and gift amount

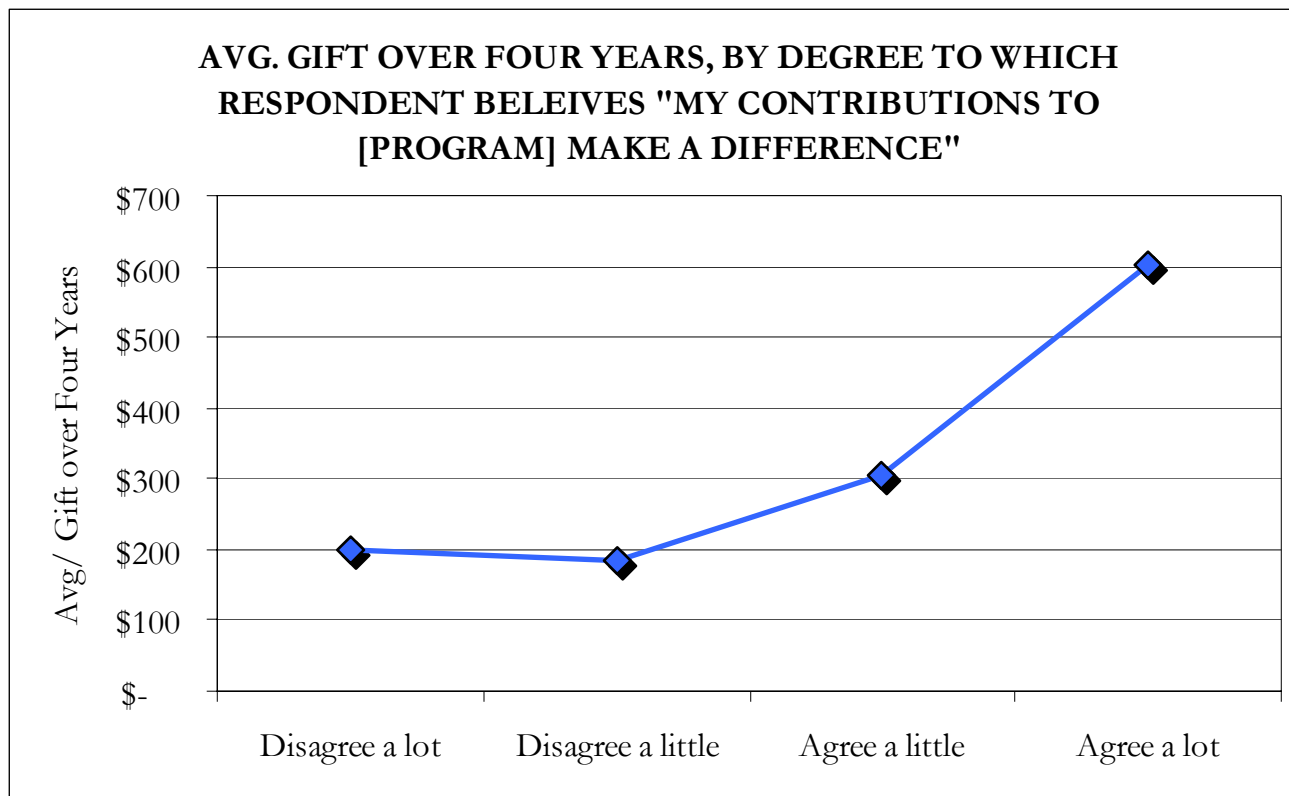




Key Observation: About 45% of donors mostly agree that they're buying benefits



Key Observation: Those who “agree a lot” that “my contribution makes a difference” give three times more, on average, than those who “disagree a lot”

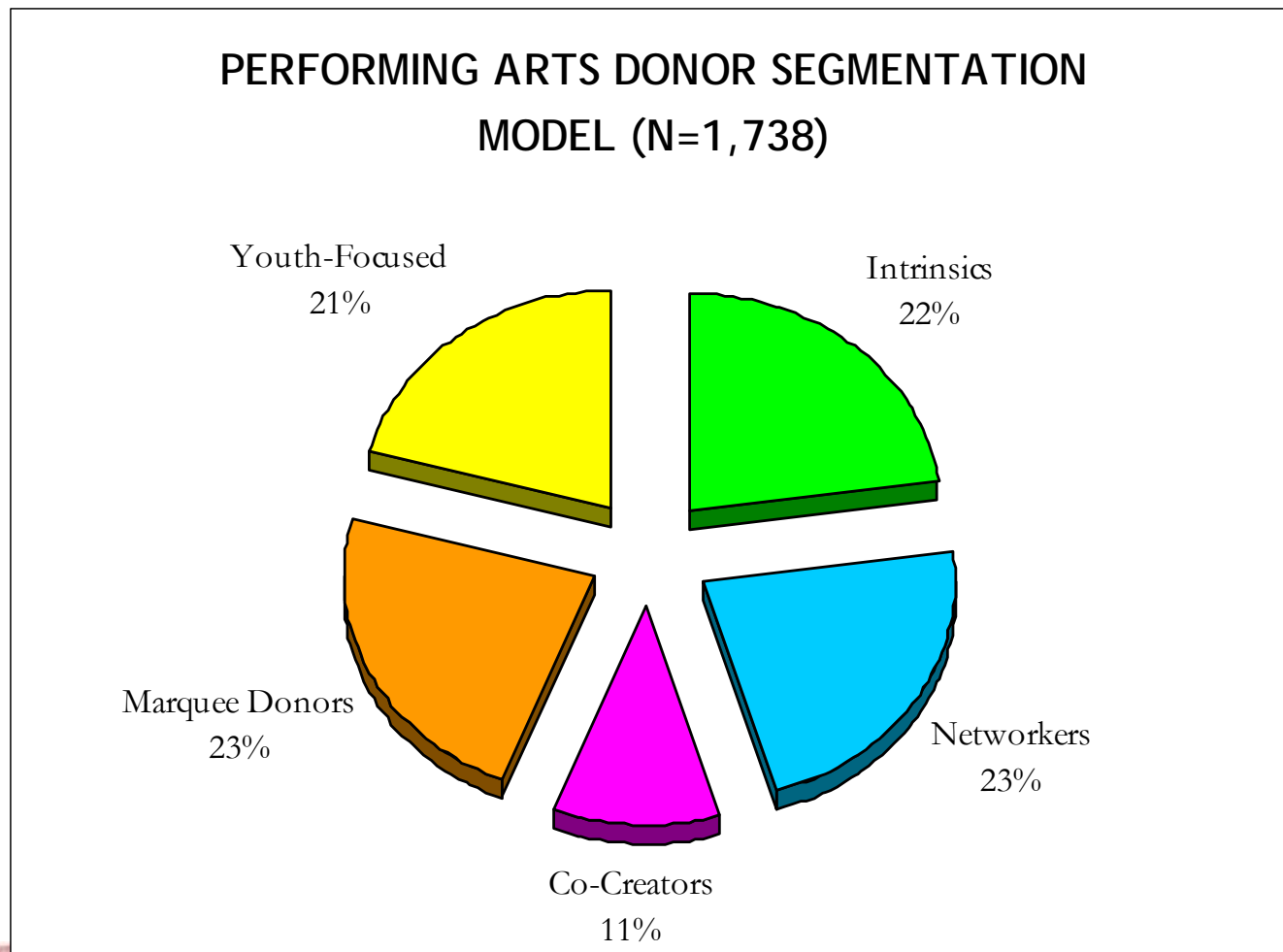




Overview of the Five Donor Segments

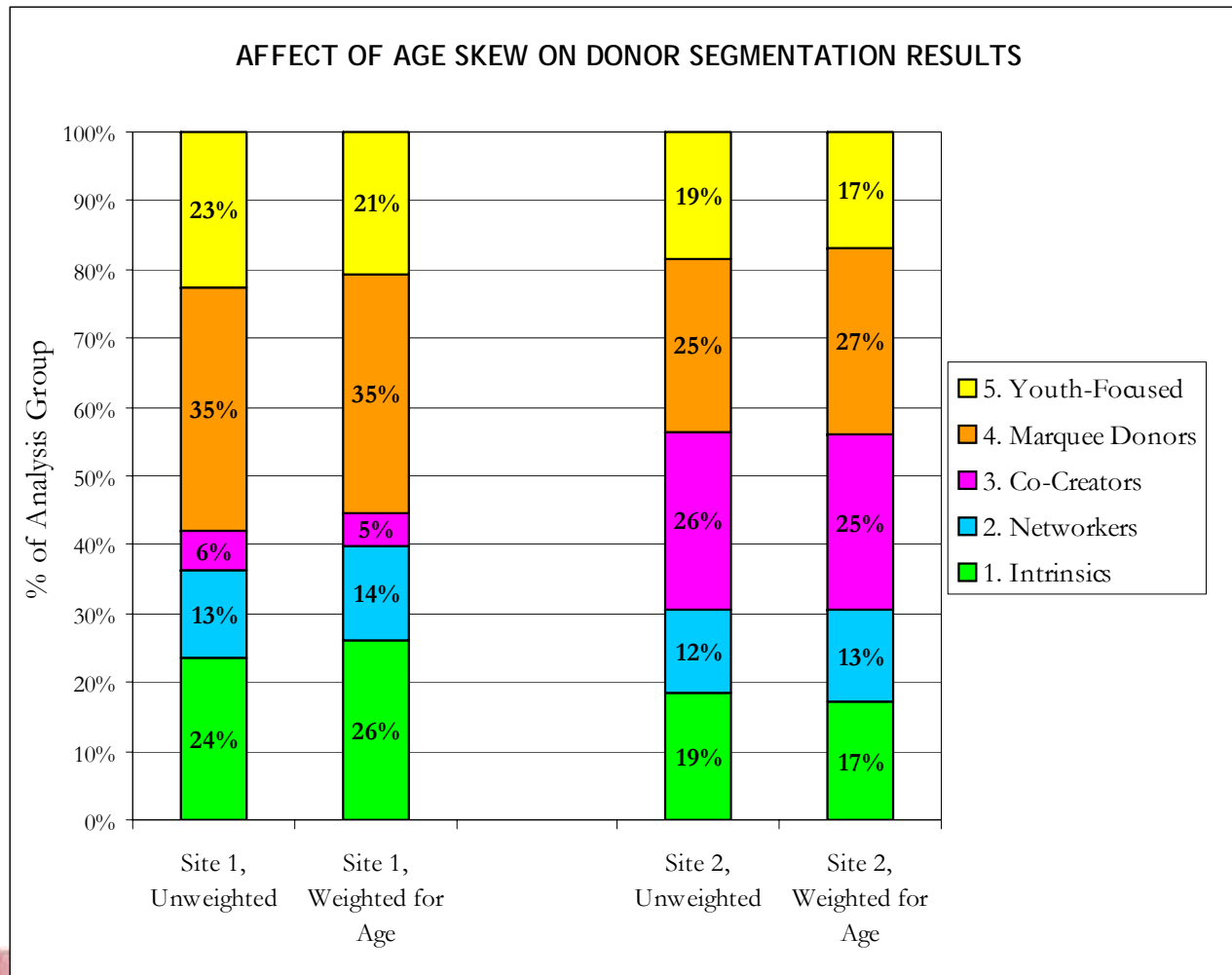
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Five Segment Donor Model



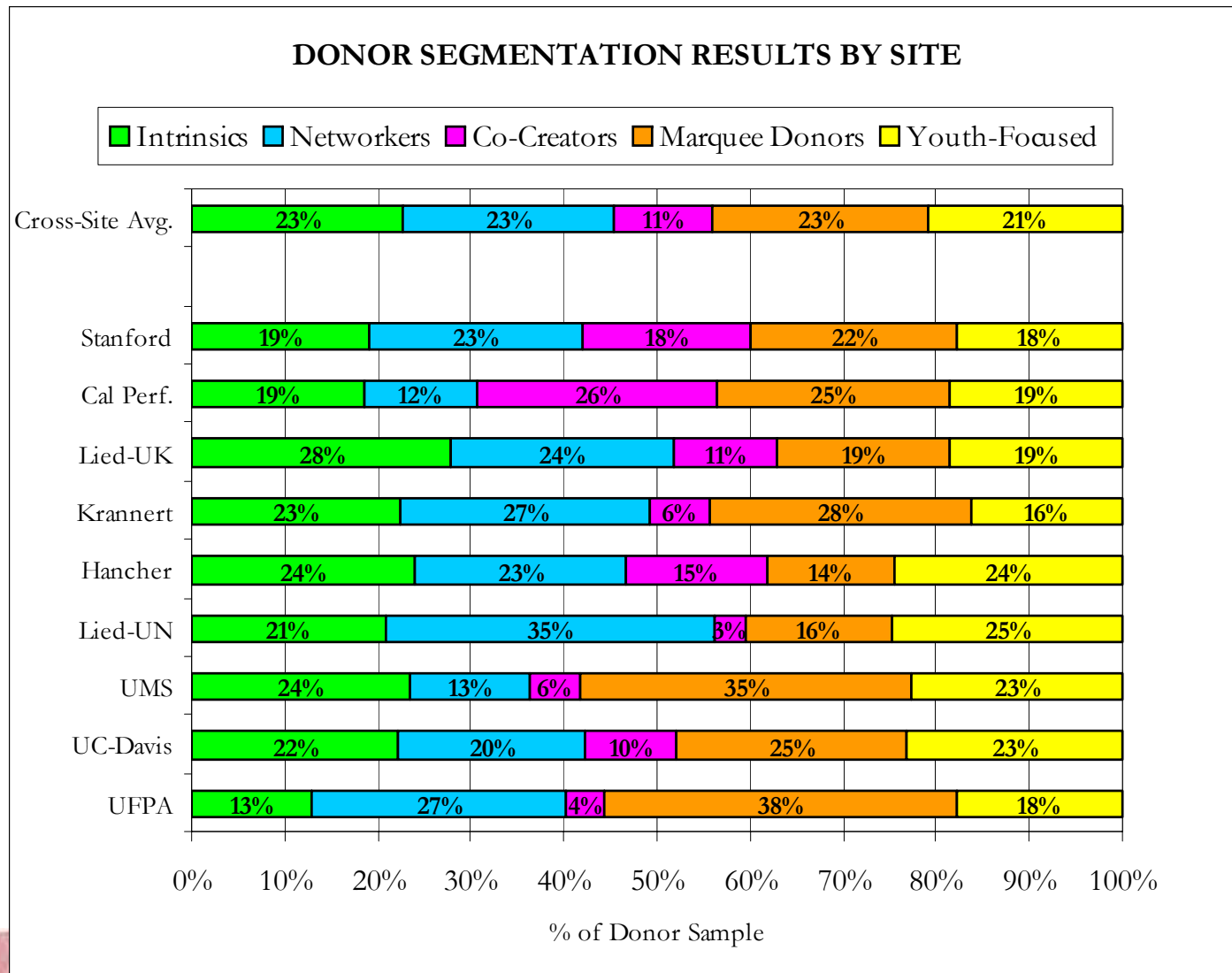


The age skew from online survey methodology is consistent across the segments





Significant variation was observed across the sites





1. Intrinsic

- Generally report stronger motivations
- Aligned with artistic mission
 - Seek personal interactions with artists and deeper experiences (e.g., residencies)
- Outwardly-motivated – they are community-builders, committed to diversity and civic dialogue
 - Likely to be your best arts advocates
- Most likely to trust the program to use their gifts wisely.
 - Low need for public recognition
- Demographics: female (62%), age 65+
- Strong cultural roots of their own
- Likely to be motivated by altruistic appeals and evidence of impact

2. Networkers

- Attach high importance to social opportunities
- Very much want others to see that they are contributing
- Within this segment is a sub-segment of donors who are purchasing specific benefits associated with their gift level
 - High salience of parking privileges
- Least likely to care about quality of life or long-term sustainability
- Tend to be serenity-seekers and avoid challenging content
- Demographics: age 35-44, working full-time
- Higher value prospects may respond to personal approaches from socially-prominent individuals
- Lower value prospect are likely to respond to hierarchical offers featuring valued-added privileges and special patron services

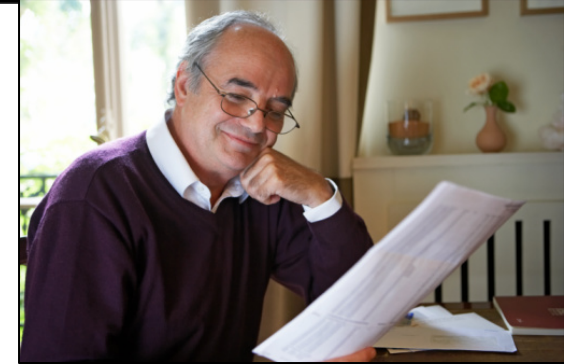




3. Co-Creators

- Distinguished by their desire to commission new work and be a part of the evolution of the art forms
- One in five are artists, themselves
- Risk-seeking in terms of the types of programs they like
- Big appetite for works by living composers, choreographers
- High interest levels in a wide variety of world cultures
- Likely to respond to invitations to support exciting programmatic initiatives that involve new works, premieres and commissions
 - Especially projects that involve diverse cultural influences.
- Opportunity to involve them in the act of invention

4. Marquee Donors



- Want public recognition for their gifts
- Distinguished by their desire to support appearances by high profile artists
- Most interested in priority seating
- Higher than average on general motivators like quality of life, sustainability
 - Average social motivations
 - Low artistic and cultural motivations
- Demographics: 59% male, wealthiest of all segments
- Two sub-segments:
 - "Type A" Marquee Donors are benefit buyers who want the red carpet treatment
 - "Type B" Marquee Donors are sustainers who want to leave a legacy
- Lower value prospects are likely to respond to structured, hierarchical giving programs with a focus on benefits and premium service
- Higher value prospects may respond to legacy and recognition programs



5. Youth-Focused

- Motivated by a desire to expand the reach of the arts to children and the disadvantaged.
- Feel a sense of duty to mankind and work to alleviate other people's suffering.
 - **Social justice and diversity are core values**
- Not hard-core arts aficionados, but want others to have access
- Demographics: female (68%), children under 18 (20%)
- Somewhat risk-averse in terms of program preferences
- Likely to respond to specific appeals to extend reach
 - **Suggests cross-promotions with children's causes and international aid or disaster relief organizations**



**Interviewing/Role Playing Exercise
(Wednesday Afternoon)**

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Interviewing/Role Playing Exercise

- Pretend it is intermission at a performance, and you have just approached a donor/prospect in the lobby
- Your objective is to “diagnose” the prospect’s likely typology
- Use your interviewing skills to ask questions that will elicit information, without asking too directly
- Four interview rotations, 15 minutes each
 - See handout with assignments (everyone has two chances to interview)
- Interviewees: you have been assigned to play a role corresponding to a specific donor segment
 - Read what identity you will assume, use your imagination!
 - Do not reveal your identity until dinner tonight

Helpful Donor Interview Questions

- Disclose that you are a fundraiser, and watch the reaction
- How often have you lived here?
- How often do you attend our programs? (to get at preferences) What did you enjoy most this season? What are you looking forward to next season?
- What's your passion? (emotional question); Are you a dancer or a musician?
- Did you attend the pre-show discussion? (to ascertain interest in deepening)
- Haven't I seen your name in the program?
- How did you meet your spouse? (family history)
- Were you raised with the arts? What are you taking your grand kids to?
- What keeps you busy during the day?
- What other programs do you attend?
- Try to get at relationship with the University; what is your area of expertise?
- Are you aware of [specific donor groups]? (to ascertain social interest)
- Dev. Director: "My husband and I are interested in getting involved in the community, what do you do in the community?"
- Where did you get that gorgeous necklace? What a great piece – does it have a story?

Small Group Assignments

Team 1: Susan, Carol, Stacy

Team 2: Bev F., Megan, Silvia L.

Team 3: Gail M., Stephanie

Team 4: Katie N., Katie N

Team 5: Heidi, Dave, Elizabeth

Team Exercises

- Five teams will work concurrently on a brief exercise
- Bring more definition to your assignment, if there is too much ambiguity
- Focus on developing strong rationale and generating lots of ideas, not on working out details
- Try to stretch beyond what you already do, and imagine something new
 - Assume reasonable resource constraints
- Logistics: find a quiet place to meet; present your work on a flip chart
- Each team will report back on their ideas at 10:00 a.m. for ten minutes each

Team 1: Susan, Carol, Stacy

Design Targeted Cultivation Events

- Team 1 will conceptualize in broad strokes two different cultivation events designed specifically for two segments of donors:
 - Networkers
 - Co-Creators
- What are some ideas for designing events that would speak to the motivations of each segment?
 - Think in terms of location, pricing, format, program, other aspects
 - What roles would staff and others play?
- How will you go about inviting people to each event?
 - What would the invitation look like?

Team 1: Susan, Carol, Stacy

Design Targeted Cultivation Events

- Cultivation Event for Networkers
 - A wine reception series throughout the season
 - Use a host committee involving high profile people
 - Corporate sponsor to donate wines
 - Offer valet parking
 - Event near the venue (post- or pre-performance)
 - Strategy is to involve as many people as possible, with different types of events (low-risk events - not challenging)
 - Staff needs to mingle with guests, work with volunteers
 - Invitations would be similar but slightly different each time
 - Market the events as a series and individually
 - Try to relate the menu/wine list with the performance
 - Make it about "my connoisseurship"

Team 1: Susan, Carol, Stacy

Design Targeted Cultivation Events

- Cultivation Event for Co-Creators
 - Two events, corresponding to low- and high-value prospects
 - Event #1: A weekend trip with the artistic director to another city for an important premiere; pre-arrange for one-on-one meeting with the artist
 - A break-even affair; donors would pay their own costs
 - Event #2: For younger, less established “early wealth” Co-Creators who have a passion; an informational/educational session with a composer or choreographer; price is \$1,000 to \$2,000
 - Look at buyers of artists doing new work, sitting on the main floor - cast the net widely

Team 2: Bev, Megan

Design Targeted Cultivation Events

- Team 2 will conceptualize in broad strokes two different cultivation events designed specifically for two segments of donors:
 - **Intrinsics**
 - **Marquee Donors**
- What are some ideas for designing events that would speak to the motivations of each segment?
 - **Think in terms of location, pricing, format, program, other aspects**
 - **What roles would staff and others play?**
- How will you go about inviting people to each event?
 - **What would the invitation look like?**

Team 2: Bev, Megan

Design Targeted Cultivation Events

- Cultivation Event for Marquee Donors
 - Yo Yo Ma is the artist; a two-day event
 - Day 1: Private dinner in private home of lead sponsor (\$25,000)
 - Invite up to five \$10,000 sponsors and their guests to attend
 - Invite local music critic
 - Photo op at private dinner; get autographed and print photos overnight, display the next day at public concert
 - Day 2: Sponsors for public concert get champagne reception with private sponsors, recognition in program
 - Use the two events to launch a capital campaign for facility renovations
 - Invitations: elegant, oriental style
 - Dress: black tie

Team 2: Bev, Megan

Design Targeted Cultivation Events

- Cultivation Event for Intrinsic
 - More difficult to design because they don't care so much about recognition
 - Event: Beginning of the season 'ladies lunch' (limits who can come)
 - "A Celebration of Sharing"
 - Prepare presentation on residency events from previous year, tell the stories of impact, invite three college seniors to speak, including some non-arts student who would 'testify' about impact
 - Integrate staff and students
 - Pass around a 'memory book' at each table to access memories of past performances
 - Low price, to open it up, highlight what their ticket buys in terms of outreach/education
 - Need to clarify purpose - are we raising money or raising interest?
 - Invitation comes from the CEO, who hosts the program and shares vision

Team 3: Gail, Stephanie

Design a Giving Program for Youth-Focused Donors

- Your assignment is to conceive a multi-stage, multi-level, ongoing giving program for Youth-Focused donors
- The program should embrace donors/prospects with both low and moderate giving potential
- Assume you'll have the cooperation of community partners, such as schools, social service orgs. and other agencies
- What is your overall program design?
 - What performances and other events will you incorporate into the plan? What roles would staff & others play?
 - What community partnerships would you create? How will you involve children?
 - How would donors be able to fulfill or act out their values?
- What might some of your collateral materials look like?

Team 3: Gail, Stephanie

Design a Giving Program for Youth-Focused Donors

- Program: Student matinees and evening performances for students and their families
- Bring artists to outlying communities; culminating in a finale at the central venue
- Pre-performance events – encompassing student groups (to interact with kids and families)
- Target community groups (e.g., YMCA), try to get peer mentorships going
- Able to contribute to community partners, as well
- Direct mail in summer; web site dedicated to children’s programs; have a web cam, so that people could watch the programs; DVDs with recap of past year’s educational programs for donors; get Public TV as sponsor to make a program; Local print sponsors
- Tribute cards might work – colorful
- Testimonial stories from donors, as well as artists
- Volunteer opportunities to help out at programs; ride along to outlying communities
- Recognition through post-program collateral
- Donors could fund study guides, buy a tank of gas for the van (the “Dream-mobile”)
- A grandparent program – bring your grandkids
- Corporate sponsors – theme with educational component, look at women-oriented companies
- Always provide memory elicitation device
- Long-term strategy is to start a \$5 million endowment for education

Team 4: Katie Neubauer, Katie Nicely Design Giving Program for Co-Creators

- Your assignment is to conceive a giving program for Co-Creators
 - It may be ongoing or ad hoc
 - It may be designed as a collaboration with any number of other organizations
- The program should embrace donors/prospects with both low and moderate giving potential
- Assume you'll have the cooperation of artists
- What is your overall program design?
 - What performances and other events will you incorporate into the program?
 - What roles would staff & others play?
 - How will the program be participatory and offer Co-Creators the opportunity to get involved in the act of invention?
- What might some of your collateral materials look like?

Team 4: Katie Neubauer, Katie Nicely Design Giving Program for Co-Creators

- It was a challenge trying to design something that would appeal to both low and mid-level donors, not just high-value donors (where the largest return on investment is)
- Co-Creators, we imagine, are not always well dressed; some like to be informal – we know who they are
- Strategy: Create a giving circle at a low price point, like \$250 (as opposed to a giving level); metaphor is a knitting circle
- Still part of the annual fund, but separate and additional
- A series of events: “Invention and Intersection” that delve into the artists’ minds; purpose is to get Co-Creators to self-identify or “come out”; next step is commissioning
 - Events might include cross-disciplinary events; discussions with artists about the creative process
- Use venture philanthropy metaphor for commissioning circle or network; maybe get 10 to 20 couples to give \$500 to \$5000; they get to watch the student residency, attend the lectures, etc., so that they are part of the development of the new work all the way along
- Preserve ways to keep low-level Co-Creators involved, possibly in residency, but not at high level of effort
- Need to space out the engagement opportunities during the year
- Ability to attend the premiere before the public performance (e.g., the invited dress rehearsal)
- Introduce planned giving options for commissioning new works

Team 5: Heidi, Dave, Elizabeth

Design a Donor Profiling Campaign

- Team 5 will design a “donor profiling” effort, which will involve a large direct mail component, but may also have other components
- Given that you don’t know which of your donors fall into which segments, your challenge is to design a direct mail response piece (and any other efforts that you may want to include) that allows your donors to self-identify with one or more of the donor typologies
- The effort may or may not involve a solicitation – you decide
- The information that comes back to you will be entered into your database and used for targeting purposes in future fundraising efforts
- Assume that you have a big printing budget

Team 5: Heidi, Dave, Elizabeth

Design a Donor Profiling Campaign

- Three stages of work: planning, implementation, follow-up
- Consider integrating this effort with ticket buyer model – gather all the info. at once
- Planning (important to share segmentation model with staff):
 - Who (who are you trying to reach?)
 - What (what do you want to accomplish?)
 - Where (where are you going to record this information? Need to create a database)
 - When (is this going to be ongoing? What time of year?)
 - Why (to bring the names in your database to life; and to tailor your communications)
 - How (depends on the questions)
- Implementation: five steps
 - Warm-up piece; mail out to donor/prospect base; invite people to participate in your campaign (stay away from “survey”); we want to spend time learning about you; you matter/we care; you’re in the spotlight; emphasize that this is not a solicitation
 - Initial phone call; involve staff, volunteers, students; talk about why you’re doing this; purpose is to determine approach for questionnaire - how would they like to respond - by mail, by email, by phone, by in-person interview; tell people about the incentives; prepare to leave voice messages
 - Implement the questionnaire
 - Enter the information into your system
 - Responding back to the donors/prospects - “thank you” for participating; can you help us find other people to participate, distribute pins or stickers? A sticker that says “I matter” “It’s all about me” - something that they won’t throw away; something they can redeem for a free glass of wine
- Follow-up
 - How to tailor solicitations and messages
 - This is why we need to plan ahead for how to use it - whole organization needs to participate in this discussion

Parking Lot of Ideas

- Auctioning off sponsorships (Park City example) to pre-fund all or part of the season; donors write checks for the artists they want to see
- First ladies luncheon hosted by the Chancellor's wife
- Buddhistic rewards – “just what I wanted – nothing” (for donors who don't want recognition)
- Memory-elicitation devices (stickers for kids, ticket stub frame, etc.)
- Establish a risk capital “buffer fund” – to allow for more artistic risk-taking; if you borrow from the fund, you have to pay it back before you can borrow again
- Jerry: what can we do with this model right now – ‘here are five themes for next season – which theme resonates the most for you?’
- Need to thank donors who took the survey in a future newsletter, and share a few observations and what we're doing with the results

Wrap-Up Discussion

- What applications are most promising?
 - We already knew a lot of this
 - What can I do now? I can incorporate some of this thinking in my daily interactions with donors
- What are the barriers to implementation?
 - Staff will look at us like aliens. The programmers, education staff, etc. - they all need to hear about this from Alan
 - Its an institutional issue - would need to get high level buy-in if we want to operationalize the donor model
 - Jerry: Schedule webinars
- Should we work on a long-term profiling effort?
 - Maybe a couple of partners could serve as a greenhouse sites for pilot testing donor profiling efforts, and then allow others to adopt successful practices
- How can we engage other staff?
 - Alan's site visits; meet with development staff, use PowerPoint presentation from Stanford meeting; discuss with CEOs how far you want to take it