

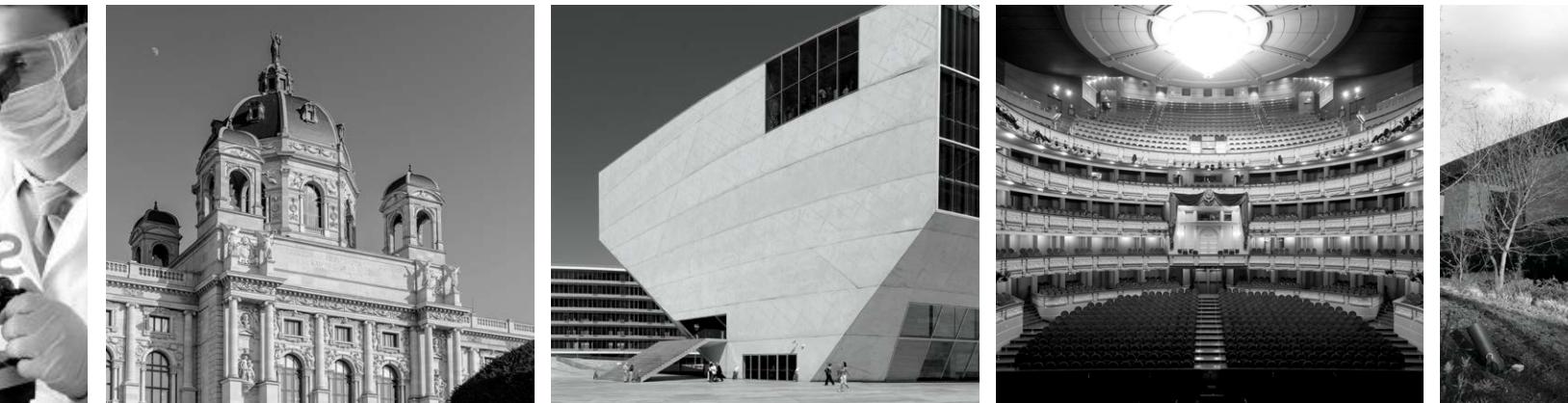


KING BAUDOUIN
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UNITED STATES



LEARNING FROM THE AMERICAN FUNDRAISING MODEL: A EUROPEAN PERSPECTIVE

European universities and cultural institutions are facing rising operating costs, accelerating competition for talent, and shrinking government support. Ten senior executives reflect on the challenges of seeking new funding sources, the future of fundraising in Europe, and the lessons they learned during our study visit to New York, 2007-2013.



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EXECUTIVE SUMMARY

For anyone involved in fundraising at one of Europe's museums, theatres or universities, life is far from easy. Institutions that could once rely on government funding are finding that this support is diminishing. Some face tougher fundraising challenges than others. However, all recognize the need to diversify their sources of funding, in particular by increasing the proportion of donations from private individuals.

European cultural institutions and universities have recognized the necessity for increased fundraising for many years, driven by the need to support new capital projects and rising operating costs, as well as by the intensifying of global competition for excellence, talent and funding. The financial crisis of 2008, tough economic conditions and the austerity policies introduced by many national administrations only served to intensify this pressure.

Dominating the thoughts of many of the university professionals we interviewed for this paper is the impact that fiscal austerity has had on government funding for their organization. In some countries, new policies have placed

additional restrictions on funding, as is the case in Hungary, where stricter limits have been imposed on the number of state-funded undergraduate places.

And there are exceptions. In Sweden, for example, where the government is concerned to rebuild the country's traditional strength in life sciences, the Karolinska Institutet, a medical research institute, has seen state funding actually increase.

Meanwhile, the effects of austerity have been felt keenly in the cultural sector as well. In a 2010 overview of cultural funding in Europe, the Dutch Centre for International Cultural Activities (SICA) highlighted a UK announcement of cuts for culture and sport over four years of 25 to 30 percent, and a plan in the Netherlands to reduce the state budget for culture by 20 percent, among others.

Even those institutions that still receive strong government support are planning for a different future. This is the case at the Vrije Universiteit Brussel, where Paul De Knop, the university's rector, is working to reduce its proportion of government funding – currently around 86

"A SHORTAGE IN SKILLS EMERGED AS THE BIGGEST OBSTACLE TO FUNDRAISING"

percent of its budget – and to incorporate more corporate and individual donations.

In adapting to this new funding landscape, the challenges institutions face are both organizational and cultural. First, many lack fundraising departments or rely on teams of just a few individuals. Part of this stems from a reluctance to invest in fundraising – something some study visit participants argue needs to change.

However, another challenge is one of skills. Unlike the United States, where professional fundraising is a well-established industry, European institutions sometimes struggle to find qualified people. In fact, in a recent survey by

the European Fundraising Association (EFA), a shortage in skills emerged as the biggest obstacle to fundraising, with more than 40 percent of respondents citing this as a barrier.

Another barrier is a cultural one. In countries that have long seen government as responsible for culture and education, citizens are only slowly waking up to the need to make philanthropic donations to these causes. This state of affairs is reflected within institutions, too. Some study visit participants suggested that the mindset of those working in their organization needed to change to accommodate a world where private donors could play a more supportive role.





Many of the professionals we spoke to have plenty of ideas on how to tap into the generosity of these individuals. Some institutions are already implementing innovative ideas. These include the “golden helmets” initiative at Vienna’s Kunsthistorisches Museum, part of a fundraising campaign that, by offering donors cycle and ski helmets emblazoned with the letters KHM, also served as an awareness raising effort.

In some places, it is the energies of an individual that have led to success in fundraising. This is the case at Munich’s Pinakothek der Moderne, where Corinna Thierolf has combined her passion as head curator of post-war art with an enthusiasm for fundraising that has helped her build the support of a small but generous group of individual donors.

And several participants reported that their in-

stitutions had established U.S.-based American Friends organizations, some of these hosted at KBFUS, to harness the generosity of U.S. individual donors with interests or connections in Europe.

But while museums, theaters and universities across Europe are finding new ways to tap into the passions of private donors, the deep-rooted tradition of individual giving in the United States did not fail to impress study visit participants. Most reported that the sessions and meetings with U.S. professionals gave them new insights into the level of attention and “donor care” needed to cultivate individual givers. Some were also struck by the creativity of U.S. tax incentives. In particular, participants cited planned giving, which allows those who pledge funds to a nonprofit or foundation at a future date to continue to collect interest from the

"THE MEETINGS WITH U.S. PROFESSIONALS GAVE US NEW INSIGHTS INTO THE LEVEL OF ATTENTION AND 'DONOR CARE' NEEDED TO CULTIVATE INDIVIDUAL GIVERS"

capital and to obtain the tax benefits at the time of the gift.

In Europe, the fiscal framework governing philanthropic donations looks very different. It is true, some progress has been made – tax benefits are now available for charitable donations in many EU member states. However, half of the EFA's member nations are currently seeking a more flexible and generous national tax relief system for donors.

Learning about U.S. tax incentives and witnessing the efforts put into cultivating individual donors was not the only benefit of the study visits cited by participants. An important element of the visits was having opportunities to network with peers.

Part of this involved establishing connections with counterparts in the United States. However, many participants also pointed to the importance of forming new relationships with professionals in other European institutions and finding out that in facing new fundraising challenges, they were not alone. Some even suggested that similar events could be held in Europe to help fundraising professionals learn from each other.

It is in this spirit of collaboration and knowledge exchange that we have compiled this report. In the following sections we present the views of 10 senior professionals who, between 2007 and 2013, participated in KBFUS' New York study visits. Their comments pro-

vide fascinating insights into the challenges and opportunities facing fundraisers across Europe – insights that we hope will support and inspire others in the field.



CONVERSATIONS

01

A BROADER FUNDRAISING REACH

Sabine Haag, Director General, Kunsthistorisches Museum (Austria), Class of 2012

02

TOUGH TIMES IN HUNGARY

Ferenc Hudecz, Rector (2006 to 2010), Eötvös Loránd University (Hungary), Class of 2009

03

HARNESSING A CURATOR'S PASSIONS

Corinna Thierolf, Head Curator of Post-War Art, Pinakothek der Moderne (Germany), Class of 2009

04

A RISK MANAGEMENT STRATEGY

Paul De Knop, Rector, Vrije Universiteit Brussel (Belgium), Class of 2009

05

CORPORATE DONORS STEP IN

Nuno Azevedo, Former CEO, Casa da Música (Portugal), Class of 2010

- 0 6** **THRIVING IN THE MIDST OF CRISIS**
Marisa Vázquez-Shelly, Director of External Relations
and Patronage, Teatro Real (Spain), Class of 2010
- 0 7** **SUPPLEMENTING STATE GENEROSITY**
Mikael Horal, Senior Development Officer,
Karolinska Institutet (Sweden), Class of 2009
- 0 8** **A STRUGGLE TO CHANGE MINDSETS**
Elvire de Rochefort, Director, Adviser to the President for Patronage
and Philanthropy, Musée du Quai Branly (France), Class of 2012
- 0 9** **A NEW APPROACH TO PRIVATE DONORS**
Willem Bijleveld, Director,
National Maritime Museum (Netherlands), Class of 2008
- 1 0** **SUPPORTING AMBITIOUS PLANS**
Dorota Monkiewicz, Director, Wroclaw
Contemporary Museum (Poland), Class of 2013

01. A BROADER FUNDRAISING REACH

SABINE HAAG, Director General,
Kunsthistorisches Museum (Austria),
Class of 2012

In September 2011, cyclists in Vienna could be seen wearing helmets emblazoned with the letters KHM. The “golden helmets”, as they were known, were part of an innovative campaign to raise money to complete the refurbishing of the Kunstkammer, part of Austria’s Kunsthistorisches Museum. But the campaign is just one of the strategies the museum’s director general Sabine Haag has deployed as the institution works to reduce its dependence on government funding and secure more private donations.

Compared to some other European institutions, the museum has a relatively secure source of state funding. By law, Austria’s state museums receive a set amount from the government every year. In the case of the Kunsthistorisches Museum, this makes up two-thirds of its budget.

However, with expenditure increasing, the institution is under pressure to seek alternative sources. “We are constantly asked to do more fundraising for the museum and for more projects than we used to,” says Haag.

With corporate funding less easy to secure than in the past, the museum is focusing on developing a network of individual donors. To do so, it has established “Contemporary Patrons” and “Classic Patrons” programs.

And while part of this has involved encouraging individuals to donate small amounts – as with the golden helmets campaign – the museum is also targeting individual donors for larger gifts of between €100,000 and €700,000. For these amounts, donors can sponsor galleries, with their name joining other donors on plaques on gallery walls.

As well as offering name recognition, cultivating larger donors requires personal attention. “It





means constantly telling them about the project, bringing people into the museum, showing them the objects and giving them guided tours through the storage rooms," explains Haag. "It's harder because you spend more time with those people and it takes three or four meetings before they give you some money."

The museum is also looking overseas. Through the New York-based International Friends of the Kunsthistorisches Museum Vienna, the institution is targeting American donors.

"We're looking for people who have an Austrian connection," Haag explains. "But also corporate sponsors, either Austrian companies with operations in the United States or American companies that have a strong tie to Austria."

Focusing on all these activities is not easy with a team of just two full-time fundraisers and one working part-time. And while this has risen from just one individual, Haag would like to add another two people to the team.

In the meantime, she believes it is critical to engage all staff in fundraising, not just those on the development team. The merits of this idea were reinforced during her time on the KBFUS study visit. The speakers gave us the notion that

fundraising is constantly happening, it's a 24-hour job, and everyone is an ambassador," she says. "Of course, the American model is not an exact fit for European museums but its general spirit and the idea of being creative in identifying sponsors was presented in a very lively way."

Following this principle, she says, enables institutions to spread fundraising beyond the development department and the director general. "Suppose the Egyptian collections need some fundraising for a smaller project," she says. "They might identify their community much better than we could. We're spreading the notion that everyone can – and must – do something."

KUNSTHISTORISCHES MUSEUM

With artworks ranging from ancient Egyptian, Greek and Roman art to the eighteenth century, the Kunsthistorisches Museum is one of the world's leading museums. Work on its main building, the Ringstrasse, began in 1857 and today its collections are housed in several locations. The government currently provides two-thirds of the museum's budget, with individual donors and corporations providing additional funding.

02. TOUGH TIMES IN HUNGARY

FERENC HUDECZ, Rector
(2006 - 2010), Eötvös Loránd
University (Hungary),
Class of 2009

Hungary's universities have had a tough few years. On top of public funding cuts in the wake of the financial crisis, a new government has reduced higher education support, cutting the number of state-funded undergraduate places and requiring students to work in Hungary after graduation. For Eötvös Loránd University, the country's largest university, this has prompted an austerity drive of its own – but it has also led to a search for new sources of funding.

Changes in government support have been dramatic, says Ferenc Hudecz, the university's rector between 2006 and 2010. There was a time, he explains, when direct state funding covered 75 percent of the university's budget, with indirect funding – in the form of grants for specific projects – generating another 10 to 15 percent.

Today the picture looks very different. "It's fallen by one third – that's huge," says Hudecz,

now a professor in the university's department of organic chemistry.

In addition to rationalizing university operations, his response was to turn to companies for funding, through contract research, and to increase the number of European Union grant applications.

When it comes to private donations, however, fundraising has proved more challenging. "We have a limited number of very rich individuals in this country and they are not highly visible," Hudecz explains. "And those who are tend to create foundations in their own names, focused on their own interests."

Nevertheless, the university has made progress in attracting individual donors, particularly since establishing an alumni network in 2007. It has also encouraged individuals to sponsor fellowships for masters students – for modest sums,





EÖTVÖS LORÁND UNIVERSITY

Located in Budapest, the university was established in 1635 and is today Hungary's largest university, with eight faculties and more than 30,000 students. The university supplements its government funding with individual donations through its alumni network and through corporate research contracts and European Union grants.

donors get the satisfaction of contributing to the education of a talented young person.

The connection between donor and beneficiary was something that impressed Hudecz on the KBFUS study visit. He was struck by U.S. fundraisers' ability to cultivate individual donors. "It's important to develop a relationship with them – not just to ask for money," he says. "They don't function as a bank."

The regulatory regime governing U.S. philanthropy also impressed Hudecz, particularly the tax benefits available to donors. "That was very illuminating," he says.

In Hungary, by contrast, the legal framework does not favor individual donations. For example, financing for tenured professors cannot be covered by private donations.

In addition, Hudecz says Hungary's educational

institutions face cultural barriers to fundraising, including lack of familiarity with giving to specific causes. "There's a misunderstanding here that a donation is just about giving away money," he says. Internally, too, he argues that higher education institutions are not ready for the new world of shrinking government resources. "Even within the university administration, priorities are difficult to change," he says.

While he acknowledges the challenges, Hudecz has plenty of ideas about how to advance fundraising in Europe. Most important, he says, is the exchange of knowledge and experience at forums like the KBFUS study sessions.

He sees potential for hosting such events in Europe so greater numbers of fundraisers could learn from U.S. strategies. American embassies could play a role, too. "The cultural attaché system could spread this knowledge by inviting individuals from the United States to give lectures," he says.

While delivering practical lessons, Hudecz believes such events could help shift European thinking about philanthropy. "It's cross-cultural thinking," he says. "And it's not only about the practicalities – the mentality needs to change."

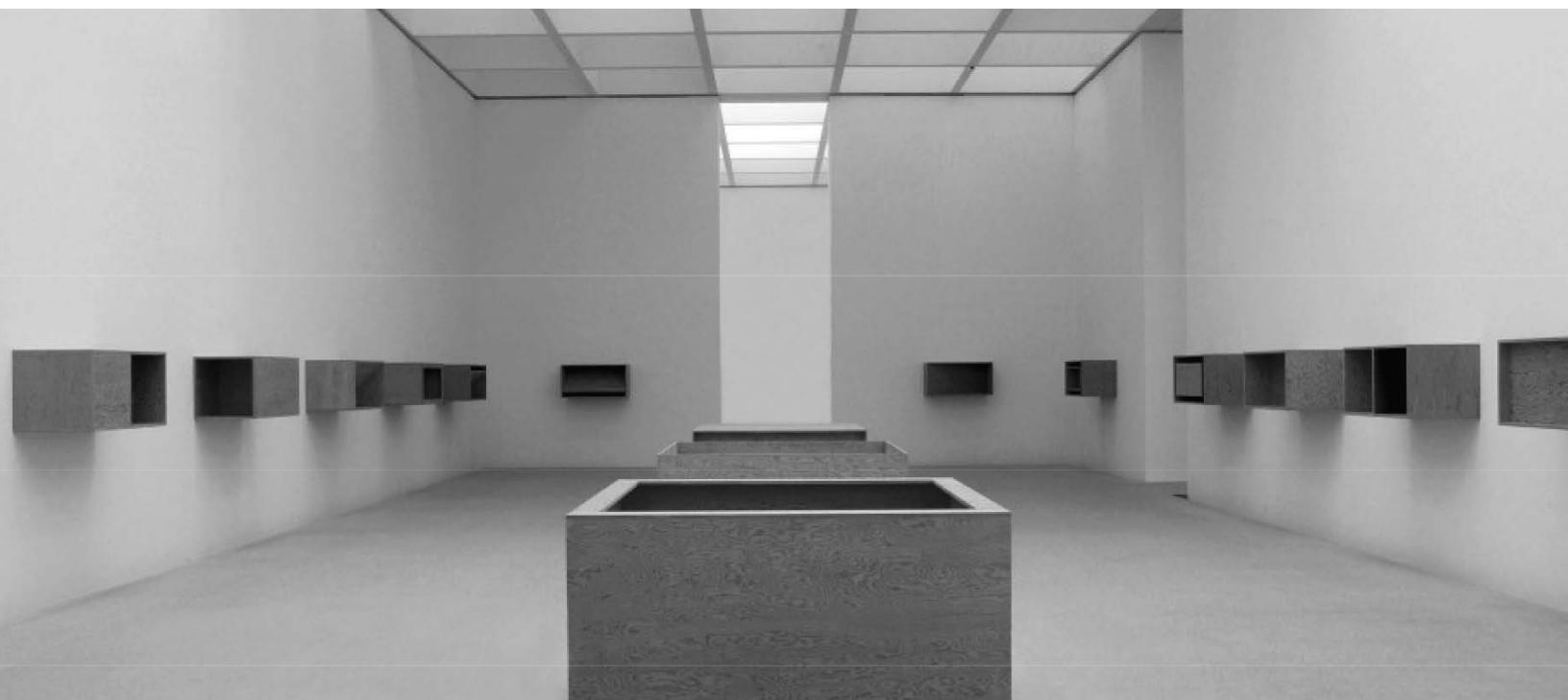
03. HARNESSING A CURATOR'S PASSIONS

CORINNA THIEROLF,
Head Curator of Post-War Art,
Pinakothek der Moderne (Germany),
Class of 2009

Not every museum curator is also an ardent fundraiser. But to achieve her goals as curator of post-war art at Germany's Pinakothek der Moderne, Corinna Thierolf has harnessed both her passion for art and her dedication to securing support for that art. "As a fundraiser you have to be contagious and transfer your passion to other people," she says. And in raising

money to stage exhibitions and purchase artworks, she has built up a small but committed network of devoted art lovers on both sides of the Atlantic.

As a curator, Thierolf has worked to build on the remarkable artistic connection between the United States and Germany which had a centre in Munich in the 1960s, when Munich's Friedrich & Dahlem gallery was showing landmark works of conceptual and minimalist artists such as Donald Judd, Cy Twombly, Joseph Beuys and Walter De Maria. "My goal was to build a collection reflecting the transatlantic dialogue that was so important for post-war art," says Thierolf.



Of course, securing these artworks has required substantial funding. And in seeking these funds, Thierolf has turned to individual U.S. and European donors – most of whom have strong connections with Germany, Munich, or Bavaria or with the artists. In 2006 she created a Washington based American Patrons of the Pinakothek Trust as a channel for donations.

The Patrons offer individuals and businesses in the United States the opportunity to support the Pinakothek der Moderne via donations in the form of artworks or financial gifts. Both of these are tax deductible under U.S. and German law (in 2010 a corresponding German entity, the International Patrons of the Pinakothek, was created). As non-profit organizations, the Patrons are also registered within the network of Transnational Giving Europe (TGE). This affiliation allows all donations originating within Europe to accrue tax benefits in the country from which they stem.

Thierolf is working with a slowly growing community of friends – some enjoy public attention, some others want to remain anonymous. She stresses the need to establish close personal relationships with donors, to find out what they care about and to involve them in artistic initiatives. “People give you money because they like the project and they have confidence you will do good work. They love your vision, your passion and they love to participate,” she says.

Building every relationship requires a different approach. “For some, I might send special text messages. With some, I’m on the phone every week,” she explains. “Others only want to be called if you need support – it’s very individual.” As a curator-fundraiser, Thierolf occupies a lonely position in Europe. So during her time on the New York study visit, she was happy to be in a place where this model is less unusual. “If you go to the Metropolitan Museum, you have

a circle of friends connected to a specific department. It’s more common and it’s more connected to the personality of the curator,” she says. “But in Germany, it’s the exception.”

This, she says, needs to change. With government funding for the arts in Europe diminishing rapidly and individual donors taking on a more important role, Thierolf believes curators must become more deeply engaged in fundraising.

She argues that governments should also play a role in helping develop new models of European fundraising. “We have a problem in our institutions,” she says. “This is something we have to work on with the government, with our friends and with donors. But we have to solve it.”

PINAKOTHEK DER MODERNE

Located in downtown Munich and forming part of the city’s Kunstareal (“art district”), the Pinakothek der Moderne showcases the work of modern and contemporary international artists. After seven years of construction, the gallery was inaugurated in September 2002 in a building designed by German architect Stephan Braunfels. About 70 percent of its funding is covered by the public sector, with individual donors contributing about 10 percent and corporations about 20 percent.

04. A RISK MANAGEMENT STRATEGY

PAUL DE KNOP, Rector,
Vrije Universiteit Brussel (Belgium),
Class of 2009

Perhaps surprisingly, one of the goals of Paul De Knop, rector of the Vrije Universiteit Brussel, is to reduce the proportion of government funding in its budget. But while some institutions might be happy to rely on government funding, De Knop sees this as "dangerous." Looking to the future, his strategy in seeking alternative funding sources is one of risk management.

The university currently covers about 86 percent of its budget with funding from a range of government bodies – from the European Commission to the Belgian and Flemish governments. "For me, that's much too much," he says. "Look at what's happening in Spain and Italy, where they have government budget cuts and professors are having their salaries reduced by 25 percent."

Given this risk, De Knop would like to see the university's funding split into thirds, with one third coming from the public sector, another

from corporations and the third from individual donors.

To achieve this goal, De Knop has implemented a number of innovative strategies. First, he has harnessed the capabilities of the private sector to finance new campus facilities.

To finance a new hotel, for example, a DBFMO (design, build, finance, maintain, and operate) model has been used. To keep accommodation affordable for students, the university sets the maximum room rate. But any profits go to the hotel company. "We didn't pay a penny from the university – everything came from outside," he says.

Similarly, to operate a new career center on campus, the university has partnered with Randstad, a global recruiting and staffing company. "If they are on campus, they can access our talent and bring in different organizations," says De Knop. "So it's a win-win."

Meanwhile, to attract individual donors, the university is offering opportunities such as the possibility of donors giving money to name an academic chair or fund a particular area of research.

VRIJE UNIVERSITEIT BRUSSEL

The Vrije Universiteit Brussel is the offshoot of the French-speaking Université Libre de Bruxelles, founded in 1834 by Pierre-Théodore Verhaegen, a Brussels lawyer with Flemish origins who wanted to establish a university independent from state and church and dedicated to academic freedom. The Dutch-speaking university broke away from its French-speaking counterpart in 1969. Of the university's annual budget, 86 percent is currently made up by local, regional, national and European government organizations. The institution is now working to re-balance its funding sources.

Of course, all these activities require the support of fundraising experts. So as well as appointing dedicated staff, De Knop is working with EmoLife, a Dutch consultancy.

The passions of individual faculty can also be harnessed, says De Knop. Through a new program managed under the responsibility of the university's vice-rector, faculty can propose projects, which are submitted to a selection process by the university board. If selected, the faculty member receives help with fundraising, but he or she must remain personally involved in its success.

De Knop is also looking overseas for sources of funding. The university has set up an 'American friends fund' at KBFUS to tap into the generosity of Americans who have studied at the university. "And we'll try to get them involved in our fundraising program," he says.

But while De Knop has been driving innovations in fundraising, he also recognizes the importance of a fundamental principle – the need to



ask for money. The desire to find better ways of doing this was among the reasons he decided to join the KBFUS study visit. And it was a theme that emerged strongly during the sessions. "I learned that everyone is looking for money and the biggest mistake you can make is not to ask," he says. "If you don't ask for money, you won't get it."

05. CORPORATE DONORS STEP IN

NUNO AZEVEDO, Former CEO,
Casa da Música (Portugal),
Class of 2010



While it did not take long for critics to admire its daring angular structure – designed by Dutch architect Rem Koolhaas – the Casa da Música concert hall got off to something of a rocky start. The public had little faith that what was then a state institution could build cultural credibility in a financially sustainable way. Meanwhile, few politicians believed a private management structure could run public programs. “There was a bit of a deadlock,” explains Nuno Azevedo, who was CEO until 2012.

Nevertheless, two years after it opened in 2005, the state relinquished control of the institution and Casa da Música became a private foundation. Since then, the organization has introduced a radical new model of fundraising that has seen the proportion of government contributions shrink rapidly.

First, a new governance model was established. And in the years that followed, state financing

was more than halved while maintaining the annual budget. Making up the difference were corporate sponsorships and revenues from sources such as concert tickets, restaurants and bars, bookshops and merchandise.

When developing a network of corporate sponsors, the team decided to focus on a small group of prominent corporations, selecting one from several sectors – from industries such as insurance, banking, telecoms, energy, and drinks.

“We didn’t want a whole array of companies,” says Azevedo. “And Casa da Música has acquired an international profile, so it’s a good vehicle for corporations to highlight their social responsibility.”

However, he is also aware that institutions such as Casa da Música will increasingly need to tap into the passions of individual donors. And for



Azevedo, the KBFUS study visit in New York highlighted the importance of this source of funding. "It became clear to me that individual philanthropy is a cornerstone of the American way of life and that giving back to society what has been earned over a lifetime is seen as a duty," he says. "Understanding this mentality was a very good insight for me."

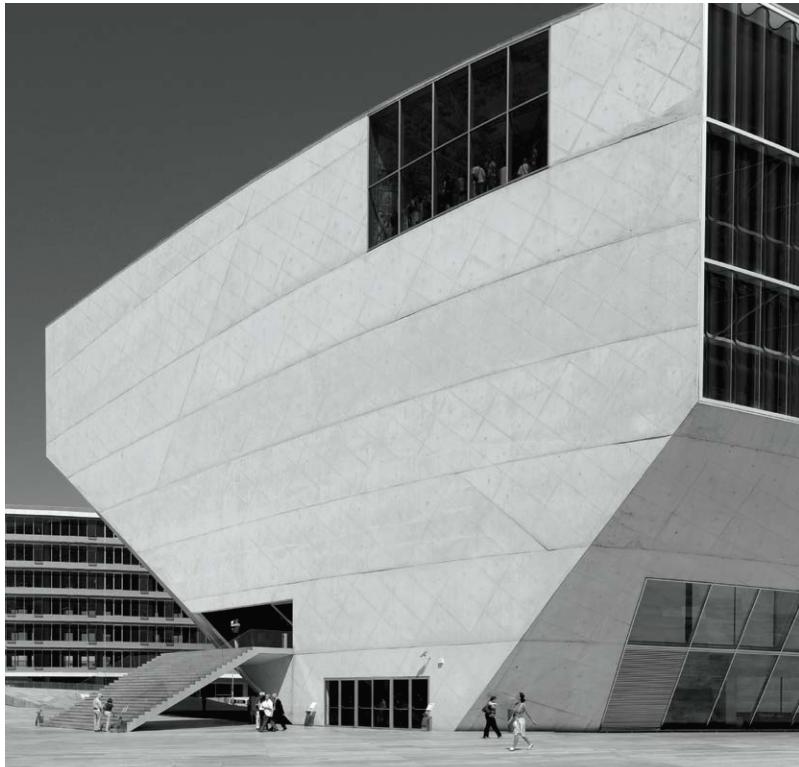
One conversation in particular gave him ideas that could be applied back home. It was a discussion with the Metropolitan Museum of Art's senior development officer. "At the time, I was recruiting a new head for our fundraising department," explains Azevedo. "And because of the way he talked about his department and his strategies, I redefined the profile of the person I wanted."

He was also struck by the amount of time U.S. fundraisers, directors, curators and others devote to developing relationships with donors.

This, he says, is a lesson European institutions need to learn if they are to secure new sources of funding. "If we want to reach out to individuals, we should have our artistic directors talk a lot more to donors," he says.

CASA DA MÚSICA

Conceived to mark the year Porto was the Cultural Capital of Europe, 2001, Casa da Música is a venue for a wide range of musical performances, from classical music to jazz and experimental projects. As well as performances, Casa da Música also organizes events for musicians and musicologists, conducts research and promotes music education. The institution now receives roughly half of its funding from government and supplements this with corporate sponsorship and revenues from ticket sales, merchandise, bookshops and restaurants.



06. THRIVING IN THE MIDST OF CRISIS

MARISA VÁZQUEZ-SHELLY,
Director of External Relations
and Patronage, Teatro Real (Spain),
Class of 2010

At a time when economic difficulties have forced severe funding cuts at many Spanish arts organizations, Madrid's Teatro Real has actually increased its number of corporate sponsors. And this is despite the fact that Spain has one of the least generous tax regimes for

philanthropic gifts. "We have a fantastic story to tell," says Marisa Vázquez-Shelly, the theatre's director of external relations and patronage.

Not all of Spain's institutions can say this. During the boom times, dozens of art centers, theatres and other cultural institutions were built across Spain. "All the cities had their own theatres, whether they had an audience or not," Vázquez-Shelly explains. "It was a symbol of prosperity, and there was money for that."

Since the onset of the Euro crisis and Spain's



deep recession, government funding for the arts has shrunk and many of these institutions have been forced to close, or at least scale back dramatically their operations.

For Vázquez-Shelly, successful fundraising in such a difficult economic climate means having a strong brand, promoting it with confidence and not being timid about asking for support. Of course, Teatro Real is fortunate in being one of Spain's best-known cultural institutions. And Vázquez-Shelly stresses that institutions need to capitalize on their brand when seeking corporate funding. "Companies want to be associated with strength and power," she says. "So you have to approach people from a strong position. And don't be afraid to ask for more money."

However, history and brand alone is not enough to attract private funding, and at Teatro Real, Vázquez-Shelly has used a U.S.-style strategy to establish a network of companies as sponsors of the theatre.

The merits of this approach were reinforced during her KBFUS study visit. "To me, the U.S. fundraising model has always been one to follow," she says. "But one thing I learned in New

York is that everything will be much easier if you explain your problems to sponsors – and they will be ambassadors for you when you need them."

This is exactly how Vázquez-Shelly has approached corporate sponsors. Rather than simply asking for money, she has involved companies in fundraising and theatre management, creating what she calls a "board of protectors".

So while budget cuts from the ministry of culture and the city of Madrid means hiring additional fundraising staff is not an option, the theatre can turn to the heads of some of Spain's biggest companies to help secure more corporate donations.

Bringing these leaders together two or three times a year is something that also appeals to sponsors, who see it as a chance to network with corporate peers in a non-competitive setting.

Vázquez-Shelly believes that recession has actually helped institutions such as the Teatro Real become more entrepreneurial in the way they seek funding. "The crisis has prompted a change in culture," she says. "And we are coming out stronger and more realistic."



TEATRO REAL

Built in 1850, Teatro Real is one of Europe's leading opera houses and one of Spain's most prestigious cultural institutions. After a six-year renovation, the theatre reopened its doors to the public in 1997 with capacity for 1,750 people and one of the world's most technologically advanced interiors. The theatre supplements its government funding with strong support from leading corporations and with some private donations.

07. SUPPLEMENTING STATE GENEROSITY

MIKAEL HORAL,
Senior Development Officer,
Karolinska Institutet (Sweden),
Class of 2009

Unlike the fundraising heads of so many European institutions, Mikael Horal is not facing the financial difficulties associated with disappearing government funding. "It's the opposite," he says. "There's actually been increased support – so we are better funded than ever."

Behind this generosity lies a national agenda, he explains – a drive to increase funding for academic research. With Sweden's strength in life sciences having waned in recent years – including AstraZeneca's closure of two of its three Swedish sites and the sale of Pharmacia to Pfizer – the government is keen to rebuild the country's strength in this sector.

As a medical research institute, Karolinska has been a beneficiary. "If you see the campus you'd be amazed," says Horal. "There's a totally new teaching hospital and laboratory facilities – and that is predominantly funded by the city council and the state."

Nevertheless, in 2005, the university saw an opportunity to embark on a fundraising campaign. And while some institutions might have turned to alumni for funding, Karolinska did not choose this route. "As a medical university, our alumni are dentists and doctors, and they don't have those kinds of deep pockets," says Horal.

Instead, the university targeted high net worth individuals – predominantly donors based in Sweden but also Swedish American individuals in the U.S. The campaign was successful by raising more than US\$150 million for eight research areas and a new building. At its time it was probably the most successful fundraising campaign for higher education in continental Europe.

Horal believes changing attitudes in Sweden played a role in attracting donors – something that might not have been possible a decade ago, when it was assumed that the state took care of everything from healthcare to education.

"We've reached a stage of enormous recent wealth creation in Swedish society," he explains. "And it was deemed as the right thing to do to give back to society."

Of course, motivation to give back to society is

not as strong as it is in the U.S. – nor does Horal believe Sweden should fully follow the U.S. model. “We don’t have to chase every dollar every year – we don’t want the American situation,” he says.

Nevertheless, as he discovered during his time in New York on the KBFUS study visit, European institutions can learn a great deal from U.S. fundraising strategies. “I recognized the professionalism and the extreme competitiveness,” he says.

Horal appreciated the broad insights into U.S. fundraising he gained on the program. However, certain strategies were of particular interest to him – including planned giving, the practice of making gifts that are deferred to a future date or at the donor’s death.

“That was an eye opener – I had never heard about it before coming to the U.S.,” he says. “It wouldn’t work in the same way in Sweden, predominantly for tax reasons. However, we’ve started taking a more proactive approach to bequests.”

And while building up the kinds of endowments

seen at U.S. institutions would, says Horal, be challenging, he sees the benefits. “Over time, that would make you less dependent on politicians and other funding agencies,” he says. “We’d have to evaluate it – but it could be something for the future.”

KAROLINSKA INSTITUTET

Located in Solna, in the Stockholm area, Karolinska Institutet is one of Europe’s largest and most prestigious medical universities. Many of the discoveries made at the institute have had profound significance for global health, including the pacemaker, the gamma knife and the preparation of chemically pure insulin. Since 1901 the Nobel Assembly at Karolinska Institutet has selected the Nobel laureates in Physiology or Medicine. The institution receives increasingly strong government support but has recently been seeking to expand this with private donations raised through a major fundraising campaign.



08. A STRUGGLE TO CHANGE MINDSETS

ELVIRE DE ROCHEFORT,
Director, Adviser to the President
for Patronage and Philanthropy,
Musée du Quai Branly (France),
Class of 2012

In promoting new fundraising strategies, Elvire de Rochefort is facing an uphill battle. First, the organizational structure within the Musée du Quai Branly is not set up to seek funding from individual donors, who are only solicited by the Friends association, an independent entity to the museum. Equally challenging is a deep-rooted French tradition of holding government responsible for supporting culture. "It's the famous French 'Cultural Exception,'" she explains. "It's expected that the state, rather than individuals, will provide for culture." Yet, given falling state contributions, this is a mindset she believes needs to shift.

Currently, the lion's share of the Musée du Quai Branly's funding comes from two ministries – the culture ministry and (because the museum engages in research and teaching) the ministry in charge of research and higher education. Howev-

er, these contributions have been falling by about 2.5 percent a year, according to de Rochefort.

Meanwhile, corporate sponsorship – covering much of the rest of the budget – is diminishing as French companies rein in philanthropic spending and focus gifts on issues such as the environment, social justice or healthcare. "Culture is seen as a luxury they can no longer afford," de Rochefort says.

Nor are ticket sales a reliable source of income. "With ticketing, 47 percent of our visitors don't pay entry fees because of all the French gratuities available through the law," she explains.

De Rochefort is not short on ideas. She believes institutions such as Musée du Quai Branly need to transform their approach to fundraising, focusing more closely on private individuals. "I'd target circles of people who are close to the museum, work with them as ambassadors and try to build up these friends of the museum," she says.

Every ticket purchase, she says, should be an opportunity to offer visitors the chance to make small donations to special projects or to encour-



age them to become museum friends or patrons. Ultimately, she argues, individuals are a more sustainable source of funding. "Once they have a passion, they have it for life," she says. "Whereas companies are subject to strategy and management changes."

Of course, cultivating individual donors requires making investments. Yet, beyond holding occasional events, this is something de Rochefort's department is not encouraged to do.

By contrast, the KBFUS study visit showed her just how much U.S. fundraisers invest – both in time and money – to attract individual donors. "It was amazing to see how disproportionate things are between Anglo Saxon and French culture," she says.

She was impressed with the level of attention U.S. fundraisers give to individual donors. "It gave me concrete examples of what they did, how they were doing it and how much money they were asking for," she says.

But despite having plenty of ideas, de Rochefort will have a hard time implementing them back in France.

"What I learned from the seminar is that if you want to get money, you have to invest money," she says. "This is hard for people to swallow here." Cultural norms, such as a reluctance to discuss, let alone ask for money, raise further barriers to cultivating individual donors.

Yet without such efforts, institutions such as Musée du Quai Branly will be forced to operate on increasingly tight budgets. "In France, my peers face the same issues because we're all government dependents, and all our government contributions are going down," she says. "So the models need to change."

MUSÉE DU QUAI BRANLY

Opened in 2006, the Musée du Quai Branly combines the display of collections of indigenous art and objects from African, Asian, Oceania and American civilizations with a strong focus on research and higher education. The museum receives over 80 percent of its funding from government with much of the rest made up by corporate sponsorships.

09. A NEW APPROACH TO PRIVATE DONORS

WILLEM BIJLEVeld, Director,
National Maritime Museum
(Netherlands), Class of 2008

When it comes to the factors underpinning successful fundraising, Willem Bijleveld sees principles at work in the United States that are highly relevant in a European context. "It's the personal attention and excellent research – that's most important when you approach companies," says Bijleveld, director of the Netherlands' National Maritime Museum. "And with private donors the personal attention is even more critical."

The importance of these principles was brought home to him in 2008 on the KBFUS study visit in New York. "It was very beneficial for me to see the broad spectrum of what you can and cannot achieve in fundraising," he explains. "And there were a lot of tips that got me off on the right foot."

Bijleveld's trip came at a time when the museum was stepping up its fundraising initiatives in response to diminishing state funding. "Over the past five years, we've seen a steady decrease in

the amount of money we get from government – and that trend will not be reversed," he says. Partly, this is due to the public finance squeeze since the onset of the European economic crisis. However, in the Netherlands, an additional pressure is at work. "The government is less and less willing to spend money on culture," explains Bijleveld. "That trend started 15 years ago but the crisis speeded up the process."

As a result, the museum has changed the way it approaches donors, working to create closer emotional connections with them than in the past.

The change is also evident in Bijleveld's personal style of donor cultivation. Instead of seeking support for the purchase or restoration of specific objects, he tries to engage donors in the history and welfare of the museum itself. "Ten years ago, my proposals were very much driven by objects," he says. "Now, I'll start by telling the story of the museum. Donors are all people, so you hit them with stories and emotion, not with facts."

At the same time, instead of relying on many small donations, the museum is now seeking donors capable of giving €100,000 and has de-





voted one of its fundraisers to identifying and cultivating these individuals.

The shift towards larger gifts means developing closer relationships with donors than in the past. "In the old days, we wrote letters once in a while but now we have events for private individuals," says Bijleveld.

The museum has also built up its fundraising resources. From a staff of one – Bijleveld himself – the organization now has four fundraisers and two supporting staff members. "It's still a small department, but it's one of the largest in the Netherlands for a museum," he says.

Expanding the department will not be easy. "It's not a matter of money – it's a matter of finding good fundraisers," he says. "That's a problem in the Netherlands, because there's no history of fundraising."

However, Bijleveld knows it will be important to continue to build up the museum's capabilities. "Since the crisis, cultural institutes in the Netherlands have become much more active in fundraising," he says. "So to stay ahead, you need to increase your staff."

Meanwhile, in fostering relations with wealthy donors, Bijleveld is looking back to a time before government took over support for cultural institutions. "In the nineteenth century, cultural support was driven by private individuals," he says. "So the old world is becoming the new world."

NATIONAL MARITIME MUSEUM

Het Scheepvaartmuseum, or National Maritime Museum, has one of the world's most important maritime historical collections. Following an extensive renovation, the museum reopened in 2011. Today, interactive exhibitions take visitors through centuries of maritime history and a library contains about 60,000 books. The museum receives 50 percent of its funding from government, with another 30 percent coming from sponsorship and 20 percent from income generated from ticket sales and other sources.



10. SUPPORTING AMBITIONOUS PLANS

DOROTA MONKIEWICZ, Director,
Wroclaw Contemporary Museum
(Poland), Class of 2013

For the time being, the Wroclaw Contemporary Museum is not focusing on fundraising. Since the museum only recently celebrated its second anniversary, efforts have been going into getting the institution up and running, publicizing its programs and, as the museum's director Dorota Monkiewicz puts it, "nesting in our building." However, with insufficient funding to realize its ambitious plans for exhibitions and programming, Monkiewicz sees fundraising moving rapidly up the agenda.

As a city museum, the Wroclaw Contemporary Museum receives funding from both the national government and the Wroclaw city administration. As part of the museum's international programming, collaborations with other European cultural institutions such as the Goethe Institute in Germany and the British Council is another way of tapping into funding.

However, Monkiewicz is keenly aware of the need to broaden the museum's sources of funding.

"Being dependent on two public sources of funding is very insecure," she says. "You have very little influence on the decisions of politicians – and in the end, it is they who distribute public funding."

It is true that state funding for the arts has been increasing. In 2009, during the country's Congress of Polish Culture in Krakow – which brought together artists and professionals from various art fields and the Polish ministry of culture – arts budgets were increased and included provision for funding allowing museums to expand their collections.

At the congress, it was agreed that until 2016 up to 5 percent of the national budget should be devoted to the arts. "Each year, step by step, this budget increases," explains Monkiewicz.



"So we are in a much better position than our colleagues in places like the Czech Republic, Hungary or Slovakia."

Moreover, she says, the Polish government has identified contemporary art as a powerful tool in promoting the country internationally, and so supports private galleries and other cultural institutions with funding to enable them, for example, to take booths at international art fairs.

However, Monkiewicz points out that, while the national budget for culture is increasing every year, it is starting from a very low level. For the museum, therefore, there is sufficient funding to build its collections but not for regular programming activities such as exhibitions, publishing and educational events.

So when Monkiewicz looks ahead, she sees the need to tap into alternative sources of funding, both from corporations and private individuals. For her, the merits of this strategy were reinforced during her time in New York on the KBFUS study visit. "In Europe, particularly in post-communist countries, there's no tradition of philanthropy," she says. "So the course informed me a lot, because I learned that private philanthropy represents the majority of funds U.S. institutions receive."

Encounters with American practitioners were particularly helpful to Monkiewicz. "We were

looking at the achievements of the various fundraisers who were presenting their work," she says. "This was really encouraging in helping us think about fundraising."

Initially, the museum plans to approach corporate sponsors. This will not be easy since corporate decisions on cultural sponsorship are usually made in Warsaw, the Polish capital, or in the countries where sponsoring companies have their headquarters.

With no tax deductions for individual donors giving to publicly financed institutions, such as the museum, and no tradition of private philanthropy in Poland, approaching individuals will be even harder. "It's a totally unknown practice here," she says. "So we have to start from scratch, without a tradition or any institutional history."

However, Monkiewicz does have the advantage of having worked for an institution in Warsaw, where she brought in about ten private donors. "I did it once and I was successful, so I will do it here," she says.

And, with ambitious plans for the museum, Monkiewicz knows that seeking private funding is a strategy that must be embraced. "We need to follow this path," she says. "But it's not going to happen overnight."

WROCŁAW CONTEMPORARY MUSEUM

Housed in a striking contemporary building near the Racławice Panorama, the Museum of Architecture and the Academy of Fine Arts, the Wrocław Contemporary Museum was established in 2011 to showcase contemporary art, host cultural talks and workshops and offer research facilities. The museum receives most of its funding from the national government of Poland and the city of Wrocław.



ABOUT THE KING BAUDOUIN FOUNDATION UNITED STATES (KBFUS)

BASED IN NEW YORK, the King Baudouin Foundation United States (KBFUS) helps American donors support European and African nonprofits in an efficient, tax deductible and secure way. Over the past three years, we have facilitated more than \$36 million in grants to support a wide variety of causes.

As well as helping donors to support nonprofit initiatives overseas, we also assist European and African organizations in raising funds in the United States. Through an 'American friends fund' at KBFUS, they can reach out to American donors with a tool that bears their name and invite them to support their activities through contributions that are tax-deductible for U.S. tax purposes.

In addition to the services we provide to donors and nonprofits, we have developed a series of educational programs that present unique opportunities for cross-cultural learning in the fields of fundraising and philanthropy.

One of these programs is an annual intensive, four-day study visit to New York City designed to introduce executives from European cultural institutions and universities to the factors and strategies that have helped their American counterparts succeed in fundraising. The study visit, made possible thanks to the support of the American Express Foundation, gives participants a unique opportunity to meet with the "best of the best" of New York City's fundraising community. In addition to the sessions, a range of social events allows participants to make deeper connections and share their ideas.

ABOUT

THE AUTHOR

SARAH MURRAY, the author of this report, is a specialist writer on philanthropy, corporate responsibility, and environmental sustainability. A long-time Financial Times contributor, she also writes research reports and white papers for the Economist Group's Economist Intelligence Unit, as well as for universities, companies, and foundations. She is editor of the New York Times bestseller *Giving 2.0*, by Laura Arrillaga-Andreessen.

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Other publications in which her work has appeared include The New York Times, The Wall Street Journal, Forbes, the Economist, Salon.com, The Week, The Independent, The Guardian, Asia Literary Review, the South China Morning Post, the National Post (Canada), and Business Day (South Africa).

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