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Creating a Culture of Philanthropy in Nonprofit Arts Organizations

by Adam B. Ferguson

Abstract

This paper explores a growing theory known as a culture of philanthropy through the lens of a nonprofit arts organization. A culture of philanthropy refers to an organization's attitude toward philanthropy, fund development, and the effort to create a community of donor inclusion which can have a lasting effect on the organization and the community well beyond financial growth. Arts organizations are exploring radical innovative methods in order to create a culture of funders, continuous patronage, and community engagement.

This paper also discusses the concept of venture philanthropy and its efforts to change the relationship between funders and grantees from dependency to partnership, and how this affects funding for arts organizations. With shifts in funding, the growing competition for grants and private donors, and the declining funds for the arts from the private sector, it is more important than ever for arts organizations to prove their positive impact on the community to the new entrepreneurial, results-oriented philanthropists. Creating a culture of philanthropy is one way to promote positive change and growth within an organization as well as the greater community.

An attitude, an understanding, a behavior

You arrive at the theatre 20 minutes before curtain, enough time to get settled before the show begins. As you enter the theatre, you notice the mixture of old and new as you take in the ambience of the Fire Department's Station House

#10 which was decommissioned in 1993 (What is Firehouse, 2016). You are greeted at the box office by a friendly middle-aged man, you pick up your tickets, and then grab a drink at the bar. The lobby of the theatre is bustling with the excitement as approximately 115 patrons wait anxiously for the house to open and the show to begin. Once the house opens you take your seat and skim over the program. As the lights dim, the middle-aged man from the box office comes into the theatre and introduces himself as Joel Bassin, the Producing Artistic Director of Firehouse Theatre in Richmond, Virginia. It strikes you as both interesting and humbling that someone of his stature would be at the theatre on a random night, let alone working the box office. As you sit there, you listen to Joel describe Firehouse as "an artistic home, a thriving hub of creative activity, and a center for community engagement where new performance work is developed and produced" (What is Firehouse, 2016). He goes on to explain the importance of each person who walks through the door and you are shocked to find out that tickets do not cover the expenses of the show and general operation of the theatre. Joel invites audience members to make a donation of any size from \$1 to \$1,000 and join the Firehouse family of creation and support. If they do not have the means to donate, he invites them to volunteer and become a part of the growing Firehouse network. He wraps up his speech by thanking you for your time and invites you to join in the creative process of theatre by simply watching and reacting to the performance. Without knowing it, Joel Bassin is creating and nourishing a culture of philanthropy at Firehouse Theatre.

Penny Harris describes philanthropy as, “When leaders, staff, and donors work together to create a place to serve the larger community, while supporting a passion and experiencing the joy of their generosity” (2014, p. 190). According to research, an organization’s culture efficaciously affects its overall effectiveness. Culture is pervasive and hence affects each sector of an organization, including fund development (Joyaux, 2015). A culture of philanthropy is one in which the board, staff, and executive director are involved in raising funds for the organization and the relationships developed formed through this process. It is not just about maintaining past donors and acquiring new ones; it is about viewing individuals as a vital part of your organization who can bring more to the table than just money. This type of culture values fund development as a mission-aligned component of everything the organization does (Gibson, 2016).

Currently Firehouse Theatre and other arts nonprofits around the United States are facing difficult funding issues. The growing gap between the rich and the poor as well as government retrenchment creates higher levels of competition for private sector funds. Although the private sector has been the major funder for the arts and cultural organizations, alarmingly arts and culture organizations have not experienced the same amount of growth as the private sector. In the five years between 1995 and 2000, the annual rate of growth as a whole was 10.4%, while it was barely 2.9% for the arts (Cobb, 2002). It is also interesting to note that arts and culture received a considerably smaller share of distributions by the charitable gift funds in 2001. Fidelity only distributed 6.6% of its grants to arts and culture, while Schwab and Vanguard distributed 7% (Cobb, 2002). With these shifts in funding and the ever-growing competition for grants and private donors, it is more important than ever for arts organizations to nourish a culture of philanthropy

within their organizations.

In the scenario outlined above, the act of making a contribution is more important than the dollar amount an individual donates. Every single donation is important to the success and longevity of the theatre, not just the large contributions (Gibson, 2016). Through his interaction with the audience at Firehouse, Joel explained that money is needed in order to do this work and by giving at any level, you are supporting the continued work. The act of giving allows the donor to feel a part of the process and the overall impact of the work. Donors want to help create change and nourish talent, but they cannot necessarily do it on their own. Through a nonprofit organization, however, their contribution can help make a difference and help find the meaning they seek. In order for a donor to comprehend the true meaning of their gift, they need to feel valued and respect at all times and understand what their giving accomplishes (Axelrad, 2015). Many funding organizations, foundations, and grant programs also look at the number of patrons who donate at any level to an organization and take this factor into account when awarding grants. By an individual giving even a single dollar, they are essentially saying: *Hey, I support you and the work you are doing and want to help you continue the work.* Venture philanthropy relies on similar interactions as well as patron support in order to determine the effectiveness and overall impact of the organization on the community (Cobb, 2002).

Venture philanthropy is part of the new philanthropy which was introduced in the late 20th century and is a young, fluid model that is still evolving. Much like the culture of philanthropy, venture philanthropy strives to change the relationship between funders and grantees from dependency to partnership. This shift, however, is very complicated because it involves the funders’ involvement in the nonprofit

organizations and some nonprofits might not be ready for this kind of intervention. The arts have been excluded from entrepreneurial and venture philanthropist who are looking to combine business and grants simultaneously. Venture philanthropy support for arts and culture is further limited by a general perception that they do not play an important role in social change. If the arts community wants to expand support from this new wave of funding, it needs to position itself for a more results-oriented, socially involved philanthropy. Arts policy researchers need to justify the grants and funds by showing growth in the arts will lead to economic development. Additionally, funders should encourage community outreach in arts organizations and documentation on how their work is positively affecting the community (Cobb, 2002). Although it may be hard to believe that the arts do not play an important role in social change and economic development, creating a culture of philanthropy within an arts organization should help create documentation and allow them to gain leverage with venture philanthropists.

Although money is essential to the operation of any nonprofit organization, creating a culture of philanthropy is more than the funding itself. Creating this culture can lead to the continued patronage and support of the organization (Joyaux, 2015). Arts organizations such as Firehouse are also exploring different methods to create a culture of philanthropy through patron and potential donor engagement. The hope is to give these individuals some sort of ownership and pride of the organization. This includes doing away with the traditional subscription package and replacing it with a membership package. A full membership package at Firehouse comes with free access and priority seating to everything at Firehouse. Members can come to any of the 100-plus shows at any time, whether they plan ahead or show up on a whim with no additional charge

or hassle. On their website, Firehouse goes on to sell the package as a way of life, stating that being a member gives you “an overwhelming sense of accomplishment and inner peace that comes from declaring your support of live performance and the unique role that Firehouse plays in the life of Richmond and beyond” (Membership, 2016, n.p.). This is an example of radical innovation which hopes to overturn an older model or approach and strives to capture new audiences in the process (Kasper & Clohesy, 2008). Generating new and innovative ideas is an essential part of maintaining a nonprofit organization and creating a lasting culture of philanthropy.

Successful nonprofits must be both innovative programmers and philanthropists. One cannot exist without the other. Programs must work toward the common goals set forth by the mission. Philanthropy is essential in order to fund the mission-driven programs. Creating a culture of philanthropy can help maintain and enhance relationships with existing donors, cultivate new donors, improve staff morale, spread knowledge of the organization, and bolster overall community support through the democratizing act of giving back. In essence, establishing a culture of philanthropy is about creating a feeling of community and family around and through an organization. Donors of all levels and all types, volunteer and monetary, must feel respected and at ease when interacting with the board and staff and immediately feel at home when they walk through the door. They want to feel special and that they are a part of something bigger than themselves. By making a donation at any level they are proudly putting their stamp of approval on an organization and saying, *I support the work they do*. At Firehouse Theatre, Joel Bassin is changing the face of what a nonprofit theatre is and how it operates. Through his innovative programming and structure, he is building a community—a community where a culture of

philanthropy can grow and thrive. Simone Joyaux of Nonprofit Quarterly describes it best when she states, “All this is the culture of philanthropy. An attitude. An understanding. A behavior. With a culture of philanthropy firmly established, fund development is more effective” (2015, p. 4).

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