

Heritage Endowment Programme: Key messages emerging from year 1

This short paper is intended to summarise the main messages gathered from the experience of grantees in their first year of activity within the Heritage Endowment Programme run by the Heritage Lottery Fund (HLF). Its purpose is to provide:

- An aide memoire for grantees on the points discussed with all those awarded Heritage Endowment Grants in their first year of planning for and initiating an endowment campaign
- Information for those in the sector considering establishing an endowment campaign.

1. Background

In March 2017 HLF awarded 15 heritage organisations with a Heritage Endowment Grant. This provides match funding for every £1 raised from private sources by the organisation up to an agreed grant level. The grants were fixed £250/500K/£1m for the endowment and organisations were also awarded costs for resourcing their campaigns. The purpose of the grant is to support organisations to diversify their income and to create or develop an endowment fund to provide a long term annual income. In addition, applicants also had the option of applying for up to 10% of the grant requested in order to help resource campaigns.

2. Key messages

Key messages on the learning in these initial stages of planning for and initiating endowment campaigns have been gathered by the Evaluators Hopkins Van Mil (HVM) and are grouped in this document around 6 main themes. They begin with general points that arise from a consideration of how successes and challenges have impacted on year one activities for endowment campaigns and then continue with more specific learnings on what needs to be considered in establishing a campaign. The messages are drawn from discussions held in telephone interviews in February and March 2018 and from the first Learning and Sharing Event for Heritage Endowment Grantees held on 26 April 2018.¹

Key message summaries will be produced annually to inform the wider sector of the learning from grantees on what works well and what works less well when setting up and implementing an endowment fund campaign.

2.1 Achieving success

The majority of the grantees have received at least one foundation donation from major donors who are already warm contacts for the organisation. Such donations range in size from £10,000 to £250,000. The latter was seen as a stroke of luck by the grantee as the full sum they aimed to raise for the endowment campaign has been received in one legacy donation. Others have secured early flagship donations by either holding cultivation events with existing donors and/or making approaches to high net worth individuals already supportive of the organisation. Some organisations have seized opportunities presented to them through their routine mailings to Friends groups. As one grantee said,

‘You have to take opportunities. For example our December newsletter triggered the

¹ The quotations in this report are taken from discussions held with grantees at the first Learning & Sharing event

donation which led to us believing we could establish an endowment fund.'

All grantees, but particularly organisations which have not yet received a foundation donation, have focused in this first year on ensuring that the mechanisms are in place for a successful campaign including:

- Gaining support from endowment campaign champions within their existing Trustees
- Ensuring internal stakeholders understand and are supportive of the programme
- Making the best use of volunteers including Trustees and their address books
- Writing a robust case for support with a clear vision for long-term financial sustainability.

The majority of grantees have focused on major donors to establish the campaign and will move in years 2 and 3 to a public campaign with lower level givers. Grantees spoke of taking small steps along the way, and recognising the importance of these steps in achieving the longer-term goal. One grantee demonstrated how he uses a spreadsheet to map each step closer to a donation he gets,

'Make sure you are making your 'moves' – move at least one donor forward every day/ week/ month – whatever you've set yourself as a target.'

Grantees agreed that there is a clear link between day-to-day short term actions and longer-term success and demonstrating those synergies to donors. They highlighted the importance of:

'Setting out clearly the short, medium and long-term priorities – as an internal message and to assess how your prospects fit into that: where's my best chance with that potential donor?'

2.2 The challenges

Progress against the objectives that the grantees set themselves within their fundraising strategies for the first year of the programme has been steady. However, there has been some time slippage in what grantees have been able to achieve for a variety of reasons including:

- The time it has taken to establish the internal mechanisms (e.g. Trustee involvement and financial structures for managing the funds) required for an endowment campaign
- Staff recruitment / re-organising staff structures to ensure those with the right skill set are working on the campaign has been more challenging than expected
- Internal stakeholder engagement with the endowment campaign has required more time than anticipated.

Grantees acknowledged that building a community of support around the campaign takes significant time and commitment. They discussed a number of solutions to this challenge including:

- Developing partnerships with other related organisations and tying in to other major events, for example, 'Using International Heritage Day as a lever for the campaign.'
- Showing Trustees, through staff initiative and drive, that this is a serious endeavour with which they should engage
- Develop a sub-group of Trustees who will definitely engage rather than being unrealistic and asking them all to commit to the campaign
- Having clear messages for the Trustees and for the local community on why they should support the campaign (see section Case for support).

The majority of grantee organisations are established, with an existing strong donor base on which to build. For those grantees which are starting from scratch, because they are either a new organisation or are building the endowment using entirely new fundraising structures, the process of establishing a donor base for the endowment campaign will take longer.

2.3 Do the groundwork

Given these challenges grantees focused their attention on the importance of spending the initial stages of any endowment process in laying solid foundations for future work. Building on the comments on Trustees they said:

- Ensure Trustees and Governing bodies are engaged with the concept of an endowment fund and understand the financial and legal implications, taking external investment advice where needed
- Engage Trustees and other close stakeholders to act as Endowment Champions once the campaign is launched, setting up a campaign or fundraising Board as required.

For some organisations early successes for the campaign have been directly linked to gaining this Trustee engagement to the extent that all their Trustees have made initial donations and Trustees' thinking has evolved so that they each see it as their responsibility to support fundraising in some form or another, even if they are not part of the Board's fundraising committee. As one grantee said, this thinking ideally should extend to all those involved with the organisation:

'Everyone is a fundraiser – from patrons to volunteers.'

- Before embarking on an endowment campaign ensure that you have an existing strong supporter base or a clear route to building one in the early stages of the campaign
- Have your house in order – people get sceptical about building an endowment if you don't have enough working reserves, it is a long term income stream
- Endowments need to be launched from a very solid foundation with budgets balanced, a clear financial plan and a well-articulated vision
- Embed the endowment fundraising within an overarching fundraising strategy so that it is not seen as an add-on to the organisation's work but a core part of building organisational resilience.

Grantees explained that doing the groundwork also meant ensuring the organisation phases its fundraising so that the work is manageable. To achieve this, the fundraising strategy needs to clearly set out what approach will be taken to raise money towards the endowment campaign and what will be done in support of capital and project campaigns. It could be that some of these elements overlap but those working on these elements should be clear whether they are approaching a major donor for the endowment campaign, a trust or foundation for project costs or launching a crowd funding campaign to support both.

2.4 Case for support

Grantees were clear in discussions that investing in creating a robust case for support is essential for the campaign. They stressed the following points:

- Make it easy for potential donors to understand the value of creating a sustainable funding source
- Use the case for support to articulate the strategic direction of the organisation – funders need to have the security of knowing that you are clear about what the organisation will be doing in the next 20 years and that the organisation has a financial, as well as, activity-based vision
- Understand that the case for support must be written from the donor's perspective, clearly articulating the benefits to them in using an endowment fund as the mechanism for their gift
- Make sure, when the time is right, the correct person makes 'The Ask'; this will be the person with whom the potential donor is most connected/ feels comfortable with which may not be the person/ team who has developed the case for support

- Being awarded a Heritage Endowment campaign grant by HLF must be stressed within the case for support as it demonstrates that the organisation has credibility in the eyes of a leading funder.

A significant part of the case for support is the key messages used by staff and Trustees when describing the campaign to potential funders. Grantees have spoken about the importance of tailoring the message appropriately to the audience, recognising that one size does not fit all. Grantees have been successful at segmenting donors in order to tailor messages as these comments demonstrate,

‘Major donor messages are more transactional – you know them already so tailoring the approach is possible.’

‘Major donors like to understand the mechanics of the endowment fund.’

‘For mid-level donors match-funding is important.’

‘Lower level messages have to be more emotional.’

‘Lower level donors love the match funding because it multiplies their money and makes them feel they’re giving a more significant donation with more impact.’

In understanding which key messages work for which level of donor, grantees also highlighted the importance of being clear who you are asking for what level of funding and being precise about what you are asking for whether a small donation, a larger donation, or support to promote the campaign.

Grantees discussed both the beginning and the end stages of the campaign. They felt that getting a major donor involved with foundation giving in the early stages helped to build internal and external confidence in the campaign. They also said that it is important to keep major donors in mind for the final campaign stages,

‘Ask for larger sums towards the end of a campaign when the gap is smaller - don’t panic, major donors will not let the campaign fail when you are 2-3 years in.’

For some organisations using the term ‘endowment’ in a key message has been found to be too abstract a concept preventing some potential funders from seeing the value that their donation will have in the longer-term. They suggested that focusing on the *change* the endowment would bring about and specific improvements / benefits for people was valuable. They said that in their experience people do not care about the mechanism by which the funds are raised (endowments) but they do care about the difference the funds will make to heritage, to people, and to communities. For some grantees this has meant working hard to demonstrate the human impact of donations with tangible examples which they have found to have greater impact,

‘Making the abstract ‘endowment’ real with the people stories for example, the children – how they will benefit.’

For others it has been about focusing on concrete outcomes and being specific,

‘Using a ‘20 year programme of fixing the windows’ rather than an ‘endowment’ as the hook – it helps to have a clear example of what the funding will achieve.’

The majority spoke of stressing the charitable status of the organisation at every point in the campaign, particularly to demonstrate the benefits the organisation offers to society, using evidence from a variety of sources to justify the statements made. Grantees said that whilst sustainability is important, it might not be the key message that the organisation delivers through its case for support. As one grantee put it,

‘Keeping the message about the beneficiaries and the heritage, not the financial

sustainability.’

Grantees said that they found it valuable to test the impact of their key messages and case for support with a number of external stakeholders before rolling it out more widely. Not least to make sure it demonstrates that there is a level of urgency to the campaign so that people take action, and that,

‘The case for support is emotional but not saccharine.’

Equally important is to demonstrate that the organisation is viable in the long-term, because without that reassurance major donors are unlikely to commit substantial funds to the campaign. As one grantee put it,

‘It is important to give the message that we are financially secure – but we need the money, it’s a balancing act and a potential deterrent if we don’t get the balance right.’

At the learning and sharing event grantees shared a number of key messages that they felt resonated with potential donors:

- The endowment will help preserve our free sites for future generations
- A gift that will go on giving
- Building a secure future
- From one generation to many
- Sustaining the organisation for the next 200 years.

Grantees used the following points to stress why people will give:

- People give to people
- People give to young people and the future
- People give if they feel there is a sense of urgency.

2.5 Match funding

Grantees see the HLF match funding as a key advocacy tool from which to lever other matched funding opportunities as well as donations. Some organisations had found it very useful to draw in other sources of matched funding using local, regional and national match funding schemes, for example,

‘Being able to say ‘quadruple your money’ with support from Barclays £ for £ as well as HLF match funding because small donations help when they are matched.’

They also suggested that thinking laterally about other opportunities is helpful in building momentum around the campaign. As one participant said,

‘Be creative in all transactions: i.e. ask customers in (community) restaurant(s) to add £1 to bill.’

Grantees saw that highlighting the matched funding element of the campaign shows potential donors that you understand that they have finite resources, but that match funding is a way of making these resources go further. Grantees also discussed Gift Aid as another form of match funding. They said,

‘Make sure you include Gift Aid in your match funding calculation – it is easily overlooked.’

During the Learning and Sharing Event grantees shared a number of key messages around matched funding that they had found to resonate with potential donors:

- Double your money
- Quadruple (or x5) your gift
- £1 given with Gift Aid turns into £5 [for the restoration programme].

2.6 Time, commitment and capacity

Grantees stressed that building an endowment takes time and commitment. It requires capacity not only within the organisation but also from the wider community. They described this process as challenging, but highly beneficial for the campaign. To achieve a campaign that rests on strong community foundations they highlighted the following points which had begun to bear fruit for them including:

- Building in *behind the scenes* experiences for community groups
- Developing the Friends' network
- Developing messaging around the museum/ heritage organisation/ gallery and in all communications materials about why you need the money so that, 'There is lots of messaging about the why before you ask for a donation.'

Grantees said that in building an endowment organisations should not underestimate the time it takes to:

- Engage internal stakeholders in the process particularly if you are working in a new way or with new structures/ partners
- Set up the financial and governance structures required for an Endowment Fund
- Recruit appropriate team members with the right skills to work on an Endowment Campaign.

For grantees success is more likely if you build capacity around the campaign by harnessing the support of existing donors. They stressed that committing to activities around this in the fundraising strategy will be time well spent. Key points made by grantees are:

- Make sure you take the time to nurture those who already support you, raise their level of support and try to fundraise from new supporters through their networks
- Be realistic with the amount the endowment campaign needs to raise and commit appropriate internal resources (financial/ staff & volunteer time) to making it a success
- It is possible for smaller organisations to be ambitious and develop an endowment campaign as in the longer-term it is easier to manage unrestricted endowment funding than to constantly fundraise for each new project/ programme separately.

3. Next steps

In recognition that this is the first year of a four year campaign and it takes time to establish the foundations before significant fundraising can take place, 'Don't panic' is the clear message from those within the cohort of grantees who had more experience of endowment campaigns. They stressed,

'The journey to endowment will be different depending on your organisation.'

The evaluation for the programme will continue until 2021. As such this is the first in a set of key learning message documents which will be available to the wider heritage sector as the grantees continue to share of how their campaigns develop and bear fruit. The next paper will be issued in June 2019.

Hopkins Van Mil, June 2018