


# **Fundraising at Art Museums**

 Smithsonian Institution

Office of Policy and Analysis

October 2001

# FUNDRAISING AT ART MUSEUMS

In the past decade, fiscal pressures on art museums have made fundraising at art museums increasingly competitive and important. In response, the development offices have become more professional and sophisticated. There are six art museums at the Smithsonian Institution: the Cooper-Hewitt, National Design Museum (CHNDM); the Freer Gallery of Art and Arthur M. Sackler Gallery (FSG), which together form the national museum of Asian art; the Hirshhorn Museum and Sculpture Garden (HMSG); the National Museum of African Art (NMAfA); the National Portrait Gallery (NPG); and the Smithsonian American Art Museum (SAAM). This paper first discusses what strategies art museums are employing to raise money; it then compares Smithsonian art museums with other art museums with respect to fundraising; and finally it presents several fundraising issues facing the Smithsonian art museums.

## **WHAT ARE ART MUSEUMS DOING TODAY TO RAISE MONEY?**

This section of the paper discusses strategies art museums are employing to increase private donations. They are gathered from literature research and interviews with development directors at the Smithsonian and other art museums.<sup>1</sup>

### **Developing personal relationships**

“People give to people.” Development directors identified personal connections as the most important component in successful fundraising. They described fundraising as treating donors like “family” or as “cultivating a family over time.” In cultivating donors, development directors and staff attend official corporate functions and private social events. They ensure that donors are invited to museum events and that museum staff are attentive to them during the events. One interviewee stressed the importance of remembering major corporate anniversaries and hosting an event at the museum for those occasions.

In developing personal relationships, fundraising is “community building” or creating a feeling that being a part of the museum is important. In community building, a museum’s donor clubs and volunteer committees are viewed as important resources. Development directors described volunteers as “passionate” and “committed” and, at times, better able than paid staff to convey the value of being a part of the museum’s “family.”

### **Spending money more efficiently**

Museums spend money to raise money, and the amount a museum raises for every fundraising dollar spent has increased.<sup>2</sup> In 1997, museums spent a median<sup>3</sup> amount of

\$438,000 in their fundraising efforts to raise \$985,000 in private donations. In 2000, the median cost of fundraising increased to \$688,000, while \$1,898,000 in private donations were raised. For every fundraising dollar spent in 1997, \$2.26 in private donations were realized; in 2000, museums raised \$2.76 for every fundraising dollar spent. As shown in Table 1, the ratios of the amounts of money raised to the costs of fundraising from 1997 to 2000 increased. In short, museums are spending more on fundraising efforts than in previous years, and they are getting “more bang for the buck.”

Table 1. Amounts Raised for Every Dollar Spent on Fundraising<sup>a</sup>

Year	Average Cost of Fundraising <sup>b</sup>	Average Money Raised	Money Raised to Money Spent Ratio
1997	435,000	985,000	2.26
1998	518,000	1,263,000	2.44
1999	505,000	1,341,000	2.66
2000	688,000	1,898,000	2.76

<sup>a</sup> Data was gathered from the “Statistical Survey” compiled and published by the Association of Art Museum Directors (AAMD). While the AAMD statistic surveys are not perfect, they remain the most comprehensive information available.

<sup>b</sup> The “cost of fundraising” includes activities relating to development, public relations, marketing, and membership services.

### **Increasing involvement of board members in fundraising**

Board members are key factors in attracting major donors, either by introducing museum staff to major donors or by soliciting their support directly. Board members are typically prominent members of communities and have access to other prominent community members. Members who sit on corporate or foundation boards can be especially helpful in soliciting funds from corporations and foundations. Board members are requested to solicit outside support for the museum and are often encouraged, and sometimes required, to make contributions themselves. Among the museums interviewed, the amounts board members were asked to contribute ranged from \$3,500 to \$100,000.

### **Attracting new major individual donors**

Finding new major donors is an important component of art museums’ fundraising strategies. Finding new donors includes finding a younger generation of donors and identifying from donor bases those who are capable of contributing more than they currently do. In addition, most museums make planned giving or bequests a major focus

of their major donor effort. Planned giving can be especially beneficial for museums, because it is a vehicle for people to make more generous gifts than they thought possible.

### **Undertaking major campaign programs**

Major campaigns are an increasingly important means of augmenting private donations. They typically revolve around capital projects, endowments, and art acquisitions. Individuals, corporations, and to some extent foundations are more likely to give for campaign programs, especially capital projects. In part, campaigns are successful because they are able to focus the community on museums' needs and demonstrate that museums have visions for their futures.

All of the art museums whose development directors were interviewed had at least one major campaign during the past five years or were planning one for the near future. While museums have found major campaign programs a successful way of fundraising, they have had to dedicate additional staff resources to campaign programs and are finding an increasingly competitive marketplace for campaign dollars as the number of organizations vying for campaign dollars increases. Also, one development director cautioned against "donor fatigue" when implementing successive campaigns; he initiated a "donor rest period" (of about two years) before beginning another capital campaign program.

At the Smithsonian, two art museums – NPG and SAAM – are in a capital campaign mode because of the renovation of the Patent Office Building. The FSG is considering a capital campaign.

### **Producing more "blockbuster" exhibitions**

In general, development directors believe that the public, major individual donors, and corporations put great pressure on museums to do blockbuster exhibitions. The return on the investment of time, energy, and resources required to bring together a blockbuster is often significant at multiple levels – sponsorship revenue, membership increases, and audience attendance. For example, the Van Gogh exhibition at the Los Angeles County Museum of Art in 1999, which drew an audience of 820,000 people, attracted some very large sponsors, gave the museum increased publicity, and helped to almost double the museum's membership from 64,000 to 118,000, although it dipped the next year to 92,000.

A tension, however, exists between "exhibitions that draw a large crowd and those that are academic in nature." One development director, who is supportive of blockbuster exhibitions as a way of making art more accessible to the general public, bemoaned the museum's decision to pass on a more "popular" exhibition that several staff members did not consider "art." The goal of this museum, however, is to host a blockbuster at least once every 18 to 24 months.

## **Re-organizing the development office to be more effective**

In general, fundraising efforts include several activities: membership, special events, donations by individuals, corporations, and foundations, planned giving, volunteer coordination, and publications. Depending on the museum, a few of these activities (such as publications and membership) may reside in another department. For example, the Metropolitan Museum of Art has a separate membership department to deal with its large membership. A few museums (such as the Boston Museum of Fine Arts) have moved their administrative functions, such as gift processing, away from the development office to give staff members more time to focus on raising money.

Several development directors raised the question of whether marketing duties should be a part of the development office. Based on their experiences with the lack of coordination between the marketing and development departments, a few directors were passionate in their opinions that these two functions should be under the guidance of one director, or at minimum collaborate more effectively. The general belief was that, while the traditions of the museum may determine how development and marketing departments are organized, it is important that the two departments work as a team.

## **HOW DO SMITHSONIAN ART MUSEUMS COMPARE WITH OTHER ART MUSEUMS?**

Understanding how the Smithsonian art museums compare with other art museums in their fundraising efforts is the topic of this section. The following information is based on data provided in the annual “Statistical Survey” published by the Association of Art Museum Directors (AAMD). Although the data should be viewed with some caution,<sup>4</sup> the information indicates that the Smithsonian art museums are on average raising as much fundraising revenue as their peers and are comparable in terms of its efficiency in raising those funds. However, differences between individual Smithsonian art museums exist and, at times, are vast.

An important distinction between Smithsonian art museums and some other art museums is the level of public funding that is committed to operations. However, the Smithsonian is not alone in being the beneficiary of public monies. In 2000, 128 museums received some public funding; the median amount was \$340,000, ranging from \$500 to \$63,000,000.

### **The total amount of dollars raised**

As shown in Table 2, Smithsonian art museums on average were comparable with their peers in raising private donations. This data does not capture some of the successes that Smithsonian art museums have recently enjoyed, including the NPG’s receipt of a \$30 million gift in 2001 to purchase, dedicate a gallery to, and present traveling exhibitions of

Gilbert Stuart’s famous painting of George Washington; multi-million dollar gifts pledged by SAAM’s board members for the capital campaign to renovate the Patent Office Building; and SAAM’s receipt of a multi-million dollar sponsorship from the Principal Financial Group for its *Treasures To Go* traveling exhibitions.

Table 2. Dollars Raised<sup>a</sup>

<b>Museum</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>
CHNDM	n/a	219,000	n/a	n/a
FSG	n/a	3,098,000	2,073,000	2,760,000
HMSG	448,000	190,000	1,353,000	2,505,000
NMAfA	23,000	n/a	58,000	25,000
NPG	515,000	227,000	466,000	n/a
SAAM	1,186,000	2,020,000	2,352,000	n/a
Grand Total	2,172,000	5,754,000	6,302,000	5,289,000
Median – SI museums	543,000	1,151,000	1,260,000	1,763,000
Median – all museums	985,000	1,263,000	1,169,000	1,898,000

<sup>a</sup> Data unavailable for some museums are identified by n/a (not available).

### **Efficiency in raising private donations**

As indicated in the earlier section of this paper, the efficiency of museums in raising private donations (the amount of dollars raised divided by the cost of fundraising) has improved during the last four years. Like many museums, the six Smithsonian art museums have increased their efficiency in raising private monies through these years, but consistently remain below the national average (see Table 3). A breakdown by each museum shows the HMSG performing best in the last four years, while the NMAfA has lagged behind the other Smithsonian art museums.

Table 3. Amounts of Private Donations Raised for Every Fundraising Dollar Spent<sup>a</sup>

Year	CHNDM	NPG	SAAM	FSG	NMAfA	HMSG	Money Raised to Money Spent Ratio (SI museums)	Money Raised to Money Spent Ratio (all museums)
1997	n/a	2.32	1.42	n/a	0.13	12.44	1.96	2.26
1998	1.12	1.31	3.08	n/a	0.02	5.00	1.99	2.44
1999	n/a	2.12	3.08	5.92	0.04	8.90	2.05	2.66
2000	n/a	n/a	n/a	2.49	0.08	n/a	2.50	2.76

<sup>a</sup> Data was gathered from the “Statistical Survey” published by AAMD. Data unavailable for some museums are identified by n/a (not available).

### **WHAT ARE THE MAJOR FUNDRAISING ISSUES SMITHSONIAN ART MUSEUMS FACE?**

This section of the paper discusses issues relating to fundraising by Smithsonian art museums that Smithsonian art museum development directors raised. They spoke more about problems than about possible solutions.

#### **There is a widespread public misperception that the Smithsonian is 100 percent publicly funded.**

Many people hold the misperception that the Smithsonian is 100 percent supported by public monies. In reality, Congress appropriates approximately two-thirds of the Institution’s budget. The Smithsonian supplements federal appropriations with private funds. Federal funds support the construction, repair, restoration, maintenance, and operation of the Institution, as well as the compensation of the Smithsonian’s civil servants. Private monies fund non-civil service employees, acquisitions, exhibitions, public programs, and some construction and alteration projects.

#### **The development offices are understaffed.**

As the Smithsonian expanded its programs and activities, fundraising activities by individual art museums did not expand commensurately. As a result, the majority of the Smithsonian art museums have understaffed development offices. Currently, the CHNDM has the largest staff with six, followed by the FSG with five. The NPG has four staff and the remainder have two or less.

**The Smithsonian Institution's exceptional reputation does not always translate into additional gifts and donations.**

The Smithsonian Institution has a positive brand; the art museums benefit from their association with the brand. The Smithsonian American Art Museum changed its name from the National American Art Museum in 2000 in part to highlight the museum as a Smithsonian entity. However, the public's positive perception rarely generates funds in and of itself. The ability of the Smithsonian art museums to translate the Institution's brand identity into museum specific donations is difficult to determine. The Smithsonian brand may open doors but may not result in contributions to specific museums.

**There are fundraising disadvantages to being part of a national organization.**

Some donors do not give to Smithsonian art museums because they are part of a national institution and they prefer to fund local organizations or projects. Some corporations fund organizations where they are headquartered. With the exception of a small number of well-known corporations (e.g., AOL Time Warner), most corporations are not headquartered in the Washington, D.C. area.

**Advisory board members are an important component in raising private donations; however, they have not been well-utilized for this purpose.**

Traditionally, board members have not been very involved in fundraising for their respective museums, nor have they always been asked to make monetary contributions. Recently, the Smithsonian has emphasized the importance of board members as donors and fundraisers; some art museums now ask board members to contribute or secure for them a minimum amount of money (typically \$10,000). Some have gone so far as to change the bylaws of the advisory boards to formalize the importance of the board's fundraising role.

**The Institution's central Office of Development provides valuable resources; yet, at times, it is perceived as bureaucratic.**

The Smithsonian Institution's central Office of Development provides a variety of services to the unit development offices. These services include providing assistance for planned giving, performing research for major gifts, processing of gifts, maintaining a database of donors, and executing a search for new staff. Of these services, the units most often use the central office's planned giving expertise in preparing the paperwork and in researching prospective donors. The existence of central services does not preclude the duplication of services across the units. Since the units are not charged for the use of these central services, the provision of services by the central office is most cost effective for the development offices with smaller budgets.

One of the essential tasks of the central Office of Development is to maintain a coordinated database of donors and ensure that a single Smithsonian point of contact exists for major donors. The point of contact is typically the person with an established



relationship with the potential donor. The point of contact knows the types of projects the donor is likely to fund, but more importantly acts as a coordinator of the requests that reach the donor. Implemented four years ago, development directors report that the system is satisfactory, but is also bureaucratic. Some proposals could not be submitted by the units for months because the central coordinator delayed the submission process.

### **Smithsonian art museums compete with each other for private donations.**

Not only are the Smithsonian art museums competing against non-Smithsonian art museums, but they are competing with one another for private donations. Smithsonian museums essentially raise funds for their individual use, not for the Institution as a whole. Because donors see the Smithsonian museums as part of a single institution, there is some reluctance to review and fund more than one Smithsonian proposal at a time. Foundations are especially restrictive in this regard.

### **The art museums compete with the Smithsonian's general membership programs.**

The Smithsonian, as an institution, offers five types of general membership programs, each offering multiple levels of commitment. General memberships begin at \$28 for the National Associate Membership and go as high as \$10,000 or more for the James Smithson Society memberships. All the art museums, except the HMSG, which is in the process of organizing one, offer museum-specific membership plans. The cost of these programs ranges from \$55 at the CHNDM to \$1000 at the FSG. People sometimes incorrectly believe that being a general member of the Smithsonian automatically makes them a member of a specific museum or vice versa. Also, for policy or legal reasons, charging an admission fee may not be an option of the Smithsonian art museums. At this time, CHNDM is the only art museum that charges an admission fee.

---

<sup>1</sup>The development directors of these museums were interviewed: Art Gallery of Ontario; Art Institute of Chicago; Asian Art Museum of San Francisco; Boston Museum of Fine Arts; Butler Institute of American Art; Cooper-Hewitt, National Design Museum; Corning Museum of Glass; Freer Gallery of Art and Arthur M. Sackler Gallery; Hirshhorn Museum and Sculpture Garden; Indianapolis Museum of Art; Metropolitan Museum of Art; Museum of Contemporary Art, Chicago; National Gallery of Art; National Museum of African Art; National Portrait Gallery; Portland Art Museum, Oregon; and Smithsonian American Art Museum.

<sup>2</sup> All data is gathered from the Statistical Surveys published by the Association of Art Museum Directors (AAMD). Fundraising costs in this case include costs for development, marketing, public relations, and membership service activities.

<sup>3</sup> The median rather than the average was used to diminish the effects of extreme numbers.

<sup>4</sup> The concerns involve the lack of or incomplete responses to the AAMD surveys by some museums in a given year and the lack of third party verification of the accuracy of the data submitted.