

“Moves Management” A Vision of the Future

Major Gifts Process – Opera Europa, Brno
November, 2014

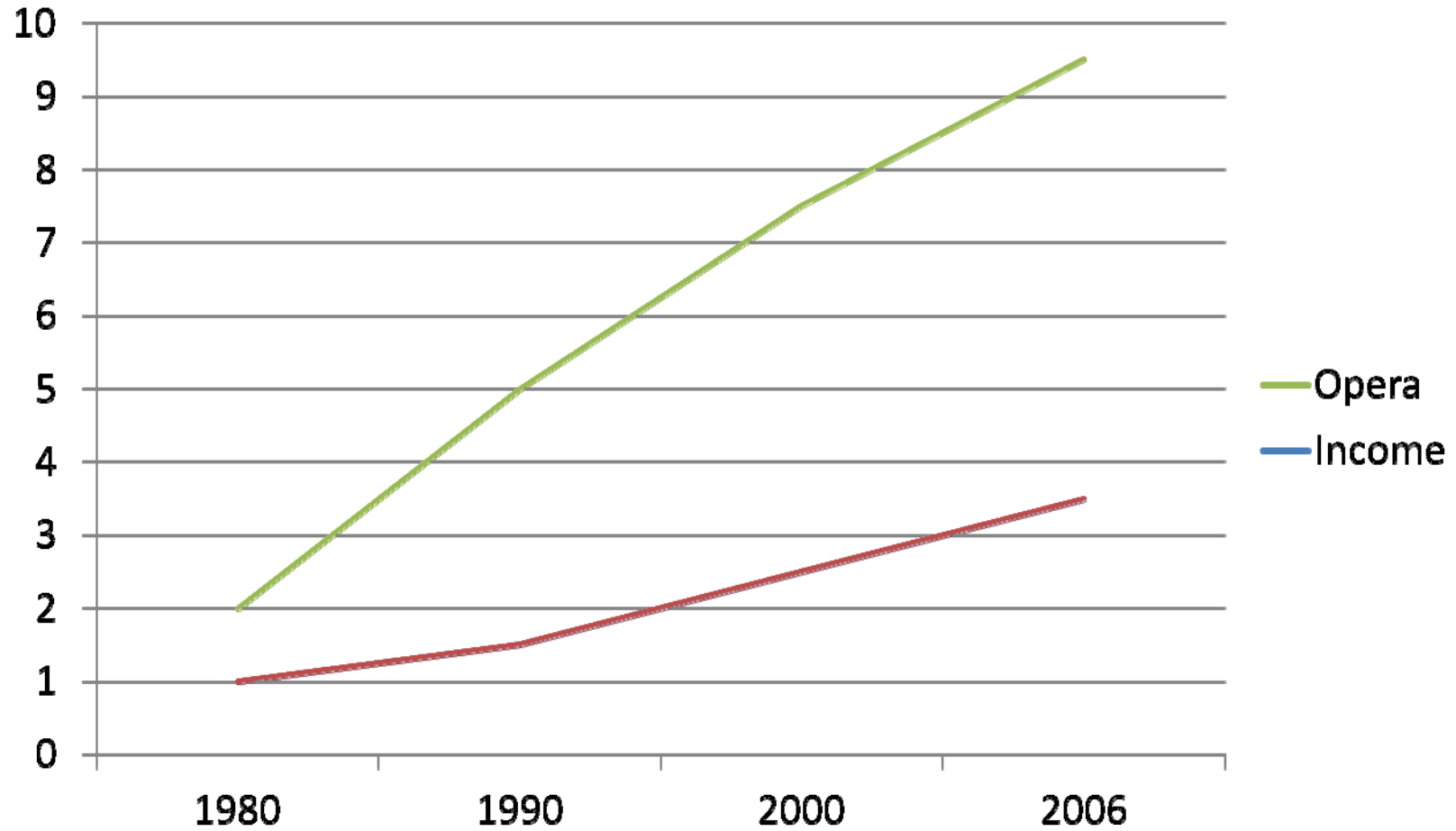
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Every year it costs more to produce the same season than the increase in household income in the market served.

“Baumol and Bowen: Cost Disease”

- The Canadian/American Experience:
 - Opera Inflation is higher than median household income increases, (often more than double) (2% income growth/4% inflation rule)
 - 90% personnel cost (benefits, insurance, health)
 - 5% marketing (high inflation, decreasing reach)
 - 5% construction materials / shipping (high inflation - energy)

Cost of Production / Household Income Canadian Opera Company



Opera Revenue is limited by Household Income and Government Stagnation

- **Ticket income**, once rationalized to the market, will grow with household income. (2%) Marketing reach is decreasing with flat-lined marketing expenses and higher advertising inflation.
 - Income gains have been accomplished through price increases which exclude audience.
 - Lower ticket prices would greatly increase reach but lower net-income
- **Annual funds** grow in lockstep with increased household income (2%)
- **Government support** is generally flat-lined (0%) No increases since 1977
- **Systemic Deficit (Cost Disease)** 15% (4-6% annually) (funded by extraordinary events – special government grants, bequests, one time special donations, Endowment draw)

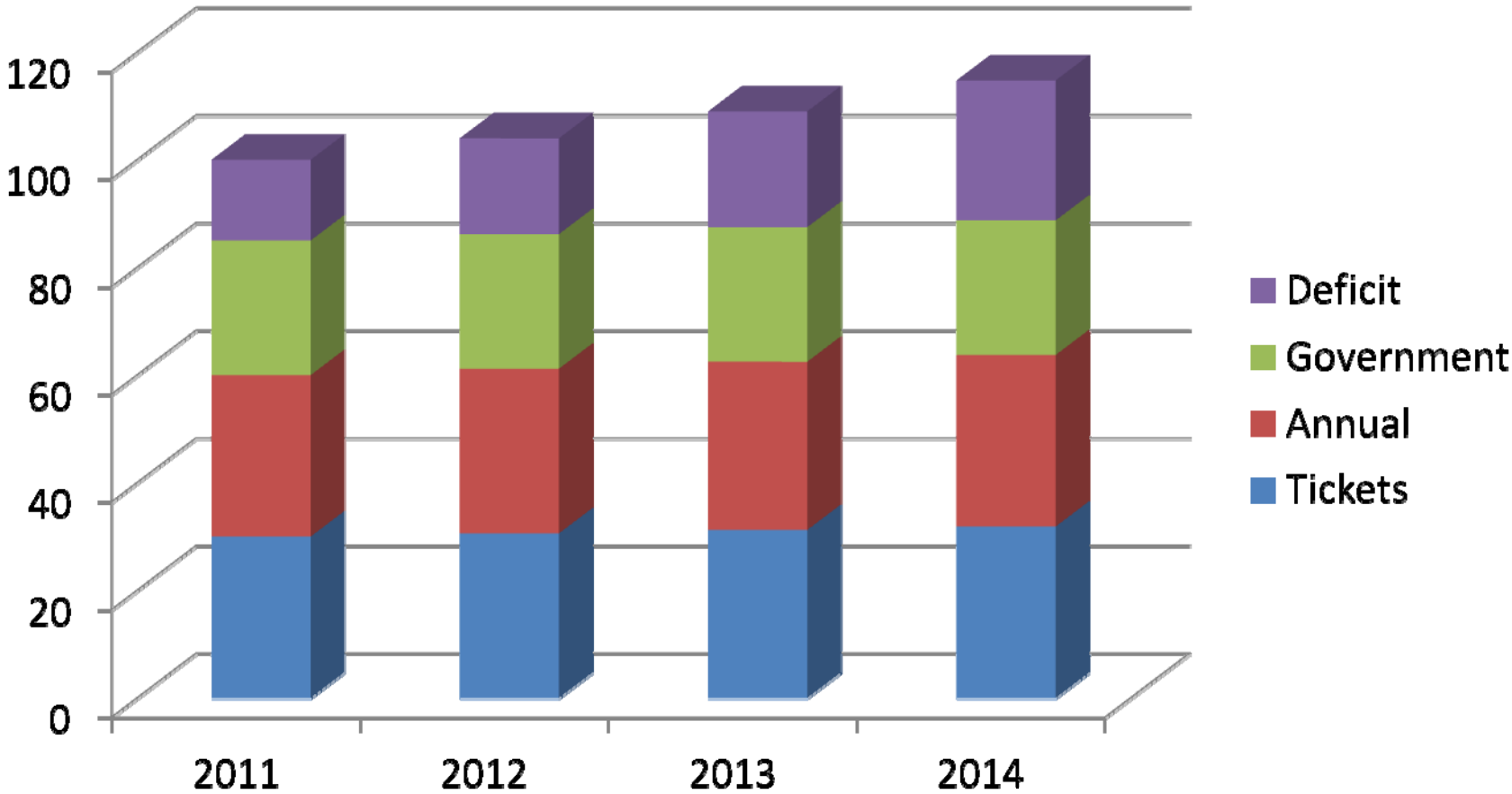
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- **Endowments:**
 - **built from donors net assets rather than cash flow (income)**
 - **historically return more on average than the increasing cost of production. (7-9% return)**
 - **It is the only hedge against systemic deficit (Cost Disease) growth.**

Opera Revenue is limited by Household Income and Government Stagnation

- **Systemic deficits (Cost Disease)**
 - represent the difference between opera inflation and increased revenues
 - grow at an increasing rate annually.
 - Growing with most under-capitalized performing arts organizations in the 2-4% annual range.

Growth of Systemic Deficit: Cost Disease/Endowment Need



Canadian Opera Company 1960's Revenue

– Ticket Sales

– Government

– Fundraising

Canadian Opera Company 1980's Revenue

–Ticket Sales

–Government

– Annual Fund

Canadian Opera Company 1990's Revenue

- **Annual Fund**
- **Ticket Sales**
 - **Government**
 - **Endowment**

Canadian Opera Company 2000's Revenue

- **Annual Fund**

- Individual Major Gifts

- All Other Programs

- **Tickets**

- Government

- Endowment

2010's Revenue

- **Fund-raising**

 - » **Individual Major Gifts**

 - » **All Other Tactics**

- **Tickets**

 - **Government**
 - **Endowment**

Estimated 2040's Revenue

- **Endowment**

- **Annual Fund**

 - **Individual Major Gifts**

 - **All Other Tactics**

 - Tickets
 - Government

Major Gift Programs

Driven by:

“Moves Management”

The Major Gift Program – “Dating”

- A relationship building, donor centered program between a high net worth prospect and an institution.
 - Objective is to maximize the donors contribution through the development of psychic ownership equity in the institution leading to an **ultimate** gift.
 - A pro-active managed process utilizing the “moves management process”, administered by development professionals.
 - *Success comes from being donor centered i.e. fulfilling the donor’s needs.*

Moves Management Refresher ("Dating")

- **A Relationship Building Process**
 - Managed by a development professional or opera leader.
 - Designed and implemented for a specific individual or family, or group.
- **Focused on deepening the opera companies relationship with the prospect.**

Moves “Dating” Process:

- 1. Plan Move**
- 2. Execute Move**
- 3. Review and Record Move Outcome**
 1. Call Report in Database
 2. Record Status Change in Database
- 4. Plan Next Move**
 1. Record in Database with date

Moves (Dates)

- **Background Moves**
 - Activities conceived for a group:
 - Cocktail Parties
 - Annual Meetings
 - Special Performances
 - Subscriber recognition events.
 - Patron and other Donor events.
 - Attending Performances
- **Foreground Moves**
 - Activities and experiences conceived specifically for the prospect.
 - Dinner with the General Director
 - Travelling with the General Director
 - Going to see an “in school program’ with gift officer

Background and Foreground Experiences Develop the Prospect's Psychic Ownership of the Opera Company

Stages of Psychic Ownership:

- **Awareness**
- **Knowledge**
 - Understanding
- **Interest**
 - Caring
- **Involvement**
- **Sense of commitment**
 - Expressions of commitment (Gift of a Lifetime)

Moves Managers Stages of Prospect Status

(recorded in the database)

- **Screen**
- **Cultivate**
- **Engage**
 - Solicit this fiscal year.
- **Solicit**
- **Confirm**
 - Gift is confirmed in writing.
- **Steward**
- **Steward Solicit**

- **Pass**
- **Hold**

Foreground Moves - First Date

- **Screening**

- To determine if the effort is worth the investment
- **Decision:** whether there is the ability and potential to develop affinity to merit a gift of \$100,000 or more (bigger organizations use \$250,000).
- Assess where they stand in David Dunlap's relationship stages.

Screening Interview

- **Desirable: Face to Face meeting to get “their story.”**
 - Interview questions include:
 - How they came to opera.
 - Travel for opera.
 - Did they bring their children to opera
 - How do their kids like opera.
 - Repertoire they enjoy and vice versa
 - Are they aware of the programs the opera company runs beyond our main season.
 - Other art forms they are involved with
 - Other charities they are involved with
 - How they are treated by this company versus other organizations they have relationships with.
 - What is the strength of our opera company (like)
 - What are our weaknesses (dislike)
 - Where does the opera stand among the charities they support and participate in.
 - Have they ever made a gift to endowment or a major gift
 - What convinced them to do it.

Note

- If the owner (assigned officer) changes pick up the process where it left off.
 - Do not go back to screen.

Prospect Playing Hard to Get:

- **Set up phone interview**
 - Meet later at their seats
 - Invite to lounge for a drink
- **Meet at seats to introduce yourself**
 - Strategically sit near or next to prospects.
- **Meet at another event** you know they will be at. (arranged introductions)
- **Use partners to make the introduction.**

Cultivate

– Knowledge

- Develop interesting tidbits and talking points to share.
- Reviewing Show and tell re: Opera Company
- Visit the Archives learn about company history
- Reviewing fiscal data past history
- Reviewing Annual Statements

– Understanding

- **(Grasping why they need support)**
- **(In arts understanding means they know why support is needed)**
- Interchanges with officers and arts professionals and volunteers backed with examples and date - so they eventually get it
- Serving on the Finance Committee. (also involvement)

Cultivate (cont'd)

- **Interest**
 - All behind the scene activity Tours, presentations,
 - Getting to know our artists and their stories
 - Witnessing the rehearsal process
 - Watching young artist coaching, master classes

- **Caring (Experience Wonderful)**
 - Go as an observer for any non main season performance/workshop, with behind the scenes introduction
 - Observe a Children's Program "in-school"
 - Share a feature solo performance of an artist followed by celebrating that performance at a post performance dinner

Engage (Involvement)

– **Involve (Participation)**

- Invite to serve on a Board Committee
- Partner on Calls, Host Cultivation Dinner, Event
- Travel with company, General Director, Artistic Administrator
- Go to see a production or artist we are anticipating to produce
- Attend Director/Designer concept post meeting/meetings

– **Commitment (Ownership) Missionary**

Solicit

- **Strategize the ask:**
 - **Who?**
 - Who is on the team? Solo, Partners, The General Director, Other
 - **What?**
 - **When?**
 - When to ask?
 - **Where?**
 - Where to ask?
 - **How?**
 - **Proposal Folder**
 - What's in it
 - How do you bring up the subject?
- **Only Three Answers: Yes, No or Maybe**

Confirm

- Getting it in writing.
 - Pledge Cards
 - Gift Agreements
 - Contracts

Stewardship

- Develop a custom “special for you” thank you plan for the comprehensive donor comprised of 10 “wonderfuls”:
 - Make you cry experience
 - Gifts
 - Special Thank Yous
 - Assorted letters & announcements
 - Celebration event
 - Special stage thank you
 - Special gift announcement stories campaign newsletter / web site video story
 - Pictures in ads.
 - General Director and or Music Director handwritten note
 - Artist of meaning handwritten note
 - Autographed something special that could hang on a office wall
- Having the donor share their story in person with prospects and other donors at dinner, a Board meeting, concert gathering, event etc.

Stewardship

- **Endowment Fund Donors**
 - Recognizing fund creation intent in the Legacy Society section of program
 - Timely fund recognition in programs for working funds
 - Annual well thought out “make you cry” fund report with photos story etc.
 - Annual “State of the Fund and Outcomes” Report

Recognition / Using Outcomes

- Recognition
- Board Responsibilities, Partnership and Leadership
- Campaign versus Non-campaign

Recognition / Benefits

- Benefits Document
- Opera Fund Document

Getting Officers Out of the Office

- **Tactics**
 - Meetings
 - Stand up meetings
 - Discipline
 - Weekly Call Report Review
 - Required moves activity
 - Required stage moves.
 - Portfolio value and expectations
 - Rewards
 - Dismissal

Titles

- “I don’t get no respect”
- The Danger of “Gift Officer”
- Adding President, CEO to the General Director Title
 - Moving to President, VP Titles
 - Gift Officer as member of;
 - Director, Office of the President

Thank You