

Heritage Endowment Programme: Key messages emerging from year 2

This short paper is intended to summarise the main messages gathered from the experience of Heritage Endowment Programme grantees. This is the second year of activity within the programme run by the National Lottery Heritage Fund (The Fund). The purpose of the paper is to provide:

- A method for coherent sharing of learning across Heritage Endowment Grantees cohort based on data collected during this second year of activity which built on the foundations set up in year one for planning and initiating an endowment campaign
- A means of informing 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.

1. Background

In March 2017 the National Lottery Heritage Fund awarded 15 heritage organisations (with a Heritage Endowment Grant. The grant scheme provides match funding for every £1 raised from private sources by the organisation up to an agreed grant level. The grants were fixed at £250/500K/£1m for the endowment. 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 sustainable 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 year two have been gathered by the Evaluators Hopkins Van Mil (HVM) and are grouped in this document around five main themes. The messages are drawn from discussions held in telephone interviews with the grantees in February and March 2019 and from the second Learning and Sharing Event for Heritage Endowment Grantees held on 11 April 2019.¹

This summary report of the key messages begins with general points that arise from a consideration of how successes and challenges have impacted on year two activities for endowment campaigns. It continues with more specific learnings on the ways in which grantees have consolidated the foundation work undertaken in year one, and built the momentum required for their endowment campaigns.

2.1 Achieving success

Grantees are building on the success of the foundation donations² and the organisational systems established in year one for endowment campaigning, to grow further their endowment fund. For a minority of grantees the successes have been dramatic: one grantee has used a major gala dinner, attended by major stakeholders, local businesses and the wider community, to successfully increase the amount they have raised to 90% of their endowment target. Another smaller organisation raised £90k from a successful partnership with the Big Give³ to quadruple the

¹ The quotations in this report are taken from discussions held with grantees at the second Learning & Sharing Event and in grantee year two interviews

² Foundation donations are larger donations made by individuals to launch a fundraising campaign. Endorsement from these early gifts encourages others to donate.

³ <https://www.thebiggive.org.uk/s/>

match funding available. Success though is not seen only in terms of larger-scale big wins. The majority of grantees are reporting success in terms of sure and steady progress against their objectives. This has included more foundational work for the campaign such as developing short-lists of major donors, conducting wealth screening programmes and refining the case for support based on the learning from year one. It has also meant significant progress against campaign strategies which has included:

- Gaining new Patrons and Members, either from newly established schemes with banded opportunities for giving, for example at £10k and £5k levels; or from changing the key messages for existing schemes
- Organising events to extend the outreach to major donors including intimate dinner parties, larger-scale dinners in unusual settings, and encouraging existing donors to act as ambassadors for the campaign
- Taking part in public events such as Art Fairs which not only raises the profile of the campaign with a key target audience, but also very effectively brings staff and volunteers together as fundraising team
- Developing campaign tools and gifts for specific target audiences for example a programme for manufacturing companies associated with the heritage organisation which each receive a plaque for donating; or a handcrafted piece of stained glass in a presentational box (funded by a Trustee) to give to foundation donors.

Success has also been seen by some organisations as working flexibly and with pragmatism, being able to take opportunities as they arise. For example, sending out generic newsletters to the trusts and foundations who have previously funded the organisation, or to friends of the organisation. The newsletters mentioned the endowment campaign rather than having it as the main message. This resulted in an immediate donation of £20k for one large heritage organisation and a grant of £10k for another smaller organisation.

Being able to galvanise volunteers and Trustees at short notice has also been important for some grantees. One was offered the opportunity to take collection buckets to a public lecture being given by a well-known broadcast historian, who mentioned the campaign, resulting in both donations and a higher profile for the museum involved. Taking advantage of the opportunity meant Trustees and staff changing their plans with just two-days' notice to make sure the museum could have a presence at the event and make the most of the opportunity. Organisations see this as being part of staff training and capacity building. They said:

‘Upskill the team quickly to respond and react as well as being proactive.’

Keys to success with major donors have been reported as starting small, for example by hosting a small-scale donors' dinner party, and moving in to organising larger-scale donor events at which donors act as champions for the programme. The majority of grantees, whether or not they have already launched a public campaign, remain focused on attracting major donors. This has included returning to donors who have previously supported the organisation as well as expanding the awareness of what the organisation does and the campaign to a wider pool of potential high net worth supporters. Grantees agree on:

‘Having a lead donor has been essential. It's been the key thing, having our patron on board.’

The lead donor(s) are significant, not only for the funds they bring, but because of their ability to convince others in their network of the value of the campaign and the benefits of an endowment scheme. As one organisation told us:

‘An existing donor gave us access to 20 people in his network with 20 handwritten notes to go with the letter. One donation has come from it at the moment, however he had 6 telephone calls from others who said it seemed a good idea and they would like to visit.’

2.2 Addressing challenges

In this second year of the programme grantees are focused on addressing the challenges that arise from managing such large-scale public facing campaigns. The challenges identified are similar to those reported on in the [Year one key messages paper](#) including time, resources, capacity, starting with a new donor base and the current political and economic climate. A significant number of these challenges are being addressed by streamlining fundraising activities and undertaking prioritisation exercises to make sure teams with limited time and resources are focusing on areas of work that they think are more likely to deliver positive results within the available timeframe. This is therefore discussed as a main theme in the next section.

Grantees have stressed the importance of developing powerful key campaign messages as an effective route to combatting challenges around the perceptions of an endowment campaign. They have reported positive results from:

- Stating that high net worth individuals who have previously given to the organisation are safeguarding the work achieved through those donations by also giving an endowment gift
- Talking about the link between legacies and endowments to help people get into a mindset of longer-term donations
- Highlighting how their organisations are rooted in significant wider regional heritage, which the endowment will be safeguarding for future generations. For example some grantees have found that donors welcome messages which stress the links between the museum and local food producers and those reviving craft skills highlighting that the endowment grant is helping to preserve and revive regional culture which might otherwise be lost to future generations.

Key points that emerge from the interviews with grantees and the learning event data are that campaign messages need to be, ‘Built with consensus’ with staff, Trustees and ambassadors so that they are clear and appropriate for the target audience. Some also need to be suitable for a larger public campaign audience and appropriate for adoption by the local press which helps with the promotion of the campaign.

Organisational structures, such as systems for managing lower level donations, distinguishing gifts made to the endowment campaign, and therefore eligible for match funding, and those for other funding streams, have in some cases been raised as a challenge for grantees. This is irrespective of the size of the organisation and is mainly due to the need to set up the structures early in year 1, when it might not have been clear what would be required over the lifetime of a four-year campaign. External factors which have affected the systems in place have been identified as additional challenges. Far-reaching budget cuts in local authorities have had a knock-on effect on some organisations within the programme. This has meant that they have not been able to draw on Council support for areas such as marketing, press or as an external influencer with potential corporate donors, which they had planned for at the beginning of the programme. These challenges have been met by managing those aspects of the work in-house which in turn creates additional strain on already stretched resources.

For others it has been challenging to set up the processes for recording for each small pocket money donation so that everything can be included in the match funding. Some believed systems had been set up which in the end have proved to be ineffective. Close monitoring of this situation, reviewing and changing the systems in place, automating recording systems and ensuring the staff inputting data are doing this consistently have all been cited as mitigating factors for these challenges. One larger heritage organisation advises others to ensure that thinking about these reporting processes in advance of setting up the endowment is important:

‘You need to know what you are going to claim; how are you going to claim it; how are you going to extract the reporting data you need to justify the match. If we’d thought about it more beforehand, we might have come up with better systems.’

Key challenges for many of the grantees have been capacity, staff turnover and resourcing their campaigns. There is agreement that the endowment campaign takes more staff time than had been anticipated by some and there is a steep learning curve for some Trustees, volunteers and staff on what an endowment is and the commitment it needs. Every grantee has reported that despite careful planning and management these challenges remain. For many, solutions have been found in restructuring, moving people on when they are not right for the campaign and taking difficult decisions on prioritisation. There is agreement that having a strong and effective leadership team within the organisation is therefore essential. As a result of learning from the Fund’s Catalyst endowment programme, the precursor to this Heritage Endowment Programme, the Fund has made available additional funds to grantees to resource their campaigns. This support has been welcomed by grantees, who have said that the campaign would not be possible at all without it. However, given the scale of the task of fundraising for an endowment campaign in the current climate it has not entirely addressed the challenge for all grantees. As one grantee stated in their interview,

‘The £12.5k a year, £50k over 4 years, is generous I understand that, but it is unlikely to have been the full answer to having enough capacity on the campaign. Surely we are not the only organisation to have had to match or more to resource the campaign sufficiently?’

Organisations also welcomed the support from The Fund’s grant officers who offered to come and talk to Trustees about the endowment, so that they can see the purpose of it within a national and regional context. They have also valued opportunities to learn and share amongst the Heritage Endowment grantees in joint phone calls and at the Learning and Sharing Events. Often the answers found by some on addressing challenges in their endowment fundraising can lead to solutions for others:

‘Talking to others is really important, sharing information on how to manage this hard fundraising area.’

2.3 Streamlining and prioritisation

Across the cohort of grantees the evaluators have seen two distinct ways of managing the endowment amongst other fundraising needs. One set of organisations have tried to keep the endowment campaign entirely separate from other fundraising activities and requests. The other group sense that they will be more effective with endowment as a blended offer, or that the only way to engage donors is to bring them in from areas they are perhaps more comfortable with.

Those in the first group said:

‘Keep it simple – reduce the number of other campaigns running at the same time as the endowment.’

‘Focus on endowments. It’s the one conversation to have.’

‘There has been a knock-on effect, but it’s a no brainer, if it’s about the sustainability of the museum then that’s what you have to do, go for the endowment.’

‘Everybody is focused on the endowment. They aren’t trying to divert attention to other things. Everyone understands that without the endowment we can’t keep the doors open.’

Keeping the doors open is equally the concern of the second group which feels they have no other option than to manage a number of fundraising campaigns at once. For the majority this is either because they have an existing capital campaign that needs to be completed, or they cannot stop fundraising for revenue and core costs in favour of the endowment campaign. Grantees reported that the clear way to manage this challenge is to prioritise very carefully.

This prioritisation has been done in terms of staff time, for example, a staff member focusing for two-days a week on the endowment and on other priorities the rest of the week. Equally others have been prioritising whom they approach for what; Some donors have been identified as being warmer to endowments and others for core funding. A minority of grantees are seeing this as an opportunity to approach funders with a blended offer. As one person put it:

‘We do talk to funders about the endowment, but we also talk to them about the other things that we do, so, if they can’t see the immediate impact, then we talk to them about our other programmes. It’s about how you get to the point where people trust you enough to talk about endowment, and that may take working on other programmes with them first.’

Prioritisation is also key within the management of the endowment campaign. For the majority of grantees their focus has been on developing relationships with major donors before moving to a public campaign and they are still in this phase in the second year with plans to launch public campaigns in autumn 2019. Others are now in a combined phase of public campaign and major donor approaches and prioritisation so that a, ‘Step by step approach’ can bear fruit.

2.4 Cultivation techniques

At the second Learning and Sharing Event grantees shared and discussed the donor cultivation techniques that they have found most successful, in addition to the key messaging reported on previously. Participants spoke of the value in getting people into the museum, library or other type of heritage organisation, as an essential part of the cultivation process. This includes offering events, behind the scenes tours and a range of experiences so that the organisation can, ‘Explain from the inside what the needs are’ and, if this is part of the key message, demonstrating the positive impacts the organisation is having on the community.

‘It gives donors access to something money can’t buy – privileged access’.

Some expressed the view that these events can be labour-intensive with no guarantee of a donation at the end. However, the majority felt that they were well worth the effort, if well planned, in order to build the relationships which are so crucial to endowment giving. This relationship building element was stressed as being of vital importance in the year 2 programme development, including working closely with Trustees and advocates and their networks. Grantees spoke of year two as being the, ‘Momentum building year.’ For them building on the foundations of year 1 meant growing into the work of the campaign and moving on from the buzz of the private and public campaign launches into this phase of personal approaches which will increase as the groundswell of interest grows. People spoke of:

‘Actively cultivating through face-to-face approaches. We take a case by case approach with each potential donor using a bespoke approach.’

‘The ask is on the back of very strong relationship building.’

‘Keeping the gatekeepers informed and happy means we can rely more effectively that our applications to trusts will lead to a grant for the endowment campaign.’

2.5 The importance of match funding and Fund’s support

As reported in last year’s key messages paper, grantees stress the importance of the Fund’s match funding. In this year’s Learning and Sharing Event and interviews, grantees have re-stated that the match funding has been critical in the successes they had achieved so far and felt that this would increase as the campaigns build into their final phases. As one grantee put it:

‘Given the difficulty of raising funds for endowment generally, saying that any money you give will be matched and gift aided is the best hook you’ve got.’

The three differences in emphasis between year one and year two, now that campaigns have been launched, are that grantees have evidence that match funding had been particularly helpful in attracting lower-level business support (in bands of £250-£500) to the campaign. The presentation by the Charities Aid Foundation (CAF) at the Sharing and Learning event⁴, confirms that corporate donors are generally attracted by match funding offers.

Grantees are also finding in year two that there is an increasing value in the sense of urgency it places on donors to support 'now' while their donation can still be matched. Everyone said that even if this was not the case for donors immediately, it would be crucial when it came to the last 18 months of the campaign. Others have been able to lever additional match funding partnerships with, for example, the Big Give and Barclays Bank, which has enabled a quadrupling of the funds given. These partnerships have been of great benefit in conveying the key match funding message.

Another new and significant theme to discussions on match funding was that the commitment of a really significant national funder to an endowment campaign, and to the organisations supported through it, provides invaluable kudos.

'The fact that the HLF⁵ are really valuing this as an income stream justifies our internal and external conversations about this. HLF has validated the benefits of it. It empowers our conversations.'

3. Next steps

This is the second year of a four-year campaign. For some grantees this is seen as a calm phase before the final push to achieve targets for match funding. Others feel that there is still a significant amount to do and having to take the time it needs, focus and prioritise is essential. They spoke of having to, 'Hold our nerve' to a certain extent and trust that the strategy they have in place will bear fruit. Managing challenges around the organisational structures has been seen as essential in ensuring the campaign strategy can work, as has relationship building, learning and sharing with others that have endowment campaigns, and developing the right key messages for each campaign target segment.

The evaluation for the programme will continue until 2021. As such this is the second in a set of key learning message documents which will be available to the wider heritage sector as the grantees continue to share how their campaigns develop. The next paper will be issued in July 2020.

Hopkins Van Mil, July 2019

⁴ Moon, J. (2019) Corporate support. Presentation at the 2nd Sharing and Learning Event, National Lottery Heritage Fund, 11/04/2019, London

⁵ HLF (Heritage Lottery Fund) is the former name of National Lottery Heritage Fund which was rebranded in January 2019