

Long Distance Friends

Is Fundraising in the United States the Right Move? - A Five-Point Checklist

By Gisela Keller

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The candles on the elegant Park Avenue dinner table cast a soft glow on the influential guests engaged in conversation as Ortrud Westheider, the Art Director of the Hamburg-based Bucerius Kunst Forum, hosts a recent "Friendraising Dinner" in New York. She seeks to raise visibility and financial support from individuals, collectors, foundations and companies for her American Art from 1800 – 1950 project. Three years ago when the Museum embarked on finding U.S. donors for their exhibition trilogy that will open in Hamburg, Vienna und Zurich starting in 2008 the term "Friendraising Dinner" was pretty novel. That's different today.

In light of diminishing state support overseas for arts, culture, science and education the strong U.S. culture of philanthropy increasingly attracts international nonprofit leaders' attention. "When talking with German clients I notice that interest in international fundraising is rising. Yet, nonprofit management tends to be oblivious to the fact that it is relatively simple to create the technical and legal framework that will allow them to qualify for US donations - and to attain tax exemption for U.S. donations," comments Steffen Lang, Relationship Manager at Deutsche Bank Private Wealth Management in New York.

Tax exemption is a prerequisite for fundraising in the United States. International organizations have a couple of options: It can be advisable to set up a Donor-Advised Fund via an organization such as the King Baudouin Foundation United States or Charities Aid. These organizations tend to charge a small management fee on each grant made from a Donor-Advised Fund to a non-profit organization overseas. If the total fundraising income is projected to be in the six or seven-figure level organizations are better off setting up a corporation and obtaining approval of the U.S. government to operate as a nonprofit organization under section 501(c)(3) of the Internal Revenue Code. The process of setting up a "501(c)(3)" is more costly, can take up to 8 months and requires a board of trustees and the filing of a tax-exemption application with the IRS. (Further information: gkcommunications.com/USdonations.pdf).

But don't hop on a plane to New York or San Francisco just yet. A donor advised fund or a 501(c)(3) is just a shell comparable to an empty piggy bank. After securing this legal requirement you will need to roll up your sleeves. True, Americans are generous donors. Annual giving figures amount to about US \$2.5 billion, 2.2 percent of the US GDP. Yet, international organizations have to get in line with 1.8 million US nonprofit organizations – among them hospitals, human services organizations, universities, cultural organizations not to mention churches and religious organizations – and they all want a bite out of the giving pie.

International organizations seeking to raise funds in the U.S. must be strategic, creative, and develop a long-term plan to cultivate donors. Unlike in Europe, volunteers such as board members can play a crucial role in enhancing fundraising efforts. Yet, finding and cultivating appropriate board members has its own challenges and requires the active involvement of your organization's management and leadership.

"You will have to make a financial and time investment before you will see any donations. If international organizations expect fast results they may be easily disappointed. It helps to be realistic about the funds you will be able to raise. The amount is better based on research and not on pie in the sky thinking," said Altana's New York office director Sven Olaf Berggoetz. In his role as President of "Staedel Friends, Inc." he advises the Frankfurt-based art museum.

Our five-point checklist aims to give international organizations some insights as to whether fundraising in the U.S. is the right avenue to explore.

1. Why should Americans support my organization?

You think this question is a no-brainer? Think again. Organizations easily skip the question of audience, message, and relevance. They assume that donations will somehow roll automatically into their treasure chest. The opposite is true: The U.S. "fundraising case" must be extremely compelling. The more personal, emotional and timely your fundraising case is for Americans the better. Americans might consider a donation because they went to your university abroad, or they were a patient at your hospital, or they share the same national roots with your international organization, or they were a visitor at your museum in France, or they are interested in a specific program, or they love European history and architecture. Whatever it is:

there better be a strong tie or interest. Americans primarily support their local community school or hospital. International organizations don't top the gift list.

One way to find out whether your organization has a strong fundraising appeal in the United States is conduct a small feasibility study. Before you get started it is advisable to conduct interviews with prospective donors and friends of your organization and to "test" your case, financial goal and your strategies.

2. Are you ready for a cross-cultural adventure?

International organizations will need to be sensitive and to adapt to cross-cultural cultures and fundraising traditions. "The Louvre colleagues are fantastic: very open and interested in professional development. Yet, I am spending quite some time educating my colleagues in Paris how things work in the U.S.," says Sue Devine, Executive Director of "American Friends of Louvre," a nonprofit organization that raises about \$1.3 M annually – and rising. Ms. Devine adds: "There are a lot of questions when it comes to individual donors." Donations by individuals play an important role in the United States with over 80 percent of all giving. In other countries this percentage is significantly lower.

3. Public Relations: How to get message across the Atlantic?

Well-known organizations like the Louvre, Tate Modern, or Oxford University won't find it too hard to win donors in the US. Yet, Americans will be quite unfamiliar with most international organizations. This means that you will have to do an excellent job in explaining to your US audience why your organization is relevant and your cause timely. „Americans must be able to gauge the prestige and significance of your organization in one minute. How to do that? For instance through partnerships with premier US organizations or with influential and highly respected board members," knows Antje Kuchenbecker, Director of the Hamburg-based Bucerius Law School with Ivy League U.S. Law School partnerships.

Also: simply translating your informational material won't do the trick. Organizations will have to adapt their material culturally. In most cases this means creating PR material from scratch that specifically targets the information needs and horizon of US audiences. A website, a PDF or brochure, a letterhead with a U.S. address and a U.S. phone number is a must.

4. Fundraising in the United States can't replace fundraising at home

Organizations may be tempted to concentrate their entire fundraising business on the U.S. with its long philanthropy tradition. "We believe this strategy is doomed to fail and advise our clients against it. Fundraising abroad can in some cases be an effective addition to established development strategies and infrastructure at home. Yet, it can never be a replacement - indeed Americans can be quite resentful towards organizations that try and raise money only from them," cautions John G. Kelly, President of the international London-based firm Brakeley Fundraising and Management Consultants.

5. How do you find your prospective donors in the United States?

Fundraisers have to think a bit like detectives. A lot of research and thought will go into identifying potential friends of your cause and organization among the three groups: individuals, foundations and companies. People need time to warm to your cause. So a host of meetings, receptions, dinners, personal letters, newsletters, and friendraising events will be necessary. Your board or committee members will play an important role here. The network you are building this way will eventually result in financial support - if you have a strong case for support in the U.S.

Back to the Bucerius Kunst Forum. "I have to admit that I was a bit skeptical at first. Yet we have been very grateful for the financial support to date. And at least as important is the great network and the contacts we have been able to build in the US through our fundraising efforts. That's invaluable for us," says Ortrud Westheider and adds after a few seconds: "I think organizations should not underestimate the time and effort that goes into raising funds successfully abroad."

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