



Business to Arts
Private Investment
in Arts and Culture
Survey Report.

Introduction from *Business to Arts*

Welcome to the first *Business to Arts* Survey Private Investment in Arts and Culture, conducted by Deloitte. The purpose of this survey is to gain an understanding of the level of private investment in arts and culture in Ireland.

This survey report provides analysis of private investment across a wide range of art forms and private investment types (business, individual giving and grants from trusts, foundations, and endowments).

We hope that the on-going collection of information on private investment in arts and cultural organisations will allow *Business to Arts* to map trends in this income source and provide arts and cultural organisations, businesses, foundations, trusts, and Government with information to aid understanding of the financial landscape of the sector helping to inform policy, and future arts and cultural investment strategies.

As public subsidy of arts and cultural organisations comes under greater pressure after many years of multiplying growth, it is vital that arts and cultural organisations invest in the development, and fundraising capacity of their organisation. This survey aims to promote the recognition of the benefits of investing in this function for Irish arts and cultural organisations. For those organisations

that do invest, we provide vital support, training and strategic advice through our wide-ranging Capacity Building Programme.

We extend our sincere thanks to Deloitte, a long-standing Patron of *Business to Arts*, for conducting and producing this valuable research. We also thank our international network of 'Business & Arts' organisations, whose research into private investment has helped formulate our methodology. Finally, we thank the participant arts and cultural organisations whose transparency, commitment to participating and understanding of the benefit of this research is highly commendable, and greatly appreciated.



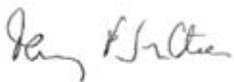
Stuart McLaughlin
Chief Executive



Introduction from Deloitte

Deloitte are delighted to have this opportunity to work with and support *Business to Arts* on their first survey on 'Private Investment in Arts and Culture'. As a long-standing Patron of *Business to Arts*, Deloitte proudly recognises the commitment and determination of *Business to Arts* over the last 20 years in forging and developing mutually beneficial creative partnerships between businesses and the arts in Ireland. The timing of this survey is befitting of the current funding challenges facing both the public and private sector, and makes the imperative more compelling than ever for arts and cultural organisations, Government, businesses, trusts, and foundations to have a clear understanding of the financial landscape within arts and culture in Ireland. We hope that you find the results of this survey insightful and that they help inform funding decision-making to support the development and prosperity of arts and cultural organisations in Ireland.

We proudly recognise the commitment and determination of *Business to Arts* over the last 20 years in forging and developing mutually beneficial creative partnerships between businesses and the arts in Ireland.



Mary Fulton
Partner



Methodology

With the aim of generating a strong sample of Ireland's not-for-profit arts and cultural organisations engaged in seeking investment from private sources, *Business to Arts* invited 207 organisations of varying sizes, and types across Ireland to participate in its inaugural private investment survey. By selecting a smaller, focused sample, *Business to Arts* aimed to achieve the highest possible response rate. The sample included:

- All Arts Council Regularly Funded Organisations
- All National Cultural Institutions
- A range of other arts and cultural organisations known by *Business to Arts* to actively seek private investment

All private investment figures are based on the participant's 2006/07 financial accounts, or the most recently available. By only including actual information submitted by survey participants, the survey has identified a minimum level of private investment in the arts and cultural sector in Ireland in 2006/07. This approach was designed specifically to avoid the dangers of creating inaccurate data through unreliable multipliers and assumptions.

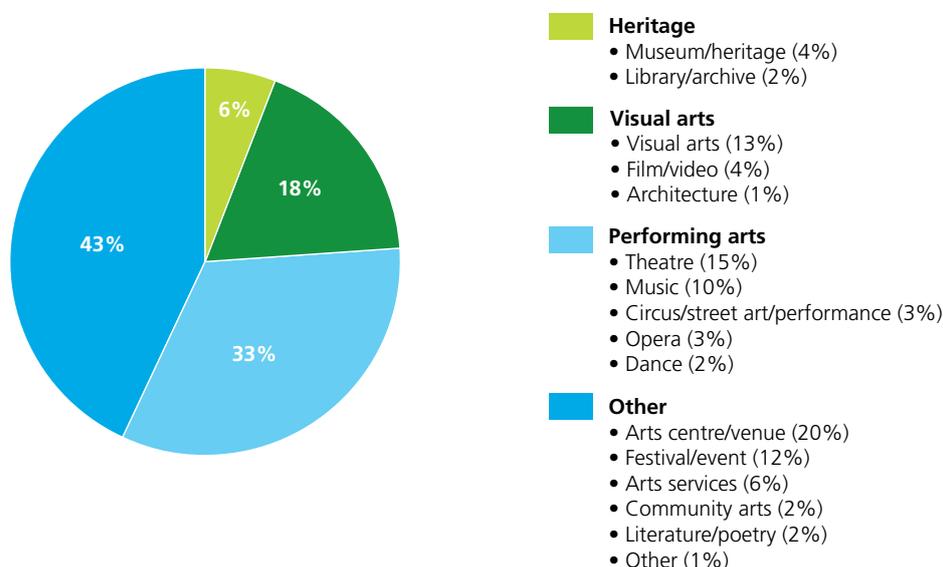
In order to encourage participation, information received from participants was processed in the strictest of confidence by Deloitte. *Business to Arts* were presented with a composite picture of the full data through summarised data.

Survey co-ordination and participation

The survey was web-based and was conducted by Deloitte from 8-27 September 2008. Participants were asked for the name of their organisation to ensure only one response per organisation was received and that any organisations outside of the sample could be identified.

Valid survey responses were received from 128 organisations from a cross section of art forms, representing a strong response rate of 62%.

Figure 1. Participating organisations by art form



Employees and fundraising

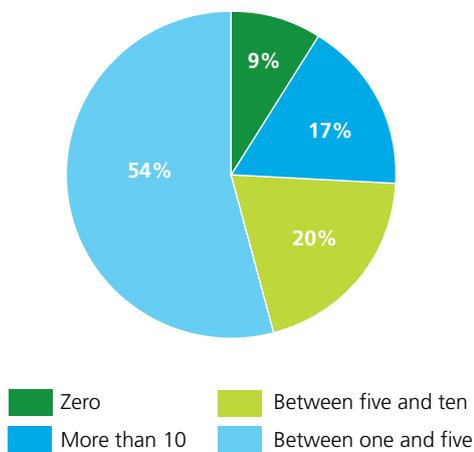
In order to gauge the level and capacity of active fundraising within arts and cultural organisations, respondents were asked to provide data in relation to:

- Total number of full-time equivalent (FTE) employees
- Total number of staff, consultants or agents dedicated to fundraising activities

Majority of organisations have less than ten FTEs

The number of FTEs varies across the art forms. More than half of respondents have between one and five FTE's. Meanwhile, less than one-fifth have more than ten FTEs, which can limit the potential for dedicating resources to development and fundraising.

Figure 2: Number of FTE's across participating organisations



One-fifth of organisations have full-time staff dedicated to fundraising and development

The survey supports *Business to Arts'* view that there are still only a small number of full-time arts and cultural development managers in Ireland; only 21% of respondents have full-time resources dedicated to fundraising and less than 40% dedicate staff to this function on a part-time basis.

Figure 3: Number of organisations with staff allocated to fundraising and development activities



Private investment in arts and culture

More than three-quarters of organisations received private investment income

Overall, 76% of respondents said they received some form of private investment from:

- Business
- Individual giving
- Grants from trusts, foundations and endowments

In 2006/07, the total reported amount of private investment received by surveyed respondents was €16.2m. This equates to 12% of participant's total annual turnover, with organisations receiving an average €170k of annual private investment. Excluding the category 'other' (one organisation, which received exceptional private investment) each organisation received on average €153k of annual private investment.

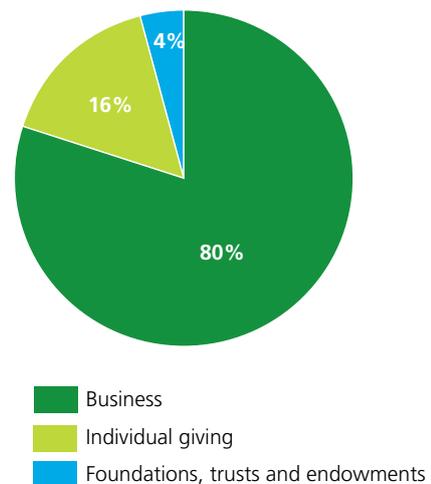
Meanwhile, of the remaining 24% of organisations who received no private investment or support:

- One-third sought private investment, but were unsuccessful
- Half did not seek private investment
- The majority do not allocate any staff to fundraising

Business is the largest contributor of private investment to arts and cultural organisations

A significant proportion (80%) of private investment was received from business, while giving from individuals accounted for 16% and the remaining 4% was contributed through grants by foundations, trusts, and endowments. This suggests that there is growth potential for giving by individuals, foundations, trusts and endowments.

Figure 4: Sources of private investment

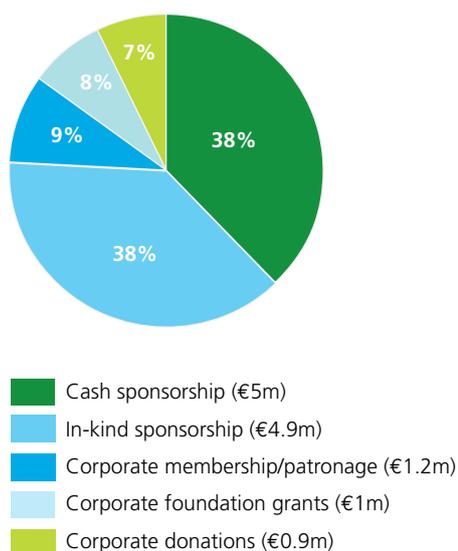


Business investment

Sponsorship is the largest form of support from business

As the main contributor of private investment to arts and culture, business was the benefactor of €13m income to the surveyed respondents in 2006/07, with two-thirds of organisations receiving support from business. Sponsorship (cash and in-kind) represented €9.9m of the total €13m income from businesses.

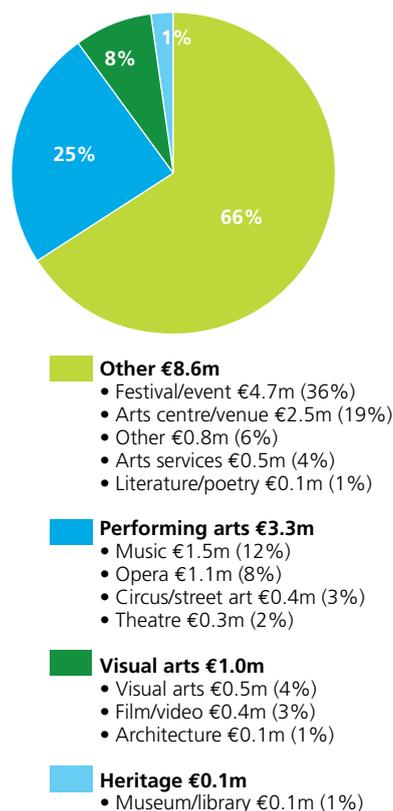
Figure 5: Sources of private investment



Business investment varies across art forms

On average, organisations received €155k business support, however this varies across the art forms. Festival/events and arts centre/venue attracted over half (55%) of total business investment, but these categories only represent one-third of surveyed respondents¹. Meanwhile, theatre represents 15% of all respondents, but received a small share of the investment (2%).

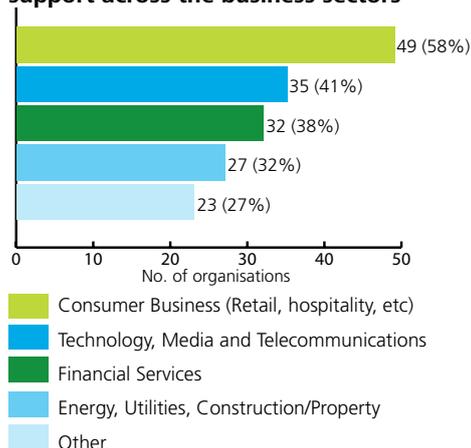
Figure 6: Business investment across art forms



Investment is achieved across all business sectors

Almost 60% of arts organisations received business support from Consumer Business companies, while around 40% received investment from Technology, Media and Financial Services, and 30% from Energy/Utilities.

Figure 7: Number of organisations receiving support across the business sectors



¹ The categories festival/event and arts/venue include entities that are associated with one art form

Individual giving

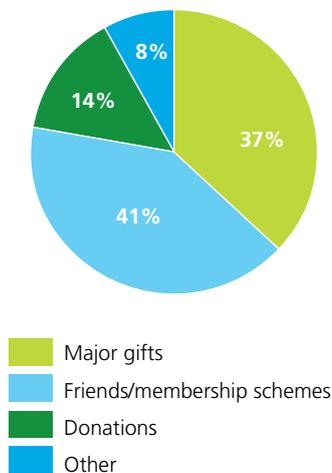
Potential for growth in individual giving

Less than half (47%) of respondents received investment from individuals in 2006/07. At €2.6m, individual giving represented 16% of total private investment.

Although drawing on international comparisons is difficult due to differences in cultural practice as well as tax and legal frameworks, the level of individual giving in Ireland is in contrast to the UK and US, where research shows individual giving is the largest provider of private investment for arts and cultural organisations.

Analysis of the €2.6m individual giving shows that major gifts and friends/membership schemes represented the majority of investment from individuals (78%).

Figure 8: Forms of individual giving



Varying degrees of individual support across organisations

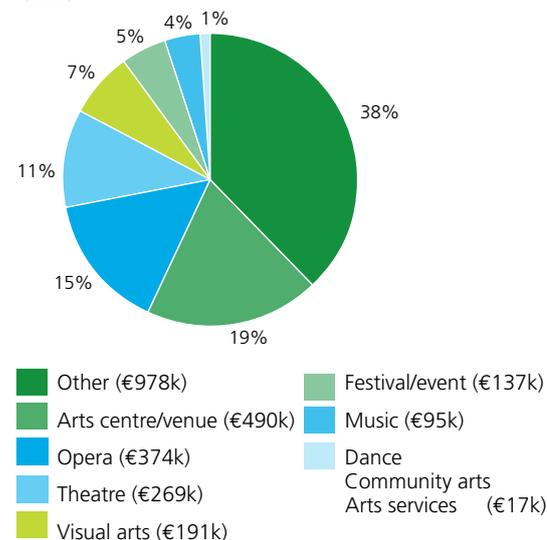
Figure 9: Size of individual giving¹



¹58 out of 60 organisations who received individual giving disclosed amounts

Individual giving was low across the majority of art forms. Three art forms received almost 75% of the total €2.6m individual donations, namely, other, arts centre/venue and opera. A closer look at the results show that 'other' comprises one organisation, which received almost 40% of the total individual giving. Excluding this exceptional level of donations, organisations received on average €27k annual individual support. On this basis, opera organisations received a significantly higher average level of individual donations (€94k) than all other art forms.

Figure 10: Total individual giving across art forms



Trust, foundation and endowment giving

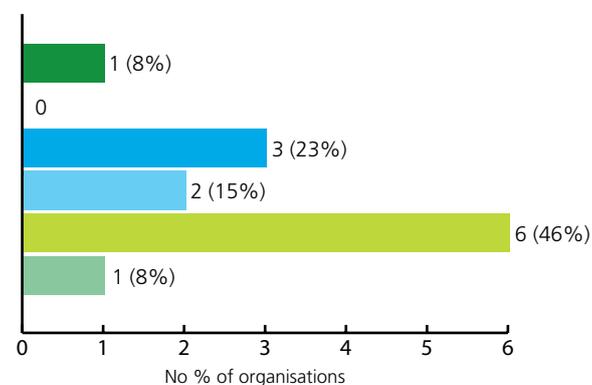
Trusts, foundations and endowments represent a small proportion of private investment

In 2006/07, trusts, foundations and endowments represented €0.6m of private investment, which was shared amongst 11% of survey participants.

This equates to 4% of total private investment. Significantly, 60% of this amount was awarded to Visual Arts. The average level of support for each organisation is €46k, but 54% of organisations received less than €20k, while one-quarter received between €50k and €100k.

While considering these findings, it should be remembered that there is no arts-specific private grant-making foundation or endowment fund giving on an annual basis in Ireland.

Figure 11: Trust, foundation and endowment giving¹



- More than €250,000
- €100,000 - €250,000
- €50,000 - €100,000
- €20,000 - €50,000
- €5,000 - €20,000
- Less than €5,000

¹13 out of 14 organisations who received investment from trusts, foundations and endowments disclosed amounts

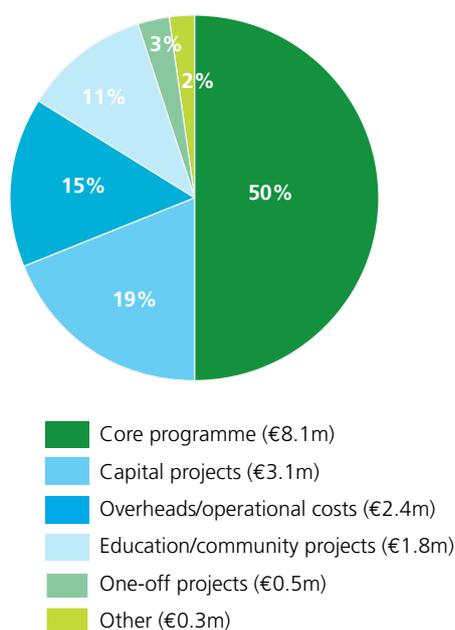


Allocation of privately sourced income

Two-thirds of private investment supports core programme and overhead costs

In order to understand the value of private investment to arts and cultural organisations, participants were asked to estimate how they spent their privately sourced income in 2006/07. The responses underline the importance of private investment to the funding of arts and cultural organisations. Two-thirds of the private investment received was used to support the operation of the core programme and overhead/running costs. Meanwhile, just over one-third was allocated to various projects, primarily of a capital nature.

Figure 12: Allocation of private investment



Business to Arts conclusion

This survey highlights that private investment, particularly from business, is an important element of the operating funding model for arts and cultural organisations in Ireland. However, in the current period of economic uncertainty, we can be sure that the level of private income will come under pressure and this will be combined with declining public sector funding. Against this backdrop, there is an increasing requirement for arts and cultural organisations to build and maintain relationships with private investors, to hone the appropriate fundraising skills, and be aware of how businesses, individuals, trusts and foundations are responding to the climate. In *Business to Arts* it is our belief that a focus on improving the capacity of the sector to generate new partnerships with the private sector and, where appropriate, recognising and rewarding this behaviour via innovative public funding models will enable greater sustainability.

Develop fundraising capacity

This research shows that 55% of participating arts organisations have less than five employees, which means that a full-time focus on fundraising is impractical and unrealistic. Moreover, 35% of organisations that sought private investment were unsuccessful. This suggests that there is both an opportunity and a requirement to develop skills in this area, and to create a new model for the sharing of skills across the sector.

For those smaller organisations who cannot dedicate the resources to this role, *Business to Arts* will continue to work towards establishing a 'Knowledge Centre', which can act as a focal point for these organisations, providing a structure and resource that can be utilised as required.

With regard to the need for investment in skills and capability, it is our intention to continue to provide training in the specialist skills needed to successfully seek private investment. In 2008, we partnered with new training organisations, using new techniques, with the aim of starting this process.

Increase in Individual Giving

An interesting finding from the survey is the relatively low level of individual giving. However, previous research carried out by *Business to Arts* found that individual contributions are mostly aimed at capital campaigns. Therefore, this figure will fluctuate year on year and is best analysed over a longer period of time.

Nevertheless, we believe there is a clear opportunity for growth in this type of support. *Business to Arts* continues to work closely with other important stakeholders in this

area, such as Philanthropy Ireland and The Community Foundation for Ireland, to support the development of practice and policy that encourages individual giving, and work towards developing greater incentives for all private investors to support arts and culture. Alongside this, *Business to Arts* continues to explore how more corporate sponsorship and CSR agendas can be broadened to include the arts.

Collaboration across arts and cultural organisations

Finally, it is hoped that the positive 62% response rate for this survey marks a realisation that investment in the sector can only grow through collaboration and shared learning. *Business to Arts* believes that increasing the level of cooperation among those working in development in the arts and cultural sector will increase the overall level of success for all stakeholders. With this in mind, *Business to Arts* has established a Development Managers Forum, which will provide an opportunity for greater collaboration in the sector and will benefit all those who contribute.

“With the insights from this research we will work with the arts and cultural sector to support the development of fundraising skills, and with private investors to develop new creative partnerships.”

Business to Arts

About *Business to Arts*

Business to Arts provides support and advice on developing creative partnerships between business and the arts.

We estimate that businesses in Ireland invest over €20million in arts and cultural organisations annually, with approximately €16million of this investment in the form of sponsorship (cash and in-kind) and the remainder via corporate membership, donations and corporate foundation grants.

In addition to our work in this area over 21 years, we also manage and administrate the largest programme of business training for artists and arts organisations in Ireland, and work to develop the capabilities for individual and corporate support of the arts, which includes lobbying Government to develop more innovative policies relating to arts sponsorship and philanthropy.

Business to Arts has hosted or come in contact with thousands of people in business, many through their company's membership of *Business to Arts*, or through their own work or interest in the arts.

We continue to develop new approaches to strategic challenges, in areas such as leadership training, marketing, communications and organisational development and events.

With the support of our members, in the last 18 months we have:

- Provided a return of 150% to the arts for every €1 invested in *Business to Arts*
- Given almost 2,000 hours of advice to artists, arts organisations and people in business on how to develop sponsorship relationships and work together effectively
- Facilitated training for over 700 arts professionals in business skills
- Developed new income streams for artists through working with business, such as our work with theatre professionals to create and deliver new training services for business, and collaborating with artists to deliver unique communications events and marketing projects for business
- Supported decision-making regarding over €1.9m worth of investment in the arts over the next 3 years
- Helped to bring new, proven, sponsorship training techniques to the arts sector from the US
- Conducted research into the current and future role of philanthropy in arts and culture
- Hosted over 2,700 people at *Business to Arts* events



Business to Arts - Developing creative partnerships

44 East Essex St,
Temple Bar,
Dublin 2
Tel : 01 672 5336
Fax : 01 672 5373
Email : info@businessstoarts.ie
Web : www.businessstoarts.ie

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Contacts

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Dublin
Deloitte & Touche
Deloitte & Touche House
Earlsfort Terrace
Dublin 2
T: +353 1 417 2200
F: +353 1 417 2300

Cork
Deloitte & Touche
No.6 Lapp's Quay
Cork
T: +353 21 490 7000
F: +353 21 490 7001

Limerick
Deloitte & Touche
Deloitte & Touche House
Charlotte Quay
Limerick
T: +353 61 435500
F: +353 61 418310



For Six Years Running