

## NEW DIRECTIONS FOR PHILANTHROPY: FINE VIOLINS

*As the value of fine violins increases in the investment market, an increasing number of owners and consortia are loaning the instruments they have purchased to leading musicians and ensembles. Is the market sustainable, are there prospects for further growth, and what do the owners need from the beneficiaries to encourage further loans?*

**Giovanni Guzzo**, Leader, Manchester Camerata

**Simon Morris**, Director, Beare's

**Jonathan Moulds**

**Bob Riley**, Chief Executive, Manchester Camerata

**Philip Spedding**, Director, Arts & Business (chair)

The session looked at an original approach to philanthropy that consists of loaning an instrument to an orchestra as alternative form of charitable giving. The debate focused specifically on fine violins and revealed the benefits deriving from such donation from the point of view of both musicians and donors.

Simon Morris (*Beare's*) introduced the audience to the realities of the violins market. At present there are around ten thousands fine violins in circulation, 550 of them being Stradivari. The most prestigious instrument can reach £10 million but good quality can be obtained, spending around £15,000 for a French bow, a reasonable amount compared to an Italian equivalent. As the price of violins has been increasing exponentially over the past decades, more and more violinists cannot afford good quality instruments: the result is a overall decline in instruments' quality that affects the orchestra as a whole.

Like many other arts organisations, music ensembles rely on private donations. Jonathan Moulds (*LSO*) who is actively engaged in philanthropic activities, passionately shares his belief that fine violins can be a great investment and have even greater social returns. In fact, such instruments must appeal to high net worth individuals because they can double in value after purchase and they have very low maintenance costs since they are associated with low risk. The only limitation they have as investment assets is the low degree of liquidity. However, Simon Morris confirmed that a fine violin has never been resold at less than what it was purchased for.

But what differentiates a fine violin from a precious piece of jewellery is that violins are meant to be played not just stored. Hence, the owner can do good by loaning the instrument purchased to leading musicians and ensembles. This is what Jonathan Moulds calls 'intelligent philanthropy'. The benefits deriving from it are considerable: as Bob Riley (*Manchester Camerata*) said, the whole orchestra sound improves, and its brand value increases along with the offer to the public. Resultantly, the newly gained eminency of the orchestra attracts additional funding from private donors. The owner too might contribute further, since he now experiences a personal involvement with the orchestra as a whole.

The recipient of a fine violin is usually the leading violinist. First violinist Giovanni Guzzo (*Manchester Camerata*) explained what it means for the player - and to carry around such a valuable instrument: in his perception, the musician starts considering the violin like a 'best friend' whilst developing a strong relationship with the donor. However, the leader is not the only beneficiary of this donation: in fact having a fine violin in the orchestra reveals a whole new range of sounds, voices and colours which improve the overall performance and transform the orchestra's confidence.

Everybody wins. That is why there is an immense potential behind the investment in a fine violin. New markets are also emerging, such as Japan, South Korea and China where music education has experienced a boom in recent years: specifically, the violin is seen as a status symbol of the Western culture and approached by young performers almost as a sort of fashion.

## NEW DIRECTIONS FOR PHILANTHROPY: GIVING IT LARGE

*As the Arts Fundraising & Philanthropy programme gathers steam, and at the mid-point of the Catalyst Arts programme, are we making progress on achieving the step-change in giving to the arts and diversifying income that the government is aiming for? Is a 3 year window realistic, or does there need to be a Catalyst Mark 2? What can we learn from the decades of experience of fundraising in the USA, and from the long-running Endowment Incentives programme in Canada?*

**Katherine Carleton**, Executive Director, Orchestras Canada

**Sir Vernon Ellis** (chair)

**Simon Fairclough**, Director of Development, City of Birmingham Symphony Orchestra

**Simon Woods**, Executive Director, Seattle Symphony Orchestra

**Michelle Wright**, Chief Executive, Cause 4

The session presented scenarios of successful fundraising in the UK, Canada and the US. The panel shared their own experiences and lessons learnt in what constitutes effective philanthropy. It then touched on areas of improvement and stressed the importance of having a strong board of trustees.

Simon Fairclough (*City of Birmingham Symphony Orchestra*) started the debate by presenting his four key actions to secure funding to arts organisations: tax incentives and a clever use of the Catalyst programme; an experienced and prepared development staff; a well-connected and wealthy leadership, made up of individuals that not only will bring cash to the organisation, but also will form a strong interest group dedicated to the cause; lastly, the ability to create attractive investment opportunities, planning fundraising projects and events in a time horizon of 3-4 years. In addition to this, Fairclough recognised the fundamental challenge of balancing the trade-off between raising money for the organisation's endowment and raising money through public funding. Despite the lack of a clear guidance in these situations, he encouraged development staff to follow opportunities, because sometimes too much planning might not lead to the desired results and delay success.

In America there is a much more developed private philanthropic culture. In the US charitable giving is deeply incorporated in society and even lower-middle class individuals donate to arts organisations. Clearly such a model cannot be simply 'exported' into the UK but some American fundraising practices can be adopted. The experience of Simon Woods (*Seattle Symphony Orchestra*) provides a bridge between these two cultures: he highlighted the urgency for a substantial change in the GiftAid scheme and stressed the importance of achieving sustained giving by addressing one household at the time. The change has to come from both the parties involved, donors and recipients. Donors have to give money not only to 'save' the organisation from bankruptcy but to sustain its growth and achievements; on the other hand organisations have to better target private donations, especially recognising the value of legacies which in America play such a major role. Furthermore, fundraising has to claim a bigger role within the organisation's activities, investing to recruit both a trained development staff and a motivated board.

If the American example seems too ambitious, the UK can perhaps more easily relate with Canada's charitable giving framework, where there is a balanced revenue model between earned income, government grants and private giving. Katherine Carleton (*Orchestras Canada*) explained how her country is relatively new to Federal endowments and how orchestras are strategically using legacies to increasing endowment revenues. She also suggested prioritising short term needs whilst encouraging the access to matching grants schemes.

Finally, Michelle Wright (*Cause 4*) concluded the session by highlighting the success of the Arts Council England Catalyst Programme, a £110 million programme aimed at diversifying income streams within arts organisations. Increasing revenue from endowments and private giving, it will result in greater confidence and sustainability of the sector. However, there is still much to learn: many organisations who submitted applications for the scheme had no previous experience in fundraising. Lack of expertise translated into often mistargeting major endowments, forcing the organisation to rely on government grants. Money has to be spent on training qualified staff that will generate further cash: the Fundraising Fellowship programme is pioneer in this, allocating £100,000 in introducing twenty-four UK graduates each year to the fundraising world.

## **NEW DIRECTIONS FOR PHILANTHROPY: IMPROVING THE ASK**

*One of the accusations levelled by politicians at arts organisations is that we have to get “better at asking”. Using the template of the ‘Generic Chamber Orchestra’, this session aims to explore whether there is any truth in this, and what we can learn from the wider third sector. How can we diversify and increase our funding streams? How can we measure the Return On Investment and evaluate our impact? And how can we persuade potential donors, with a particular focus on legacies, to give to orchestras, when we are in competition with any number of charities, causes and emergencies?*

**Stephen George**

**Will Harriss**, Development Director, Britten Sinfonia

**Clare Norburn**

**Mark Astarita**

**John Nickson**

The session highlighted the practices arts organisations must adopt in order to optimise their fundraising strategies, not only within the Development department but at the organisational level. The panel stressed the effectiveness of some procedures and presented the unexploited potential of some others.

Being a devoted philanthropist, John Nickson opened the session by bringing his valuable perspective to the debate: in his opinion at the very core of fundraising practices lies the need to effectively address the donors' requirements and expectations. Fundraisers have to be transparent about the organisation's vision, purpose and urgency for support in order to gain the trust of the donor. Moreover, the benefactor has to feel confident in the fundraising strategy and in the expertise of the staff in order to lower the uncertainty associated with this kind of 'investment'. Such confidence is the result of actual fundraising capabilities combined with passion and enthusiasm for the cause.

Will Harriss (*Britten Sinfonia*) and Michelle Wright (*Cause4*) added their visions as fundraising professionals. First of all, in order to raise money through fundraising, organisations have to invest in it: the fundraising budget has to be appropriate to the needs and objectives of the organisation. For this reason, it is also desirable to have a flexible monetary target meaning that fundraisers are better-off by having a goal in mind rather than a number they wish to achieve. The distinctiveness and impact of the programme also have to stand out and the fundraising officers have to continue actively liaising with the board of trustees. Especially when growing in size and reach, arts organisations have to keep their focus on the story they are telling and celebrate the dedication and passion of their voluntary workers to better empathise with the general public.

Moreover, evaluating success is an essential moment to reflect on achievements and failures in order to learn and move forwards. However, often this evaluation lacks objective parameters and success can be seen as a subjective matter: it can be what is important to you as an organisation (Wright), the reach, value and engagement achieved (Harriss) or whether the project simply brought everybody together (Nickson).

As touched on in other sessions, the panel stresses the importance of legacies and their unexploited potential. They are relatively easy to obtain, yet not appropriately addressed by fundraisers that more often focus on short term needs. Legacies are the result of strategies of long-term consideration and ambitions: the donors have to believe in the organisation's sustainability over the years and its long-term goals. Given the sensibility of the topic, fundraisers cannot use a direct approach but they should invest time and resource in reaching out to those people, who are often unknown to the organisation. Recipients have to understand their role as vehicles to carry on the donor's beliefs, nostalgia and legacy.

Lastly orchestras can rely on the support of the musicians, who unlike other professions, engage in fundraising as part of their job commitment: for this reason, the organisations have to realise the strength of this key asset and involve their artists in fundraising dinners, conferences and events. The session concludes with a note on the importance of simply saying 'thank you' to donors.

## NEW DIRECTIONS FOR ORCHESTRAS: WORKING WITH THE FILM INDUSTRY

*Orchestras have always been adept at earning their keep, no more so than through generating work from the film industry. As the film industry itself adapts to the challenge of illegal downloading and competition for people's entertainment time, what do they need to hear from us to keep British orchestras competitive in the marketplace for movie scores?*

**Terry Davies**, Conductor and Composer

**Tommy Pearson** (chair)

**Maggie Rodford**, Managing Director, Air-Edel Group

**Marc Stevens**, Concerts & Recordings Manager, LSO

The session shed light upon the possible collaborations between the film industry and British orchestras, by analysing which elements lead to the competitive advantage the London music recording sector maintains over international competitors.

In the film industry, more than a half of the movies produced each year have soundtracks recorded by British musician or in British studios or with British composers. Maggie Rodford (*Air-Edel Group*), Terry Davies and Marc Stevens (*LSO*) all agreed that the recipe for this success lies in the excellence perceived when working with British artists and recording studios, showcasing great professionalism and expertise. Key assets of London orchestras are the great degree of flexibility demonstrated by musicians who are experts in sight-reading and therefore are able to deliver the finished product at an impressive speed. Furthermore, in the UK there is a particular attention to post-production processes and generous tax incentives which give a natural advantage to the British recording market. Worth mentioning is the role London plays in its choice for international producers who can enjoy all the cultural offering the city provides.

Such excellent quality though comes at a cost, which is often underestimated by funding bodies: hiring equipment, facilities and staff on top of musicians and conductor can add up to a high amount. Moreover, working with international producers means that musicians and commissioners might live and work in different timezones, making co-ordination a real challenge. In this respect, digital technologies did not simplify processes but if possible made them even more hectic.

Terry Davies also spoke of the hardships that a composer might encounter when working with a new orchestra. Being the creator of the musical piece, the composer has the final say over the sound and result he wants to achieve but at the same time he also comes as an 'outsider' in an already formed ensemble. Contracts often are signed before getting to know the musicians he will have to work with and overtime may not be paid: for these reasons, it is essential that the orchestra is collaborative and committed to the project. In order to overcome these possible limitations, it is good practice to invite the composer to concerts before a possible deal has to be signed.

Despite minor obstacles, the benefits from a collaboration between the film industry and British orchestras are huge. As the LSO experience confirms, recording the soundtrack for a movie brings great monetary rewards for the orchestras and it is a great opportunity to access new audiences and gain international reputation. Currently there is an immense unexploited potential in collaboration with the Chinese film industry that are waiting to be targeted.

Concluding, the key lessons the panel wants to share with other orchestras are: understanding that flexibility is your main asset; share the information about possible opportunities within a stimulating network; and mainly share your interest in a possible collaboration with the industry by involving film people in your orchestra's events.

Report written by **Isabella Appiana**