

CASE STUDY: THE AUSTRALIAN BALLETT

Following a Capital Campaign to build The Australian Ballet Centre, which commenced in 1987, The Australian Ballet began to explore ways of generating financial support from its community. Initially, this took the form of the 'The Australian Ballet Club'. The Club aimed to generate discretionary income through members' subscriptions. Like most membership schemes, or "friends" groups, it offered benefits to those who joined in return for their annual fee. Between 1988/89 and 1993 a very small percentage of the Ballet's approximately 20,000 subscribers joined the Australian Ballet Club.

While the initiative generated around \$300,000 in income p.a., delivering benefits to and servicing expectations of Club members proved time-consuming and resource intensive. While a portion of revenue was net income, overall the program did not make an appreciable difference to the financial position of the company. By the 1990s, adjustments were called for to the Ballet Club as an income generating scheme in the context of the company seeking to contain administrative costs.

The then Director of the Development and the management of The Australian Ballet agreed that the Australian Ballet Club should be discontinued and be replaced by a Patrons Program that would be purely philanthropic in nature and would ask supporters for donations without offering any material benefits in return. In that way, the bulk of the money raised would be net income supporting the Ballet, rather than being a service fee creating extraneous administrative work for the company.

The Australian Ballet introduced this change progressively from 1994 onwards. Initially, the company still provided some 'quasi-benefits' to donors and patrons, primarily in the form of hospitality at stewardship functions. This practice has since been phased out, too. Patrons of The Australian Ballet now pay to attend events to cover the cost of such functions, and pay for their tickets to performances like everyone else.

While a few supporters of the former Club were disappointed at the change in direction, the Patrons Program is proving to be a success overall. The program currently has some 1,500 active supporters, which is a substantially larger number than the membership of the former Australian Ballet Club of about 300 people.

Patrons contribute approximately \$1 million p.a., at a lower input cost per dollar raised than the servicing of the former Club membership required.

The philosophy behind the Patrons Program is unambiguous: existing and potential donors know that The Australian Ballet wants them to support the art form they cherish. The money they give benefits the company and its work; it is not used to provide benefits back to the donors.

Building on the foundation of this clear and simple message, The Australian Ballet has since proved that it can work with its supporters to increase and stretch their commitment. In addition to the \$1 million the Patrons provide annually, supporters have pledged a further \$3 million in a low-key campaign over the past 12 months to grow The Australian Ballet Endowment Fund.

Reflecting on the success of the Patrons Program, Kenneth Watkins, Director Endowment & Private Giving at The Australian Ballet, believes there are two key factors for making the philanthropic approach work.

Within the company, it is essential that everyone – the board, artists, management, staff - is aware of, understands and supports the concept. Arguing the case for philanthropy rather than a quasi-commercial approach (such as a membership or other benefit / sponsorship schemes) to generating new income is often a sensitive matter and can be time consuming, but it is vital. Everyone in the company potentially has a role to play in gift solicitation and patron stewardship, so they need to be on side.

In relation to the patrons, Kenneth strongly advocates an open, honest and unapologetic approach. "We should never feel the need to apologise for offering them an opportunity to support the art form we all love. We raise money for The Australian Ballet and its work. Our Patrons appreciate that and want to be part of it, and they expect us to use their donations for this purpose." It is a fundamentally different motivation from buying a service package through a membership.

For the Australian Ballet, the move to philanthropy has made a big difference: it increased gift income, lowered costs, and has strengthened the company's relationship with its supporters as the growing number of patrons and the success of recent new fundraising initiatives demonstrate.

Acknowledgment:

Prepared with kind support and permission from Kenneth Watkins, Director Endowment & Private Giving at The Australian Ballet.

Reference:

To find out more about The Australian Ballet's comprehensive range of supporter programs, including the Patrons Program, see http://www.australianballet.com.au/partnersandsupporters_default.htm

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