



Chambre de commerce
du Montréal métropolitain
Board of Trade of Metropolitan Montreal

Abstract of study on private funding of culture



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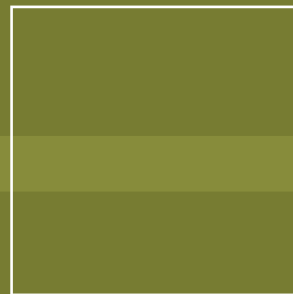




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This study of the **Board of Trade of Metropolitan Montreal** was carried out with the co-operation and financial support of Quebec's **Ministère de la Culture et des Communications**.

Message from the president and CEO of the Board of Trade of Metropolitan Montreal



For a long time, the economic importance of culture was lost on everyone but the artists themselves who sometimes barely managed to eke out a living practicing their craft. Fortunately, the past few years have been characterized by substantially more interest in the contribution of cultural activities to the economy. As a result, the understanding and awareness of this contribution is now much greater: bit by bit we have come to view the cultural industry as much more than just a sector of economic activity. Culture has become a fundamental component of Montreal's identity; a factor in attracting talent; a major component of quality of life; a sector whose international successes can inspire all the players in the metropolitan economy.

In keeping with this trend, the Board of Trade of Metropolitan Montreal would like to be among those that contribute to a better understanding, and ultimately, the development and visibility of Montreal's vitality, one of its most outstanding assets. Indeed, we believe that the cultural milieu has a lot to offer the economy. In concrete terms, culture makes a direct and important contribution to the gross domestic product but it can also be an invaluable source of inspiration for the business community.

The world of culture is replete with examples of creativity and innovation. In and of itself, this is not surprising given that it is the very essence of working and succeeding in the arts. However, creativity and innovation are also – more than ever before – the marks of the most competitive companies. In this regard, culture not only has a lot to bring to the table, notably, in the form of quality of life and the appeal of our urban life, it also has a lot to teach us. What is creativity? How do you move from a dream to tap into daring, summon up the energy to act and overcome obstacles? How do you bring together the means, strengths and talent to make your dream a reality? This type of process is not so different from what many companies have to go through in order to meet the competitive challenge of a globalized economy.

In this context, the Board of Trade believes that Montreal's cultural vitality is one of its most precious assets and that it is therefore in the interest of the business community to better back this sector and seek a greater rapprochement. As well, with this survey, we tried to be faithful to our commitment of not only understanding the issues, but also of kick-starting the process of finding concrete solutions. As such, this survey is not limited to drawing conclusions regarding the business community's contribution to cultural funding. Rather, it offers concrete action paths that are achievable and beneficial to both business and cultural organizations.

Montreal is particularly blessed with a wealth of artistic talent whose determination and inventiveness have created a cultural vitality that is one of the city's most important assets. Unquestionably, the public sector's funding of the many organizations in this sphere has played a major role in this achievement. And it must continue. By focusing on ways to boost the contribution of the private sector, we in no way wish to intimate that it would be desirable or even feasible for the government to withdraw from its current involvement. Quite the contrary, we would like to highlight the fact that we have an extraordinary opportunity to further increase culture's contribution to Montreal's success and stature by encouraging the private sector to also become a major partner.

Isabelle Hudon
President and CEO

Highlights

Culture is a competitive element for Metropolitan Montreal. According to the latest available data, this sector represented, in 1992, \$5.6 billion in operating costs and 89,916 direct and indirect jobs, i.e., 61,813 within cultural companies and organizations, and 28,103 among suppliers. The cultural sector generated \$1.181 billion in government revenues, or \$670 million for Quebec and \$511 million for the federal government. At this time, the funding of cultural organizations is a strategic development issue. The objective of this survey, which analyzes the motivation of private companies to contribute to this sector, the means used and what stops them, is to enhance our understanding of the issues, make a diagnosis and identify action paths with a view to encouraging local businesses to participate in the city's cultural development.

This report begins with a description of the private sector's involvement and contribution to cultural funding, as well as the initiatives and mechanisms set up to promote this involvement. For example, according to the Conseil des Arts et des lettres du Québec (CALQ), in 2000-2001, in the Montreal region, a total of \$15.9 million was contributed by private sources – in the form of donations and sponsorships, without taking into account volunteerism – to 159 cultural organizations. Private funding represented on average 13.1% of these organizations' revenues. While no one organization with a specific, direct and exclusive mission to promote and stimulate private cultural funding seems to exist at the regional or local level, in Montreal there are many organizations whose initiatives promote this objective such as the Conseil des arts de Montréal, Culture Montréal, the Fondation du Grand Montréal, the Journées de la Culture and the Board of Trade of Metropolitan Montreal.

The second section presents the situation in Quebec, and more specifically in Montreal, followed by an overview of American and European practices with a view to identifying original initiatives and mechanisms to stimulate and support the involvement of the private sector in cultural funding. For example, we present the many private organizations, known as business and arts councils, which have undertaken the mission to fund culture. In order to increase and facilitate partnerships between businesses, artists and cultural organizations, these entities organize events and offer their members specialized services.

The third section presents the combined results of the survey conducted in two stages with the private sector, i.e., interviews with 50 companies and an electronic survey (210 respondents). The predisposition of large businesses to patronage was confirmed from the very beginning of this survey, as they were clearly over-represented in the interviews in relation to the business population in the metropolitan region, with 35 respondents out of 50 with 250 employees or more. In the interview sample, a vast majority of companies contribute to cultural funding, i.e., 45 respondents out of 50, and more than half gave over \$50,000 per year.

As intended, the electronic survey allowed us to reach a greater number of small and mid-sized businesses. In fact, almost two thirds of the respondents had 50 or fewer employees. Among this sample, only 55% contribute to cultural funding and 40% allocate less than \$5,000 per year to cultural donations and sponsorships.

The interviews and survey show that patronage and sponsorship are the two most popular means of supporting the cultural sector. Generally, companies receive requests for funding through traditional channels such as mail (postal and electronic), telephone calls and networking, the latter being the most effective way of soliciting the companies that participated in the interviews. Correspondence with the

company's sales and visibility objectives is the criterion most often cited during the interviews. The survey results reveal that this criterion applies more to sponsorships than to donations.

Enhancing the company's image and reputation is the prime motivation for supporting culture. Companies are therefore motivated to back organizations or events that can offer them visibility, increase brand or product awareness, and act as public relations tools, for example, networking opportunities or a means of thanking customers or rewarding employees. By distinguishing donations from sponsorships in the survey, we noticed that the main motivation behind granting sponsorships is to enhance the company's image and reputation. However, when it comes to donations, culture's contribution to quality of life in the community becomes the prime motivation. As well, in the interviews, the first three possible answers, i.e., those associated with the role of culture in the community, were mentioned by most companies.

Both the survey and interview results show that for many companies, the major obstacle to supporting culture lies in the perception that culture is not a priority. The cultural milieu seems to have trouble reaching businesses according to the interview respondents, who mentioned the lack of networking between cultural organizations and private companies, the "gap between business and culture" as a shortcoming that limits the ability of cultural organizations to raise funds in the private sector. Lastly, few companies know and use the tax advantages associated with culture. Two other important issues are the fact that funding requests do not correspond to the criteria and motivation of companies and do not follow standard business procedures.

Based on the results of this survey, we can conclude that private funding of culture is fraught with challenges. Although contributing to quality of life is a prime motivator for companies, it appears to be stymied by the perception that culture is not a priority in society. It is therefore essential to act on various levels to raise its ranking in the hierarchy of priorities and to implement the means to take the requisite action. In addition to instilling the desire to back culture and implementing corporate measures to this effect, we must find ways to meet business needs and facilitate corporate involvement in cultural funding. Indeed, companies would like to work more with cultural organizations to develop innovative ways to maximize the return on their investment of donations and sponsorships. With a view to promoting more lasting partnerships, companies have expressed a desire for and have proposed numerous measures to encourage them to use the different means at their disposal to back the cultural milieu, such as donation matching, training for cultural organizations, and raising awareness. Moreover, if what the cultural milieu has to offer corresponded better to the needs and selection criteria of businesses, there would be more partnership opportunities. Lastly, companies see certain shortcomings in cultural organizations in terms of business skills. Helping cultural organizations acquire these skills would enable them to communicate more effectively with the business community and facilitate access to funding.

As part of the survey and the interviews, we also measured the participants' support for six measures proposed to promote cultural funding. Selected with the MCCQ from initiatives that were developed following internal reflection or observation of other cities, these measures include a charitable fund for culture, donation matching, mentoring for cultural organizations, volunteer membership on boards of directors of cultural organizations, an "arts and business council" and new tax measures.

Lastly, following an analysis of the survey results, we have identified a number of action paths that revolve around four orientations: further mobilize the business community to support culture by bringing businesses and cultural organizations closer together; highlight the strategic advantages of cultural funding to companies; encourage companies to use the means at their disposal to back culture; and equip cultural organizations with the required business tools.

Introduction

"Why should we support culture?" Increasingly, the reasons cited are the contribution to the economic vitality of a large city, to the tourism industry, to the products and services exported and to the city's drawing power, not to mention to the international profile of its institutions and events, and to the quality of life and place it creates. A growing number of decision makers recognize the need and importance of these assets as tools at a time of heightened competition between cities and for the development of the region. But is this link between cultural vitality and prosperity tangible for business leaders? The current context and future pressures on the public purse are such that the State cannot alone support cultural development. Consequently, the responsibility for development and funding must be shared with the private sector. But in order to do so, the following questions must be asked: Are companies concerned about the health of the cultural sector? And does this interest translate into investment?

In order for companies to contribute more to cultural funding, it is important to begin by carefully examining the different aspects of this private contribution. Convinced of the importance of the cultural industry to Montreal's development, the Board of Trade of Metropolitan Montreal wanted to evaluate the motivation and means that shape the level and type of collaboration between metropolitan businesses and the cultural sector as well as the obstacles that could adversely affect this collaboration. Moreover, the Board of Trade would like to reflect further on this issue by taking a look at novel methods used elsewhere to stimulate private cultural funding.

Armed with the conviction that business must support culture, the next question was how to achieve this goal. This study therefore sought to develop a better understanding of private business contribution to culture by conducting interviews and an electronic survey. We believe that by identifying challenges for companies, we can then develop action paths to explore to motivate the business community to contribute to this industry's development.

1. Action paths

In response to the challenges expressed and the measures proposed by businesses, the Board of Trade Metropolitan Montreal has formulated recommendations under four broad areas of intervention in order to stimulate and support the involvement of the private sector in cultural funding.

1.1 Proposed action paths

1- Promote rapprochement between businesses and cultural organizations

We tend to support causes dear to our hearts, with which we are familiar and that reflect our values and priorities. In order for culture to collect more private funding, business leaders must view cultural funding as a greater priority. Since the personal dimension plays an important part in the decision to support culture, it is vital to increase contacts between business and culture so that preconceived notions can be dispelled and ties forged based on knowledge and appreciation for the mutual advantages that can be derived.

> Underscore the importance of supporting culture

- Highlight the importance of ties between cultural vitality, the overall objectives companies seek to achieve, and the competitiveness and prosperity of cities, particularly in terms of attracting and retaining talent, as well as the many different impacts of culture in speeches delivered both to the business and cultural communities.

> Boost the visibility of cultural organizations

- Conduct an awareness campaign on the needs of cultural organizations in the region and draw attention to their impact on the community as well as their international visibility by publishing a directory of organizations detailing their niche, objectives, clientele, the visibility that they offer, events that can reach the business community, etc.
- Showcase the creativity and innovation of more marginal artistic organizations in order to diversify corporate support and provide greater backing to organizations that offer less visibility.

> Promote rapprochement between business and culture

- Increase opportunities for rapprochement by initiating common activities such as chamber of commerce networking activities between the business and culture milieus and by systematically incorporating cultural elements in business events.
- Promote the idea of inviting business people to sit on the boards of directors of cultural organizations and vice versa.

> Reward companies that support cultural organizations and publicize exemplary partnerships to the public

- In 2006, reinstate the annual awarding of the Prix Art-Affaires in partnership with the Conseil des Arts de Montréal and the Board of Trade of Metropolitan Montreal.
- Reward companies and cultural organizations that establish closer and ongoing partnerships.
- Organize exhibitions of corporate art collections, which could be shown either at the owner's premises, in museums, art galleries, or cultural centres.¹

¹ In the brief presented by the Board of Trade as part of the consultation on the Cultural Development Policy Proposal for the City of Montreal.

> Mobilize the business and cultural communities

- Create an “Arts-Business Council” type of organization that would act as a forum of reflection and action and that would bring together the business and cultural communities. In the metropolitan region, this initiative could be spearheaded in partnership with the Board of Trade of Metropolitan Montreal and the Conseil des arts de Montreal.² This organization could, for example, offer cultural organizations and businesses the services and programs proposed in this section, and organize awareness activities such as a “business and culture month” and an annual Art-Business convention (modeled after Les Arts et la Ville).

2 - Highlight the strategic advantages of funding culture for businesses

In the private sector, investment decisions are primarily motivated by the potential return on the investment. Consequently, in order for businesses to boost cultural, the spin-offs must be pointed out. In general, backing artists nourishes and encourages creativity, which is a major factor in the economic development of Metropolitan Montreal.

We believe that businesses would have to make cultural support a corporate value in the same manner as businesses are concerned about implementing work-family measures or implementing environmental measures aimed at sustainable development.

> Integrate social responsibility and cultural funding into corporate policies

- Make businesses, especially SMEs, aware of the need to develop an internal policy of commitment to the community and to culture.

> Promote the use of culture in business

- Sensitize businesses to using art and to the various ways of incorporating culture into business activities in order to stimulate creativity and innovation.

- Organize creativity workshops in companies led by artists from the metropolitan region.

- Encourage companies to welcome artists in residence or to organize cultural events on their premises.

3 - Encourage companies to use the different ways at their disposal to back culture

In concrete terms, already established methods can be used to fund culture. However, many improvements can be made to facilitate donations, develop innovative sponsorship methods and increase employee volunteerism. Moreover, businesses must be informed about and encouraged to use existing tax measures. Lastly, developing new initiatives would allow artists to transmit their creativity to businesses and increase the consumption of cultural products and services.

> Encourage patronage

- Provide businesses with information on the Placement Culture program.

- Facilitate twinning between donors and fundraisers by publishing a directory of cultural organizations and a directory of donor companies and by providing information on funding opportunities through an electronic billboard.

- Create a program to encourage cultural donations fashioned after the “Imagine Caring Companies” program of Imagine Canada, a national charity that recognizes its members’ charitable works.

² In the brief presented by the Board of Trade as part of a consultation on the Cultural Development Policy Proposal for the City of Montreal.

- Offer training on strategic patronage and the development of longer-term partnerships, as well as the benefits that companies can enjoy internally (corporate image among employees) and externally (public image associated with creativity and avant-gardism, community vitality and visibility).
 - Offer consulting services for selecting cultural funding opportunities.
 - Propose a donation request form to companies that would standardize the information required about cultural organizations soliciting funds and thus make the request easier to evaluate.
- > Develop sponsorship
- Offer training to companies on developing new forms of sponsorship in partnership with cultural organizations.
 - Offer consulting services on the selection of sponsorship opportunities in the cultural sector.
- > Encourage the use of existing tax measures
- Inform companies about the tax advantages associated with funding culture, notably, through chamber of commerce communication tools.
- > Increase volunteerism
- Increase contact opportunities between business and culture.
 - Make it easier for the growing number of people who wish to and can contribute and give back to the community by creating a bank of volunteers and candidates for boards of directors.
 - Set up twinning programs between volunteers and cultural organizations in collaboration with cultural and business stakeholders, including the Conseil des arts de Montréal and the Board of Trade of Metropolitan Montreal.
 - Offer training and guidance on mentoring and volunteerism on boards of directors of cultural organizations.
 - Recognize as a charitable donation the donation of time and services, and seconding of employees to cultural organizations.
- > Increase cultural consumption
- Adapt the cultural offering to the needs of businesses, by offering companies “cultural menus” or “packages” of events and shows.³
 - Develop exclusive activities that would give companies opportunities to network with their clients.
 - Set up a last minute one-stop service for shows in the city.
 - Set up an interest-free loan program for the acquisition of works of art.⁴

4 - Transmit business tools to cultural organizations

Since companies often have limited resources to deal with the many funding requests they receive, efficient solicitation is helpful. According to the suggestions received, companies would like to share a common language with organizations that come knocking on their door, and as such, cultural organizations would do well to develop certain business competencies and skills. More than likely, these organizations would be interested in customized training that would meet their needs, allow them to better communicate their projects and better meet business selection criteria.

³ In the brief presented by the Board of Trade as part of the consultation on the Cultural Development Policy Proposal for the City of Montreal.

⁴ In the brief presented by the Board of Trade as part of the consultation on the Cultural Development Policy Proposal for the City of Montreal.

> Increase business skills in cultural organizations

- Offer training to cultural organizations on networking, marketing, communications, advertising, event organization, management and governance, strategic planning, business language, etc.
- Offer training to cultural organizations on sponsorships and innovative ways to offer companies visibility.
- Set up a business mentoring program for cultural organizations.

> Guide cultural organizations in their solicitation

- Offer training on how to search for funding and develop partnerships with the private sector with a view to jointly developing creative projects.
- Offer consulting services on the search for funding.
- Encourage cultural organizations to consolidate their donation requests.

1.2 Actions proposed by the Board of Trade of Metropolitan Montreal

The Board of Trade is committed to setting up some of these proposed initiatives to promote the private funding of culture.

- Increase the opportunities for rapprochement and networking between the business and cultural communities by inviting artists to participate free of charge in networking activities and to sit at the table of honour at its public forums and by holding "Réseaut'Art" art-business networking activities free for artists.
- In 2006, reinstate the annual granting of the Prix Art-Affaires, in partnership with the Conseil des Arts de Montreal.
- Make companies aware, particularly SMEs, of the need to create an internal policy on community involvement and cultural support.
- Weigh the possibility of creating a program to encourage cultural donations that gives recognition to companies that enrol voluntarily.
- Add a "Babill'Art" section to the Board of Trade's Web site with information on volunteer opportunities in cultural organizations, the tax advantages associated with culture, network activities, governance of not-for-profit organizations, community involvement policies, a standardized request for financing form, etc.
- Set up twinning programs between volunteers and cultural organizations in collaboration with cultural and business stakeholders, including the Conseil des Arts de Montréal and the Board of Trade of Metropolitan Montreal.
- Inform businesses about the tax advantages associated with culture through the "SME Postcard," a monthly communication tool of the Board of Trade.
- Organize creativity workshops in companies held by artists of the metropolitan region.
- Welcome an artist in residence to the premises of the Board of Trade and exhibit his or her works of art in the boardroom.

Conclusion

At a time when business competitiveness is tied in with quality of life and place, of which culture is an essential component, it goes without saying that the private sector should be called upon to help develop and maintain a vibrant culture with strong drawing power. This survey was intended to paint an accurate picture of the factors that come into play in the decisions of Montreal area businesses to fund cultural organizations. Through individual meetings and an electronic survey, the Board of Trade of Metropolitan Montreal compiled and analyzed a plethora of qualitative and quantitative information based on the experience of over 250 companies of all sizes. Not only is this information invaluable to answering how and why businesses currently contribute to the cultural sector, it also gives us an understanding of the challenges involved in this relationship between business and culture, which in turn leads to the concrete actions required to meet the needs identified by businesses interested in becoming more involved and that are prepared to develop mutually beneficial partnerships with the cultural sector.

The initiatives proposed by the Board of Trade of Metropolitan Montreal are therefore based on the needs expressed by companies. We recommend a series of complementary services, programs and activities aimed at encouraging more companies to make cultural funding one of their priorities, building bridges between these two worlds, highlighting the strategic advantages of cultural funding and developing patronage, sponsorship, employee volunteerism and cultural consumption in the business community. The ultimate result of this strategy is the benefits that companies, artists and the entire community will enjoy as the cultural sector flourishes, gains visibility and drawing power as a result of increased funding. Moreover, the proliferation of innovative and creative partnerships between the private and cultural sectors will be mutually profitable. Each sector will benefit from contacts with the other to learn, reach new heights and become more competitive. Cultural vitality, a recognized element of a quality living environment and undeniable asset of Montreal will help attract and retain talent that we will all need to maintain and improve the quality of life in Quebec.