



## **BUILDING A HOME AND A COMMUNITY FOR INDEPENDENT AND CLASSIC CINEMA**

by **Tony Proscio and Susan R. Shapiro**

The last time Karen Cooper launched a capital campaign, in 1989, she was standing under a wrecking ball. Well, figuratively anyway.

“I arrived at work one morning,” she remembers, “and found two men outside the theater with jackhammers, taking core samples. I knew what that meant.” In a matter of months the building, home of New York’s venerable Film Forum, was reduced to rubble. The landlord had sold the garage-turned-cinema and the adjoining parking lot to a developer with plans for a 22-story skyscraper. “I had put more than half a million dollars into creating this twin cinema,” says Cooper, “and now I had to find another place.” The popular SoHo movie house, with a total 350 seats in two screening rooms, was then 19 years old, and Cooper had been president for 17 of those 19 years, starting when she was just 23. Nearly two decades later, Film Forum had a national reputation and a large and devoted audience — but no real estate of its own, and suddenly, an eviction notice on the door.

Yet every now and then, good luck follows bad. Faced with a crisis, Cooper learned something about her possibilities, and she found a crucial ally. “I had never used a [fundraising] consultant,” Cooper remembers. “Here I was with no building and no money to buy one, and I didn’t even know I *needed* a consultant. Then Tom Healy just sort of fell out of the sky. He was fresh out of Harvard, with a few years’ experience in development. He had read about Film Forum being demolished, and he sent a letter cold, offering his services. I retained him, and we raised the whole thing, \$3.2 million, in 18 months. We reopened in our current building exactly one year to the day after the old one closed — and we wrapped up the whole campaign six months later. I learned some important lessons from Tom: how to build on contacts already established, how to gauge a potential funder’s level of interest, and maybe most importantly, how to recognize a false lead and not waste time with it.”

Back then, an eviction notice and the prospect of imminent demolition were practically the only circumstances that could make Cooper sign on with a professional

fundraiser and gear up for a full-time campaign. Until the jackhammers were at the door, there was little pressing need for an aggressive, deliberate search for private contributions, because the vast majority of the organization's then-\$1.3 million annual budget — all but 10 to 15 percent — has generally come from the box office, memberships, and concessions. (Those ratios still hold in 2002, though the budget has grown to \$3.3 million.) Once the new cinema was funded and built — bigger, more elegant, and far better equipped than the old one — fundraising once again sank to the lower half of Cooper's regular agenda.

Until the turn of the new century, throughout 30 years of building and running Film Forum, Cooper has mostly maintained “a small circle of people who regularly gave larger amounts, \$1,000 memberships, maybe \$5,000 or occasionally \$10,000 or more from a few family foundations or corporations, but really just a handful of people who love film and believe in us. ... With 90 percent of our revenue coming from earned income, and a good portion of the remainder coming from the New York State Council on the Arts and the National Endowment for the Arts, that was really sufficient for most normal circumstances.”

### **Person-to-Person**

Revenue from individual private donations, in other words, hasn't been huge, but it has been dependable. Most of all, it has been personal. Overwhelmingly, those who give large amounts to Film Forum — including the 68 people whose annual membership is at the \$1,000 to \$2,500 level — attend regularly and care deeply about film. Donors invest partly in Cooper as an individual, in her judgment and careful management, and most of all, in the artistic vision she and colleague Bruce Goldstein invest in programming the three-screen cinema.

Cooper, with help from colleague Mike Maggiore, selects all the theater's premieres: a wildly diverse selection of narrative and documentary work from around the world. Cooper doesn't consider herself a “film buff,” but someone who is interested in ideas first and movies second. Her selections invariably take an innovative approach to culture, politics, history, and the arts. Goldstein, Film Forum's director of repertory programming since 1987, on the other hand, is a highly regarded

authority on film history. His festivals of major directors (Billy Wilder, Federico Fellini, Akira Kurosawa, among many others) are widely reproduced by repertory cinemas nationwide.

“People give money to *people*. It’s a banal adage, but true,” says Cooper. “If they don’t trust you — if you haven’t made it clear that you’re passionately committed to what they’re committed to, and also a person of sterling integrity — why should they give you a dime?”

Film Forum’s regular, high-end contributors are also, in a sense, investing in a part of themselves, in their own passion for great film. Movie lovers seem to regard Film Forum as an almost sacred trust, a sort of temple of cinema where the most devout audiences congregate.

The reverence shows in the details: The flowers in the lobby are fresh. The snack bar offers home-made confections and cappuccino. Equipment has been meticulously chosen and maintained to present fragile antique masterpieces and the latest digital productions with equal integrity. During screening times, corridors give off the hushed tranquility of some of the more solemn houses of worship. Some visitors, admittedly, prefer to think of the staff’s all-consuming dedication to detail in more secular terms: “Film Forum appears to be run,” wrote a visiting Toronto journalist in 2002, “by the kind of maniac obsessives you want to run a rep cinema.”

For individual donors with a buzz for movies, this is as good as it gets — a well managed enterprise that stirs the soul. Passion, it turns out, is at least as important to raising individual contributions as a flawless audit. Peter Karoff, president of The Philanthropic Initiative, an advisory service for individual philanthropists and their foundations, recently surveyed wealthy individuals and asked them, among other things, what might induce them to donate more. The answer, says Karoff, was two things:

The first is fairly obvious: They want some assurance that the money will be used wisely — not just legally, but effectively. But the second thing is more surprising: They want causes they can be passionate about, something they believe in and that calls forth from them something more than just a check. Now, some donors may not know what their passion is yet. And not every

fundraising organization understands that, or knows how to inspire a sense of passion in their donors. But that's what's necessary if the goal is to increase contributions in any significant way.

### **So why an endowment? And why now?**

To many people running struggling arts institutions, Film Forum's life might seem comparatively easy, and its future all but guaranteed. And at least as far as fundraising is concerned, there have been times when Karen Cooper was inclined to agree. She tells a story of one well-to-do member of Film Forum whom Cooper invited to lunch in the weeks before the endowment campaign formally began.

A couple of years back, he had sent me an unsolicited \$15,000, and I naturally sent an effusive letter of thanks. A year later, in a phone conversation, he said 'I'm going to be giving you \$50,000 this year.' I said, '\$15,000?' I thought I'd heard wrong! So when the endowment campaign started, I asked for \$250,000. He called a few days later and said, 'I'm not going to do 250.' My heart sank. 'I'm going to do 750.' It came as a gift of stock, which I sold immediately. Miraculously it had gained \$75,000 in value during the 48 hours we held it. It was a unique experience; it had never happened before and probably never will again.<sup>1</sup>

The annual campaigns routinely raise some \$300,000 in gifts. An Industry Council for corporate contributors brings in at least \$2,500 from each member. An interactive web site and a steady direct-mail operation, including personal notes from Karen Cooper to each member, make certain the 4,500 members feel needed, consulted, and informed. For higher-end members, at the \$150 to \$1,000 level, special Film Forum events, like a spring brunch and screening and a sneak preview and cocktail reception in the fall, build an *esprit de corps* by which members feel part of an inner circle. (Recently, these events have been opened to prospective high-end members as well.) For one large contributor who is homebound much of the time, Cooper even periodically mails videotapes of promising new releases, just to keep the member in touch with the organization and the art.

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<sup>1</sup> Because some of Film Forum's donors prefer to remain anonymous, a few identifying details have been altered throughout this report.

Still, despite the size and reliability of much of this revenue, the strength of Film Forum's finances rest on several valuable but not necessarily permanent assets. One such asset is the international reputation of Cooper and Goldstein. Both love their work and have no plans to leave, but institutions can't live forever on the strength of individual reputations. Someday, someone else will run Film Forum, and that person will have to start without Cooper's decades of experience and donor loyalty.

Another asset is Film Forum's reputation for artistic excellence, which generally keeps box-office revenues robust. But excellence costs money — substantially more money in recent years than in past ones, as the technology of filmmaking and projection has changed rapidly and expensively. Besides, box office admissions can be fickle, especially for institutions featuring cutting-edge work that may or may not ever find an appreciative audience. Alongside her tales of generous donors and worshipful critics, Cooper keeps a few anecdotes of brilliant movies that played to empty houses. "A lot of people think we're always packed — but that's because most people come here to see the most popular films on the most popular nights. Sure, we're packed when they come. They don't see us when we're showing more difficult work to a theater of four people."

Another fragile asset has been the national and regional economy — which, for at least half of Film Forum's 30 years, has been among the strongest in history. Film Forum has weathered recessions, to be sure, including the financial slump of the late '80s and early '90s that devastated New York's Wall Street-dependent economy. But most of the last two decades have been kind to institutions like Film Forum that depend on ticket sales, memberships, and personal contributions. A more sustained economic downturn might place severe limits on Film Forum's programming and fundraising.

So for all these reasons, the Ford Foundation in 1999 approached Cooper for a discussion about how to ensure a more stable future for the institution — including widening and deepening Film Forum's circle of individual contributors and creating an endowment. On one hand, the Foundation's offer included a nearly irresistible matching grant of \$1.25 million, of which \$450,000 was earmarked for an endowment. On the other, the challenge would entail another intense capital campaign,

stirring memories of the last such effort — the sleepless 18 months of constant fundraising in 1989 and '90 that bit deeply into Cooper's full-time responsibilities as artistic programmer and manager.

### **Building a permanent capacity for fundraising**

The prospect of a greater effort in fundraising posed another problem for Cooper as well — a problem that was less obvious at the time, but in some ways the hardest to solve. Expanding Film Forum's circle of donors would mean creating a more prominent place for fundraising in the management structure, probably permanently. As a matter of principle, Cooper has embraced that challenge: "When we went from two screening spaces to three, from 350 seats to 472, that was a big increase in the size of the business. Our annual operating budget jumped from \$1.36 million in 1989 to its current \$3.3 million level. I really just fell back into my old pattern of doing my own fundraising. But the theater was becoming much too large and complex a business for that to continue. That will only become more true over time."

Building a full-scale development capacity in-house seemed an obvious goal, and a manageable one. It would, though, entail more than just adding another staff member or two. It meant integrating development into a close-knit staff of 14 people that had, until then, concentrated mainly on artistic acuity and business management, with fundraising as a sideline.

Film Forum met Ford's financial challenge in record time, raising the required \$1.25 million match from individual donors in less than one year. (The organization has set a higher target for itself: a total goal of \$4 million.) Another aspect of the Ford challenge also went reassuringly well: Film Forum increased the size of its Board by one-third, to incorporate more members with greater giving potential as well as connections that could help with fundraising. Ned Lord, the new Board Chairman and chair of the endowment campaign, is a senior vice-president of the financial-services firm UBS/PaineWebber. He brings to the job tremendous personal enthusiasm for Film Forum's mission (he's been attending FF movies since the early '80s) and the willingness to share his extensive personal and professional contacts. A development consultant, Shula Brudner, and the staff have conducted regular development

training sessions at Board meetings and have organized social events hosted by Board members for prospective donors. The result has been a significant increase in contributions solicited or encouraged through Board connections.

And yet the number of large contributions to the campaign has remained small, just as it has been in the past. Of a total of \$1.7 million contributed to the campaign as of the third quarter of 2002, just nine have been gifts of \$25,000 or more, and virtually all of those have been past supporters of Film Forum at generous levels. By itself, the surprise \$750,000 gift described earlier accounts for more than 40 percent of the total. In short, the campaign has been an unqualified success on nearly every front, but the pattern of giving to Film Forum has not materially changed yet.

Whether the pattern can or should change remains an open question. One reason is that this campaign, like past fundraising efforts, has been done without the benefit of an in-house development director. The addition of a full-time development associate, Karen Baker, represents a significant increase in staffing compared to the building campaign in 1989-90. But for now, at least, the chief fundraiser is still Karen Cooper, and there are no immediate prospects for changing that. Two development directors have come and gone in recent years without much satisfaction on either side. Both were chosen through careful searches, both were talented and experienced, but neither one was able to blend into the intense, idiosyncratic life of a big arts enterprise built partly on the personalities of its leaders.

### **Finding the elusive 'fit' for a development director**

Cooper has more help than before. Besides the full-time development associate, the theater's general manager, Dominick Balletta, comes with extensive experience running a live theater company. Balletta's development experience complements Cooper's: he is particularly knowledgeable about a variety of private foundations that concentrate their giving in the arts and the labyrinthine world of New York City politics that informs public funding decisions (an area previously ignored). Consultant Shula Brudner continues to advise staff and the Board and to participate in some larger requests, generally working two to three days a month. But from day to day, says Cooper, "It is now a team effort: Dominick Balletta, Karen Baker and

I are the first line of defense, with Shula Brudner giving us some excellent coaching and direction, and Bruce Goldstein brought in to pitch-hit when his area of expertise seems especially appropriate.”

Is this patchwork arrangement sufficient for the long term? Cooper is convinced that eventually the organization will attract the right person to take the reins in fundraising, but she no longer expects that person to be easy to find or, once found, to blend quickly and seamlessly into the organization’s routine. There are at least three reasons why the process seems more complicated than it did at first — reasons that may also apply to other arts organizations that stand, like Film Forum, midway between small, community organizations and the great municipal institutions with century-old pedigrees.

The first reason grows directly from that awkward, middle stature. Film Forum is too big, with too carefully honed a reputation, to want to rely on a less-experienced fundraiser. But it’s not routinely raising enough money in contributions to attract the kind of seasoned talent that naturally gravitates toward big hospitals, universities, and major museums and opera houses. “The ones who seemed like the best fit for us weren’t interested,” says Cooper. “I wasn’t trying to raise \$100 million for Sloan-Kettering [the world’s largest cancer center, headquartered in upper Manhattan]. Four million dollars is a lot to us, but by the standards of many development people, it’s not very impressive.” Although Film Forum was offering a competitive salary, its modest offices, intense workday, and the low percentage of its budget raised from donations have discouraged some good candidates.

A second problem is related to organizational culture — hard to quantify and define, but unmistakable when you experience it firsthand. Film Forum is an organization of devotees, not just professionals. Both its staff and its most likely donors include people who can tell you their favorite silent film made in Sweden. A senior development director is unlikely to have had much experience in a film institution like this one, partly because there aren’t many of them. Yet success will depend in part on being able to blend into an organizational culture of lifelong aficionados.

The third reason why the search for a development director has been slow is — like so many other things about Film Forum — partly personal. Karen Cooper is not just a longtime executive director, she practically *is* Film Forum. She has nurtured



the institution from 50 folding chairs to nearly 500 seats, through three previous buildings, a 173-fold growth in annual budget, six mayors, seven U.S. presidents, and countless changes in filmmaking styles and audience tastes. As a practical matter, it's unlikely that anyone will have much influence, in his or her first few years of work, over how the institution is presented and its vision conjured. Any new development director will start in an apprentice role, first learning from Cooper, and only gradually leading a truly independent development program. Cooper is optimistic, however, pointing to the strong relationships she established with Tom Healy when building the current cinema, Evan Kingsley (who did development work for Film Forum in the early '90s and is today Deputy Director of the Brooklyn Public Library), and Shula Brudner, who has consulted on the endowment campaign for the past two years.

### **The individual touch**

All these idiosyncrasies have made it difficult, thus far, to form a bond between Film Forum and a resident fundraiser. But that is the only context in which the organization's highly personal style could be called a problem. In every other respect, the human touch with which the organization is run has been an enormous asset, not only for audience loyalty and artistic quality, but for fundraising as well. One recent example illustrates the tight interweaving of financial and emotional factors that binds Film Forum to its donors and audiences alike.

When the new triplex theater opened in 1990, Cooper sought advice about the concession stand from a couple who ran a small restaurant around the corner. They recommended the Italian coffee company Illy Caffè, not only for the quality of the coffee, but also because Illy's proprietary brewing system is less messy and quieter than others — a useful feature for an organization that prizes silence.

"It's a family-owned business," says Cooper, "run by people who are proud of what they're doing and pleased to work with us. Here we are, an independent, specialty cinema showing specially selected films. They're a specialty coffee company selling a high quality product, not a faceless, multinational corporation. It seemed like a perfect match."

At the urging of Shula Brudner, the development consultant, Cooper approached the company for a grant toward endowing the coffee bar. Myra Fiori, director of public relations for Illy Caffè North America, took the request a step further: the company would provide a new espresso/cappuccino machine to replace an aging one, plus free service on the machine, free coffee and cups for the next six years, and then a cash contribution. The Illys, it turns out, are movie lovers.

As they were also good friends of the late director Federico Fellini, the concession is now named “The Fellini Coffee Bar Endowed by Illy Caffè.” The name, the trademark Illy cups, and a newly created on-screen trailer provide additional visibility for the company.

### **The territory ahead**

Although Film Forum hasn’t greatly enlarged its circle of high-end contributors as of this writing, it still has several prominent naming opportunities that are likely to attract new or substantially larger gifts. The coffee bar is now named, but the remainder of the lobby, one of the screening rooms, an exhibition wall, and other parts of the theater are still available to be named — from \$25,000 for the exhibition wall to \$500,000 for the lobby or the third screening room. Small gatherings for prospective donors — “cultivation events,” in the parlance of the development trade — are regularly hosted by Board members or longtime supporters, a process that is still enlarging the pool for future support. The events are one more benefit flowing from the enlargement and training of Film Forum’s Board.

Meanwhile, the organization has made a point of cultivating and preserving a much longer list — some 23,000 names — of members, smaller donors, and prospects for small and mid-size contributions. People can become Film Forum members for as little as \$65 a year, and donors of between \$150 and \$1,000 number close to 600. By the time the building campaign was completed in 1990, nearly half a million dollars had been raised from contributions as small as \$10.

This isn’t just good fundraising; it’s part of the organization’s relationship with its audience. It’s essential, despite the elegance of the building and the sophistication of the programs, that Film Forum not come across as an elite, off-putting enterprise,

but as a magnet for diverse audiences with a broad spectrum of backgrounds, tastes, and styles. Not every movie is, as Cooper puts it, “permanently valuable art.” But all are made by artists with serious intentions. If many of them are also fun, with wide appeal, that’s good for the audience and for the theater. And it doesn’t hurt the small-contributor list, either.

It’s a delicate line to walk, between rarefied art house and popular entertainment spot. But Cooper by now has three decades’ experience at walking it. “When I started as executive director in 1972,” she says, “independent film wasn’t even on the radar. The term then was ‘underground’ movies. People used to say, ‘you mean pornography?’ Or they associated it with Andy Warhol, with 24 hours of the Empire State Building without a cut.” One sign of her success since those years is that the number of nonprofit movie houses is steadily growing in New York, with at least a half dozen now in the metro area. Yet none of them is as secure and well endowed as the city’s principal institutions in the other arts. Film remains, says Cooper, “the stepchild of the arts. Many funders equate film with escapist entertainment.” To this day, foundations occasionally say to her, “You’re not in our arts guidelines. We don’t fund film.”

For better or worse, Film Forum occupies a challenging middle niche — between an intimate community organization and an eminent institution, between high culture and accessible entertainment, between a box-office enterprise and a nonprofit treasury of undervalued art. The balancing-act isn’t for everyone, but Cooper and her colleagues like it. Judging from the response to Film Forum’s current campaign, contributors like it, too, and are prepared to make it permanent.

## Lessons Learned

**1.** *Contributors invest in things they are passionate about.* Especially for arts institutions, it's important to build a relationship with donors and potential donors that fosters a sense of shared passion, an engagement in things to which the donor is deeply committed. Inspiring more than a small or one-time contribution often means engaging major donors on a level beyond that of just vision or ideas. It often helps to involve them with the institution, its work, and even its personnel or board, in a way that establishes a personal bond. That can be as simple as an occasional gift or a personal note, or it may entail invitations to meetings and special events exclusively for major donors. For corporate contributors, it helps to provide some way of identifying the company with the good work of the institution — while shielding them, if necessary, from potential controversy. For more deeply committed people, it may mean a chance to sit on a committee, meet with the staff or artists, or participate in private gatherings at board members' homes. Not every donor will want to become that immersed in an institution's work, but it's important to recognize when someone is seeking to contribute to, learn from, or simply feel at home with your organization, and then offer ways to satisfy that desire.

**2.** *Maintaining effective relationships with donors can be demanding and time-consuming for the executive director,* especially during a major campaign. Executive directors who have a good personal touch with contributors may find that their skill is in demand year-round, but even more so at peak fundraising times. While development staff and consultants might have established good relationships with funders, it is crucial for the CEO to take a visible and active role in communicating with those who contribute large amounts. It isn't always realistic to expect a development director or fundraising consultant to do this work on the CEO's behalf. Many major donors want to deal personally with the executive director, the board chair, or a top staff member when deciding whether to contribute a large sum. Development advisers and staff can help formulate the solicitation strategy, determine the wisest use of senior executives' time, and think of ways to keep donors interested and committed. But they aren't a substitute for good, personal contact between leaders of an organization and its major contributors.

**3.** *Mounting a major capital campaign or fundraising drive usually calls for help from a development professional — but not necessarily a full-time development director.*

The decision about whether to have a full-time, senior fundraiser on staff depends a great deal on the size of the organization, the share of its revenue that comes from donations, the size of the current campaign, the number and needs of potential donors, and the fundraising savvy of the rest of the organization's staff and board. Much also depends on how most contributions are raised. Do most donations come in through a broad direct-mail effort, a more narrow approach to companies and key individuals, a reliance on fundraising events and special promotions, or some combination? Different approaches call for different amounts of time and effort — as well as different sets of skills — from fundraising professionals. In the case of Film Forum, senior staff and trustees have proven highly effective as fundraisers, relying on a few time-tested methods, and consultants have been able to guide them in using their time and talents strategically. By contrast, the organization's experience with in-house development professionals has thus far been unsatisfying, yet Karen Cooper believes that Film Forum will eventually need a resident development director, somewhere down the road.

**4.** *Choosing a development professional, whether as a consultant or on staff, means balancing a complex set of professional and personal qualifications.* Some development skills are readily transportable from organization to organization and from field to field: the ability to present a case compellingly, to plot a strategy and organize a campaign, to deal effectively with other people inside and outside the organization. But other skills are highly specific to particular clients and campaigns — for example, some organizations want a development professional to be a teacher and leader, others mainly want advice and support; some want a person with grounding in the organization's particular field and mission, others mostly want an expert in the science and art of fundraising, and are less concerned about other kinds of expertise. Before hiring anyone, whether as a consultant or as an employee, it helps to know whether you mainly want an "inside" aide and adviser — someone who works behind-the-scenes doing research, thinking about strategy, developing written material, and managing the fundraising process — or an "outside" fundraiser, who participates in solicitations directly, represents the organization to funders, and takes on a more public role. As Film Forum learned, it can be easy for a seasoned fundraiser

and a strong organization to be drawn to one another at first, only to learn later that the match isn't right for either of them. Working with consultants for a time is a good way of learning exactly what services and talents are really called for, and how much help the organization needs in which aspects of fundraising.