

West Devon CVS

Developing a fundraising strategy

CORE10

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What is a fundraising strategy?

A fundraising strategy is a plan which sets out:

- what your organisation was set up to do and its main areas of work
- what your funding needs and priorities are over the coming period of time, for example 3 years
- how you intend to raise that money
- where you will raise it from.

Being realistic

You probably have lots ideas of how you could spend a large amount of money – but you are unlikely to get everything you want immediately and you may have to be prepared to compromise.

To avoid disappointment, make sure your targets are realistic and achievable. Go for small as well as large amounts of money, but don't get distracted and chase funding for projects which don't fit your purpose.

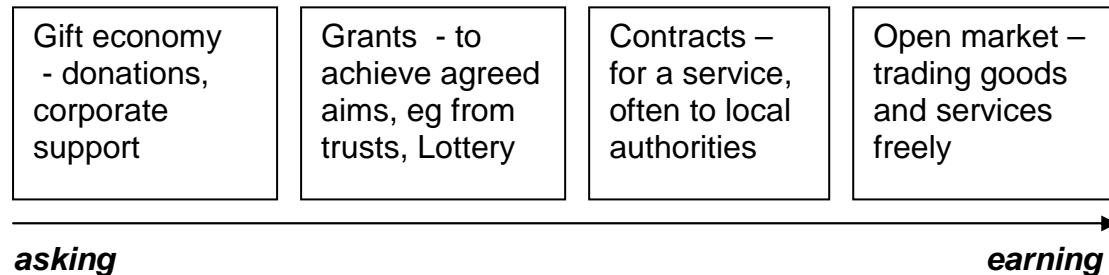
Set timescales and try to keep to them.

Sustainable funding

Once you have set out what you want to achieve and how much money you need, how do you go about getting it?

The variety of ways in which organisations fund their work can seem bewildering. In general, there is a move away from the traditional economy of donations and grants towards earning income through trading goods and services. However, this is not always appropriate, and grants and donations are still important.

It can be useful to think of the range of funding options as a spectrum – with asking at one end and earning at the other.



What is appropriate will vary for every organisation, but in general terms a stable organisation will eventually try to build a portfolio of funds from across this spectrum. These organisations will be careful to avoid reliance on a single, short-term source of money. This approach is known as sustainable funding.

Approaching funders

Organisations which are new to fundraising will probably start with gifts – for example holding a sponsored swim or asking a local business for help. The next step will probably be to seek grant funding. So we will start with funders and move onto earned income in the form of contracts and trading later.

The main types of funder are:

- statutory bodies - the local authority or central government departments, the health authority, European funds.
- charitable - trusts, foundations.
- the National Lottery Boards.

At your CVS, we can help you to identify which funders are most likely to be interested in your cause. Make sure that you are involved in any local funding networks such as email bulletins or forums. Again, we can help you to find out about these.

Allocating tasks

Consider the skills of individual members of your organisation and allocate tasks accordingly.

You need people who can:

- write well
- prepare budgets
- speak to funders
- persuade people of the value of your organisation and its work
- keep files and records

A good idea is to form a fundraising group where members can support and learn from each other, and make sure that things get done on time. For information on how to write a funding application, read our information sheet CORE11, 'Writing a successful fundraising proposal'.

If you do not have people with the skills or experience in your organisation, talk to us at your CVS for advice and support.

Keeping records

You need to keep written records of who you have asked for what, when you asked them, and what their response was. Keep copies of all correspondence.

These records will be helpful in the future. They will give some of idea of what worked well, who responded positively, and what was a waste of time and effort.

Relationships with funders

Always remember to thank your funders for their support, and keep them regularly updated about progress. Have a named contact in your group who can build personal relationships and always acknowledge any communication from a funder swiftly. Send them evidence such as photos, press releases and annual reports. Invite them to visit your project, or to special events like AGMs or open days if it seems appropriate.

Remember that you may want to go back to a past funder for more money in the future, so keep informed of any changes in their policies or personnel.

Depending on the type of funding, you may be asked to monitor your work and provide reports, evaluations, or statistics to your. Make sure that you are keeping up to date with any monitoring requirements right from the start.

Contracts

Contracts are a form of earned income – they are usually agreed with a local authority to deliver a service which is of benefit to the community.

The advantage of a contract is that you have guaranteed funding to carry out your work over a certain period of time.

The disadvantages are that the funding may not be renewed at the end of the contract period, and that your work will be dictated by someone else's priorities.

Contracts require much more detailed monitoring and evaluation than grants and you must be aware of the consequences of not delivering the agreed outputs.

When a contract is put out to tender, always ensure that your proposal is properly budgeted. Don't be tempted to cut corners in the hope that the cheapest proposal will be successful.

For more detailed advice about a specific proposal, contact us at the CVS.

Open market trading

This is a new area for many fundraisers, but with a bit of imagination it can be lucrative. The advantages are that you are more in control, and you can plan further ahead. The disadvantages are that you may not succeed, and you may be diverted away from your priorities. Always remember that the point of trading is to give you the funds to achieve your organisation's objectives.

The ways in which you could earn income may not be immediately obvious, so it is worth sitting down as an organisation and having an open-minded discussion about the possibilities.

Think about these three main ways you can earn money:

1. Selling your product

Your core work may already be a service, skill or product which is saleable (there is obviously some overlap with the above section on contracts here). For example, if you are an environmental group doing 'green' woodland management, this work could be sought-after by private landowners.

2. Transferable skills

This is where some lateral thinking comes in! This would be a new area of work, using skills honed through your core work.

For example, if you work with offenders you may be highly experienced in dealing with aggressive behaviour. Could you sell a course to large retailers to train their staff to cope with difficult customers?

3. Unrelated income generators.

This is where you take up an opportunity which is entirely unrelated to your priorities, but earns money to fund your core work. An example of this might be some unused ground at a charity's premises being leased to the council to use as a car park. Be very careful here that the financial benefit to the organisation justifies the time spent on the trading project.

Depending on the proportion of your income coming from trading, you may need to set up a trading arm in order to meet your legal obligations. If you are considering trading, you should contact the Charity Commission for further advice. You can contact your local office at:

Woodfield House, Tangier
Taunton TA1 4BL

0845 300 0218

www.charity-commission.gov.uk

Full cost recovery

Whatever method of fundraising you use, you should aim to apply the principle of full cost recovery. This means accounting for all the money needed, not just the obvious. So, for example, if you are raising funds to make new posters, don't just include the printing costs - include the staff salary and office overheads for the time you spend on design, dealing with the printer, distributing the finished posters etc.

At the 'gift' end of our spectrum, this should be reflected in your publicised targets, for contracts it should be accounted for in your negotiations, and when trading it should affect the price you set for your product.

Reviewing your plans

You should review your fundraising plans from time to time. From your records you will be able to monitor progress and evaluate how successful you have been. This evaluation will then inform your future fundraising strategies.

- Were you over-ambitious?
- Do you need to revise your plans?
- Do you need to do more research into potential funders or sources of income?
- Do you need help or training in devising more realistic budgets or writing better applications?

Remember that at every stage of developing your fundraising strategy, your CVS is here to offer advice and support.

West Devon CVS

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