

Developing a Fundraising Strategy for a Small Charity

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SHU and the third sector

- **Sheffield Hallam University Centre for Voluntary Sector Research**
 - Inter-disciplinary research centre linking 13 staff across all four Faculties
 - Extensive research on charity funding and fundraising, law and regulation, charity accounting, social policy towards the sector, communication systems, social enterprise, third sector infrastructure, sustainability, governance etc
 - Strong record of publications - www.shu.ac.uk/cvsr
- **Taught programmes:**
 - MSc in Charity Resource Management (with validation by Institute of Fundraising, Association of Charity Independent Examiners and ICAEW DChA from 2012)
 - MSc in Co-operative Social Enterprise Management
- **About me:**
 - Appointed to SHU 1995 – previously at UWE Bristol
 - Based in Sheffield Business School (one of the Faculties of SHU)
 - Professor of Charity Studies since 2007
 - Personal research work on charity accounting, regulation and funding since 1996 (and broader work in the sector before that)
 - Work outside the University with a wide range of small/medium charities

What is a Fundraising Strategy

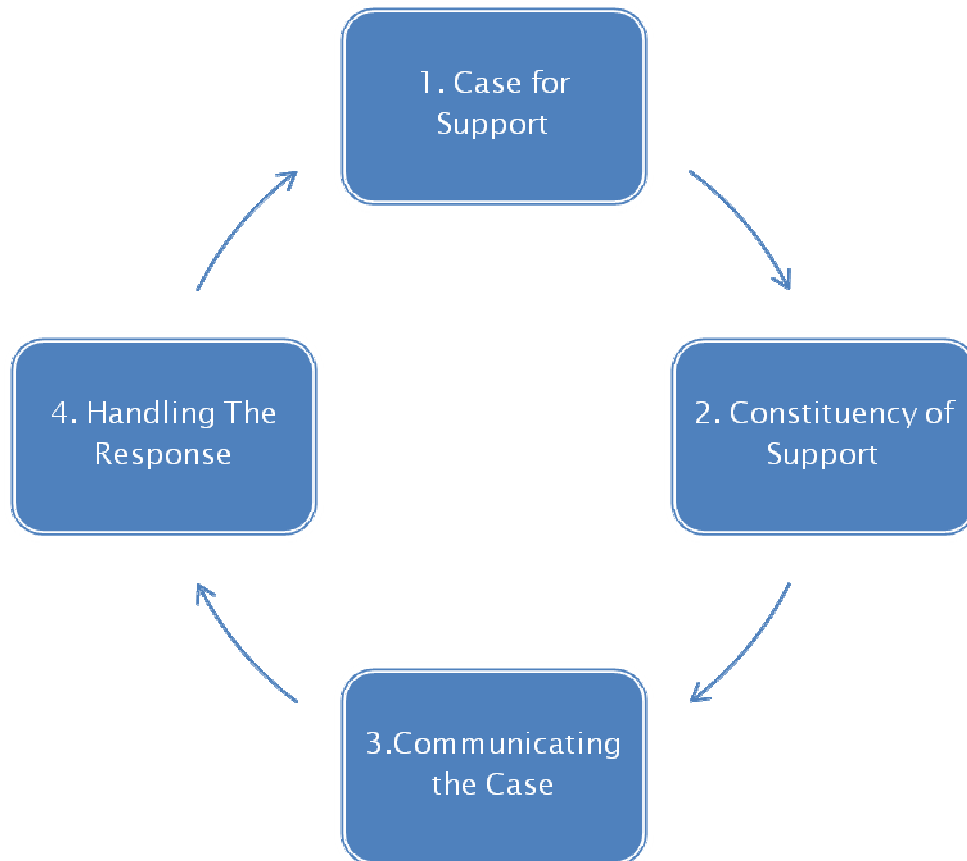


- **Fundraising is the process of securing sufficient funds to carry out the work of a non-profit organisation (NPO)**
 - Can apply to all types of NPOs
 - Focus today is on organisations with charitable status
- ***A fundraising strategy: is a realistic plan for securing appropriate resources to support the work of the charity over a number of years***
 - Much more than just a short term plan for the next funding bid or event
 - Typical timescale: 3 to 5 years
 - Normally cover a range of funding sources
 - Normally covers a range of fundraising methods
 - Sets out the resources to be allocated to fundraising (staff time, volunteer time, direct fundraising costs etc)
 - Must be owned by the charity as a whole: normally formal approval by trustees

The Fundraising Cycle

- **widely used as a means:**
 - of understanding fundraising
 - of planning fundraising campaigns
 - for fundraising feasibility studies
 - for devising fundraising strategies

[Redmond Mullin 1987, but terminology varies - interpretation here is by G Morgan]



- ▶ Each stage leads on to the next – for example, no point in trying to identify the *Constituency of Support*, until clear about the *Case*.
- ▶ In most charities it forms a *cycle*, as experience of fundraising helps to refine the *Case* for next time, etc

1. Defining The Case For Support

Who's Case?

- What is the organisation making the appeal?
- The case to be addressed must be within the charitable objects of that charity.
- Need to define the case in terms that will appeal to possible donors/funders (link to stage 2).

How Much Is Needed?

- Clear budgets form part of the case – must tell donors/funders what the project will cost.
- For major funders, give total cost. For individual donors, may be better to give cost per unit (e.g. "it costs £10 to treat each person").

What Will It Achieve?

- If the donor/funder gives the money, what will be the benefit? (E.g. a new building or an extra worker is no benefit in their own right – explain how the building or worker will benefit the charitable aims and the aims of the donor/funder).

How Will Funds Be Used?

- If the appeal is successful, how will the project be implemented? Who will be responsible? What experience does the charity have of work of this kind (if the charity is proposing a new area of work, explain what support/advice has been used). What timescale will apply?

Clarify the case *internally before writing fundraising documents/appeal literature/grant applications*. If you are unclear what you are trying to do, you will be unlikely to convince anyone else to support it!

2. Constituency of Support

- Consider all possible SOURCES OF CHARITABLE INCOME
- IDENTIFY THOSE WHICH ARE POTENTIALLY RELEVANT to your charity bearing in mind the *Case for Support* (Stage 1)?
- Examples of sources ...
- A. PUBLIC SOURCES E.g.:
 - Local authorities/LSPs etc
 - NHS Trusts/PCTs
 - Central government
 - European union
 - include core grants, restricted grants, contracts for service
 - each may be a Service Level Agreement
- B. GRANT-MAKING CHARITABLE TRUSTS
 - One-off grants for capital items
 - Project grants (short term or multi-year) - restricted
 - Unrestricted grants
- C. NATIONAL LOTTERY DISTRIBUTORS ("Good causes" - 14 funders)
 - Big Lottery Fund
 - Arts Councils
 - Sports Councils
 - Heritage Lottery Fund
 - Olympic Lottery Distributor
 - NESTA
 - UK Film Council

The Constituency of Support (cont)

- **D. COMPANIES**
 - Grants/donations
 - Sponsorship
 - Commercial participator agreements
 - Staff secondments/gifts in kind
 - Purchase of services
- **Also:**
 - Staff fundraising (technically this is from the staff not the company, but employers often allow use of company resources support the process and sometimes provide matched funding)
 - Payroll giving (technically donations by individuals, but the company often provides the means to ask employees to give)
- **E. INDIVIDUAL DONORS**
 - Public collections
 - Sponsored events where individuals collect "sponsors"(donors)
 - Direct one-off giving (cheques, credit/debit cards etc - in person, by post or over internet)
 - Regular giving
 - Major donors
 - Legacies
- **F. INDIVIDUAL PURCHASERS - VIA FUNDRAISING EVENTS**
 - Sale of tickets
 - Sales of goods and services
- **G. SOCIETIES AND INTEREST GROUPS**
 - External fundraising committees
 - Other groups raising funds for charity
- **H. CHARITY SHOPS & CATALOGUES**
 - Donated goods
 - Goods purchased for resale

3. Communicating the Case

- **This stage is about the actual *fundraising methods***
 - ***But don't start considering methods until you have a clear idea of the case for support and the main donor/funder constituency(ies) you are aiming to reach***
- **Possible methods include**
 - Formal bids/applications to charitable trusts/public sector
 - Letters (be clear what you are asking for –e.g. one off or regular gifts)
 - Telephone, e-mail, social networking sites
 - Newsletters (consider fundraising message vs other messages)
 - Organising events (but be sure you decided at stage 2 who to invite)
 - Recruiting others as fundraisers – e.g. sponsored events
 - Face to face meetings (especially for major donors)
 - Legacy promotion leaflets
 - Marketing the charity's services to purchases
 - Charity shops and other forms of trading for fundraising purposes

4. Handling the Response

- **Make sure every event and communications has a clear ask**
 - Make clear if donations are for the general work (unrestricted) or for a specific project/appeal (restricted donations)
- **If people want to give, how are they to respond? Always make clear:**
 - Who to make cheques payable to (name of charity)
 - Postal address of where to send
 - Give the legal name of the charity if not the same as the project/working name
 - Always give the regd charity no if applicable - it is illegal to send out any sort of fundraising communication without this except for charities under £10,000
 - If seeking regular gifts include standing order form
 - Contact name, tel no and e-mail for further info
 - For individual donors include Gift Aid declaration
- **Who is responsible for acknowledging gifts?**
 - Make sure thanks/receipt sent promptly (include charity details as above)
 - How will gifts be recorded for follow up
 - What feedback will be provided to donors/funders (with trusts and public sector funding, monitoring can be demanding)

Charities – Key Issues



- **Fundraising for a charity is much easier than for a non-charitable organisation**
 - Most people accept that charities are generally doing something good
 - Charities are subject to more regulation – e.g. end of year accounts – but this gives confidence to donors/funders
- **Most charitable grant-making trusts will *only* give organisational grants to charities**
 - If they support non-charitable organisations more conditions needed
- **Many tax advantages for charity fundraising:**
 - Gift Aid – adds 25% to individual donations if donor is a taxpayer
 - Legacies – free of inheritance tax
 - 0% VAT when charities buy advertising (e.g. to promote events)
 - 0% VAT on sale of donated goods (e.g. charity shops)
 - Only 20% of normal business rates

Other Issues for a Fundraising Strategy - I



- **Who is responsible for making it happen?**
- **How much time, effort and other resources can be committed?**
 - Some types of fundraising need considerable up front costs – e.g. venue hire or printing appeal brochures
 - Always consider costs of staff time
 - Be realistic on volunteer time
 - What other support can you get – e.g. donated prizes, free/reduced price venues, discounts on printing etc
- **Consider ethics of fundraising**
 - Don't use methods/images/messages which are inappropriate for the charity
 - Don't use image of beneficiaries/users without clear consent
 - Join the Fundraising Standards Board www.frsb.org.uk
 - Consider getting key staff into Institute of Fundraising membership

Other Issues for a Fundraising Strategy - II

- **Set clear timescales for**
 - Planning and research (stages 1 and 2 of cycle)
 - The actual fundraising activities (stage 3 of cycle)
 - Expected income streams (stage 4 of cycle)
 - allow for considerable delay from start of fundraising
 - If seeking regular gifts allow time to build up – but good regular flow thereafter
- **Be realistic not over-optimistic**
 - Look at history of support for your charity and other similar organisations
 - Don't assume all bids will succeed
 - For grant-making trusts around 1 in 4 may succeed if all criteria met
 - For direct mail to individual donors responses are never likely to exceed 10-20% even if mailed to people with strong links to the charity (much less for cold mailings)
- **Usually needs a working group of staff/trustees possibly with an outside adviser to draw up**
 - Write it down (typically around 5 pages for a small charity)
- **Get fundraising strategy agreed by trustees**
 - Make sure there is real commitment (otherwise it is a waste of time)
 - Establish a formal review process (6-monthly or yearly)
 - Treat it as an ongoing document – update each year