

## DEVELOPING A FUNDRAISING STRATEGY

A fundraising strategy is a plan which highlights the funding needs and priorities of your organisation within a certain period of time, usually between one and three years.

The strategy will provide your organisation with a focus on where it wants to get to, how this will be done and by whom.

In this topic we will guide you through the process of developing a funding strategy such as deciding a fundraising target, analysing your organisation's strengths, weaknesses and opportunities and threats, and what to do if things don't go to plan. If you attend course three you will be able to have time to apply this knowledge to your organisation.

### BEFORE YOU PUT PEN TO PAPER



You need to ask yourself certain questions before you start writing your strategy so you have a full understanding of your organisation and its future and how this affects your funding:

#### **What is the need that you are addressing and who are the beneficiaries?**

Will the future need change or increase, if so how will you respond to this? For example, the ageing population may mean that you have to benefit far more older people than you first thought.

#### **What difference does your work make to the beneficiaries?**

These are your 'outcomes'. What would happen to the beneficiaries if your organisation didn't exist?

#### **Who is doing similar work?**

How does it fit with your work? Can you build partnerships with other organisations to combine efforts and resources?

#### **What is distinctive about your work?**

Think about why anyone should support you, for example, is there an urgency to address the need? Is it an emotional or sympathetic appeal? Is it innovative and cost effective? Do you have previous success stories and support from the local community?

#### **What are your medium term plans?**

- Just continue at current scale of operation. If so how much funding is needed, how much is guaranteed and how much does that leave you to raise?
- Expand to meet need and/or develop new projects. This would require more resources and therefore more funding.

You must be led by the work and the need rather than the money you think you can raise, otherwise you will lose your sense of direction.



### MISSION STATEMENT

A mission statement describes and summarises what your organisation is trying to achieve so this is useful to say when approaching potential funders.

There are three elements which make up your mission statement paragraph:

### 1) Values

Beliefs your organisation holds and puts into practice e.g. 'is committed to...'

### 2) Purpose

Identifies the problem or condition to be changed e.g. 'to eliminating homelessness'

### 3) Business

Outlines the activities your organisation is undertaking e.g. 'by providing training to homeless individuals'.

*This example mission statement would therefore be 'North Yorkshire Action is committed to eliminating homelessness by providing training to homeless individuals'.*

## FINANCIAL TARGET



This sets out your funding needs and provides a base around which your argument for support is developed.

You need to detail your income and expenditure for the next three years ensuring that you have considered everything e.g. overheads, running costs, VAT, national insurance, pension, inflation, training, recruitment, fundraising, in kind support, fees, generated income from sales. The funding gap will be the shortfall between your income and expenditure.

Many organisations are in danger of closing down because they fail to ensure they will always have enough money to pay their bills, salaries and so on. To ensure this does not happen it is essential to have a cash flow forecast which is a break down of your income and expenditure month by month for up to three years.

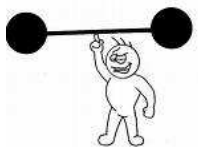
## FUNDRAISING AUDIT

An audit will highlight factors that may impact on your plan and success. This will influence your planning and help you to be prepared to make changes in the future.



The most common audit tool you could use is a SWOT Analysis which is an audit of your internal strengths and weaknesses, and the external opportunities and threats

You should ask everyone within your organisation to provide an input into this audit including volunteers and Trustees to reflect the whole picture.



**Strengths and Weaknesses:** Factors internal to the organisation. It could highlight those things which hold you back or give you an advantage.



*For example:*

*Strengths - established team, experienced management, good relations with local authority, good reputation.*

*Weaknesses - limited contact with funders, existing grants running out, no evaluation undertaken.*

**Opportunities and Threats:** Highlights how external factors will impact on your project and the funding opportunities now and in the future.

*For example:*

*Opportunities - public attention on your issue, new company in the area*

*Threats - Legislation, change to benefit regulations, similar local organisation expanding, LA cutting funding.*

Try and rid yourself of the weaknesses, build on strengths, and counteract the threats.

## FUNDING SOURCES

Now you know how much you need to raise you need to research the possible funders for your project/organisation - ask your local funding adviser for support.

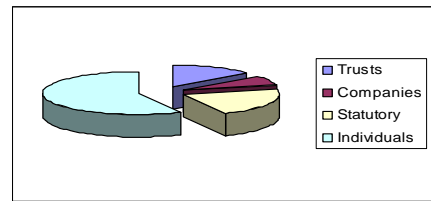
Funding comes in BITS:

**Business** – sponsorship, donations

**Individuals**- membership, donations, events, legacies

**Trusts and foundations**

**Statutory** - Government, Europe



You need to spread the risk by ensuring that you do not rely on one funder as there could be a risk to your organisation if the fund is cut back or withdrawn.

## ACTION PLAN

You will need to decide **who** in your organisation will do **what**, by **when** and **how**.

- 1) List everything you need to do to implement your strategy
- 2) Put a deadline date next to each action point
- 3) Consider how long will they take (hours, days, weeks)
- 4) Define start date (considering points 2 and 3 above)
- 5) Rate each one with how urgent it is: 1, 2 or 3
- 6) Indicate who is responsible and what resources are needed



Each funder has their own timescales for providing funding so make sure you are aware of their deadlines for applications and when the funder decides which organisation the grants will go to. Timetable your applications and work out when the funding will arrive.

Work out your timetable by working through this list and delegate to the person with the most relevant skills and resources.

- 1) Complete funder research
- 2) Take note of the funder's application deadline and decision date
- 3) create application/proposal and submit
- 4) meet the funder - if relevant
- 5) funder makes the decision
- 6) funding secured or rejection received

## EXIT STRATEGY

You need to plan your exit strategy before your project starts so you know what happens when the funding/project finishes or if you don't get any funding.

There are many options which could be available to you but you need to consider the most appropriate and realistic one for your organisation. This will depend on the type of organisation, the type of beneficiaries, funding opportunities and the type and length of the project.



Exit options could include one of the following:

- New sources of funding could be found to continue or extend the project further if it is successful and there is a need and demand for it still. You need to consider future funding at least 9 months before the end of the project.
- Another organisation could undertake the continuation of the project.
- If funding is limited then possibly undertake a project with less resources.

- The project may have been a time limited piece of work which does not need continuation so it will gradually wind down towards the end of the funding period.

## **MONITORING**



A Fundraising Strategy enables you to easily review and monitor if you are on target throughout the year. It provides you with an effective early warning sign if you are not on track. It gives you a chance to try and do something to rectify it, with possibly another activity to make up for it (rather than find out when it's too late!).

It is advisable to monitor and review the progress of a fundraising strategy throughout in order to determine how it measures up to the original targets and to determine which type of funding is most effective.

If at any stage everything is not going as planned ask why – for example, were the original targets too ambitious, not ambitious enough? Once the problem has been highlighted it can then be addressed.

Ensure you have consulted with everyone about the draft strategy to ensure all issues are taken into consideration and commit everyone to the outcome.

## **CONCLUSION**

You should now have a clearer idea about how to write a fundraising strategy for your project or organisation. If you attend Course Three of the Funding Training Programme you will be able to acquire a deeper understanding of this information and how you can apply this to your own organisation.

Your local Funding Adviser is available to support you on a one to one basis by helping you to develop your project, research the right funder, plan a funding strategy, and give you advice about any funding applications you would like to submit. Visit the contacts page of this website for the contact details of your local Funding Adviser so you can make an appointment with them.

Also, download the other factsheets in this website to assist you along the other fundraising steps.