

Fundraising for Success

A Guide for Small and Diaspora NGOs

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INTRAC



PEER LEARNING PROGRAMME

Introduction

Fundraising is one of the most important pieces of the organisational jigsaw. Quite clearly, without funds, an organisation will cease to exist or at least not be able to effectively serve the communities that it has been set up to serve. In what is now a crowded and competitive charity marketplace, fundraising can feel like 'catch 22' for small and diaspora organisations: without funds our capacity is limited, but we often lack the time, resources and skills to fundraise effectively.



This guide aims to share information, tools and tips to help small and diaspora organisations strengthen their fundraising. Fundraising is a broad topic and there is a lot of material out there tailored to organisations of all different shapes and sizes. This guide will highlight some key points, but we encourage you to delve deeper by following links to other sources, for example the Institute of Fundraising or NCVO (see 'Further Resources'), which provide a range of useful information and guidance.

To consider fundraising in isolation and outside of the wider organisational context can often be the downfall of even the best fundraising campaigns and initiatives. Successful fundraising is closely related to effective governance, leadership, and strategic planning. This guide can also be used in conjunction with the toolkits in the same series on 'Effective Governance' and 'Strategic Planning'.

The toolkit will look at:

1. Principles behind effective fundraising
2. Developing a fundraising strategy
3. Implementing and monitoring a fundraising strategy

1. Principles behind effective fundraising

A. A Holistic Approach

Fundraising and a clear overall strategy are inextricably linked. Unless an organisation is clear about why it exists and what it focuses on, it is very hard to raise money from funders. To fundraise effectively, the organisation needs to first be clear about its mission and strategy.

The diagram below provides an overview of the broad context within which fundraising sits – from internal factors, such as leadership and governance, to external factors, such as effective stakeholder engagement. Whilst starting a discussion of fundraising by looking at all these things may seem idealistic, it is necessary for long-term sustainability. A clear mission, focus on beneficiaries, and a culture of innovation will bear fruit in the realm of fundraising. It is also the reality where organisations are under pressure to demonstrate viability in a challenging economic climate and where the market is saturated.

A holistic view to developing your organisation will:

- Support future fundraising activities
- Provide increased confidence to prospective funders
- Engage all your stakeholders in your mission, and
- Provide competitive advantage to stand out in the busy marketplace



Figure 1: Fundraising Dependencies

B. The Importance of Planning

The goal of fundraising should be to secure sufficient resources for the organisation to achieve its objectives in the long term – to be ‘sustainable’. This requires a planned and structured approach that will enable the organisation to operate effectively and achieve its mission. Chasing funding indiscriminately is poor practice and can result in an organisation drifting from its mission and objectives in order to obtain income. This can be called *strategic delinquency* or *mission drift*.

The importance of planning in the context of a holistic approach is illustrated by the diagram to the right, which shows some important foundations for fundraising. It is evident that those organisations with strong **direction, leadership, and infrastructure** (governance and management systems and processes) will have a clearer, more attractive and **engaging case** for donors and funders to support them.

Good leadership and strong infrastructure are particularly critical in an economic climate in which voluntary organisations are expected to survive or grow.

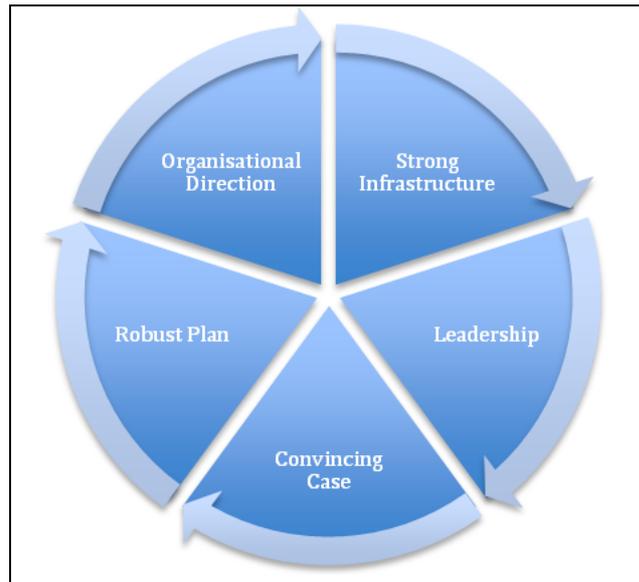


Figure 2: Foundations for fundraising

C. 'Friend Raising'

Fundraising is not first and foremost about raising money; it is about raising friends.



Over the years, techniques for raising funds might have changed, but fundamentally, the key questions you should ask when thinking about fundraising remain the same:

- What motivates people to give?
- To whom?
- How do people connect emotionally with a cause?

There are some basic and important points to bear in mind:

- **Organisations are not entitled to support; they must earn it.** In other words, no one 'owes' us a gift just because our mission is worthy.
- **Diversify your fundraising approaches.** Diversifying will help to reduce your risks and help to increase your supporter base. Many small and diaspora organisations depend on one or two major sources of funding, such as Comic Relief. This is not necessarily sustainable and can be high risk. Strategic collaborations and innovative practices may help attract funders.
- **People give to people: invest in developing a personal approach that is effective and relevant.** Your passion and commitment to your beneficiaries has to be matched with commitment to donors also. This may mean ensuring that your fundraising lead is well connected externally, in tune with the latest trends in the fundraising arena, deploy a range of fundraising approaches, and can truly understand the wider organisational context. Fundraising is an

art as well as a science – to get people to part with their hard earned money willingly is about knowing who, when, where and how to ask.

- **If you understand your donor's motivation, then you are more likely to succeed.** People give for different reasons, and people give depending on their personal drivers, motivations, capacities and circumstances. Funders have priorities and criteria that may be unique to them and you should familiarise yourself with before making any approach to them.

2. Developing a fundraising strategy

A. Getting Everything in Place

There are several things to get in place before putting together the fundraising strategy, outlined on the table following page. Getting these things together can be done with different levels of intensity- in a very systematic way or with more of a 'light touch'. Whichever way you go, you should aim to cover the areas outlined in the table on the following page to 'get your ducks in order'.

The ultimate purposes of the strategy will be to:

- Provide a **critical internal tool** for maintaining financial stability and strategic direction that is aligned with the mission
- Save **time and resources** in the future through a long-term approach
- **Set priorities** to help secure unrestricted as well as restricted funding
- **Engage stakeholders** and encourage dialogue within the organisation that builds teamwork and promotes a shared vision
- Give **confidence to potential funders**, reassure existing ones, and support future grant applications
- Assist trustees to **consider risks** associated with any fundraising actions and protect the organisation
- Help you to diversify the fundraising sources and find **new ways of raising money** by looking at the bigger picture.

Making sure your 'ducks are in order' before putting together your fundraising strategy

Organisation's Mission, Vision and Values	A strong organisational mission, vision and values helps to pave the way for developing clear fundraising goals and methods, and to be mission-focussed' rather than 'funder-led'.
Strategic Planning and Objectives	The strategic objectives for your organisation need to align with your mission, which should also inform your fundraising objectives and associated tactical plans for raising the required income. For more see the PLP strategic planning toolkit.
Fundraising audit	<p>Typically, this is a comprehensive and structured process to:</p> <ul style="list-style-type: none"> • Analyse the context for your fundraising to assess internal capacities (SWOT) and external collaboration or competition opportunities (PEST) • Identify areas of untapped potential or gaps that need to be addressed • Identify the 'best practice benchmarks' in the area you operate in • Measure aspects of your current fundraising, such as the attrition rate (% of donors that are lost in a given period), response rates—(e.g. on Christmas appeals)and return on investment – the 'fundraising ratio' between what you spend on fundraising efforts (in different forms, such as grant applications vs. events) and how much goes towards the cause • Evaluate the current fundraising activities and how effective they are.
Case for support	<p>This answers the question: 'why should anyone support our cause?' You should consult internal stakeholders and donors, and use information gathered in your fundraising audit. A convincing case for support clearly articulates:</p> <ul style="list-style-type: none"> • What does the organisation do? • What is its purpose for existence? • What is unique about it? • What is it trying to accomplish? • How will the fundraising activity help it to accomplish that? • How is the donor going to be involved? • Why should the donor give their money, time, or energy?¹ <p>Develop a set of priorities for the funds to be spent on. Some different areas are:</p> <ul style="list-style-type: none"> • General Funds – to cover your running costs • Project funding – to start new projects or maintain existing ones • 'Pump priming' – to stimulate existing projects and explore new avenues
Controls	This is about being clear about systems, processes and policies you need to have in place as 'controls' to manage risks and provide confidence to funders, e.g. a risk management process, addressing potential risks, their likelihood, and a plan for mitigating those risks. Often, small organisations that rely on a single source of funding, or who lack an exit strategy, face a crisis when a project reaches an end.
Resource input	With constantly changing external forces your organisation should be able to adapt through learning, innovation and flexibility. The right kind of resources should be in place to support this, including individual and collective knowledge, commitment and time, a can-do attitude, as well as financial investment (e.g. for new technology).

¹ Case for Support: List adapted from the Association of Fundraising Professionals (2008)

B. Assembling your Fundraising Strategy

Having made sure that things are in place as outlined above, perhaps by having undertaken a fundraising audit, reviewing your case for support and ensuring the right controls are in place, you can start to produce your fundraising strategy.

There is a table outlining suggested elements of a strategy document on the following page, but it's worth starting the planning process by asking some 'big picture' questions: What should the purpose be for the fundraising strategy? To raise income? To raise profile? To recruit supporters? To build something? Try to take a '360 degree' view on the need to fundraise in your organisation.

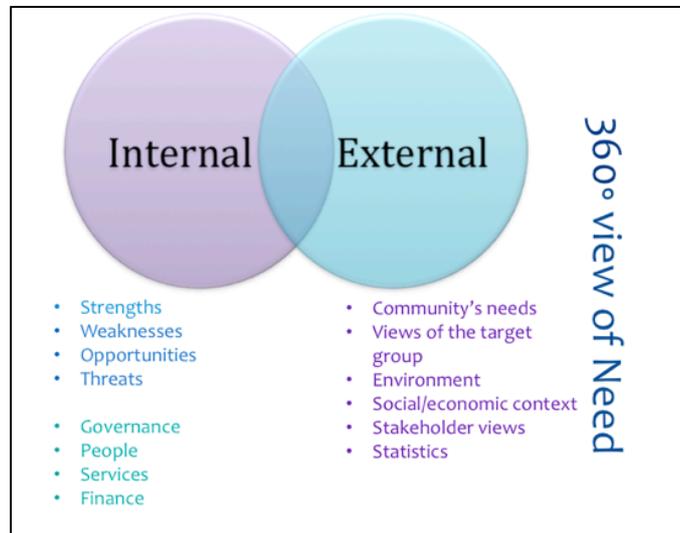


Figure 3: 360° view of the need to fundraise

Be realistic, practical and specific. By the end of the planning process your organisation should have an action plan for how it will achieve the fundraising target for the year (or longer), setting out who will do what and by when.

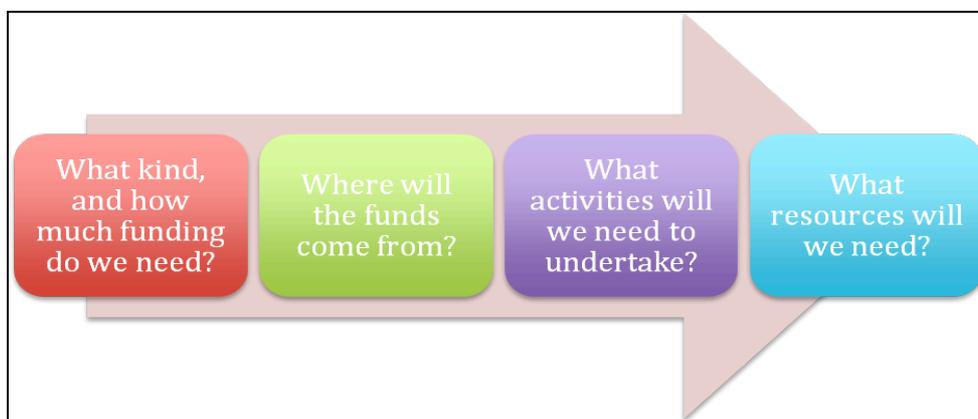


Figure 4: Ask practical and specific questions

As part of being realistic, you should ensure that your discussions and the final strategy document address different timescales, both the **long term**; the **medium term**, for instance developing a 3-year plan which identifies the resources (financial, human and capital) needed to implement it and sets out robust monitoring and evaluation processes; and the **short term**, where you should take a closer look at your operations and provide a breakdown of the individual initiatives that require funding and the tactical plans to achieve that.

Suggested Elements of a Fundraising Strategy Document

Mission, Vision, Values	These statements should be reiterated at the beginning of your plan as a reminder to keep the contents in line with the organisational purpose.
Strategic Objectives - Organisational	Organisational objectives should also be listed here. Your projects, services and funding sources can change, but the 'big picture' of mission, vision and strategic objectives should remain constant
Strategic Objectives - Fundraising	These should link in with the organisational objectives. Ensure that your fundraising targets are based on thorough analysis, realistic and achievable (i.e. SMART objectives). Otherwise you set yourself up to fail. As a minimum, they should address: <ul style="list-style-type: none"> • The amount of funds that will be raised • For what purpose (general funds or specific projects, restricted/unrestricted) • The categories of donors, funders and activities that will supply these funds • The acceptable costs of raising these funds
Priorities	This lists your key priorities for fundraising, considering both your core and project funding requirements.
Assessment and Context	This is an overview of the current position, identifying both internal (SWOT) and external (PESTLE) factors that may influence the fundraising plan both positively and negatively.
Case for funding and leadership	Your case for support is an expression of your cause - why you exist and to make what difference - and why it warrants support. See above for more detail.
Controls and resources	This outlines what resources will be needed, the length and cost of each project, and the controls in place. Resources may include a list of people involved in the process, time required, and level of commitment. Controls may be marketing strategies, training and support for staff and volunteers, strong governance, and technological systems.
Budget	The budget outlines the projected expenditure and the amount of income expected to be raised and from whom. Ideally, this will list a diverse range of fundraising sources, which will help to spread risks and ensure that fundraising will consider both restricted and unrestricted income
Tactical Plans	This section outlines an action plan or schedule that lists your Key Performance Indicators (KPIs) or measures of success and your exit strategies . Typically, exit strategies outline what you intend to do at the end of the project or initiative and how you will keep it sustainable . This should always be one of the first things to consider.
Monitoring and review process	Monitoring and Evaluation will help you determine the success or failure of an initiative. It should be an ongoing process, rather than left until the end of the project. Your strategy should detail how you will keep records, demonstrate learning from aspects of your fundraising initiatives that didn't work, and improve on your successes.

3. Implementing and monitoring the fundraising plan

A. Implementing your plan

A strategy is only as good or worth having if it is implemented and then monitored to determine its effectiveness. Implementation will of course differ depending on your particular plans. However, some **top tips** for doing fundraising include:

- Always **demonstrate the demand** for your project or cause. This could be in the form of a detailed and carefully planned ‘needs analysis’ and providing evidence for the demand.
- Establish **leadership** on fundraising. Active involvement and commitment from trustees, and their access to networks, is a big part of successful fundraising, especially in small organisations. For example, with major gifts, trustees can take the lead in developing relationships with prospective donors.

- Remember the **five ‘I’s**:

- a. **Identify** – your ‘prospects’ from your pool of ‘suspects’, be they individual or institutional. Then cultivate relationships with them, and look after them as well as ask for money, as portrayed in the ‘donor cycle’, on the right.
- b.
- c. **Inform** – your donors and supporters with regular updates on your organisation’s activities, new initiatives and achievements.

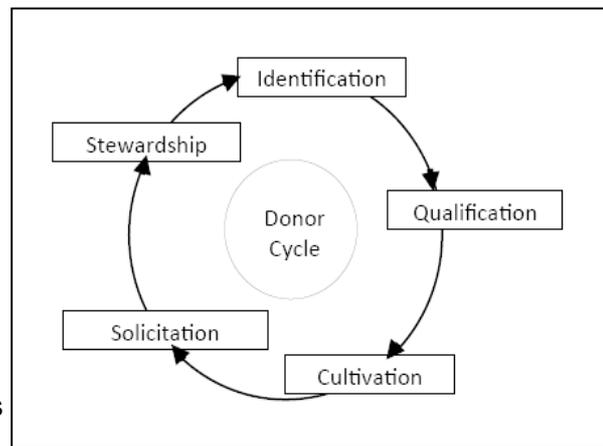


Figure 5: The Donor Cycle

- d. **Interested** – seek feedback, ideas and suggestions from your supporters. This will help to make them feel valued, keep them interested in your work and cultivate longer-term relationships.
- e. **Involve** – your supporters by inviting them to your social events, visit projects, or asking them to host events for you.
- f. **Investment** – especially financial, will mostly materialise from your prospective supporters when they have demonstrated commitment.

- Develop an **understanding of processes**, such as recruitment and segmenting of donors, donor development planning, and managing attrition.
- Continually **review, monitor and evaluate** your projects, demonstrating that your work is **outcome focused** and report on the **outputs**.
- Obtain **testimonials** from your beneficiaries, demonstrating the continual improvement to the quality of your services.
- Always prepare applications ahead of **deadlines** and submit timely reports.

- Familiarise your organisation with the legal and ethical guidelines such as the Institute of Fundraising's **Codes of Practice**.
- Create a culture of **innovation**. Open up to working with partners, whether other NGOs, social enterprises or commercial organisations that share your values. Innovation may be in techniques or the way you engage. See below for a list of innovative ideas emerging from the PLP Fundraising Workshop on October 2011.

15 Opportunities and Innovative Ideas

1. **Raise funds for 'thematic' areas:** 'targeted' giving that's more flexible than restricted funds.
2. Capitalise on **key dates** e.g. World Aids Day and **public events** e.g. the Olympics.
3. Attend the **National Fundraising Convention**.
4. Ask beneficiaries to share their story – '**the human touch**' at events or via video e.g. the film 'A Small Act'.
5. Use **social media** – a cheap way for marketing and building awareness? Does it work?
6. Use **bright graduates for work experience** and internships – there are lots! Ideally skilled volunteers should stay for longer periods and have a clear job description and goals.
7. Build relationships with '**high net worth individuals**' and communicate to their interests.
8. Do presentations and **events in schools** – reaches 'next generation ambassadors' and parents.
9. Explore **income generation in-country** – e.g. project expansion with existing partners.
10. Try to develop: **legacy giving** through trustees' contacts, **gifts-in-kind** and **payroll giving**.
11. Build credibility through **sustainability certification** and environmental audits.
12. Develop **relationships with corporations** – not just as donors, but for influencing support, or for volunteers via 'corporate social responsibility' schemes (e.g. GSK's 6-12 month CSR scheme)
13. Get a **good overview:** dedicate time to research and **keep up-to-date with calls for proposals** from small trusts, and use **Google analytics** to track traffic on your website.
14. Link in with **networks that match your NGOs work** e.g. faith, diaspora, or environmental groups.
15. **Partner** with other NGOs.

B. Monitoring your plan

Monitoring the delivery of your strategy means that both successful and unsuccessful strategies can be meaningfully reviewed and modifications or amendments made. Monitoring your plan should consider the measurement of:

- The actual donations and grants received against the budget
- The costs actually incurred against those mentioned in the budget
- The fundraising ratio for each of the different fundraising methods or activities

There are several pieces of software designed to help charities to monitor their fundraising and spending. Some of these are detailed in the box to the right.

The Raiser's Edge (Blackbaud) – there is a new version of this for small charities.
<http://www.blackbaud.com>

Sales Force – has a charity version.
<https://www.salesforce.com/uk/>

Giftworks - a USA programme that can be accessed online wherever you are in the world. <http://www.giftworksconnect.com/>

The strategy or tactics can be assessed in line with the agreed key performance indicators (KPIs), with an indication of the internal or external factors that may have had an impact.

People from all levels of the organisation should be involved in the monitoring process. Clear leadership will help to ensure that action plans reflect the measures of success outlined in the plan. It is the role of the Chief Executive to drive the enthusiasm, to 'walk the talk', provide regular updates and reports on the progress, and develop a process for reviewing and updating the plan as necessary.



Further Resources

Become a member of the Institute of Fundraising (IoF) to gain full access to their online and offline resources. They also run accredited course in fundraising.
<http://www.institute-of-fundraising.org.uk/>

The National Council for Voluntary Organisations (NCVO) also has advice and support on sustainable funding and finance.
<http://www.ncvo-vol.org.uk/advice-support/funding-finance>

BOND's 'How To Guide' on Fundraising from Institutions.
http://www.bond.org.uk/data/files/Fundraising_from_institutions_How_To_guide_December_2010.pdf

BOND's 'How To Guide' on Fundraising from Trusts, Foundations and Companies.
http://www.bond.org.uk/data/files/microsoft_word_trusts_foundations_and_companies_how_to_guide_july_2010.pdf

The Directory of Social Change runs courses on fundraising techniques.
<http://www.dsc.org.uk/Training/Fundraisingtechniques>

The Directory of Social Change also has subscription-based directories of trusts, companies and government funding sources.
<http://www.dsc.org.uk/FundingWebsites>

KnowHow NonProfit's Resources Hub on Fundraising.
<http://www.knowhownonprofit.org/funding/fundraising/fundraising>

These links and more can be found on the PLP website at:
www.cgi-africa.org/resources