

THE BASICS OF FUNDRAISING

This fact sheet:

- Looks at what to do before you even start fundraising.
- Shows how to draw up a fundraising strategy, from defining objectives, packaging the work, and researching information on different types of funders, to work-planning, i.e. who is to do what, and when.
- Describes how to draft funding applications.
- Specifies follow-up action to take.
- Gives a summary of what funders generally like.
- Signposts sources of further information.

1. Introduction.

Non-profit-making voluntary sector organisations need to find ways of generating income to survive. The challenges can be particularly great for new organisations trying to get off the ground. How can you fundraise until you've got an organisation? How can you get an organisation without fundraising? Trying to find funding for core, ongoing costs, rather than one-off projects, has become increasingly difficult. Competition for funds is usually fierce – although it is worth noting that funders often like evidence of partnership working. This fact sheet aims to provide some pointers on how to tackle fundraising. For more information, see the excellent publication **How to Raise Funds: A Guide for Scottish Voluntary Organisations** by Pam Judson (2001). See the last section of the fact sheet for details of how to get hold of this, and for contact details of funders, publishers and advice organisations.

2. Before You Even Start.

An organisation is less likely to be successful if it decides to get funding before it has decided what it wants to do with it. It has to be the other way round. What you want to do determines what type of organisation you need, what staff are necessary, where it needs to be located, etc – and therefore what funding is needed. Bear in mind that how your organisation is constituted can also be important. Quite a lot of funders will only fund organisations that are recognised as charities. If the organisation is also a Company Limited by Guarantee, that can help inspire confidence that good financial procedures will be followed. But check out the pros and cons of different types of legal structures (contact the Scottish Council of Voluntary Organisations for more information).

Before thinking about fundraising, you need to get your Business Plan sorted out (see Fact Sheet 4: Business Planning). This will help you make the case for your organisation and its work. Through looking at what events and trends are going on, and what other organisations are working in the field, you can show that what you want to do is relevant and plugs gaps. Through ensuring your aims and objectives are SMART (specific, measurable, achievable, relevant and timetabled), and that they will result in 'concrete outputs' (definable products, services or events, e.g. training, publications, conferences) funders can have confidence that there will be evidence to show that their money was well spent.

Funders will want evidence about the organisation's finances. There may be problems if it is either running at a deficit or has a large surplus. Financial procedures, accounting, monitoring and reporting all need to be sound. They will also probably look at how your organisation is governed, i.e. your Management Committee. For example, does it have a good representation of relevant stakeholder interests, skills and minorities? If you are setting up a new organisation you'll need to demonstrate that you've thought this through. It will also be important to demonstrate that there is adequate management, staffing and/ or volunteers (and related policies and procedures) to carry out the work.

It is also important to keep records (e.g. a database) of people who have funded you, or who might be more likely to fund you because they have had some form of contact with your organisation. If they've donated once, they are more likely to again – and others are more likely to donate if they know your organisation already. Keep records of supporters and nurture (but don't badger) them, e.g. by inviting them to events.

3. Developing a Fundraising Strategy.

Your fundraising strategy sets out how you are going to achieve your fundraising objectives (sometimes a fundraising strategy is included as part of the Business Plan, after financial forecasts). The first thing to do is to define fundraising objectives, then work out how to achieve them. Set, and later review progress against, targets for fundraising income to be generated from each source.

i. What type of funding do you need?

As part of your Business Plan you should have a budget for the next year and financial forecasts for the following years. It is usual in budgets to identify different types of expenditure, like capital (one-off, e.g. equipment) or revenue (ongoing or regular). For fundraising purposes you might also need to consider whether expenditure is:

- 'Core' – for the basic ongoing necessities like overheads, management and administration.
- 'Project' – for a self-contained 'SMART' piece of work (but still integrated into the Business Plan, i.e. necessary to achieve strategic aims).
- 'Pump priming' – initial money just to kick-start an organisation or perhaps a long-term project.

ii. 'Packaging' your work

In general, the easiest type of expenditure to fundraise for is project funding. This holds attractions for funders – projects have an end so they won't get 'locked in' to ongoing funding, and projects have (or should have) concrete outputs which demonstrate how monies were spent. If you're going for pump priming money, it will be important to show where follow-on funding can be expected to come from. Services are often more fundable than campaigns, not least because their outputs are more certain and they are easier to evaluate.

Look carefully at the work you want to do and think creatively about how you might package it into projects. This doesn't mean you can't use project funding to cover some elements of core costs. Include in the budget sums for overheads, administration and management time. Of course, having to rely just on project funding is problematic and can undermine the stability of an organisation. Unfortunately, there is no easy answer to this.

iii. Researching Funders

You need to package and present your work to match the requirements of funders. Although some compromises may be necessary and it is certainly worth keeping tabs on new funding programmes, what your organisation does should not solely be driven by apparent funding opportunities. Avoid tails wagging dogs.

There are lots of different types of funders out there, collectively funding a huge variety of work. Part of the art of fundraising is careful research, matching and presentation of your work to meet the specific criteria of the funder in question. Always try to get hold of any guidelines, or information about what a funder has funded before. Many will have web-sites and there are directories giving information about grant-making trusts and other funders (see below for details).

A good rule of thumb is to try to get funding from different sources – it is always a good idea to avoid putting all your eggs in one basket. Also, funders are more likely to have confidence if they see others are funding you.

The key funders are as follows:

- **National Lottery:** The main distributor for charities is now called the 'Community Fund'. Check its web-site (see below) for information about its various programmes. 'Awards for All' is a small grants scheme which might be a source of start-up or development money for small organisations. Also, the 'New Opportunities Fund' gives grants to new innovative projects in health, education and the environment. There are other distributors funding work on the arts, heritage (buildings or natural environment) or sport.
- **Trusts:** These may be set up by wealthy individuals who want to fund good causes, institutions, government or companies (such as the Lloyds TSB Foundation for Scotland). Others like BBC Children in Need or Comic Relief both raise and distribute funds. Research trusts carefully. Most only give small sums and they rarely fund core costs.
- **Scottish Executive:** Money may be granted for (mainly national) activities that promote Scottish Executive objectives, to support capacity building, for organisations which strengthen the infrastructure of the voluntary sector or for innovative

experimental projects of interest to the Scottish Executive. Sometimes core funding may be available if the organisation has a continuing role in delivering policy objectives. As this is public money, it will be particularly important to ensure accountability for the way it is spent. Contact the Voluntary Issues Unit for an information leaflet on grants available. See also A Guide for the Voluntary Sector to Scottish Executive Grants on their web-site.

- **Local Authorities:** Local authorities may have a variety of schemes, depending on the local authority – contact your local authority to find out more. Alternatively, direct payment support organisations might be awarded a contract by the local authority to provide specified services – **over 90% of support organisations receive most of their funding from the local authority.**

- **Corporate/ Commercial sector:** Private sector organisations are concerned to make a profit. Why, therefore, should they give money away? Reasons might include good publicity, increased sales through getting to new customers, promoting an image (or counteracting a negative one), the personal interests of the Director/s, or competition with other similar companies. They might give support via trusts, donating cash, expertise, equipment or rooms, payroll giving (where an amount is deducted from salaries, bringing tax advantages), sponsorship of an event or publication, or donation of products as prizes. You might want to think about any ethical issues – an obvious example might be that a charity concerned to promote good health would probably not want to accept money from tobacco or alcohol companies.

- **Individuals:** Individuals might contribute in response to fundraising collections and appeals, but anyone who has contact with your organisation for whatever reason might potentially become a donor. And, if they've given once, they are more likely in theory to give again, which is why it is important to keep records. If you have a web-site, does it tell people how to make a donation or a legacy? What about publicity materials, leaflets, flyers, or order forms?

- **Miscellaneous:** Other possible sources include Quangos like Scottish Natural Heritage, Historic Scotland, Social Inclusion Partnerships, Health Boards or Local Enterprise Companies, each with their own areas of interest. European Funding is another possibility. This can ultimately be lucrative, but applying

and reporting can also be daunting and time-consuming. Often you need to have 'match funding' from another source and payment is often retrospective.

Not all ways of raising funds necessitate fundraising. It may be more a matter of marketing (the skills and approach required are quite similar to fundraising). Sales of products or services, such as publications and training, can generate income. So too can membership fees and events, even if it is just enough to cover costs. Of course, if costs are too high these may become inaccessible to people on low incomes, which organisations concerned to promote access will be keen to avoid.

iv. Who does the fundraising?

The short answer is potentially everyone involved in the organisation! But do make sure it is properly co-ordinated and information about contacts is collected centrally. Small voluntary sector organisations rarely have the luxury of a dedicated fundraiser. Often the function goes with the chief executive role. It also can fit well with campaigning and public relations.

Formally, the management committee needs to agree, and then oversee, the implementation of the fundraising strategy. They might co-opt someone with fundraising experience, or set up a sub-committee to help them do this. Management committee members can also act as ambassadors for your organisation. Informally, personal contacts like friends, relatives, local clubs, religious institutions, schools, etc might be interested in supporting the organisation or fundraising for it. All types of funders are more likely to give support because they know you or your organisation.

v. Timetables

You need to co-ordinate fundraising with when the work to be funded is to be carried out. Few funders will provide retrospective funding, i.e. for work that has already happened. Some funders will have deadlines for applications. Sometimes there can be a substantial gap between the time you are required to submit an application and the time the cheque arrives – if you're successful of course. Trusts are often very slow (allow up to a year). If you are planning an appeal to donors, think about timing – before Christmas might be more successful than just after! Relate applications to external trends and events. If new policy developments will increase demands for your services, or have a negative impact on your beneficiaries, use this as a peg.

4. Writing a Funding Application.

Once you've decided whom to target, the next thing to consider is how. The nature of written applications will depend on the funder. Some will want information presented on their forms. For others it will be a matter of submitting a proposal. Again, depending on the funder this may need to be a lengthy document probably including extracts from your Business Plan, or something much shorter. If in doubt about what is required – ask!

Often a funding proposal should not be longer than 2 sides of A4, with a budget attached. If you are a disability organisation trying to promote accessibility make sure you practice what you preach – use 14pt Arial font and make sure it can be produced in accessible formats if requested. Don't worry about writing perfect prose, but do make sure it is understandable. Avoid jargon – e.g. you might know what the 'social model of disability' means, but will funders?

There can sometimes be a real dilemma for disability organisations. Funders, not to mention the general public, often respond to stories about tragic victims and/ or heroic survivors. Yet neither necessarily promotes positive, non-patronising attitudes towards disabled people.

Taking into account presentational issues, the proposal should:

- Give a title to the project.
- Introduce the organisation – give the organisation's mission statement, some brief background and any key features or 'Unique Selling Points', particularly where these are likely to match funders' requirements.
- Provide an Executive Summary – perhaps in the form of a series of bullet points. This should demonstrate that the project falls within funding criteria, so that the reader will be encouraged to continue.
- Explain why the work you're seeking funding for is necessary, provide evidence of the need for the work, and explain why your organisation is well-placed to meet it. How do you know that there is a problem? Evidence might come from monitoring use of your services and/ or from service-users, surveys or evaluations, facts and figures from academic research, etc.
- Describe the project, its aims and objectives, how it will meet them, staffing requirements, etc.

- Give details of how activities and outputs will be evaluated.
- Conclude with summing up your case and stating the funding requirement - give the exact amount you are looking for from them, and set this into a context of funding already obtained and other funders to be approached.
- Attach the budget for the project.
- Attach any other important information, such as your Annual Report, but don't swamp them.

5. Follow Up.

Whatever happens, there will be follow-up work to do. If your application is unsuccessful, try to find out why and whether it is possible and desirable to make adjustments and resubmit. Go back and review your application and strategy.

If you are successful, say thank you! There may be press work to do. The announcement of funding can be a way to raise awareness about your organisation and its new project. Most funders will want some form of evaluation report, so make sure monitoring systems are in place before the project starts. You must spend the money on what it was given for. If anything happens to change the nature of the work funded, perhaps an unforeseen change in legislation, keep funders informed. Make sure you list funders in your Annual Report (itself an important fundraising tool). Put their logo on materials they've funded. Finally, make sure you nurture them. Without harassing them, keep channels of communication open and build a good relationship with them.

6. What Funders Usually Like.

Although different funders have different criteria and interests, they often tend to be interested in applications which:

- Clearly and explicitly meet their funding criteria and priorities.
- Are in keeping with the organisation's mission and existing work.
- Show that the organisation is professionally run and financially sustainable.
- Demonstrate why the work is needed, why your organisation is best-placed to do it and negative consequences of not doing it.
- Are for work which is innovative and developmental.
- Are for time-limited projects rather than ongoing core work.

- Specify clear concrete outputs.
- Show how activities and outputs will be monitored and evaluated.
- Are achievable – with enough staffing and realistic budgets, i.e. which don't conspicuously over or under-estimate costs
- Have the support of other funders.
- Involve partnership working.
- Convince them their funding will make a difference.
- Are for activities that haven't happened yet, i.e. not retrospective.
- Are personalised rather than round-robin mailshots.
- Ask for the sort of amount they normally give and not vastly more.



7. Further Information.

UPDATE, Scotland's National Disability Information Service.

27 Beaverhall Road
Edinburgh
EH7 4JE

Tel: 0131 558 5200

Fax: 0131 558 5201

Minicom: 0131 558 5202

Email: info@update.org.uk

For more information on how to fundraise, and an extensive list of sources of further information on funders (including local ones), funding advice, directories and publications see **How to Raise Funds: A Guide for Scottish Voluntary Organisations** by Pam Judson (2001) published by SCVO, price £17.

Contacts:

Association of Charitable Foundations: publishes guidance for people seeking grants from trusts and foundations. Website: www.acf.org.uk; or telephone: 020 7422 8600.

Awards for All: a Lottery grants programme aimed at local communities who award grants of between £500 and £5000. Website: www.awardsforall.org.uk; application line: 0845 600 2040/ minicom: 0141 223 8628.

Charities Aid Foundation: advises on increasing and managing resources. It may provide grants for related consultancy and training. Website: www.cafonline.org

Community Fund: gives Lottery money to charities and voluntary groups to help those in greatest need. Website: www.community-fund.org.uk; Telephone enquiry line in Scotland: 0870 240 2391.

Councils for Voluntary Service (CVS): network consisting of 58 independent organisations that provide a range of development and support services for the voluntary sector at local level in Scotland. The network covers every local authority area in Scotland, providing services in urban, rural and island environments. To find out about the CVS in your area, contact SCVO on telephone: 0131 556 3882.

Directory of Social Change: publishes a vast range of fundraising publications, e.g. fundraising handbooks, and guides on major trusts, the law relating to fundraising, National Lottery Charities Board (now the Community Fund), European Union funding, legacies, organising events, etc. Website: www.dsc.org.uk, telephone: 020 7209 4422, or 5151 for a brochure.

European Partnerships: Different ones cover different areas: www.esep.co.uk for East Scotland; www.osep.org/ covers Dumfries and Galloway and the Scottish Borders; www.wsep.co.uk covers grants in Western Scotland. www.objective3.org covers most of Scotland.

Lloyds TSB Foundation for Scotland: a large grant-making trust, which also makes grants for capacity-building. Website: www.fundingthefuture.org.uk; telephone: 0870 902 1201.

New Opportunities Fund: distributes Lottery funding under the broad headings of health, education and the environment Website: www.nof.org.uk; telephone: 0845 0000 123.

Scottish Business in the Community: their Professional Firms Network provides free services to voluntary/ community groups, and advice from retired professionals. Website: www.sbcscot.com; telephone: 0131 442 2020.

Scottish Council for Voluntary Organisations (SCVO): this can provide information and advice on fundraising (e.g. The Directory of Scottish Grant Making Trusts, How to Raise Funds), and it also

distributes some funds directly. Contact SCVO for further information.
Website: www.scvo.org.uk , telephone: 0131 556 3882.

Scottish Enterprise: this has a Network of 12 Local Enterprise Companies, which work with organisations in their area. Contact the Network Helpline on telephone:0845 607 8787 to find the nearest.

Scottish Executive: Website: www.scotland.gov.uk (Contact the Voluntary Issues Unit on telephone: 0131 244 1824).

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