



## Special Update Feature

### **A Guide to Writing a Fundraising Strategy**

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#### **What is a Fundraising Strategy?**

Voluntary and community groups exist, in large part, because of successful fundraising. A fundraising strategy is a plan that identifies the financial requirements of an organisation or group so that it may conduct its work and carry out its objectives. The strategy should outline the actions, timescales and resources that will be implemented to enable the funding needs to be met.

Your fundraising strategy should be a working document that staff and the management team use to review and record past successes and future recommendations. It should clearly state your organisation's mission statement by explaining your purpose and justifying your activities in relation to purpose. Generally, a fundraising strategy covers between a three- and five-year period and details the plans for the end of that time period. A fundraising strategy can also be developed for an individual project. For the purpose of this article, however, an organisational fundraising strategy will be considered.

#### **Why Develop a Fundraising Strategy?**

A fundraising strategy is an essential tool for successful fundraising as it will focus, prioritise and diversify fundraising activities. Through writing it, your organisation is more likely to assess all the possibilities, in terms of funding opportunities. It can ensure that there is a shared understanding of your priorities and objectives and how these will be reached. The strategy will also prevent you from wasting time and resources.

There are a number of reasons why a funding strategy is useful:

- It may assist Trustees to consider the risks associated with any fundraising actions.
- It is useful in supporting the requirements of Statement of Recommended Practice (SORP) requirements.
- It may also be requested in support of a grant application and will enable potential funders to determine the viability of your organisation and whether their money will assist in achieving your intended purpose.

#### **Contents of a Fundraising Strategy**

There is no set formula for writing a fundraising strategy, although the most commonly used sections are as follows:

- Mission Statement.

- Current Position.
- Organisational Planning.
- Current Income.
- Raising Money.
- Cost-cutting Exercises.
- Review and Monitor.
- Exit Strategies.
- Long-term Sustainability.

### Mission Statement

This section of your strategy provides a summary of your organisation. It should clearly state the purpose of your organisation, what it provides, the needs it meets, its core values and intended outcome.

### Current Position

This section should describe your organisation in terms of the point it is currently at in relation to its overall aim. You could also include a SWOT matrix analysis<sup>(1)</sup> to demonstrate your strengths and weaknesses. Using this will allow you to identify and analyse your strengths and weaknesses alongside external opportunities and threats. The analysis is usually presented as a grid, which has the following headings:

- \* *Strengths* - These should be strengths within your organisation and could include, for example, the reputation of your organisation or the fundraising skills of staff members.
- \* *Weaknesses* - These are organisational weaknesses such as running a new project. Whilst the success of a previous project can be determined by records on performance or by its evaluation, no such records will exist for a new project. This lack of statistics could be considered to be a weakness.
- \* *Opportunities* - These are external opportunities that may already be present or could be harnessed in the future. Examples of these could be a positive relationship with your funders or the potential for your organisation to diversify its services to different groups.
- \* *Threats* - External threats may include anything from organisations carrying out similar work in your areas to poor take-up of the services offered.

The SWOT matrix analysis should be concluded with a summary of the findings. It should demonstrate how your strengths will enable opportunities to be exploited, how you aim to alleviate weaknesses and your plans for tackling potential threats.

### Organisational Planning

The fundraising strategy requires different types of planning stages.

- *Strategic Planning (Long-term planning)*  
This section of the strategy is of particular importance to potential funders as it provides an overview of your organisation. It is similar to your mission statement in terms of outlining what the organisation was set up to accomplish, the focus of its work and its overall aims and objectives. You should set out exactly what your organisation's strategic aims are, in both the short- and long term, and justify what work has and will be carried out, in relation to the strategic aims.
- *Business Planning (Medium-term planning)*  
This section adds additional information regarding the organisation's strategic aims by outlining how they will be carried out, the resources that will be needed and the length and cost of each

project. The budget for each project should outline predicted expenditure and the amount expected to be raised. (See March 2008 Special Update Feature – Beat the Budget Blues – How to Write a Successful Financial Plan.) It should also set out the marketing strategies, the staff needed and management plans to carry out each project. Again, this part of the strategy will be of interest to prospective funders as it will communicate whether your organisation has budgeted realistically, is able to manage the money and whether effective monitoring and evaluating procedures are in place. Ideally this should cover a period of two to three years.

- *Operational Planning (Short-term planning)*

This part of the plan provides the more detailed specifics regarding the aims set out in the previous planning sections. It should provide a more detailed account of how each objective will be achieved, how it will be delivered and what resources will be required to meet each objective. These details should be demonstrated as a clear breakdown of all the tasks involved for each project, such as designated staff members, their training needs or equipment or policies that may need to be in place. You should also set the objectives in terms of their priority and assign timescales for stages of progress and completion. This section should also include the criteria that will be used to monitor and evaluate the progress of each task so that the successes and failures can be recorded and used to influence future planning.

### Current Income

Within this section you should outline past, current and future sources of income. This should be broken down to show each funding source and the amount received or pledged. You should detail how secure each funding stream is, when each is due to end and the likelihood of obtaining further funding from current funding sources. This breakdown of income will demonstrate the percentage each source has in making up the funding total and therefore, the reliance your organisation places on individual sources of funding.

Also include any income that may be generated from the sale of products or services, as well as any unsuccessful fundraising attempts and the reasons why funding could not be obtained from these sources.

### Raising Money

This section describes how the funds will be raised to cover the project costs outlined in the Organisational Planning section. You should aim to outline details of exactly how the money or in-kind gifts will be raised for each aspect of the project and provide details of the funders that will be approached or the fundraising activities that will be carried out. You should aim to approach as many funders as possible to increase your chances of success and diversify your funding sources. Being heavily dependent on one or two funding streams could be of detriment to your organisation should these sources be withdrawn or dry up.

When identifying funders, their criteria and the types of costs they cover eg equipment, should be matched against the breakdown of costs for each aspect of the project. All potential funders and the level and type of support they provide should be listed next to the aspects of each project, stating the amount that you will be applying for. You should also state the relevant deadline dates and the length of time before they respond to you as this will enable you to set a realistic project start date.

An important aspect to remember is to calculate the costs of each project with precision. Under-estimating the direct costs of a project can lead to a lack of funding to cover the necessary resources and could threaten the project. Whilst you may successfully calculate the costs associated with the delivery of your project, failing to cover all of the associated day-to-day organisational costs could ultimately put your organisation at risk and decrease any chances of sustainability. Project costs should therefore be calculated using what is known as the "Full Cost Recovery" approach to enable not just the direct costs of delivering a project to be recovered, but also a relevant proportion of the overheads. These costs should be divided up so that the total yearly overhead costs are covered by funding from the individual projects.

Examples of operational overhead costs can include the following:

- Rent and associated costs, such as insurance.
- Costs associated with the functions of the organisation, such as information technology, finance and human resources.
- Management organisation duties, in terms of governance and strategic development.
- Staff hours for devising, implementing and reviewing the fundraising strategy, which should include completing grant applications and staff fundraising activities.
- Provision for inflation and depreciation.

### Cost-cutting Exercises

This section may be included within your strategy as a means of contingency planning in case your fundraising targets are not met. This type of risk assessment will demonstrate that you have prepared for the worst and planned for the future, should there be shortcomings in your funding. Although cutting costs can have implications both on the performance of your organisation and on the services it provides, it may be the only option to ensure continuation in the short term. Any cost-cutting exercises should be considered against the consequences they will have in the long term. Some examples of cost-cutting exercises are demonstrated below for a community group that delivers self-help groups:

- Replacing refreshments/snacks with cheaper versions, cutting back on provisions or charging for refreshments – this is a relative risk-free exercise as it is unlikely to impact upon service provision too greatly.
- Reduction in staff hours by reducing the time span and frequency of the self-help group thus reducing staff hours – this would need to be conducted with consideration for the uptake of each group and the ability and willingness of attendees to move to a different day or time.
- Relocating to cheaper premises – again this would need careful consideration in terms of losing attendees due to travel restraints and may inhibit further take-up of groups.
- Staff duties could be reorganised and reallocated to compensate for staff redundancies or some groups may need to close to compensate for loss of staff hours – this would be a fairly high-risk exercise as it would inhibit chances of project growth in the long term, especially if staff are skilled or have been trained by your organisation. Once funding is in place, new staff will need to be found and trained.

### Review and Monitor

Your fundraising strategy should be the subject of a regular review so that it may be updated and modified to respond to any changes that occur. This could be in relation to current or new funding opportunities or with regard to changes within your organisation.

All fundraising activities should be monitored at every stage so that the outcomes can be measured in terms of success. Providing a financial breakdown of the actual costs at each stage against the amount of money raised will provide details of cost effectiveness of each activity. This will enable comparisons to be made between activities to assess if the fundraising targets were under- or over-ambitious. This assessment will inform future fundraising efforts and will alert you to any areas where assistance may be needed, such as devising better budgets or writing a grant application.

### Exit Strategies

If funding is being sought to cover a fixed term, this section of your strategy will demonstrate your organisation's plans once the funding period ends. The exit strategy should be planned early on and is largely dependent on the nature of the project and its intended future. Exit strategies may include for example:

- Proposal of the plans to seek further funding upon the success and identified need for the project.

- Details of the organisation or local authority that will take over the project.
- Plans for creating sustainability for the project through generating income.

### Long-term Sustainability

This section of the strategy will allow funders to see how your organisation has planned for its long-term sustainability. You could begin this by building up a picture of how you intend to increase the uptake of your project and progress your organisation in the short term. Examples of how this may be achieved include extending your geographical boundaries and therefore widening your service to other areas, and through developing partnerships with other organisations.

In the long term your organisation could aim to sustain itself through developing into a social enterprise. Organisations should also consider the saleability of their expertise which could, for example, be delivered through training packages. An alternative could be to mainstream your services with a statutory body or sell them to local authorities or health organisations.

### **Deciding Who Should Fundraise**

Not many organisations are able to dedicate a post or a vast majority of one person's time to fundraising, therefore the task tends to be carried out by various staff members. There are numerous aspects to fundraising which essentially means the skills of different individuals may be harnessed for the many aspects involved. You will need a staff team that possesses strong written and verbal communication skills for preparing budgets, writing grant applications, speaking to funders and organising events.

Many organisations form a fundraising group to provide support to staff members carrying out the tasks outlined in the fundraising strategy, and to monitor and review it. Support for fundraisers may be obtained via your local Council for Voluntary Service or local authority; alternatively, fundraising work may be outsourced to a fundraising consultant or professional fundraiser.

### **Different Types of Fundraising**

Although this article has mainly focused upon grant funding, your fundraising strategy should draw upon a diverse range of fundraising activities both for raising funds in the short- and long term. Community events are a good way to promote your organisation and raise awareness within the local community of your organisation's objectives. Schools, youth group, clubs and associations will often be willing to fundraise for your organisation at local events and this will enable your organisation to develop links with potential volunteers or future supporters.

Smaller charities and voluntary groups tend to raise the majority of their income from fundraising activities, while larger charities generate most of their income from individual giving. When considering fundraising activities it is essential to consider the cost of the activity in terms of both cash and staff time and the anticipated return from the activity. The experience your staff team has in different forms of fundraising is also an important element in terms of your chances of successfully raising funds.

As there are numerous laws which surround fundraising activities, organisations should download The Codes of Fundraising Practice from <http://www.institute-of-fundraising.org.uk> to ensure their activities will be lawful.

### **Potential Funders**

There are many different types of funders from which support can be sourced.

Fundraising from individuals can take many forms, from traditional direct mail campaigns and street collections, to newer styles of fundraising such as using the Internet, e-mail and SMS text messaging.

Businesses and organisations may also provide funding through payroll giving schemes and many businesses provide money or in-kind gifts through sponsorship. Corporate Social Responsibility is now at the forefront of good business practice and brings various benefits to businesses such as increased staff morale, advertising opportunities and ultimately increased sales. Many businesses are willing to sponsor events, campaigns or fundraising appeals or to provide in-kind support such as printing leaflets or donating raffle prizes. Cause-related marketing is also another way of raising funds in partnership with corporate organisations and involves the business giving a set percentage for a service or product it sells. This type of fundraising tends to benefit larger charities, although local voluntary groups with a strong geographical or personal link with an organisation may receive support.

Grant funding from charitable trusts, local authorities, community foundations or the charitable arm of corporate companies, for example, provide support to organisations that match their funding criteria. There are countless funders, operating both nationally and locally, that support projects that meet specified objectives, for example, working with a particular client group such as the socially excluded or undertaking specific activities, such as reducing crime. Support is generally requested by completing an application form to outline the activities the organisation is proposing to undertake.

### **Building Relationships with Funders**

Once you have received funding it is of paramount importance that you continue to acknowledge the support of funders and allow them to feel involved in the project they have funded. You should always respond to any communication quickly and have preferably one dedicated member of staff that deals with them. All documents that refer to the project should acknowledge their support and you could keep them updated with the project's progress by sending quotes from beneficiaries, photos, press releases etc. Providing funders with your financial reports and an evaluation of the project will demonstrate the success of the project which may in turn stimulate repeat funding.

### **Top Tips for Successful Fundraising**

1. You should always demonstrate the need for the project and a lack of provision within the geographical area your project will cover. Funders are always keen to see research regarding the uptake of similar projects, their success and the number of potential beneficiaries the proposed project may reach.
2. You should aim to provide evidence that the beneficiary group(s) has been involved in the planning of the project and that contacts made with other professionals will demonstrate an understanding of the beneficiary group(s) and how the project will meet those needs.
3. Be sure that you provide details of how you plan to review, monitor and evaluate your project, again the involvement of your beneficiaries within each step of this process will be particularly favoured. You should clearly state how the results will be measured and how they will contribute to your organisation's overall aim.
4. Ensure that applications for funding are prepared well ahead of submission deadlines and ensure that all the supporting documentation you need is available and up to date. As stated within this article, you should ensure you list all the funders you plan to approach within your Raising Money section and detail deadlines etc so that you have a timetable of deadlines that may be referred to easily and on a regular basis.
5. All staff should have some involvement in writing and reviewing the strategy and each staff member should have their duties and timescales for completion clearly stated within the organisational planning section of the strategy.
6. Ensure that your fundraising strategy states achievable targets and goals so that you are not setting yourself up to fail. You should remember that an unsuccessful grant application does

not constitute failure, rather it should be used to inform future applications, for example, does more time need to be set aside to complete an application? Do the objectives of the project meet the funding criteria as much as they are able to?

## To Conclude

Your fundraising strategy should be regarded as one of the most important documents you will write for your organisation. It will enable you to identify all the costs associated with each project or activity so that your organisation reaches its intended outcomes. It will enable you to strategically plan how you will raise funds for each part of the projects you intend to carry out and ensure that all staff are clear of their involvement. The strategy will also outline deadlines for submitting grant applications and timescales for stages of progress to be adhered to, which will allow staff to plan their workloads.

By carrying out regular reviews, the fundraising strategy is a useful working document that is able to respond to changes that occur within the funding environment or within your organisation. A well thought-out fundraising strategy is an essential tool that will develop and inform future fundraising efforts, based on past experiences. In short, it is a major determinant in the success and sustainability of any organisation.

## References

<sup>(1)</sup> Humphrey, A. Devised this technique at Stanford Research Institute during the 1960s and 1970s.

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