

# Developing a fundraising strategy

It is important to develop a fundraising strategy to help us to identify our needs, to choose the best approach and to plan. A fundraising strategy is not the same as a project proposal. A fundraising strategy looks at how the organisation will raise money for all of its work. A project proposal is used to raise money for just one project and is just one element of the organisation's fundraising strategy. The process of developing the strategy will ensure that we consider all the things that might influence fundraising success.

The strategy should be written by members of staff involved in fundraising and then approved by the board committee. Many smaller organisations, and others which have not yet developed their fundraising work, may not employ a fundraiser. Larger organisations might employ one or more fundraisers. Organisations could consider employing a fundraiser if they believe that the person, whose main role is to raise funds, can raise more money than their salary and overheads.

Effective fundraisers need to be aware of what is happening in the wider organisation. Other members of staff should be aware of the fundraising work that is being carried out so that they use the funds wisely. For this reason, if possible, other members of staff should be involved in developing the fundraising strategy and helping with fundraising work.

**Eleven steps in developing a fundraising strategy**

Help and Hope is an imaginary development organisation. At every step in this section we will illustrate how Help and Hope developed their fundraising strategy.





## STEP 1

**WHAT ARE WE RAISING MONEY FOR?**

It is important to start with the organisational strategy. Fundraising is much more successful if we can tell potential donors exactly why we are raising money. It takes time, usually several years, to build up a good donor base. We therefore need to ensure that our fundraising strategy is in line with our organisation's strategy for the next five to ten years. If the organisational strategy changes during that time, our fundraising strategy needs to change with it. We will not be fully accountable to our donors if we tell them we are raising money for a nutrition project when the organisation's priorities have changed and we no longer support nutrition projects.

Another reason for looking at our organisational strategy is to estimate how much money we will need to raise over the next ten years. For example, our organisation's strategy might involve a shift in priorities, which will require new specialist staff or input from consultants. We might find we need to invest in a new building or equipment. Some of the work might require volunteers.

The organisational strategy might also encourage us to investigate new fundraising opportunities. For example, if the organisational strategy is to focus on HIV/AIDS in five years' time, we can start to find out about donors who specifically fund HIV/AIDS projects.

**WARNING**

**It can be tempting to change our organisational strategy in order to obtain easy funding. For example, we may decide to start working on water and sanitation issues because institutional donors have decided to make a lot of funds available for that kind of work. However, this might go against our vision and mission. Even if it does fit in with our vision and mission, we will not necessarily be able to make the best use of funds if there is no experience, knowledge and expertise within our organisation to carry out water and sanitation projects. We should stay focused on work that uses our present skills and experience rather than planning around available funding.**

**Method**

Look through the organisational strategy and note down all the funding that will be needed to achieve all the objectives by copying and completing the table on page 29. Remember to look beyond project costs:

- Include administrative costs, staffing and office space.
- Consider new areas of work, such as focusing on new development issues, which may require a large investment of money to set up.
- Budget for fundraising costs – we usually have to spend money to raise it.
- We may want to save up some money each year to provide for building repairs, renewal of equipment or unforeseen difficulties.

Be realistic in making a budget. Do not underestimate how much money will be needed or not enough money will be raised. On the other hand, do not overestimate how much money will be needed, or we will have to work harder than we need to. It might help to

analyse the organisation's budgets and expenditure over the last five years to provide a clearer picture of actual costs. Consider trends, such as salary increases, so that our budgets take account of this each year.

OBJECTIVE IN ORGANISATIONAL STRATEGY	COST OF FULFILLING OBJECTIVE			TOTAL COST (A)	AMOUNT WE ALREADY HAVE (B)	AMOUNT WE NEED TO RAISE (A-B)
	STAFF	MATERIALS	OTHER			

**EXAMPLE** Help and Hope have three projects in different communities. They have staff working in an office in the city, with vehicle costs for visiting the projects. They are hoping to start a fourth project next year and need to employ someone part-time to do their fundraising, with a small budget for producing fundraising materials. They need to allow for salary increases and would like to set up a fifth project the year after next.

They estimate that their total expenditure budget for year 1 is \$170,000, and this will increase to \$200,000 in year 2 and \$225,000 in year 3. These are therefore their total income targets for the next three years. Institutional donors have committed to give them \$50,000 for each year, so the income Help and Hope need to raise is \$120,000 in year 1, \$150,000 in year 2 and \$175,000 in year 3.

 **STEP 2 HOW EFFICIENT ARE WE?**

Before we consider raising new funds, it is important to check that we are using our present resources in the best possible way. Can we make any improvements in the way we now spend our money and time to make our resources go further? As a result, we might be able to reduce our fundraising efforts.

The efficiency of our organisation can become part of our organisational culture. People are used to doing things the way they do them and may never have taken a step back to see if they could be done better. Consider the following questions, either as an organisation as a whole or in departments if the organisation is large.

Are we making wise choices about the type of work we carry out?

- Would our work have more impact if we diverted our funding to other sectors, places or activities?
- Is money being wasted on projects that are unsustainable?
- Are we learning from past projects?
- Is the cost-effectiveness of projects being measured?
- How can we improve the quality and cost-effectiveness of our projects?

Is our organisation using its resources (including time) efficiently?

- Is the organisation as a whole, and are individual staff members, showing good stewardship of our resources?
- Are there any unnecessary processes?
- Are some processes a waste of time or money compared with the value gained?
- Do we waste money on administration, such as telephone calls and paper? Do we make unnecessary journeys in the organisation's vehicle?
- Could we make some processes easier and faster?
- Are there other ways we could do things?
- How do we decide what is a valuable use of our time? Do we spend enough time in prayer while at work?

It is good to consider how we can improve our efficiency during the annual budgeting process. We could look at how we could increase the volume of activity with the same resources or we could spend less time on a process. We might try to make a saving in certain areas of expenditure. We should consider only changes that will not affect the quality of work that is done.

**EXAMPLE** Help and Hope look at the efficiency of what they are currently doing. They decide that some of the director's time could be used on fundraising if he cuts back on tasks that are not very productive. They decide to wait until the second year to employ a fundraiser so that their total budget for year 1 reduces from \$170,000 to \$160,000.



**STEP 3**

### **WHAT IS OUR EXTERNAL FUNDING ENVIRONMENT?**

By analysing our external funding environment we can identify funding opportunities and trends in giving.

One way of doing this is to join a fundraising network. Networks enable fundraisers and development organisations from across the country to share their ideas and news about funding opportunities.

If we are seeking to broaden our funding base, it can be helpful to consider attitudes to money in our local area. For example:

- How do institutions, churches and individuals view money?
- Is giving money away part of the local culture?
- What are people's attitudes towards the work of development organisations?

**EXAMPLE** The staff of Help and Hope and some members of the board committee brainstormed all the things they could think of about giving by individuals and churches in their country. They made the following list:

- People are very bad stewards of their money and rarely make personal budgets.
- People do not talk about money.
- The church is very young and is not yet funding itself.

- People go to church to get support, not to give it.
- There are new laws that mean people get tax benefits if they give to charity.
- People do not trust development organisations as they think that anyone who has a lot of money has obtained it through dishonest means.
- People are watching more television and television has been used successfully for fundraising by a number of other organisations.



STEP 4

**WHAT IS OUR FUNDRAISING CAPACITY?**

By identifying our fundraising capacity we can find out whether our organisation is ready to fundraise. To do this a SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis can be carried out. The SWOT analysis will identify:

- **STRENGTHS** of the organisation which will help when fundraising. These strengths can be used and built upon.
- **WEAKNESSES** of the organisation which might affect fundraising ability and success. These weaknesses can be avoided or addressed.
- **OPPORTUNITIES** which might help the organisation to raise funds.
- **THREATS** to fundraising which should be considered when developing a strategy.

**SWOT analysis**

SWOT analysis is usually represented as a table. This enables us to compare the four areas.

STRENGTHS	WEAKNESSES
OPPORTUNITIES	THREATS

Issues to consider include:

- staff and volunteers
- current funding base
- organisation's assets, such as buildings and land
- previous fundraising experience
- reputation of the organisation
- local contacts

- access to the media
- economic trends
- local and national politics
- other organisations
- donors.

We should refer to our SWOT analysis as we develop our fundraising strategy. It will help to guide our planning. For example, the SWOT analysis below might encourage Help and Hope to consider options such as aiming for increased funding from churches, improving their promotional materials and organising a fundraising campaign as part of their anniversary celebrations.

It is important to keep the SWOT analysis up to date as it can make a big difference to the success of our fundraising strategy. Perhaps there are new strengths, weaknesses, opportunities or threats, or perhaps the old ones have changed. We should be ready to change our fundraising strategy if the SWOT analysis changes, in order to take advantage of positive changes and to address new threats.

**EXAMPLE**  
Help and Hope's  
SWOT analysis

After looking at their external funding environment, the staff of Help and Hope carried out a SWOT analysis of their fundraising capacity. This was the result:

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> <li>■ Successful applications to institutional donors over the past three years</li> <li>■ Strong director who is good at fundraising</li> <li>■ Good contact with churches in the UK</li> <li>■ Growing support from local churches</li> <li>■ The number of volunteers has doubled in the past year</li> </ul>	<ul style="list-style-type: none"> <li>■ Too much reliance on institutional donors</li> <li>■ Poor promotional materials</li> </ul>
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> <li>■ Interest in supporting our organisation shown by local company</li> <li>■ Our organisation celebrates its 10th anniversary this year</li> <li>■ Good contact with churches in the UK</li> </ul>	<ul style="list-style-type: none"> <li>■ Possible reduction in institutional donor funding to our country due to political instability</li> <li>■ Loss of reputation due to one controversial project last year</li> </ul>



STEP 5

**OUR CURRENT FUNDING MIX**

Our funding mix is an analysis of the sources of an organisation's income. The funding mix tells us whether we rely on too few donors. It can help us focus our fundraising work. We need to identify all our different sources of income and work out their percentage of our total income. This can be drawn as a table.

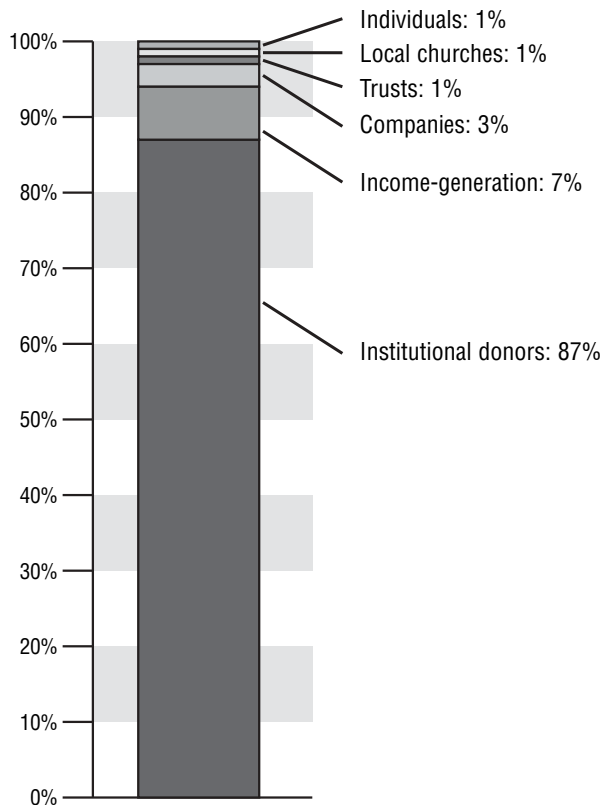
**EXAMPLE**  
Help and Hope's current funding mix

Help and Hope analysed where their funding comes from and drew the following table to show their funding mix:

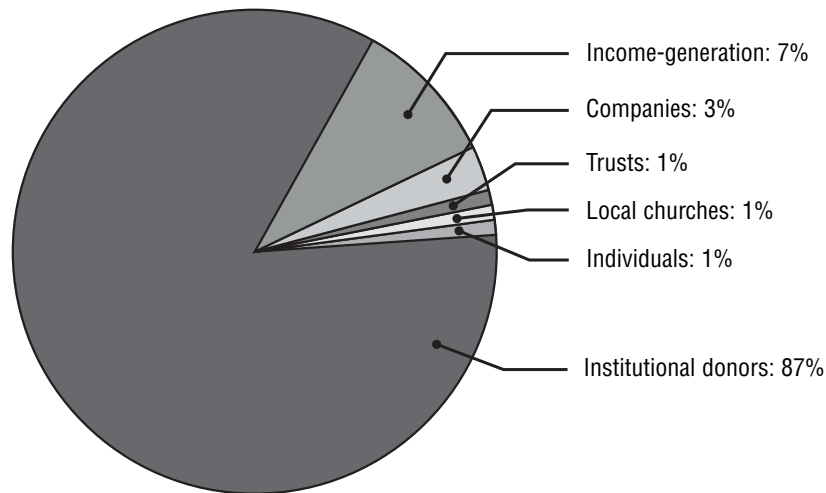
SOURCE OF INCOME	AMOUNT \$ (A)	PERCENTAGE OF TOTAL INCOME = $\frac{A}{B} \times 100$
Institutional donors	\$130,000	87%
Income-generation	\$11,000	7%
Companies	\$5,000	3%
Trusts	\$2,000	1%
Local churches	\$1,000	1%
Individuals	\$1,000	1%
	<b>Total (B): \$150,000</b>	100%

The funding mix can be shown graphically as a bar graph or pie chart. This can be useful for an annual report or other literature.

**EXAMPLE**  
Current funding mix bar graph



**EXAMPLE**  
Current funding mix pie chart



It can be useful to draw a table with separate columns showing income for different years. This will reveal recent trends in funding.

**EXAMPLE**  
Help and Hope's income during recent years

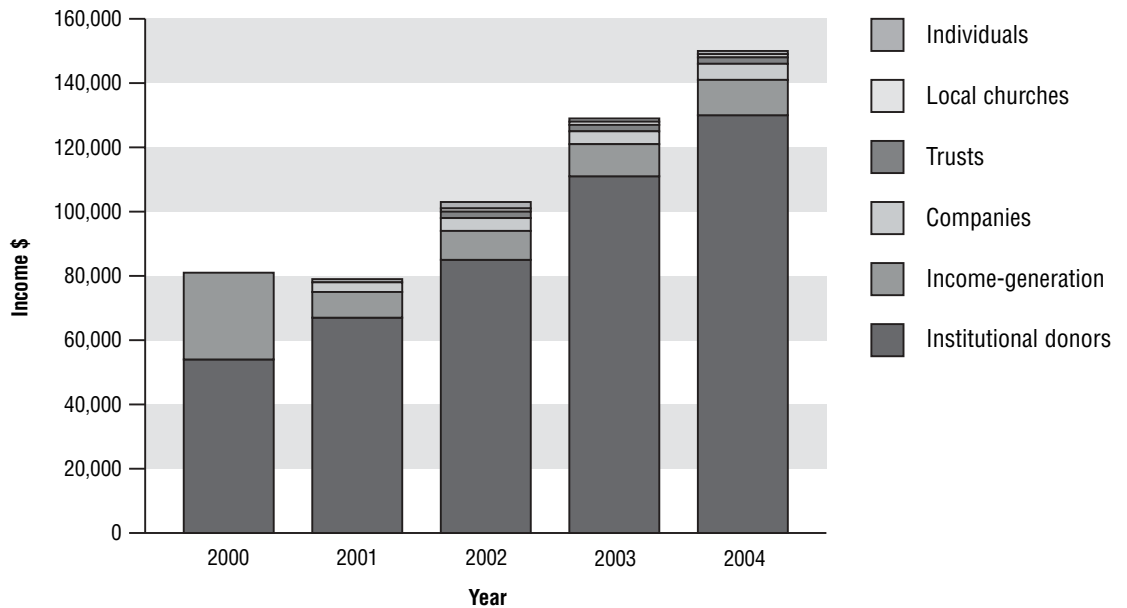
	2000	2001	2002	2003	2004
Institutional donors	\$54,000	\$67,000	\$85,000	\$111,000	\$130,000
Income-generation	\$27,000	\$8,000	\$9,000	\$10,000	\$11,000
Companies		\$3,000	\$4,000	\$4,000	\$5,000
Trusts			\$2,000	\$2,000	\$2,000
Local churches			\$1,000	\$1,000	\$1,000
Individuals		\$1,000	\$1,000	\$1,000	\$1,000
<b>Total income</b>	<b>\$81,000</b>	<b>\$79,000</b>	<b>\$103,000</b>	<b>\$129,000</b>	<b>\$150,000</b>

The table can be converted into a bar graph like the one on page 35. The graph shows that Help and Hope's total funding has increased over time. They might want to explore why their income decreased slightly in the year 2001. Why has the amount and proportion of money coming from income-generating activities decreased since 2000? There has been a slight increase in funding from individuals, churches, trusts and companies over the last five years. Help and Hope could use this graph to discuss whether they have become more or less vulnerable over time. It could be argued that Help and Hope have been, and continue to be, vulnerable because so much of their funding comes from institutional donors. This is particularly the case if Help and Hope receive funding from only one or two institutional donors.



**EXAMPLE**

Help and Hope's funding mix during recent years



STEP 6

**OUR PLANNED FUNDING MIX**

Once we have identified our current funding mix and learnt lessons from our fundraising experience over the last few years, we can start to think about what we want our funding mix to be. This will involve:

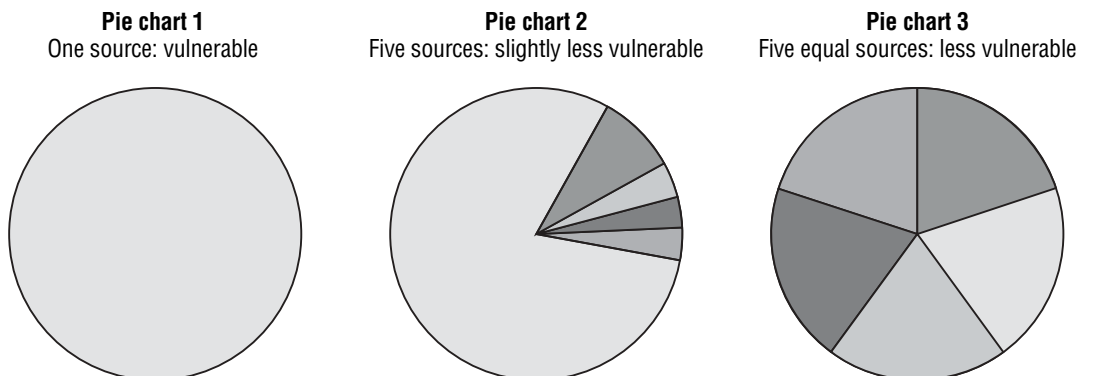
- making our organisation less vulnerable
- identifying appropriate sources of funding
- considering which sources of funding to approach.

Once we have considered these issues, we can draw a new graph showing our desired future income and funding mix. We can use this as a target.

**Making our organisation less vulnerable**

By altering our funding mix, we can reduce our vulnerability. The pie charts below represent an organisation's funding mix. Each segment represents one source or type of funding. The larger the segment, the greater the funding as a proportion of the organisation's total income.

**EXAMPLE**  
Funding mix



If the organisation has only one source of income it is very vulnerable (pie chart 1). If that source of income stops, the organisation has no income and would have to close.

When an organisation has funding from several sources, it is less vulnerable (pie chart 2). If the source of funding represented by one of the smaller segments dries up, the organisation's work will not be affected much because there are still other sources to rely on. If the source of funding represented by the large segment dries up, the organisation will be very vulnerable, but will still have other sources of income to rely on.

Pie chart 3 takes risk into account. Some sources of funding are more risky than others. For example, we may find that institutional donors are less reliable than local churches. If institutional donors provide a large proportion of our funding, we might decide we need to change the balance of funding so that our sources are more equal (pie chart 3). While the risk of losing institutional funding stays the same, the impact of losing it is reduced.

It is important to remember that while having a variety of funding sources makes us less vulnerable, it is not always beneficial to have too many different sources. In general, the more sources of income we have, the greater the administration costs in raising and receiving the funds and keeping track. The skill in deciding our funding mix is to balance:

- the benefits of reducing vulnerability by having a variety of funding sources
- the drawbacks of having high administration costs through too many funding sources.

We can change our funding mix to reduce risk. However, our funding mix will always depend on the sources of available funding which our organisation is able to access.

Some fundraising sources will provide funds quickly, but others may take longer to show results. It might therefore take a number of years to diversify our funding base. Sources of funding like institutional donors and trusts can provide large amounts of money relatively quickly to support our work while we build up income from other sources such as churches and income-generating activities.

**Identifying appropriate sources of funding**

In order to raise funds, we need to find out what funding is available. This involves identifying all organisations and individuals who might be interested in providing funding.

First, consider all sources of funding. These might include:

- individual donors who give small donations
- individual donors who give large donations
- churches
- income-generation by selling goods and services
- companies
- trusts or foundations
- local government
- national government

- funding from other countries, such as government funding agencies and International NGOs.

**Create a list of funding sources**

To help identify potential donors, it can be useful to look at a funding directory, ask another organisation or existing donors, or join a network. Write down all the sources of funding in a list.

Look down the list and ask the question, ‘Who do we think should be funding us?’ This is not the same as, ‘Who wants to fund us?’ For example, we might want to encourage local churches to give to our organisation, but there might not be a culture of giving by local churches in our country. If we believe that local churches should be a funding source, our fundraising strategy will need to look at ways that we can change the culture. Start with those close to the organisation, with whom our organisation already has a relationship, rather than jumping straight to large donors who do not know our organisation.

Look down the list again and ask the question, ‘What might be their interest in funding us?’ This will help us to think about whether we should invest time in them.

- We might know for sure that they would not be interested in funding us. For example, they might not fund religious organisations. In this case, it would be a waste of time approaching them for funding.
- If we do not think they have much interest in our work, but we think they could be funding us, we might consider spending more time and money on raising funds from them.
- If we think they already have a lot of interest in our work, we might be able to spend less time and effort on them, but enough to ensure they donate money.

Look down the list a third time and think about the appropriateness of the different funding sources. For example, we might want to consider whether they have funds available, whether they are ethical and whether they are likely to donate just once or continue to give. It is worth finding out about different funding sources used by organisations with similar aims to our own. For example, there might be other organisations that local churches support; institutional donors may fund many different organisations. Try to find out who the organisations are, what they do and about their fundraising strategies. This will help us to know whether we could try to access funding from that source.

**EXAMPLE** Help and Hope listed all their different sources of funding and discussed what they thought of each one.

- They are very positive about income-generating projects as they help the communities to be involved in funding their work. They would like to see more of their total income coming from this source.
- Giving by local churches was very low. Although they know it will take many years for attitudes to change and for this source of income to be built up, Help and Hope feel it is important and want to see local churches providing more of their total income.

- A small amount of the income had come from individuals in the past and they want to increase that. Help and Hope have good contact with churches in the UK, many of whom send volunteers. They want to begin to use these contacts to raise money in the UK.
- Funding from institutional donors is becoming harder to obtain, but there are some small grants available that Help and Hope could apply for.

Help and Hope know that they will not be able to achieve these objectives during the next year, but it is something they want to aim for over the coming years.

**Considering which sources of funding to approach**

When we have identified possible funding sources, we need to think about how much our fundraising work might cost. The amount of time and money we will need to invest in some donors to access their funds might not be worth the amount of money they donate. For example, many institutional donors have a complicated, lengthy procedure for applying for funding. Unless we are applying for a large amount of money, we might decide that we should try to raise funds elsewhere.

In general, our fundraising should cost no more than 15% of the funds raised. If our target is \$10,000, we should try to spend no more than \$1,500 raising it. For example, we might need to spend money on staff time, promotional materials, postage and travel. Remember that when we first approach a donor for funding we will need to invest more time and money than we will for obtaining repeat donations. If we have very few contacts to start with, we might find that initially, our fundraising will cost up to 25% of the funds raised, so that we spend \$1 for every \$4 raised.

**Likely return on investment**

The table below helps us to consider the amount of work and time we will need to spend raising funds, compared with what we are likely to raise (which is also called the return). The table can be completed for different sources of funding or for particular named donors. This will enable us to prioritise which sources of funding to focus on. We should remember that donors which give the highest return should not necessarily have the highest priority. There might be other factors that affect our decision.

TYPE OF FUNDRAISING	TIME NEEDED (1)	OTHER COSTS (2)	LIKELY RETURN (3)

Explanation of terms in the table:

(1) Time needed

How many hours of staff time will applying for funding take?

- Do we have fundraisers who are experienced at accessing this kind of funding or will we need to contract external consultants to help us?
- How much information do we need to collect before we can approach the donor? How long will this take?

- What application procedures need to be followed?
- Will the application take a long time to prepare?
- Do we have the capacity to process the donations or will we need more staff?

(2) Other costs    How much money (apart from staff time) will we need to spend?

- Consider items such as postage, travel to meet the donors, printing literature and paying for advertisements.

(3) Likely return    How much money are we likely to get, compared with the investment we have made?

In other words, for every dollar we spend on fundraising, how many dollars will be donated? This can be quite complicated to calculate and may be difficult to estimate for some donors. A simple, rough calculation is:

$$\text{Likely return} = \frac{\text{expected income}}{\text{cost of time + other costs}}$$

For example, we might require \$50,000 for a project. If we think we will be able to raise \$1,000 from local churches over the coming year, and staff time and other costs are \$100, the likely return is 10 ( $\frac{1,000}{100}=10$ ).

Alternatively, we might have to submit five proposals to different institutional donors before we are successful in getting money. We have to add up the costs of submitting all five proposals in order to find out the likely return. If the total cost of submitting the five proposals is \$10,000, then the likely return is 5 ( $\frac{50,000}{10,000}=5$ ).

This example could lead us to say that raising money from churches has a better rate of return than institutional donors. However, we have to consider whether we are likely to raise \$50,000 from local churches. Although this might be a long-term goal, it might be unlikely at the present time. This could lead us to apply for funding from institutional donors for the project, but to focus our long-term work on building up our church funding base. However, we have to remember that once we have obtained money from an institutional donor, there are time and costs involved in managing the funding and reporting to the donor. Another option could be to look at the likely return from applying to other large donors, such as companies.

It is often a lot cheaper to raise repeat donations. This means that returns are likely to increase next year from some donors. For example, the work we do this year to build up our church funding base will hopefully have an effect next year. However, institutional donors rely a lot on the quality of each individual application when making a decision to fund, in addition to what they already know of the organisation.

**EXAMPLE** Help and Hope have decided to concentrate their efforts on church and individual contacts in the UK to make up their shortfall in income for year 1. They know some individuals there who might be willing to give donations of about \$10,000. The Director of Help and Hope is going to the UK anyway to speak at a conference, so he can extend his trip at no extra cost to meet with some potential donors. This will give a better return than trust funding, which would require a lot of research. Help and Hope know that it will take a few years to build up support from local churches. They want to spend time building relationships with specific local churches in year 1.

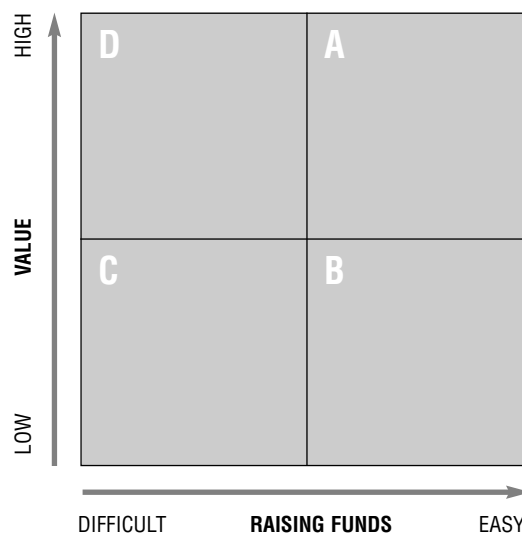
**Donor priority matrix**

Another useful tool is the matrix below, which compares the value of funding from different donors with the ease of attracting their funding. This will help us to identify which donors to prioritise.

The vertical axis identifies the value of the donor. For example, a donor that makes large donations might be viewed as a high value donor. However, it is important to think of other aspects of donors that make them high value:

- The relationship might result in prayer or volunteer support.
- The donor might enhance the organisation's reputation.
- The donor might be committed to giving to the organisation for many years, even if they give only relatively small amounts of money.
- The donor might be a source of quick funding.
- The donor might provide links to other donors.

The ease of attracting funding from each donor can be plotted along the horizontal axis. Issues to consider include the investment of time and money we need to make in approaching them for funding, the degree of contact we already have with them and their likely interest in funding our work.



Plot each donor on the matrix in the relevant place. In general, the donors in Box A should be given top priority. This is because they are high value donors and easy to access funding from. Donors in Box C should rarely be considered in our fundraising activities, since they are difficult to raise funds from and are less valuable to our organisation. Donors in Boxes B and D should be discussed in detail in order to decide whether they should be targeted or not.

Once we have identified which donors to prioritise, we can decide what percentage of our total income we want them to contribute. We can then draw another pie chart or graph to show our desired funding mix.



## STEP 7

**COMMUNICATING WITH POTENTIAL DONORS**

Once we have identified our funding mix and priority donors, we need to think about the information they will need to know in order for them to consider funding us. We will need to share information with different donors in different ways. The type and amount of information they need to know will also vary. For example, leaflets might be appropriate for individual donors, while institutional donors usually require a detailed application form to be completed.

It is useful to write a document containing all the information that may be needed for our fundraising work. Once this document is written, our fundraising work becomes easier. When we want to approach a particular type of donor, we can take the bits of information we need out of that document.

The document should cover the following issues:

- When last updated
- Information about the organisation
  - when, why and by whom it was founded
  - location
  - contact details
  - number of staff, including full time, part time and volunteers
  - annual income, and where it comes from
  - mission statement
  - important achievements over the last five years
  - connections with other organisations
- Information about the organisation's work
  - current priorities and activities
  - whom the organisation serves
  - why the work of the organisation is important
  - what will happen if the situation continues without our help
  - recent growth in the organisation and in the demand for its services
  - information about past, current and future projects, including
    - the need being addressed
    - why the project is needed
    - why the organisation should get involved
    - the project's objectives

- how the objectives will be achieved
- staff who will be involved and their experience
- beneficiaries – who, where, how many
- budget
- impact

■ **Signatories**

- List of people who could sign applications, eg: project leader, fundraiser, director, chairman of the board.

It is useful to store the document in a folder along with back-up information such as annual reports, accounts, case studies, executive summaries for projects, and recent press cuttings.

**Communicating who we are and what we do**

It is important that, as an organisation, we consider how we communicate who we are and what we do. There are three tools that we can use to help us to do this:

- 1) Think of a strapline for our organisation. A strapline describes an organisation in five or six words and is often used on printed materials near the organisation's logo. As the strapline is short, we need to think really carefully about the words we use.
- 2) Write a list of six to eight words that might be used to describe the personality of our organisation. For example, we could use words like compassionate, friendly and supportive. We can then ensure that our future communications show our personality.
- 3) Write a description of what our organisation does in only 25 words. This is a very good discipline and is useful when people ask 'What does your organisation do?'

**EXAMPLE**

Help and Hope held a session to discuss these tools. They wrote a strapline: 'Practical help with Christ's love'. They decided their personality is compassionate, enabling, positive, loving, proactive and caring. Their description is 'Help and Hope is an organisation that, motivated by God's love, enables communities to find long-term solutions to their practical needs.'

**Gap analysis**

The best way to communicate with some types of donors might not be appropriate for others. The table below helps us to carry out what is sometimes called a gap analysis. It will show us the best ways to communicate with different types of donors. The rows represent potential donors. The columns represent different ways of communicating. A tick should be placed in the relevant boxes. For example, a good way of communicating with a church might be to hold an event, while a letter might be less appropriate.



Communicating with donors

		METHOD OF COMMUNICATION			
		Letter	Event	Face-to-face	Etc
TYPE OF DONOR	Individual – small gift		✓		
	Individual – large gift	✓		✓	
	Church		✓		
	Local government				
	Etc				



STEP 8

**STRATEGIES FOR EACH FUNDING SOURCE**

Once we have decided which donors to approach and how we might communicate with them, we need to develop individual fundraising strategies for each funding source. The plans should cover the next five years and should have a purpose, outputs and activities.

**EXAMPLE** Help and Hope had a section for each funding source in their fundraising strategy. This is the planning section for income-generation:

**Purpose:**

- 25% of the running costs of three community projects raised through income-generating activities by year 5.

**Outputs:**

- All project planners have knowledge and skills to carry out business planning by the end of year 1
- One pilot project started by the end of year 1
- An innovations fund, which provides small grants for community projects, set up by the end of year 2.

**Activities:**

- Operations Manager to write a training course about business planning by the end of April in year 1
- All project planners to sign up to a two-day training course during May and June in year 1.
- Operations Manager to write a business plan for a handicrafts project to act as the pilot project
- Director to write a proposal for a \$5,000 innovations fund that can be used to approach individuals in the UK for support.



STEP 9

**PLANNING OUR FUNDRAISING WORK**

Once we have identified our fundraising strategy, we need to plan our fundraising work. We should draw an activity schedule (also known as a Gantt chart) to make sure our fundraising work is spread out across the year:

- Consider how the strategies for each funding source fit together in terms of timing and resources. Do we have the capacity to carry out all the activities in year 1 or should we adjust the strategies? Are there specific times during the year when some of the activities should be carried out?
- Consider other activities that relate to fundraising. For example, we might want to approach a donor to request funding for a full-time fundraiser. This will make our fundraising work easier later on. We might decide to invest in recruiting volunteers to carry out fundraising work. We might want to attend fundraising conferences or have important meetings with our organisation's leadership.

Activity schedule

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Mailing to churches	█											
Business planning training course		█	█	█	█	█						
Pilot handicrafts project					█	█	█	█	█	█	█	█
Fundraising conference							█					
Etc												

Make lines thicker if the activity is intense. Initials can be added to each line to indicate which member of staff will be responsible for the activity. Timing is important. Think carefully about when to approach donors. For example, some institutional donors have a deadline for applications. The following times might be best avoided:

- holiday periods when donors might be away
- busy times for donors, such as the harvest season or the end of the financial year.

However, in some cases we could take advantage of these times. For example, while consumerism might mean that people have less money to give to charity at Christmas, it could prove to be a good time to have an appeal as this is the time of year when individuals often feel most goodwill towards others. Likewise, while donors who budget well might not have money left at the end of the financial year, there might be some who are looking for organisations to give money to.

We could take advantage of important times in our organisation's history, such as an anniversary. We could also consider using events in our country's cultural calendar to raise money.

CASE STUDY  
Cedar Fund,  
Hong Kong

In Hong Kong, there is a cultural tradition of older people giving red packets containing money to children during the month of the Chinese New Year. Cedar Fund design, print and promote their own red packets, with the funds raised going to support various parts of its work. The red packets are sent out with Cedar Fund's newsletter. Individuals, churches or Sunday school teachers then collect the packets and pass them on to Cedar Fund.



STEP 10

**APPROACHING DONORS**

The general fundraising information put together in step 7 then needs to be adapted for applications to different donors. It could be adapted into a written proposal, application form or letter. It could be used for promotional leaflets, or it could be adapted for use at fundraising events and speaking engagements.

It is important to assume that the donor knows nothing about our organisation or our work. It can be helpful to give our fundraising materials to someone who does not know our organisation before we approach potential donors. That person can read through the materials and tell us whether there was anything they did not understand or any gaps that need filling.

The important questions to ask are:

- What does the donor need to know in order to make an informed decision?
- What does the donor not need to know?
- What do we want them to know that may influence their decision to donate money?

Remember to reflect the organisation's strapline, personality and description in the application.

We should think about who the audience is, and ensure that the language and the level of language are right. When approaching donors in other countries, avoid sending poor quality translations of documents.

Be honest. It is easy to exaggerate the truth in order to make the appeal for funds seem more critical. The risk is that dishonesty could affect our organisation's reputation later on.

If there is expertise within the organisation, it might be worthwhile considering setting up a website. This could contain information about the organisation's work and explain how to make a donation.

TIPS Tips for approaching different types of donors are given in section 4.

**Assessing our written application**

The table below is a checklist which helps us to think through all the things that make a good written application. It can be adapted for different types of donors. If the answer to any of the questions is 'no', the fourth column of the table can be used to make comments about how the application can be improved. Once the checklist is completed, each action point can be worked through in turn.

	Characteristic	Questions to ask ourselves	Yes/No	Action points
<b>Style</b>	Title	<ul style="list-style-type: none"> <li>Is it concise and appropriate?</li> </ul>		
	First paragraph	<ul style="list-style-type: none"> <li>Does this create enough interest for the reader to continue reading the proposal?</li> </ul>		
	Writing	<ul style="list-style-type: none"> <li>Is the proposal easy to read?</li> </ul>		
	Length	<ul style="list-style-type: none"> <li>Is it the right length?</li> <li>Does it include all the key points we want to make?</li> <li>Can we take out any unnecessary words?</li> <li>Have we tried to say too much?</li> </ul>		
	Tone	<ul style="list-style-type: none"> <li>Is the proposal positive, confident and enthusiastic?</li> <li>Does it create a sense of urgency and importance for the project?</li> </ul>		
	Logical flow	<ul style="list-style-type: none"> <li>Is there a logical structure to the proposal?</li> <li>Do we ever repeat ourselves?</li> </ul>		
	Visual impression	<ul style="list-style-type: none"> <li>Is the proposal nicely laid out with short paragraphs, sub-headings and tables where appropriate?</li> <li>Is it typed neatly and without spelling mistakes?</li> </ul>		
<b>Communication with the donor</b>	Personal approach	<ul style="list-style-type: none"> <li>Does the application show that it has been tailored to the donor?</li> </ul>		
	Previous contact	<ul style="list-style-type: none"> <li>Does the application mention previous contact we have had with the donor?</li> </ul>		
	Donor interests	<ul style="list-style-type: none"> <li>Is the proposal likely to be of interest to the donor?</li> <li>Does it agree with the donor's concerns and priorities?</li> </ul>		
	Scale of request	<ul style="list-style-type: none"> <li>Is our request reasonable?</li> <li>Can the donor afford to give the amount of money we have asked for?</li> </ul>		
	Reason	<ul style="list-style-type: none"> <li>Have we given good reasons why the donor should want to support our work?</li> </ul>		
	Signatory	<ul style="list-style-type: none"> <li>Is the person who will sign the letter the most appropriate for the donor?</li> <li>Is he or she the first point of contact?</li> </ul>		
	Follow-up	<ul style="list-style-type: none"> <li>Do we offer any follow-up if the proposal is of interest, such as a meeting or supplying more detailed information?</li> </ul>		

(continued)

Assessing our written application (continued)

	Characteristic	Questions to ask ourselves	Yes/No	Action points
Content	Need	<ul style="list-style-type: none"> <li>Have we expressed the need clearly and stated the impact our work will have on the beneficiaries?</li> <li>Have we supported it with relevant facts and figures?</li> </ul>		
	Credibility	<ul style="list-style-type: none"> <li>Have we assumed that the donor has heard of us?</li> <li>Have we shown that our organisation has the ability, skills and other resources necessary to make an impact?</li> </ul>		
	The proposal	<ul style="list-style-type: none"> <li>Have we explained what we hope to do in clear, simple terms?</li> <li>Is everything the donor needs to know included?</li> </ul>		
	Objectives	<ul style="list-style-type: none"> <li>Have we set clear and measurable objectives for our work?</li> </ul>		
	Evaluation	<ul style="list-style-type: none"> <li>Have we shown how we will evaluate the progress and outcome of our work?</li> </ul>		
	Dissemination	<ul style="list-style-type: none"> <li>Have we shown how we will share the results of our work?</li> </ul>		
	The offer	<ul style="list-style-type: none"> <li>Have we indicated the scale of support we are looking for?</li> <li>Have we mentioned where the rest of the money is coming from?</li> </ul>		
Budget	Future funding	<ul style="list-style-type: none"> <li>Have we shown that we have thought about the future funding implications of the proposal (eg: running costs)?</li> </ul>		
	Arithmetic	<ul style="list-style-type: none"> <li>Are the calculations right?</li> </ul>		
	Costs	<ul style="list-style-type: none"> <li>Have we included all the items of expenditure?</li> <li>Are the estimated costs of items realistic?</li> </ul>		
	Value	<ul style="list-style-type: none"> <li>Is the total cost reasonable in relation to the work we plan to do?</li> <li>Does it represent value for the donor's money?</li> </ul>		

Adapted from *Writing better fundraising applications* (1997) p118–21 by Michael Norton and Michael Eastwood, Directory of Social Change



STEP 11

**IMPLEMENTING, EVALUATING AND REVIEWING OUR FUNDRAISING WORK**

Before we implement our strategy, we should consider how we are going to evaluate our work. This will enable us to know whether our work has been successful. It will also help us to learn from our mistakes and improve our fundraising work in the future.

During the course of our fundraising work, we should ensure we have ongoing support from our organisation's leadership. We should hold regular meetings with all members of staff involved in fundraising in order to check our progress.

It is useful to carry out the following activities:

**ACTIVITY 1**  
**Follow-up**

Most donors have many applications to deal with, and we must expect that some will never respond to us. Some will simply tell us they have received the application, while others will contact us for more information. If they tell us they are not interested in funding us, we should try to find out why. This will enable us to learn and improve our fundraising approach.

In some cultures, 'no' means 'no'. Therefore if a donor whom we approach says they are unwilling to donate money to our organisation, it is not worth asking them again later on. However, in other cultures 'no' can mean 'not at the moment', and it might be perfectly acceptable to approach them another time, when we might get a positive response.

- What does 'no' mean in our culture?
- Does it vary depending on the type of donor?
- If the answer is 'no', which donors can we approach again and which should we not approach again?

**ACTIVITY 2**  
**Keeping a fundraising file**

It is useful to start a fundraising file. This will store records of all the contact we have had with potential donors so that we can keep track of all the fundraising work that is being carried out by our organisation. This is particularly important for organisations that do not employ a fundraiser, but where various members of staff carry out fundraising activities from time to time. The fundraising file will help stop duplication of activities and will enable members of staff to know which donors have previously been contacted by the organisation. It will also remind busy fundraisers to follow up donors when necessary.

The fundraising file can be used to write notes about a fundraising event in addition to tracking written applications. Notes about any type of contact with donors should be added to the file.

Fundraising file

<b>Name of donor</b>	
<b>How much support we asked for</b>	
<b>Name and job title of person we contacted</b>	
<b>Who in our organisation is responsible for negotiating the funding</b>	
<b>Date application was sent off or event was held</b>	
<b>Expected decision date</b>	
<b>Follow-up action required</b>	
<b>Follow-up action taken</b>	

Adapted from *Writing better fundraising applications* (1997) p136 by Michael Norton and Michael Eastwood, Directory of Social Change

It is useful to look through our fundraising file regularly in order to reflect on what is working well and improve aspects of our work that are not working well.

**ACTIVITY 3**  
**Revisiting our fundraising strategy**

We should ensure that tools such as the SWOT analysis, and funding/value matrix are repeated regularly to ensure our fundraising strategy is up-to-date. We should also refer to our organisational strategy to ensure that our fundraising strategy is in line with it.

**ACTIVITY 4**  
**Setting up a database**

We should set up a central database for donors and ensure it is kept up to date. This might involve a computer spreadsheet for small organisations. Larger organisations might have a more complex database. Useful information to keep should include names, contact details and donations. We can use the information kept on the database to measure our fundraising success

**ACTIVITY 5**  
**Measuring fundraising success**

There are many different ways of measuring fundraising success. It is important to measure success so that we can continue to improve our strategy, by incorporating the lessons learnt. For example, we might discover that in our area, it is much more cost-effective to raise funds from churches than individuals. So we might change our strategy and spend more time promoting our cause in churches and less time standing on the street.

Some ways to measure success:

- **NUMBER OF NEW CONTACTS ESTABLISHED** This can be measured by calculating how many new records there are on our database.
- **AMOUNT OF MONEY RAISED** This is a simple measurement of the funds raised each year. This can be compared with funds raised over past years. Inflation should be taken into account.
- **FUNDRAISING RATIO OR RETURN** This compares the income raised with the cost of raising it. It tells us how many dollars we raise for every dollar we spend. We can use this calculation for our fundraising work as a whole and compare success with previous years. We can also encourage returns for different types of funding.

$$\text{Fundraising ratio} = \frac{\text{amount raised}}{\text{cost of raising income}}$$

- **RESPONSE RATE** This measures the success of our fundraising correspondence. It compares, for example, the number of letters sent out and the number of responses that were generated. Or the difference between the number of people who attended the concert and the number of donations that were received. The response rate is expressed as a percentage:

$$\text{Response rate \%} = \frac{\text{number of responses}}{\text{number of people contacted}} \times 100$$

- **AVERAGE DONATION** This measurement, if done on a monthly or yearly basis, can be used to measure fundraising success over time. It shows the success of the strategy, perhaps through giving current donors confidence in our cause, encouraging them to give more money, or through targeting donors who will give large donations. As the amounts given vary between companies or government donors and individuals, the measurement becomes more meaningful if the calculation is carried out for each type separately.

$$\text{Average donation} = \frac{\text{total amount raised}}{\text{total number of donors}}$$

**EXAMPLE** At the end of year 1, Help and Hope look back on a relatively successful year.

- The training course that they wrote for income-generation projects went well and the pilot handicrafts project raised \$2.45 for every \$1 spent. It is expected that now some initial capital costs have been paid, this return on investment will improve.
- Fundraising from individuals in the UK went very well. Before the Director's trip to the UK he wrote four project proposals to discuss with individual donors. As a result Help and Hope were given \$30,000.
- Help and Hope sent out an e-mail to all their contacts in the UK with a Christmas appeal. They raised \$3,500. Twelve per cent of people responded and gave an average of \$70.
- Help and Hope had a meeting at the country office of the United Nations Development Programme (UNDP) and talked about the possibility of applying for funding from their small grants scheme. They submitted a joint proposal with another development organisation who had been funded by the UNDP before. They successfully obtained \$10,000 for a project. They have a follow-up meeting with the UNDP early next year when they will report on the success of the project.

Reflection

- How do we measure our fundraising success at the moment?
- How can we measure our fundraising success in future?
- Do we have ways of collecting the information needed for the calculations?