

East Lothian Voluntary Organisations Network
(ELVON)

Fundraising
Strategy & Guidance
For
Voluntary Sector Organisations

WRITING A FUNDRAISING STRATEGY

Contents

1. What is a fundraising strategy?
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1. A fundraising strategy is a written statement of how a group intends to fund its work. It should be closely related to the group's business plan or organisational strategy. It will support the organisational strategy and enable the group to reach its stated goals. It can be a record of what has been successful in the past as well as recommendations for the future. Each fundraising strategy is different according to the needs of the organisation, it can be two pages or twenty pages. It is not meant to be stuck to rigidly, nor to be written and then forgotten, nor should it stop an organisation from responding to funding opportunities that come up unexpectedly.

2. Organisations that need to fundraise in order to carry on must be well prepared and organised to replace existing funds and/or to enable the organisation to expand.

A fundraising strategy will:

- lay out when existing funding comes to an end, and provide a time scale for replacing it
- it will take the organisations stated aims and lay out how and where funds will be raised to reach these aims, and
- it will allow continuity in the case of fundraising responsibilities changing hands.

A fundraising strategy, like a business plan or organisational strategy ought to be a useful working document, not simply another piece of paper work to be written to meet monitoring requirements and then filed. Similarly, it should be reviewed and updated every 6-12 months.

3. Developing a fundraising strategy can be delegated to a member of the management committee or staff, but should also be discussed with the management committee as a whole and should be formally adopted by them, in order to have integrity. Below is a list of suggested headings, which may be useful.

- **Introduction** - description of the organisation's activities. This can also be broken down in terms of the funding of each part of your work.
- **History** - where current and previous funding comes from. This can include a copy of the group's recent budgets and/or accounts.
- **Future plans** - can be adapted from the organisational strategy and should describe the group's plans for the next couple of years (i.e. is your main priority survival, or are you sufficiently established to think about expansion?). If the group plans to expand, in what way and how do you think this will be funded?
- **Time scale** - write down when current funding runs out, and when the group needs to start looking for further funding (at least 6 months before end). This should include plans of when you will start working on bringing in funding for new work as well as replacing existing funds. This can include a time line in diagrammatic or diary form if useful.
- **USP** - what is your Unique Selling Point? You will need to convince funders why they should support you. Demonstrate the need, prove how effective you are at reaching your target group and show them how proactive you are.
- **Good Practice** - this can be an appendix if you prefer, containing good phrases or descriptions of the organisation, successful past applications, and anything that might be useful to someone writing a future application.
- **Conclusion** - briefly summarise the plan

4. The idea of having a strategy for anything is that it can guide the people within your organisation in carrying out their tasks in the most co-ordinated and effective way. This applies to a fundraising strategy as well. As stated above, it should be a working document which will guide, remind and record. The person within your group who has responsibility for fundraising should find it useful to refer to. It should help them plan their work load, both long and short term; it should provide them with an easy reference point as to which funders have supported you in the past and those that might support you in the future. The plan should be developed with the involvement and support of the management committee in order to ensure it has the support it needs to be an effective tool for all in the organisation.

5. Monitoring of the strategy should be done to ensure that it is a useful working document. This should be done by the fundraiser, along with representatives of the management committee. The strategy should be reviewed every six to twelve months to make sure it is up to date, and monitoring its usefulness can be done at this point. For example, has it helped you plan your workload, raise money for existing projects, raise money for new projects?

Planning a Funding Proposal

Whether they ask you to fill in an application form or not, all funders will want to see that the proposal they are reading is well thought through and carefully planned.

Proposals should be discussed and approved by the management committee and brainstorming can also take place with workers or volunteers.

Once you have an idea of work you would like to get funding for, you can follow this guidance to make sure you have a well-planned proposal which can be developed into funding applications. Write down everything, even if it seems obvious to you.

Key points to consider:

1. What do you want to do?

What is the overall aim of your project? What do you hope to achieve?

2. Why?

How do you know there is a need for this work? Did you consult with your users? Or maybe you did a survey? Use local statistics, link in with national strategies and local regeneration initiatives.

3. How will we do this?

Specifically, what work will you do? For example, if you are running a training programme, how many sessions and how many people in each, where will it take place?

4. Who will we work with?

Describe your target group. Are they male, female? Are they from a particular ethnic group? Do they live in a particular area? Do they have a particular problem or difficulty that you are helping with?

5. What will be the result?

How will this benefit your users? How will your project improve the quality of life of your users? For example, will they be better trained or able to access more services?

6. How much will it cost?

What items will you need to pay for to make your project happen?

7. What will you do when the grant runs out?

This is called an exit strategy, or continuation strategy. Do you plan to achieve a certain goal within the life of the grant? If you want to continue your work after the grant runs out, how will you do that?

8. How will you keep track of your progress?

Funders will want to see evidence of what their money has achieved. This means keeping records of number and type of users, types of activities, and what do your users do after they have had the benefit of your work.

Developing Budgets

A budget is one of the most important elements of a funding proposal, it is important that it is accurate and realistic. Your organisation should have yearly budgets relating to all the activities of the group. This will act as the basis for your project budget. If this proposal is only part of your group's work you can include a reasonable proportion of your core costs (rent, admin etc) in the budget.

Key points to consider:

1. Many funders divide budgets into **capital** (one off expenditure such as equipment or setting up costs) and **revenue** (on going running costs).
2. **Staff** - this includes wages, national insurance, any pension contributions, annual pay rises.
3. **Premises** - rent, heating, lighting, water, insurance

4. **Admin** - postage, stationery, photocopies, telephone
5. **Project specific** - equipment, transport
6. **Events** - meetings, seminars, launch
7. **Publications** - newsletter, report

Remember!

- ◆ Keep a note of how you arrived at your figures, so you can explain them if you are asked to.
- ◆ If you are planning for next year's expenditure, don't forget to include inflation on all costs. (A general rule is 3% for salaries and 2% for other costs)
- ◆ Most funders have a limit on how much you can apply for. You need to have considered where you will make up any shortfall. For example, you could undertake to obtain second hand computer equipment as your contribution (match funding), or use volunteer time as an "in-kind" contribution.

Application Technique

Good practice

1. **What you are proposing must be in line with what the funder wants**

Target your application carefully; otherwise you are wasting your time and theirs. Use ELVON and other advice services to help you identify relevant funders.

2. **Highlight positive things about your organisation**

How do you implement equal opportunities? How do you involve your users in the management of your project/organisation? How does your management committee represent the users? Demonstrate that your group is financially sound.

3. **Highlight positive things about your proposal**

The project has clear objectives, a thorough and reasonable work plan and sensible exit strategy, demonstrate experience of managing this kind of work.

4. Accurate Budget

This is essential. See guidance sheet 2.

5. Composition

Write your proposal with constant reference back to the criteria of the funder. Use language they use, demonstrate at every turn how your proposal will fulfil what they are looking for, and how you are the best group to do this work, how you will provide added value, and high quality work.

6. Monitoring & Evaluation

This is covered in more depth on Guidance sheet 4, and it is a very important part of your proposal, as this is how you ensure and demonstrate the quality of your work. It will provide the basis of a report, evidence of your organisation's effectiveness, and will also prove useful in your next application.

Avoid

Most funders will not give you money to replace core funding or statutory funding. If your group has suffered cuts, it may be necessary to reconsider the structure of your workplan to adapt to the new financial environment. For example, this could mean moving to a service delivery model or a project model.

Monitoring & Evaluation

Monitoring

What it is

Monitoring gives you a written record of who is using your organisation or project. This will be important to demonstrate to the funder that their money has gone where it was meant to. It will also allow you to show future funders who use your organisation or project and what they did. Information gathered through monitoring will also feed in to Evaluation.

How it can be done

There are many ways you can undertake monitoring, depending on the requirements of funders, and your own preference. These include:

- ◆ Simple records of names, addresses, when they joined and when they left.
- ◆ More detailed records of what activities they were involved in.
- ◆ With a bit more research you can find out where people move on to when they move on.

There is a balance to be struck between keeping track of your users and flooding yourself with paper work. It is always best to decide in advance what level of monitoring you are able to undertake and to set up any systems before you start work on your project. This should be decided jointly by the project workers and the Management Committee.

Evaluation

What it is

Evaluation uses data collected in monitoring, and other sources to see how well your project or organisation is performing. For example, is it doing what it set out to do? Is it reaching its target group? What have been the results? Evaluation of work allows you to learn from any mistakes, and celebrate your successes. Funders will be keen to see groups looking at their performance, as it shows they are professional and want to achieve the best at all times. Evaluation will enable you to identify areas of further work, and give you solid evidence for future funders.

How it can be done

Evaluation can be done by using the information from monitoring, by consulting beneficiaries and workers through interviews or questionnaires, and honest appraisal of your own performance. These sources will be useful in compiling even a short document describing how your project worked, what was achieved, how it could be done better next time, and areas for future work.