

Guide

How to develop a fundraising strategy

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1. Introduction

This guide will take you through the essential ingredients of a good fundraising strategy. Once you've identified your artistic and business objectives, a fundraising strategy is a vital tool in helping you achieve those objectives. Without a shared sense of what you're aiming to do, how much it costs, how you'll find the money and who will find and secure it - your job will be much harder. So no need to be put off by the term strategy - it's simply a map to help us identify what financial resources we need and how we'll get them without wasting valuable time and resources.

2. Fundraising Strategy Cycle

This guide will take you through the 7 key points in the fundraising strategy cycle:



1. We'll start with a **fundraising audit**; a snapshot of what's worked in the past and what hasn't, how your fundraising is working now and how that compares with similar organisations (you can delve deeper into fundraising audits by looking at my separate guide on fundraising audits - also available on the [CultureHive](http://culturehive.co.uk)).

2. The money follows your **vision and programme** so it's vital that it is clear from the outset as it guides your whole strategy; it also prevents you getting pulled off course chasing money that is not the best fit for you.
3. Once your programme is clear, you can define your **financial target** - how much it costs, what the shortfall is and how you will reach it; timescale is crucial as people don't always leave enough time to do the fundraising or they underestimate the time between submitting a bid and getting an answer.
4. Before we get into the detail of how we'll reach the target we look at our SWOT - meaning our strengths, weaknesses, opportunities and threats - and at the risks that face our fundraising - by better understanding both these areas - **SWOT and risk** - our strategy will be better informed and therefore more likely to succeed.
5. Next we look at the **potential sources of funding** available to us; what are the various ways money could meet the shortfall and what are the implications of sourcing and servicing these types of monies.
6. Once we know the total potential and the work and expertise required, we can match that to the people and **resources available** to us and decide whether resources should be reallocated or whether we need new, more or different resources. Some fundraisers like to switch these two sections around ie considering first the resource we have and then what types of funding we can get with that resource BUT this may prevent you thinking of or finding new avenues to money - once you know what the full potential is and have assessed all opportunities - then you can apply the available resource to maximise it.
7. Once you've done all that you can **create and action your plan**. A plan that is continually monitored and updated rather than something static; it will need to adapt to changes within your organisation, the success of your approach and new and ever changing funding opportunities.

3. A clear and simple view

A good fundraising strategy provides **clarity**, for you, your colleagues and your Board if you have one. A shorter, concise version (minus any sensitive information) may also be requested by some of your key stakeholders and funders to assess the viability



of your fundraising plans. You can decide whether it runs over 1, 2, 3 or 5 years - whatever feels right and most helpful for the size and scale of ambition within your organisation. It provides you with a **shared understanding and agreement** across your organisation of your fundraising focus and is a point of reference to guide and support you along your fundraising journey.

Considering your fundraising as a journey can be a useful analogy - the strategy **Identifies your start point and your destination**. It forces you to **assess all your options** - if you've been doing fundraising in a particular way it may mean you're missing out on new opportunities, funding streams and easier routes to money.

A strategy **helps define motivations** - are you writing this strategy because your boss or board told you you had to?! To diversify income? To fill a looming cashflow hole? To reach more people with your work? What's driving the strategy will inform buy-in to it when it is completed and in use.

A clear plan means we are better able to **avoid a scattergun approach** where the odds of success will be lower and where workload will be harder to manage as we get distracted by jumping from deadline to another.

With one in place you'll have a **greater chance of success** than without one as it defines where you are heading and provides a plan on how to get there.

In its simplest terms, our strategy is articulating what we do or will do in the future, what money we need to do it, where it will come from and who will find it by when.

4. Assumptions



For the purposes of this guide we're assuming that there is **buy-in** right across your organisation for your fundraising strategy. If you're doing it in isolation, the chances are it won't be successful. There is an assumption that it fits into a **wider business plan or strategy**, responds to a programme plan and the vision (where you are heading) and the mission (what you do now) in relation to your organisation.

The guidance here should be **adapted to suit and reflect organisational needs and relevant circumstances** - one size does not fit all but hopefully there will be some basic principles here you can adapt and use in your strategy.

5. Audit

Many of us leap into fundraising or setting out our fundraising strategy without first considering our starting position. An audit is a chance to take a snapshot of fundraising to date with a view to informing future fundraising decisions and successes. How did we get here? What's happened with our fundraising in the



past? Which schemes, bids or appeals actually worked and turned into money and which didn't? How do we compare in the scope, range and success of our fundraising with comparable organisations? Do we know who are funders and donors are and why they support us? If we take the time to ask and answer these questions, we're much more likely to be able to go forwards and create a fundraising strategy that is effective and delivers positive financial results.

If you are put off by talk of audits and strategies, think of it simply as a journey to fundraising success by:

- thinking about where you have come from (history of fundraising)
- where you are now (current context)
- what others are doing around you (comparison with how others in your sector or field are performing)
- where you are heading (what you want to achieve next)
- how you'll get there (fundraising route map)
- what you'll need to help you get there (people, £ and tools).

Taking a snapshot of our current position and understanding our fundraising history means future fundraising is better informed and therefore much more likely to be successful.

6. Vision and Mission

We start our strategy by reflecting on our current vision (where the organisation is heading) and mission (what we do now) and how we plan to move from one to the other. Good fundraising stems from knowing what you are trying to achieve by whom for whom by when. If we don't have a clear vision as an organisation we won't know what we're fundraising for or why, so it will be impossible to be know if we have been successful. We also risk going after the wrong sort of money, such as an alcohol brand sponsoring a venue

that aims to expand its under 18s programmes and audiences or offering individual donors access to private dinners or rehearsals that they won't be permitted access to.

Once we're clear about our programme and activity we may want to reflect on a more specific fundraising vision - Are we, for example, looking to do more of the same with our programme but aware that we face reduced income from some sources so need to use our strategy to build new income sources or diversify our range of income streams? Are we overly reliant on one source of income and therefore vulnerable to it decreasing or stopping completely?



Are we branching into new programmes or arts/heritage territory so there is need to meet higher targets?

Is it important to us take a longer-term view of fundraising? Do a number of three year grants come to an end at the same point?

What does success look like for us? It may be a similar level of income but it may be more diversified income so the organisation is less vulnerable and more sustainable.

If you get confused along the way, just remember it is all about the work – not just what it is but who it is for - the work is always for someone – audiences, participants, artists, producers, curators or volunteers. Better understanding of who it is for lead you to who will fund it and if you get stuck along the way, refer back to this.

Another headline to bear in mind throughout this process is that your donors would be better considered as friends, members of your organisational family or your lifetime supporters - donors implies a one off transactional arrangement - whereas the more we consider and treat our supporters as part of our long-term plan the more likely they are to support us over a longer period.

7. Financial Target



First and foremost - have one! Many people who are new to fundraising don't have a specific financial target which makes it very difficult to fundraise.

By looking at your programme or your wider business plan, identify how much you need by when.

Also consider if there are any important cashflow considerations, for example if you have a looming cashflow hole, the short-term focus will be on securing monies you can turn around quickly but this may not be the right approach once cashflow improves.

Once you've moved further round the fundraising cycle you'll have a better sense of the prospects available to you and the odds of success – you'll be able to create a funder matrix or routemap to help you realise your target - we'll come on to how we'll do this later on in this guide.

8. SWOT

A SWOT analysis will help us pinpoint our strengths and weaknesses as an organisation, whilst identifying and maximising opportunities and minimising threats. You may choose to do this for your organisation as a whole or just on your fundraising. An organisation wide one is vital to have, as your fundraising does not sit in isolation from everything else but if you have this already as part of a business plan, it may be better to have do a SWOT on your fundraising operations. It can be a useful exercise to do as a staff team as you won't think of everything on your own.



Your strengths may include for example, a strong, distinctive and clear artistic vision which makes fundraising easier or board-level fundraising expertise that can support you.

Weaknesses may refer to capacity issues, lack of space for fundraising events or lack of experience or expertise in certain types of fundraising.

Opportunities might be those that are clear now or may become opportunities in the future. They could opening up new income streams through renting out a space or a strong relationship with a funder meaning they are more likely to take risks with you or support diversification of your programme.

Threats can be as simple as not enough people buying tickets for your events, insecure tenure in a building or competitors carrying out similar work taking more of your share of funding and audiences.

Once you've compiled your SWOT don't just ignore it! Many organisations go to the trouble of compiling a SWOT but then put it to one side. Focus on the top 3-5 facts in each box if it feels a bit overwhelming ie the ones that are likely to have the biggest impact in each area. So your fundraising strategy should use your key strengths as its building blocks, acknowledge and lessen the impact of your weaknesses, maximise and exploit opportunities where there is resource to do so and confront any threats that could throw your organisation or your fundraising strategy off course.

9. Risk

In any size of organisation or in any project planning and delivery, confronting the risks we face means we're much more likely to succeed. We can create a great fundraising strategy but if it is built around the skills and expertise of a fundraiser that is about to retire we have a major risk around succession. If we're planning an outdoor festival there is a major risk in this country of bad weather stopping play and affecting our ticket sales.

The first stage is to **IDENTIFY** what these risks are, then **ASSESS** and **ANALYSE** them; considering the probability and impact of each risk. So with probability we are assessing whether the likelihood of it happening is High, Medium or Low. With impact we are considering the effect on the organisation of it happening on a scale of 1-5 with 5 being catastrophic and 1 denoting a minimal impact.

Next we consider how we **CONTROL** the risks; can they be avoided, accepted, reduced or transferred?

We need to focus our attention on those risks scoring High 4s or 5s - they are the ones to worry about because they are highly likely and they will have a major impact on our work.

As with all good plans we'll need to **MONITOR** and **REVIEW** these risks on a regular basis as they may change over time, reduce in likelihood or impact, or new ones may reveal themselves.

10. Potential Sources of Income

Next we'll consider the different ways in which money **could** come into our project or organisation - this does not mean we'll follow up all of them - at this stage we're just getting all the possibilities on the table.



The potential sources include:

- **Public funding inc Lottery grants** eg Arts Council England grants, local authority support, other public bodies eg NESTA, lottery funds eg Big Lottery Fund, Heritage Lottery Fund.
- **Trusts and foundations** normally private foundations with clear aims and remits eg Paul Hamlyn Foundation or Garfield Weston Foundation.
- **Sponsorship and corporate donations.**
- **Individual giving including legacies** whereby money has been left to your organisation in a will.
- **Fundraising events, auctions, lotteries.**
- **Earned income/income generation** - this is money you are in control of - you're not reliant on boards approving this flow of income into your organisation and the more of it you have, the greater freedom you have with how you can use and spend your money. When I ask peers who work at trusts and foundations what they would do in our shoes as the fundraisers the response is often - generate as much of your own income as you can - it gives you more freedom, means you're less reliant, more sustainable and paints a better financial picture when you are asking for grants or donations. Some examples of earning or generating income include ticket sales, merchandise or hiring out your spaces.
- **Investment/credit.** Depending on the type of work you do and the rate of growth, you may wish to consider investment (such as a specific, timetabled investment with an anticipated ROI for the investor in the form of a financial or social return). Or credit could be right for you in the form of a charity-friendly loan or an overdraft which may be a consideration if you need cashflow but can see how you will be able to pay it back over a given period. Make sure you consult an independent financial consultant or expert in this area to ensure you have relevant advice before taking any action here.

- Also consider whether there is any money you could save, such as moving to cheaper office premises

Just remember that the biggest funders of arts and heritage in the UK are public funders dwarfing all investments made by trusts and foundations, individual donors and sponsors all put together. So it's always surprising to me when fundraisers focus purely on sponsors as there is less money here and it is a harder ask. The odds of success will be higher if you are approaching public funders because they have the biggest pot of money to give, even with the major cuts that are happening. Most trusts and foundations have clearly articulated what they would like to fund, which makes your job easier. Individuals and sponsors have generally not ring-fenced a set pot of money for you to ask for, so you have to work harder here before you can get near any money. Your connections and networks will be vital in helping you reach any individuals or corporate budget holders. It's not impossible without them but your job will be harder and take much longer.

11. Research



Once we've identified the potential sources of income, we need to delve deeper to identify specific targets in each area that we can approach. Through our SWOT and risk we'll be able to identify which potential sources are right for us. So we'll be doing research into the areas that work for us.

There's little point doing hours of research on corporates in our area if we've no track record of sponsorship and no sense of what we can offer them or what they want from an arts or heritage partnership. That doesn't mean we should rule them out completely, more we should undertake R&D that is relevant and appropriate to the amount of money it might convert at each stage in our strategy.

We should be exploring and using:

- Our fundraising history, as outlined in the audit section
- Guides or directories such as the Directory of Social Change's *Guide to Grant Making Trusts*
- Online research - many funders will not only share information about themselves but give information on and signpost you to other funders
- Word of mouth/your own networks - these will be vital to opening doors
- Phone calls if you cannot find what you need to make informed decisions about a fund or funder and whether it's right for you don't be afraid to pick up the phone you'll save your time and theirs (providing you have checked their website first or you will get off to a bad start asking questions you could have answered yourself online!)

- Similar organisations/projects to yours; if they are a registered charity you can see their accounts on the Charity Commission website and see how income and funding comes into their organisation. You can check their website for a list of funders.

Once we've worked out where to look, what do we need to find out? We'll need to know:

- Funder aims (why they give money)
- Funder remit (schemes, parameters, eligibility)
- Timescales (how long is the process, when are the deadlines)
- Award amounts (don't pitch too high - if their average grant is £10k it is unlikely they'll give you £50k if you have no relationship with them).

Research really is the key to successful fundraising. It is labour intensive, but really vital. A strategic approach to fundraising in this way will increase your chances of being successful. This research phase will help you identify specific targets in each area of your strategy. So for example you might find ten trusts that are a good fit for your work and this would feed in to your action plan.

12. Clarify Resources

Once you've delved into identifying the types of funding that warrant your investment, you'll need to consider what resources you have to convert the potential.

- **People** - consider not just your fundraisers but your artistic team - who are often the best people to communicate the passion for what you do - your board if you have one, your volunteers, your audiences, your ambassadors, advocates and allies - how can all this energy and warmth for what you do help with your fundraising efforts?
- **Time** - is vital for fundraising success - from three perspectives. Firstly the time it takes to reach a target. I often get asked to help organisations with their fundraising but it has often been left far too late. We need to be realistic about the size of the shortfall and time available to fill it. Secondly the staff volume of days to do fundraising needs to match the size of the task. If you only have an AD doing one a day week on fundraising, alongside everything else on their list, a target of £500k will remain just a target rather than a reality. Thirdly the amount of time between submitting applications and your event starting. It's not unusual for funders to take 3-6 months to turn applications around - if there is not a long enough lead time you will come unstuck and your application is unlikely to be successful.

- Consider the fundraising **Expertise, Skills and Experience** you have in your organisation or your fundraising team - does it match the potential you have identified and the job that needs doing? If not what will you do about it?
- **Budget** how much are you investing in your fundraising is an important factor. Many charities investing £25k a year in a trust and foundations fundraiser would expect a x 10 return ie income generated of £250k. This varies from charity to charity as some may be harder to fundraise for but this kind of % return on investment made can be a useful indicator. You may also wish to allocate a budget for materials, events and tickets to help with your fundraising efforts.
- **Space and venue** - what do you have that you could use for fundraising events or how can you get people inside and maximise the space available to you.
- **Image, audio, film** - often visual images, whether still or moving, can be highly effective at telling our story as can audio and sound - make sure you use these over words wherever you can.
- **Toolkit** - what do you have that you can use as fundraising ammunition? We'll explore this in detail in the next section.
- **Good news** - now is the time to share it - events, people, quotes, case studies, whatever is working, share it regularly and widely with your circle of stakeholders and supporters - they're part of your family so make sure they feel like they are. A Christmas card every other year is not going to cut it!

13. Toolkit

As well as capacity it's also important to consider what tools you need to do the job properly. Do you have an effective and easy to use **database**? A lot of potential interest can be wasted if you don't manage your records well. Do you have the right tools to promote what you do?



- Relevant **social media** networks and plans
- The right spread of **printed materials**
- Are you maximising use of and driving traffic to your **website**?
- Are your tools getting you the right level of **reach and impact**?

- Do you an appropriate range of **events** and sharings for funders, donors and supporters to engage with and better understand your work?
- Do you offer different **ways to give** to maximise donations?
- Are you using relevant **case studies and quotes** to help you make the case?

You wouldn't go to an interview without your CV or references so don't go looking for supporters without the information and ammunition you need to convert a donor or funder!

14. Making the case

Once we know who we're targeting we need to work out what we're telling them and why.

- **Why that funder or donor?** The most important thing to consider is why them? We could ramble on about ourselves but they may soon lose interest. We want to draw attention to why we're right for them based on their giving history and the beneficiaries they wish to reach.
- **Keep it simple** - may pitches are overcomplicated - tell it how it is but **use the passion** and excitement for what you do.
- Refer back to **your vision** - tell the story of where you are heading and how they can be part of that journey.
- **Demonstrate the need - who wants this work and why? How will they benefit?** How much do you need to deliver it? You'll need to be clear as there will be a high demand for limited resources. Prove your project will make a difference and how their money make a difference. Prove your project is the best way of addressing the need – what are the alternatives?
- It may also be useful to reference how will you work with **partners** and demonstrate your **track record** and **credibility** in delivering similar work.
- Make sure you **get creative!** You are in the creative industries after all!

15. Hey big spender



Think about the times in your life when you'll part with large amounts of money; buying your first car, funding a place at college or university or buying your first flat or house. You're unlikely to go ahead without seeing or experiencing what you are buying first.

Keep this in mind when fundraising - the better job you do at getting people inside your organisation - whether literally or through a film, photo or audio - the more likely they are to fund you!

Experience and reputation are key, as is your track record of delivering high quality events.

16. Creating an action plan

Reflecting on all of the above, put your key findings into a summary plan ending with clear actions. Make sure your fundraising target includes reference to whether monies are for core or project specific costs and, if successful, restricted or unrestricted ie for a particular use or purpose or free for you to use as you see fit.

Make sure all your objectives are SMART ones:

- **S**pecific
- **M**easurable
- **A**chievable
- **R**ealistic
- **T**imetabled

17. The Funding Matrix part 1

| | |
|---------------------------------|---------------|
| TARGET - £105k | |
| | Amount |
| Trusts & Foundations | |
| One Large Trust | 25000 |
| One Medium Trust | 10000 |
| Smaller T&Fs x 2 | 10000 |
| Total T&F | 45000 |
| | |
| Public Funders | Amount |
| ACE | 15000 |
| Awards for All | 10000 |
| Total Public | 25000 |
| | |
| Individual Donors | Amount |
| £5k x 2 | 10000 |
| £1k x 5 | 5000 |
| Total ID | 15000 |
| | |
| Sponsors | Amount |
| Corporate | 10000 |
| Brand | 5000 |
| Members Scheme | 5000 |
| Total Sponsors | 20000 |
| | |
| Total Potential Income | 105000 |
| Conversion Needed | 100% |

Okay, so we've worked out what our target is and where the money will come from. Simple. Here's how we're going to reach our target of £105,000 across four different types of income. We can sit back now we've done the hard work. Or can we? Turns out we were up against some very stiff competition at ACE and our bid has been turned down. Both our higher level donors have been wooed off by other charitable causes. On the same day we get a "no" from the large trust we were banking on our corporate sponsorship contact changes jobs and that lead goes cold so after feeling quite confident, we're left with a potential income of £45,000 against a target of £105,000 and nowhere else to go.

18. The Funding Matrix part 2

| TARGET - £105k | | | |
|---------------------------------|---------------|-----------------|--------------------|
| | Amount | Apply by | Decision by |
| Trusts & Foundations | | | |
| Large T&Fs x 4 | 100000 | Mar-15 | Jul-15 |
| Medium T&Fs x 8 | 120000 | Mar-15 | Jul-15 |
| Smaller T&Fs x 10 | 20000 | Mar-15 | Sep-15 |
| Total T&F | 240000 | | |
| Public Funders | | | |
| | Amount | Apply by | Decision by |
| ACE | 35000 | Mar-15 | Jun-15 |
| Awards for All | 10000 | Mar-15 | Jun-15 |
| Heritage Lottery Fund | 25000 | Mar-15 | Jun-15 |
| Total Public | 70000 | | |
| Individual Donors | | | |
| | Amount | Ask by | Decision by |
| £10k x 2 | 20000 | Mar-15 | Apr-15 |
| £5k x 4 | 20000 | Mar-15 | Apr-15 |
| £2k x 5 | 10000 | Mar-15 | Apr-15 |
| £1k x 10 | 10000 | Mar-15 | Apr-15 |
| Total ID | 60000 | | |
| Sponsors | | | |
| | Amount | Apply by | Decision by |
| Corporate | 25000 | Mar-15 | Jun-15 |
| Brand | 10000 | Mar-15 | Jun-15 |
| Members Scheme | 15000 | Mar-15 | Jun-15 |
| Total Sponsors | 50000 | | |
| Total Potential Income | 420000 | | |
| Conversion Needed | 1 in 4 | | |

So to ensure we have a realistic hope of reaching our target, we need to be applying for a lot more than we need, recognising that not every bid or approach will be successful. We also need to put a timeframe on both applying and decision making so we can tally this with our workload and our cash-flow. This 2nd grid shows we need a conversion rate of 1 in 4 to be successful. If we get more money than this we can talk to funders about using their money to expand services, programmes or develop new ones. There is no exact science and a lot will depend on type of work you do and where or who you apply to. Some organisations I work with have a hit rate of 70% whereas others are converting 10-20% of all they apply for - this does not mean they are bad at fundraising - it just means the work they do is not as

fundable or as relevant for funders when compared with other types of activity. You could argue there is a lot of wastage here - ie you'll get 75% no's but it is the best way of making sure you get the 25% you need. As you get more experienced at fundraising, get to know your funders and better understand your USP as an organisation, your hit rate should start to improve and you can use this intelligence and your fundraising resource in a more targeted way.

19. Monitoring and evaluation



Now you are ready to start fundraising but it is vital that we monitor and revisit your plan along the way

This allows you to consider and evaluate what's working and what's not and adapt your plan accordingly.

Especially in relation to reaching your target which is vital and why you are reading this guide!

20. Go forth and fundraise

Just remember to **be passionate** about what you are trying to achieve - although if you need reminding about why it's good you are going to find fundraising hard. Understand why it is relevant and right for whoever you are approaching - **find the synergy**.

Be distinctive in your field and maximise all your organisational and personal **connections**.

Above all **enjoy it**, no-one will give to a miserable fundraiser and **be creative** - make sure you use the creativity of your sector to your advantage.

Good luck!

What is the single most important thing you've taken away from this guide today? How can you use that in your role?

What can you share with your partners, staff, team or organisation?



What's your fundraising target again!? Write it down and use the matrix to make sure you reach it!

About CultureHive

This guide was produced as part of CultureHive, a free knowledge hub where you can discover and share best practice in cultural marketing and fundraising. Visit culturehive.co.uk for more great resources.