



Developing a Fundraising Strategy

Why have a strategy?

Your organisation has always managed to get by from one year to the next. You've had a close relationship with one major funder and there is no reason why this shouldn't continue for the foreseeable future. So where is the benefit in spending valuable time devising a strategy? Experience shows most of us are happier in the often mistaken belief that things will just continue as they always have.

Fundraising is like just about everything else that managers and management committees are called upon to do in running the organisation successfully. Think of fundraising as being an important element of your forward plan. Whether it's a new outreach programme, continuing professional development or capital spending on maintaining the physical fabric or making alterations to comply with the Disability Discrimination Act, you need to plan ahead for successful implementation. How can you draw up a plan without considering options and making choices at the outset? You are being sucked into strategic thinking whether you like it or not.

So where to start? The first step is usually to look at the current situation:

- Where are you going? Can your requirements really remain the same for years to come or shouldn't you be planning for expansion and improvement, perhaps dictated by new regulations?
- What are the main sources of your income? Statutory funding, a Lottery or foundation grant, admission charges, retail sales, subscriptions and donations, fundraising events? Some of these will be time limited or capped

with annual increments, but others could (with extra time and resources devoted to them) grow in importance. Which are they?

- Look at the resources you have in-house. Are you able to find staff time to develop new fundraising sources? Might it be appropriate to call on volunteers or Friends? Or have you considered bringing in a professional fundraiser?
- Not everything you do will be a complete success. Can you measure risks against potential benefits? Try to prioritise.

So many questions! This factsheet and others in the series are designed to help you to find some answers. But even by asking the questions you are already taking the first steps towards an action plan.

Sustainable thinking

Planning for the future is not just for finance officers and senior management: it should also involve your management committee/trustees who should have plenty to contribute to the “blue sky” thinking at the heart of all strategic planning. If your strategy for future funding is to be far-sighted there should be people involved who are not afraid to ask “What if?” and think the unthinkable.

Your aim is to develop a more predictable and growing income structure that will enable your organisation to face the future with more confidence. This new sustainability involves a three-pronged approach:

- Planning: moving from the big picture down to more focused organisation issues, setting action targets, allocating budgets and resources for new initiatives;
- Earning: finding ways of reducing dependency on one major funding source and diversifying into new areas of income generation;
- Fundraising: once the most promising sources have been identified, implementing the best ways of tapping into them.

Analysing your position (SWOT and PEST)

Undertaking a SWOT or a PEST analysis provides an excellent excuse for bringing together trustees and staff in a brainstorming session. These can be valuable both as a dialogue opener and a way of helping everyone to see your organisation as part of the bigger picture.

SWOT is designed to help you to identify Strengths and Weaknesses within the organisation as well as Opportunities and Threats awaiting it in the outside world. It is a useful exercise to do but don't throw away your findings. Revisit them every year or two. It gives a valuable snapshot of how things were at the time.

For example, you may have put under Strengths a well-qualified and experienced staff. Within a relatively short space of time someone could have taken early retirement, someone else might have moved on. Suddenly you have a much younger and less experienced team. Is this still a Strength? Under Opportunities you may have included your prominent position in a busy part of town. A new shopping centre opens or a new traffic system is introduced, and suddenly people are no longer passing the door. Maybe you should have put this under Threats instead.

PEST is a way of identifying external factors such as changes in relevant legislation, socio-economic trends and the advance of technology. These are on the whole trends and changes that you will have little power to affect, but awareness and preparedness for them could still impact on your fundraising strategy:

- Political: Both national (Westminster and the Scottish Executive) and local political programmes will contain legislation whose effects may filter down to impact on your organisation. For example, do you operate in an area where there is likely to be increased or reduced public spending?
- Economic: Some overlap here with political, but you should be looking closely at changes in Treasury policy with regard to tax-effective giving and VAT concessions for the voluntary sector. How would you respond?
- Social: Leisure habits are changing and becoming more segmented according to whether you are at the DINKY or Empty Nester ends of the

spectrum. Family attractions with the right mix of ingredients are doing well despite this trend.

- Technological: The threat of ever more personalised home entertainment seems to be growing, but eventually people will tire of playing with their toys and wish for more social interaction. Can you use technology as a bait to attract them through your doors?

Developing the Action Plan

As many people are intimidated by writing a plan as are put off by the demands of thinking strategically. This is strange because planning is something we do all the time whether as family members or as singles with a busy social calendar.

The main steps in drawing up a Fundraising Action Plan are:

- Clarify your objectives: Maybe it's to launch a major appeal for a building project that will take years, or possibly to raise two years wages for an outreach worker in a few months time. You must be now clear in your mind (and the minds of your trustees and staff) why these are priorities.
- Option appraisal: Consider the best way to achieve each objective given the constraints that exist. Try applying SMART measures (see Successful Applications) to the options you are considering.
- Identify all the activities involved: There will be a need for plenty of preparation (pre-implementation is nearly always underestimated) and implementation will then need to be carried out in the most effective sequence. Bar or Gantt charts will be useful here.
- Quantify resources: At this stage you should be able to cost more precisely what you will need to maximise your chances of success. Beware of cutting costs unrealistically: you will need to speculate in order to accumulate. You will have already considered the likely risk:reward.
- Allocate tasks (implementation): This is where the diaries and schedules come out and everybody discovers what they are expected to achieve. Bear in mind that implementation may be split between in-house and contract staff (fundraisers, consultants etc) which may require more frequent progress reviews.

Measuring effectiveness

This is a specialist area in its own right. The main point to be made is that you should have some way of measuring how effective your fundraising strategy is proving. Ideally you should be costing the effectiveness of each strand of your fundraising programme, but this assumes you can separate staff and resource costs into neat compartments which is not often the case in practice.

“Effectiveness” is a slippery term to define. At one extreme it will measure the ratio of your costs to your returns (i.e. cash in the bank) after a certain set period, say a public appeal over a month. You then come up with a percentage figure that can be compared with other FR strands. At the other extreme you might have a legacy campaign which shows no bankable return after a year or even five years but then produces a windfall.

There are various mathematically sophisticated measures of FR effectiveness doing the rounds. The important thing is to choose one that you believe measures what you want measured and stick with it for a few years at least. Through imminent changes in legislation and greater public demand for transparency in voluntary sector finances, organisations will need to devote ever more attention to this area.

Further Information:

SCVO

The Mansfield Traquair Centre

15 Mansfield Place

Edinburgh EH3 6BB

Tel: 0131 556 3882

Website: www.scvo.org.uk

MULLIN, Redmond

Fundraising Strategy. London, DSC, 2002

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County House 20/22 Torphichen Street Edinburgh EH3 8JB

Tel 0131 229 7465 Fax 0131 229 2728

E-mail inform@scottishmuseums.org.uk

Web <http://www.scottishmuseums.org.uk>

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