

# An Introduction to Resource Mobilisation

Developed for



By The Resource Alliance

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## Fundraising/ Resource Mobilisation

*In this manual, the terms 'fundraising' and 'resource mobilisation' are used interchangeably. However, the term 'resource mobilisation' encompasses more than raising funds, and includes gaining support from the local communities including time, expertise, volunteers and gifts.*

# 1. Organisational Readiness

Before we go into learning about raising more funds however, the following are some critical areas that each organisation must have, or consider developing in order to build a strong base from which to begin their fundraising activities.

## 1.1 Understanding Organisations: Definitions of 6 Key Terms

**Identity:** An organisation's understanding of its place in the world

- Who it is
- Its place in society
- Its belief that it can have an impact in society
- Its right to and responsibility for mobilising resources through shared values and to use those resources to help others
- Its commitment to help others

**Values:** What the organisation believes in

- The underlying principles, norms and beliefs that guide the organisation in how it behaves and acts

**Culture:** The way things are done in the organisation

- This includes the organisation's style, feel, values (stated and hidden) and attitudes

**Vision:** The organisation's view of how it would like the world to be

- Its hope for "reality to be" ( as opposed to "the reality that is")

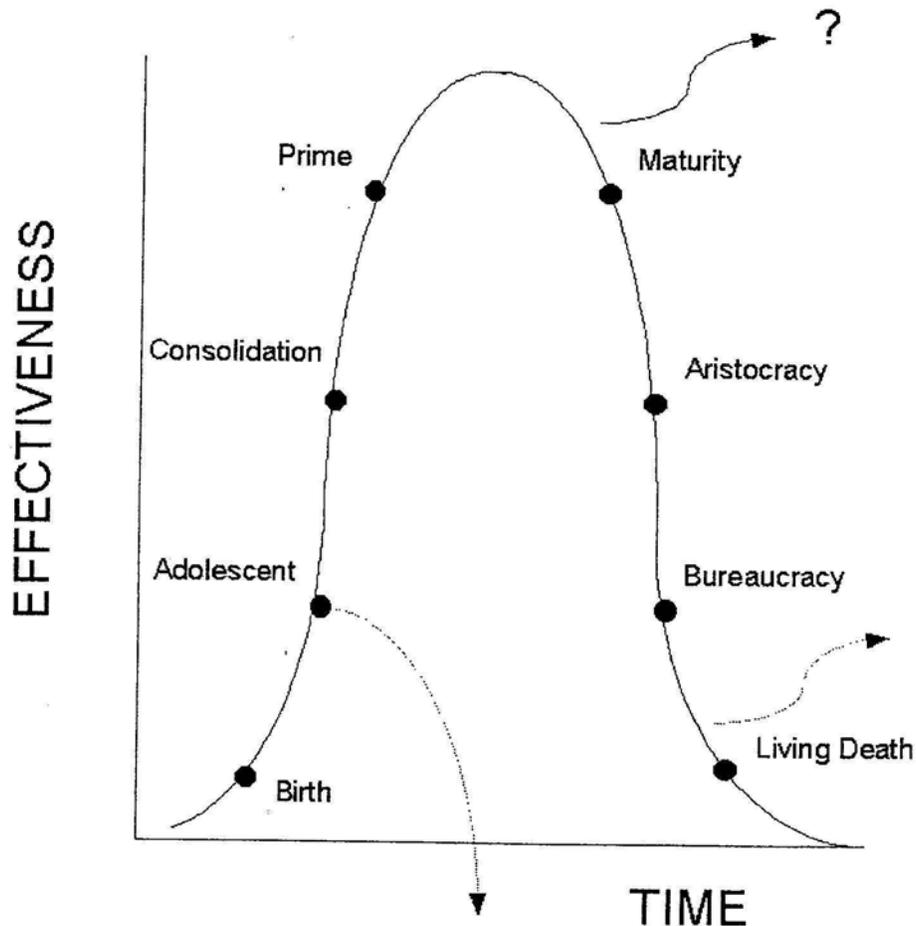
**Mission:** An organisation's reason for existence

- Its fundamental purpose; describes in general terms how the vision will be pursued – what does and does not do

**Strategy:** The best options to guide an organisation's use of resources (both human and financial) to pursue its stated mission

- The leverage points where the organisation's activity will have the most impact

## 1.2 The Organisational Life Cycle



Stage in Life Cycle	Potential Danger	Solution
<b>Infancy</b> The organisation has been born! Only very basic policies/systems are developed at this stage. The NGO lacks experience (no track record). It is opportunity driven. Very vulnerable to change in the external environment.	'Infant Mortality'	Funding Inexpensive support from other NGOs
<b>Adolescence</b> Finds many more opportunities for	Founder's Trap: smothering the newly emerging organisation	Sharing responsibility with other members. Learning to prioritise.

<p>diversification but has little experience or prioritising. Everybody knows what everybody else is doing – good communication. Each person shares responsibilities with the others – very participatory</p>	<p>with ‘love’ and preventing it from developing its own independent life. Danger of diversifying too soon and becoming over-stretched. Many start unrealistic ventures is not able to implement.</p>	
<p><b>Prime</b> Strong ‘results orientation’. A balance of self-control, flexibility and responsibility has been reached. Institutionalised vision and creativity in all its work. Strategic approach is strong: knows what it is doing, where it is going and how to get there.</p>	<p>Inward focus may develop. Internal conflict. Reduced commitment. Interest declines. Some doubt may arise about whether the organisation’s priorities are right.</p>	<p>Decentralise decision-making. Diversify activities if necessary. Focus on human development.</p>
<p><b>Maturity</b> Still strong but losing flexibility and creativity. Takes fewer risks and becomes unwilling to change. Provides fewer incentives to visionary thinking. New ideas are received without enthusiasm. Lower expectations for growth. Starts focusing on past achievement instead of future visions. End of growth period and start of decline (watch for signs to take corrective measures).</p>	<p>Lack of Vision</p>	<p>Renewal of Vision</p>
<p><b>Aristocracy</b> Greater proportion of budget spent on administrative control systems. Emphasis on how things are done rather than what and why things are done. Low internal innovation. Decline of performance. Formality at the expense of functionality.</p>	<p>Stagnation</p>	<p>External Shake-up</p>

<p><b>Early Bureaucracy</b>  Much conflict: focus internal battles.  Emphasis on who caused the problem rather than what to do with problem.  Members do not feel responsible for what is happening.  Performance declines.  Concerns are not directed for growth of organisation but survival or self-interest of individuals in the organisation.</p>	<p>Lack of Credibility with constituency.  Search for ‘scapegoats’ (people on whom to blame the organisation’s problems whether or not they are responsible)</p>	<p>External consultant may be required to take a look at almost all aspects of organisation. Shedding Senior Staff may be necessary.</p>
<p><b>Bureaucracy</b>  Nothing of any importance gets done.  Dissociates itself from its environment and focuses mostly on itself. Makes it difficult for outsiders (especially constituents) to gain access.  Only remaining systems are administrative rules and regulations.  Members know the rules but do not know why they exist – they only answer “it is a policy”.  Unless revived, death is imminent.</p>	<p>Lack of Activity  Red Tape</p>	<p>By this time death may be the best solution.</p>
<p><b>Living Death</b>  Organisation expires (either quietly in its sleep or painfully if the members are not prepared to move on).</p>	<p>May not accept that death is near.  The earlier lessons from the organisation may be lost.</p>	<p>Someone to provide a fitting funeral and mourn the organisation’s demise.</p>

Source: INTRAC Training, *Organisational Development Models*, [www.intrac.org](http://www.intrac.org)

### 1.3 The Sigmoid Curve

Charles Handy uses the idea of the 'sigmoid curve' to explain what is also called the organisational life cycle. The sigmoid curve is the simple S-shaped curve which could be said to sum up life itself as well as the life story of empires and organisations.

Handy argues that the challenge for organisations (and individuals) in a time of considerable change is to "start a new Sigmoid Curve before the first peters out." By starting the process of 'reinventing itself' as the organisation is still on the upward slope



of its first curve, there is still time as well as energy and resources to get the new curve through its initial difficulties before the first curve begins its descent into ineffectiveness or crisis.

Strategy development involves what Handy calls the "discipline of the second curve". The organisation has to make an honest assessment of where it sits on the first curve and then, making the assumption that it will soon be nearing the peak, must begin the process of preparing for the second curve. This is easier said than done because the organisation may well seem to be doing extremely well – achieving its objectives and serving its constituency to a high degree. Many of the organisation's people may argue that it would be foolish to change things which are working so well. However, if the organisation waits until it is on the downward slope, things may already be too late to change and the organisation may slip into demise. The leadership who, at one time would have been expected to rescue the organisation, may now be discredited for allowing things to deteriorate.

It is far better to start the process of change too early than too late, Handy argues. He suggests that the process of challenging the assumptions underpinning the way the organisation currently works and exploring alternatives is valuable in itself. It is this process that both requires and develops strategic thinking or, as Handy puts it, "...[being] skeptical, curious and inventive – attitudes essential at a time of change..." Handy explains that the process of assessing the organisation's current position and exploring alternatives starts with posing questions. "The questions spark off ideas, possibilities, and hypotheses. The best of these must then be tested out, tentatively and experimentally. Finally, the results of the experiments are reviewed."

One paradox of the second curve is that, no matter how successful it was or is, it is essential for the organisation to acknowledge and build on but ultimately let go of its past. Ironically, it is easier for organisations which have been less successful to deal with change than those which have excelled. But even successful organisations should be constantly aiming to improve. The Japanese word for this is Kaizen and it is what has made Japanese businesses spectacularly successful worldwide.

Another paradox of the sigmoid curve is that the new ideas and even new people associated with the second curve have to co-exist with those responsible for the first curve until the second curve is established and is on its upward trajectory. The overlap period is one of confusion and can be a time of conflict.

*Source: Handy, Charles (1991) the Age of Unreason, London: Hutchinson  
INTRAC Training, Organisational Development, [www.intrac.org](http://www.intrac.org)*

## 1.4 Fundraising Readiness Workgroup Checklist

### Long-term Sustainability of NGOs - Organisational Readiness Checklist for Long-term Sustainability

#### 1. Institutional Readiness

- Do you have any formal statements, organisational charter, approved by required institutions?
- Does your organisation have a clear Mission and Vision?
- Can you identify your major objectives and main beneficiaries?
- Is your programme easily communicated and does it produce visible results?
- Are there clear and effective channels of communication between the different parts of your organisation (departments, management, Board, volunteers etc)?
- Does your organisation have a clear and realistic budget?

**OVERALL SCORE: 1 to 10, 1 being lowest and 10 being the highest**

SCORE: \_\_\_\_\_

#### 2. Human Resources

- Is your Board actively involved in driving the organisation forward, and providing support by contributing time, contacts, etc? Do they help in fundraising?
- How many paid employees do you have?
- Do you have clear goals, objectives and development opportunities for your staff?
- Do you have a dedicated fundraiser? If not, who fundraises for the organisation?
- How many volunteers work for your organisation?
- Are your staff and other stakeholders (Board, volunteers etc.,) committed to the objectives of the organisation?

**OVERALL SCORE: 1 to 10, 1 being lowest and 10 being the highest**

SCORE: \_\_\_\_\_

#### 3. Leadership and Planning

- Do you have clear division of responsibilities and decision-making in your organisation?
- Do you have a fundraising strategy for your organisation?
- Do you carry out monitoring and evaluation of your activities and campaigns?
- Are the evaluations of your activities fed back into future planning?

**OVERALL SCORE: 1 to 10, 1 being lowest and 10 being the highest**

SCORE: \_\_\_\_\_

#### 4. Stakeholders

- Do you have a diversified funding base? What are the different sources of funding you rely on?
- Do you communicate regularly with your stakeholders, including beneficiaries? How often do you do so, and in what way?
- Do you use the media to communicate details of your activities and campaigns to the wider public?
- Does your organisation work with partners? What types of organisations, and in what capacity?

**OVERALL SCORE: 1 to 10, 1 being lowest and 10 being the highest**

SCORE: \_\_\_\_\_

#### 5. Case for Support

- Does your organisation have an existing case for support?
- Does your case for support describe:
  - Your organisation's Mission and Vision
  - The problems/causes your organisation addresses, and the strategic solutions to these problems
  - Your organisation's beneficiaries
  - Your organisation's financial and resource needs
  - Your programme or services, and how your mission will be fulfilled and your vision advanced when you receive the resources you need.
  - Describes how the support you're seeking will help you achieve the specific objectives you've identified.
- Do you adapt your case for support for each campaign or donor prospect?

**OVERALL SCORE: 1 to 10, 1 being lowest and 10 being the highest**

SCORE: \_\_\_\_\_

## 1.5 Assessing Fundraising Readiness

Your ability to successfully raise funds for your organisation relies in turn on your organisation's ability to support and sustain these same fundraising activities. There are six key areas which you should look at to help you assess whether or not your organisation is ready to support these activities.

Below is a checklist of the things which you need to ensure that your fundraising efforts are successful – in areas where you have only a few checks, you have more work to do before you are ready to raise funds effectively. On the other hand, areas where you have a lot of checks are where you have helped to place your organisation in a strong position for fundraising.

### **Do you currently have a fundraising plan?**

A fundraising plan needs to be long-term (not simply focusing on what strategies will be effective now, but also thinking ahead up to 10 years from now). It should also refer specifically to actions that need to be carried out, with relevant timelines and responsibilities which of the following do you have in place?

- Clearly defined needs for what income is necessary to achieve your organisation's goals and programme.
- One-year goals for each of your income streams.
- A strategy for attaining each of the above goals.
- A calendar of activities and deadlines for up to one year in advance.
- An overall assessment of what fundraising strategies or techniques you will want to introduce, develop or retire over the next five years.

### **What is the size and shape of your current donor base?**

Your greatest resource for development is your existing pool of donors. Accordingly, you need to make sure that you understand the current as well as future potential of your donor base. You need to be able to easily access the relevant details about the people and institutions that support you:

- How many donors do you have for your different income streams?
- How often do these donors contribute?
- For how long have they been supporting your organisation?
- At what level do these donors give? What are the different gifts they have given over the last few years?
- What areas of your work are they most interested in (in particular, the larger the donation the more important this is to track)?

### **Do you have the resources (staff, time etc) to ask your donors for money?**

You cannot raise money without people to ask for it. Money will only appear if you ask for it! You need sufficient human resource to carry out the key task, i.e. asking for money, as well as to organise and manage the process. Which of these do you have in place?

- An active fundraising committee that manages existing fundraising activities and creates new opportunities.
- A board of directors that understands that the fundraising process is a key part of their position.

- A "dedicated core group" of at least 8-10 people who on average give 2-5 hours a month to fundraising tasks (24 to 60 hours per year).
- A group of at least 25+ people who will give 6+ hours a year for fundraising tasks.

**Who's done fundraising in your organisation and what is their level of experience?**

A. \_\_\_\_\_ Years of experience \_\_\_\_\_  
 B. \_\_\_\_\_ Years of experience \_\_\_\_\_  
 C. \_\_\_\_\_ Years of experience \_\_\_\_\_  
 D. \_\_\_\_\_ Years of experience \_\_\_\_\_

- We don't have much experience within our organisation, but we know who we can ask for help in our community.
- We don't have much experience within our organisation, but we know where obtain training and mentoring to strengthen our skills, knowledge, and contacts.
- We don't have much experience within our organisation, but we could raise the money we need to buy help and advice if we need it.

**Do you have the physical and human resources needed for tracking your donors, managing the money, and thanking donors?**

Attracting new donors is never easy, and takes a lot of work. Nor is it easy to keep encouraging those donors to continue to give to your organisation. To make the most of your list of donors over time, you need some key administrative resources in place. Which of the following do you have?

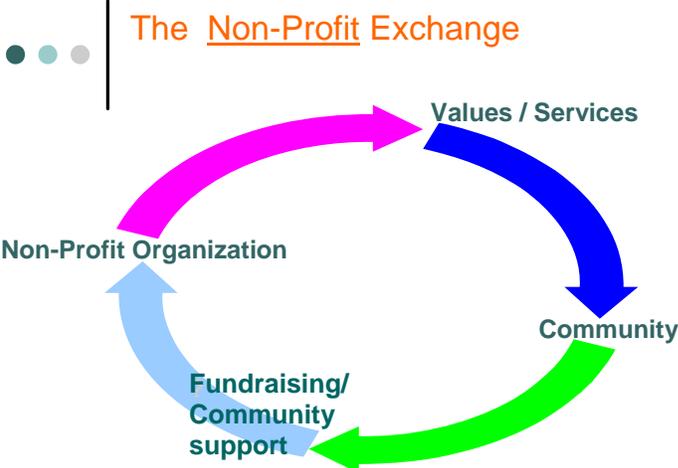
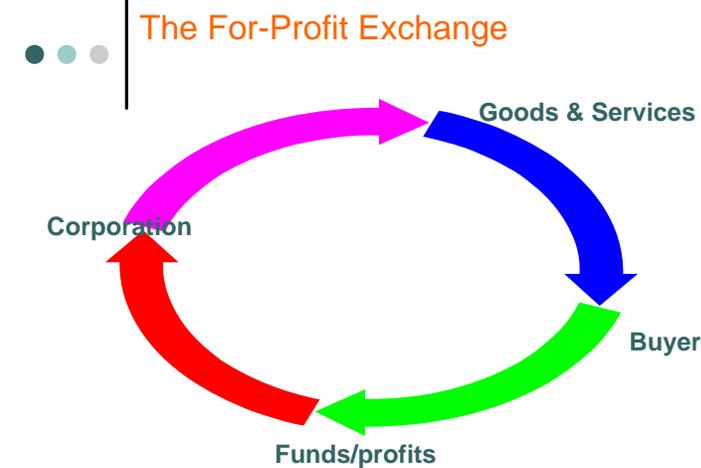
- We have a data base which can track our donors' information and giving history.
- We have a financial management system that deposits cheques within 3 days of receipt.
- We have a system in place that allows us to acknowledge a gift and send a thank you note or letter within 1-3 days after receiving it.
- We communicate regularly about our activities with our donors (newsletter, special mailings, an annual report, etc).
- We have defined other benefits for our donors (we know what they want or expect and we give it to them).
- For major donors, we know their specific interests and we work to communicate with them on the phone or in person 1-3 times per year.

**Do you have a system of Cultivation and Stewardship in place?**

- Prospect research – are there adequate time and resources committed to donor/prospect research?
- Cultivation strategies – is there a programme in place to build donor relationships?
- Communications – how does the organisation communicate with its various publics?
- Recognition – is there adequate donor recognition given?

# 2. Understanding Fund Raising

## 2.1 Introduction to fundraising



The difference between a profit and not for profit organisation is where they get their funds from. A corporate (for profit) sells good and makes a profit, which is shared with the shareholders. In a non-profit the community supports the work of the organisation and that is used for services and projects for the beneficiaries.

## What is Fundraising?

Fundraising is best defined as the art of getting people to give us what we want, when we want it and for an identified charitable/development purpose. Fundraising in itself is not a charitable activity but organisations invest time and resources to raise finances to expand their strengthen their activities. Our ability to raise resources is a tangible manifestation of the strength of our relationship with our natural community of support. It is a management process of identifying those people who share the same values as your organisation and building strong, long-term relationships with them.

To unpack the above, fundraising is:

- Understanding, defining and communicating all dimensions of the need
- Informing, motivating, and facilitating giving
- Engaging and involving donors as stakeholders and investors
- Maintaining donor relationships based on shared values

Most importantly fund raising is also the art of working with people to help them achieve their most cherished hopes for a better life for humankind by making available to them opportunities to invest in the excellent work we do.

## Why do we raise funds?

We raise funds to develop an effective infrastructure for resource development through an appropriate mix of techniques and funding sources in order to ensure long-term financial sustainability. Fundraising complements and strengthens our organisational activities. We are able to develop new programmes and existing ones. The expectations of our beneficiaries are increasing both in terms of quantity and quality and to effectively render services to them we need increased funds.

In the present situation where the pie for international funds is getting smaller and the number of players wanting a piece of a pie is increasing, competition for the resources increases, making the existing fundraising stream more vulnerable. These factors necessitate organisations to have a diverse resource base which is not improves the financial health of the organisation but also enhances credibility and status which in turn helps increase our support base.

## The 5 Income Partners

The five sources of income for any not for profit organisation are the following

- **Individuals** and associations of individuals. Individual donors could include Trustees, volunteers, staff visitors, vendors and suppliers, members of social clubs such as Rotary and Lions Club, first time, repeat and long term donors.
- **Companies** which include national and multinational companies, small and medium businesses, shops and restaurants
- **Foundations and trusts**- international grant making agencies and national trusts and foundations.

- **Statutory or Government-** national or local Government, bilateral and multilateral funding
- **Earned Income** through fee for trainings, consultancies, charge for services, sale of products and earnings on investments.

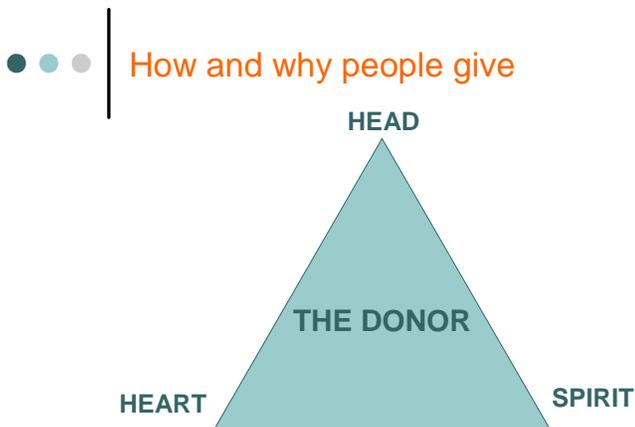
### What do they give?

- Money
- Time and expertise
- Goods or in kind donations
- Voice especially in advocacy initiatives
- Influence
- Information

### Motivations for Giving

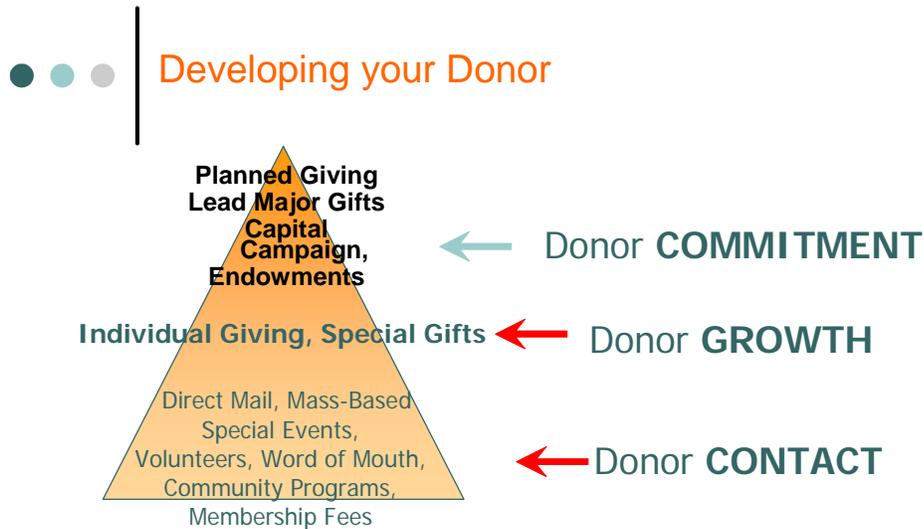
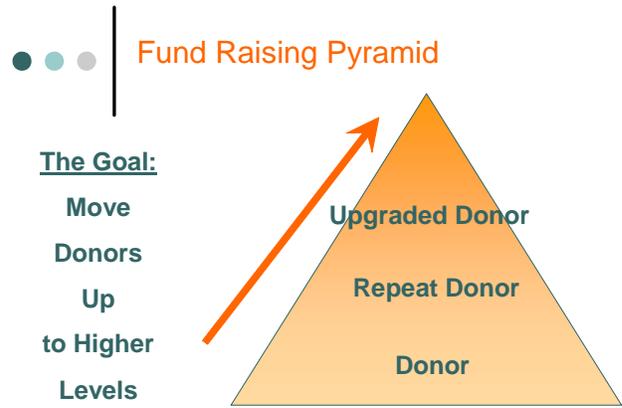
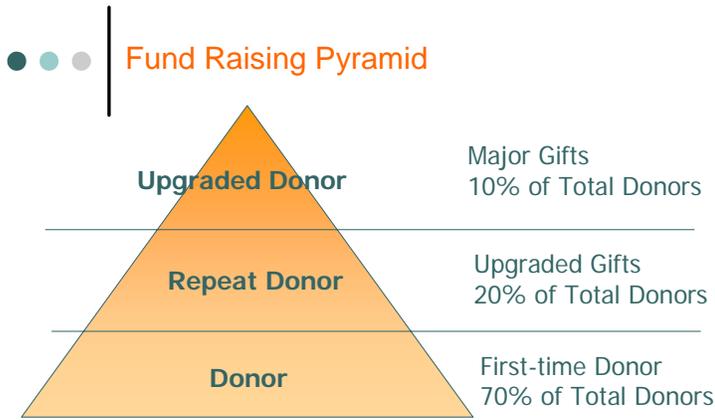
People give for a variety of reasons. They give to provide others an opportunity to support the disadvantaged and to relieve human misery thereby making the communities a better place to live in. People give to credible organisations that are known to be doing good work and the feeling that they can contribute through the work of this organisation to make the world a better place is what often motivated them to give. Organisations that work with causes or issues that the potential donor has been associated with or has witnessed a close quarters are most likely to receive support from him. People donate for religious reasons, for availing of tax benefits by giving to those organisations that have this facility and for the abject reason of giving back to the society by supporting and encouraging excellence.

**Most importantly, people give because they are asked!**



People give spontaneously for disasters through their heart and it is usually small amounts. To give major gifts donors, think through several options and considerations such as tax exemptions and other benefits. This means they need to use their head and heart.

For leaving a legacy, the donor needs to spiritually believe in the cause and the organisation.



The donor pyramid illustrates the various stages of donor engagement – from the random enquirer at our organisations to becoming a committed donor and then to one so believing in our cause and work that he provides for our organisation even after his death. The art of fundraising is to motivate donors so they move up through the levels of commitment and investment represented by the pyramid to the ultimate gift. His technique is called donor cultivation and becomes increasingly targeted and personal as the donor moves up the pyramid.

## 2.2 Getting Started

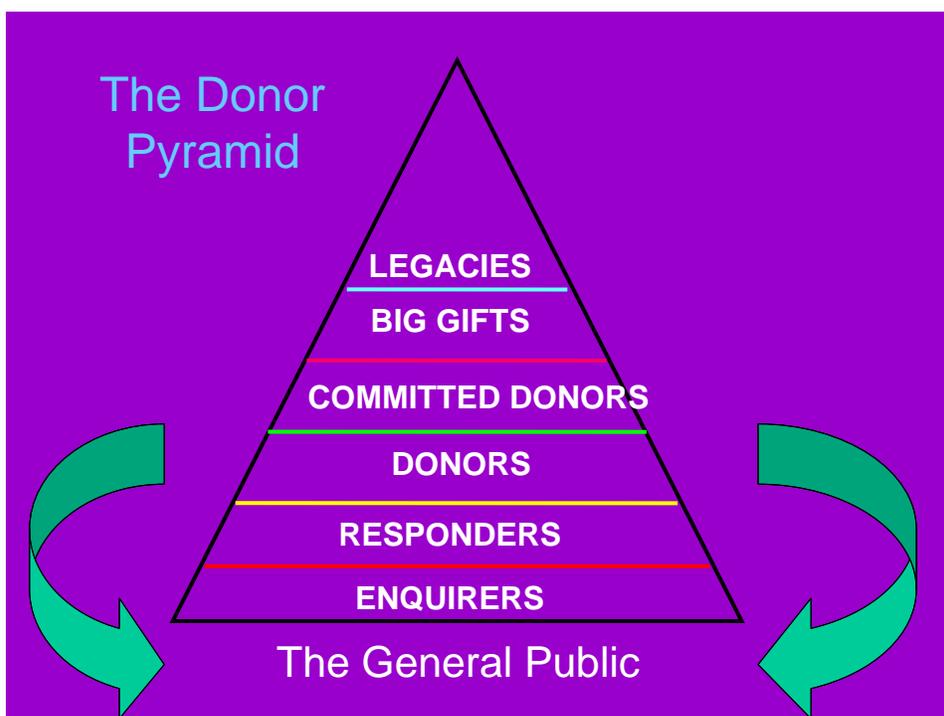
### Principles of fundraising

“Fund Raising is a science. But its rules are more like a rainbow than a formula. You need to paint with the most delicate shades of colours and moods. You will surely become a success if you paint with love and friendship.” Ekaterina Kim, Contacts-I, Moscow

1. Fundraising is not only about money-it's about **friend raising** as well. Fund raising is about building relations.
2. **Communicate the need**- make your case larger than the institution. Show how your organisation contributes towards building an achievable and worthwhile future of the future.
3. **People give to people** – People do not give to organisations or to abstract concepts. They give to people or to help create a better world. By illustrating through case studies the impact of our work we can show the donor how his money is helping us make a difference.
4. Your best prospects are your **existing donors**. This is the power of peer group pressure- using an existing donor to introduce you to others and talking about his own contribution towards your cause is the best measure of credibility for your organisation.
5. **Look for relationships and friends** what organisations look for are people who will give to us regularly and substantially. All the effort to find a donor and persuade them to give will only bear fruit if they give over a period of time and increase their level over time. To achieve this means getting them involved with the work of the organisation and committed to its success
6. **You don't get what you don't ask for!** Some fundraisers do not exploit the opportunities that exist to raise money. Others ask but not effectively. The good fundraiser must clearly ask for exactly what they want having arrived at the decision after considering the donor's ability and willingness to give.
7. **Personalise the approach**. The general rule is that the more personal your approach the more effective you will be. Asking face to face, making a presentation, writing a letter and sending a circular will have a larger impact on donors.
8. **Make giving easy**- facilitating the giving process for the donor by making it least cumbersome should be the route the organisation should adopt.
9. **Creativity and innovation**: Fundraising is about 'selling' an idea, that the donor can make a difference rather than just asking for money. Successful fundraising depends upon your ability to get people to do something to help provide a solution to an existing problem and the more creative and innovative your approach is, the more you are likely to attract donors.

10. **Say thank you!** Saying thank you recognises and values the donor's generosity. Organisations that thank the donor on every appropriate pretext will see this investment repay itself by the level of repeat giving that will be facilitated.
11. **Accountability and reporting back.** When we as not for profits take money from anyone it is our responsibility to see that the funds are spent on the purpose for which they were raised. Failure to do this is a breach of trust. We need also to ensure that the money is well spent, having achieved what we set out to do.

### The Donor Pyramid



The donor pyramid illustrates the various stages of donor engagement – from the random enquirer at our organisations to becoming a committed donor and then to one so believing in our cause and work that he provides for our organisation even after his death. The art of fundraising is to motivate donors so they move up through the levels of commitment and investment represented by the pyramid to the ultimate gift. His technique is called donor cultivation and becomes increasingly targeted and personal as the donor moves up the pyramid.

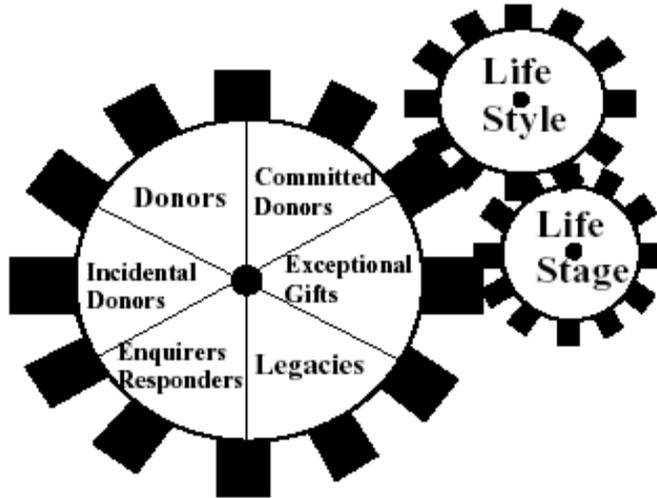
### The Donor Wheel

The donor movement along the donor pyramid is determined by two main factors – the donor life stage and his life style. As is true for all individuals and business houses – there is a life cycle which determines his ability of give. A younger person with the responsibilities of a family will have less disposable income than a slightly senior person with now fewer responsibilities. A company in the midst of expansion will have less

disposable income for philanthropic giving than an established company at its peak. Similarly the organisations a person supports and the quantum of his support can be identified by his life style.

(See Appendix 1 for more information on the Donor Wheel)

## The Donor Wheel



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### Case for Support

The most important tool for any organisation for fundraising and communication is to have a good case for support.

The case for support is a statement that explains in detail why a donor should give to a certain organisation. It states clearly the organisations aim, mission and vision, presents the case for its current programmes while at the same time showing how the new programmes will enrich and benefit the lives of our communities. It demonstrates dramatically the organisation's impact on the community economically, socially, artistically spiritually, and/or historically for today and tomorrow. The case could include success case studies and also a statement of achievement.

It is important to keep in mind while preparing a case for support that it is not a straightforward description of the institution written from the viewpoint of those within. It is also not a list of achievements though that should be included as a part of the case and lastly it is not a public relations document though that could be created out of it.

## What is Case for Support?

- “The case is an expression of the cause, or a clear, compelling statement of all of the reasons why anyone should consider making a contribution in support of or to advance the cause.” Henry A. Rosso, *Achieving Excellence in Fund Raising*
- “The case is a ‘data base’, a compilation of information that will support the preparation of various documents and publications that will explain the organisation’s work.” Henry A. Rosso, *Achieving Excellence in Fund Raising*
- Case for support covers the following key areas about your organisation
  - Who are you?
  - Why do you exist?
  - What is distinctive about you?
  - What is it that you want to accomplish?
  - How do you intend to accomplish it?
  - How will you hold yourself accountable?

## To be effective, the case must

- Be realistic and inspiring
- Create enthusiasm
- Emphasise what the proposed fundraising will accomplish
- Prove the argument that the donor needs to give so that the programme can be achieved
- Reflect the interests and concerns of potential supporters
- Answer the initial questions that any potential supporters might ask

## Functions of the Case

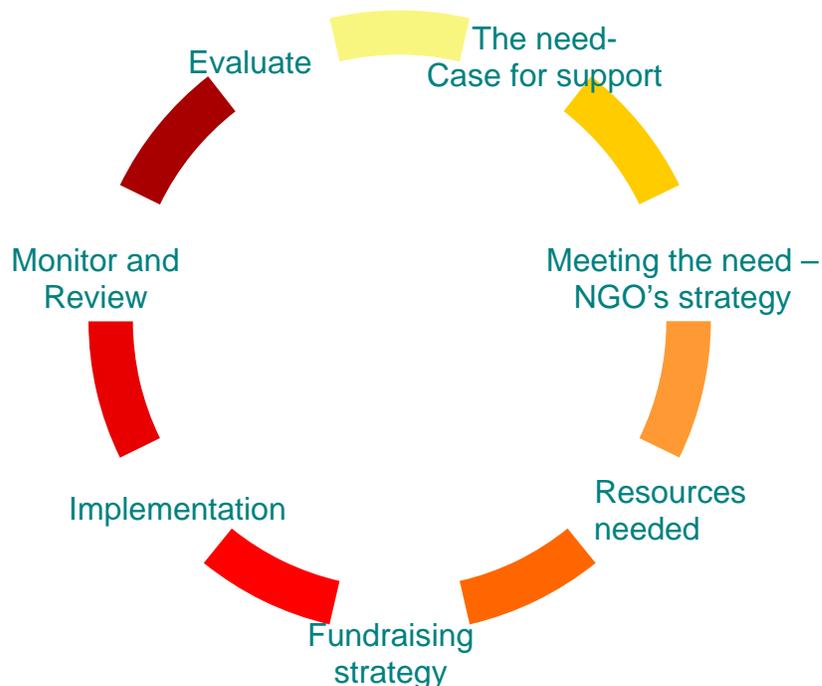
The case for Support serves as:

- **Resource document**  
It serves as a source document to shorter written communications such as press releases, speeches, conversations, special presentations, foundation proposals, fundraising brochures and the like
- **Engagement document**  
It is a major working tool in volunteer fundraising leadership enlistment and training – and for prospect cultivation and solicitation where appropriate
- **Orientation document**  
The case is an effective internal document that builds confidence, motivates and binds not just the staff but also the Board. It defines direction and gives clarity to the organisation thereby creating new opportunities.

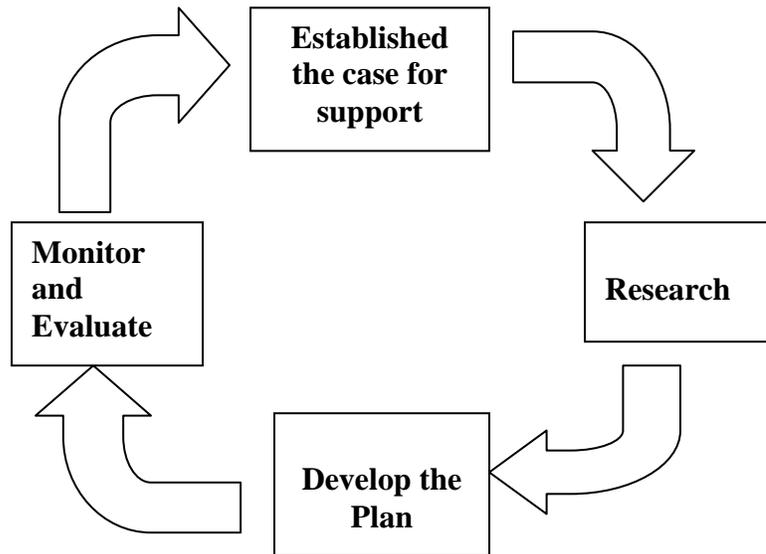
**Important: You always need to be ready to convey your case for support when unexpected opportunities occur!**

## The Fundraising Cycle

The fundraising cycle is a tool used by most fundraisers to help plan, monitor and develop their fundraising activities. The cycle begins with the identification of the need—the case for support. What is the organisation's strategy in addressing that need? What would be the resources required by the organisation to implement the solution it has identified and what would be its strategy to raise these resources, taking into account any internal and external factors that could influence their success? Once the process of implementation of this strategy has begun then monitoring and review of the successes and failures of the strategy should help us in the final evaluation of the strategy we developed for ourselves. The fundraising cycle then begins again; building on successes, minimising failures, developing relationships with donors and identifying new fundraising opportunities to follow up.



The fundraising cycle can also be depicted as:



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The **case for support** is once again the starting point of the fundraising cycle explaining to the donor why he must give to your organisation. The case should contain enough information to the donor to make an informed decision to give to our cause. The second stage is the '**research**' which is essential for the organisation to understand which donors - individuals, companies or trusts may respond to the appeal outlined in the case for support and making sure that their needs are met by choosing the most appropriate fund raising approach. **Planning** and implementation of the fundraising activities to ensure they are adequately resourced, cost effective and efficient and help reduce and manage risks. **Monitoring and evaluation** to understand what lessons have been learnt and how to incorporate the same into our future fundraising cycles to make the activity bigger and better.

### The case for support

This is the key ingredient not only for successful fundraising but for the NGO as a whole. It is the rationale for the organisation's very existence.

Developing the case for support may seem easy, however it can be one of the most difficult things to describe and must answer some basic questions for donors and supporters:

- What is the problem or the need?

- Who does it affect and where?
- How many are affected – how big is the problem?
- Why has it happened?
- What can be done about it?
- What will happen if nothing is done?

The case for support will be covered in more detail in Session III.

### **The NGO's strategy**

Fundraising cannot function without strategic direction from the organisation. The NGO's strategy sets out how the NGO will intervene to meet the need or solve the problem. It is a shared vision of the future with specific and achievable goals, and details of the activities to reach those goals. Activities can be research, campaigning, advocacy, services, or a combination of these.

Activities can be organised through projects. Put simply, a project is "any undertaking with a defined starting point, and specific and measurable objectives". Projects are usually time-bound (have an ending point) and are typically constrained by finite or limited resources.

All projects involve a period of planning (development), a period of "doing" (implementation) and a period of learning (evaluation). A portfolio of projects related to a common objective can form a programme. Programmes and projects are the means used by an organisation to implement its strategy.

### **Resources needed**

Most projects will fall into one of the following types:

Emergency appeals: a project where money is needed instantly to meet an immediate need. These can range from the relief of famine to the need to repair a building.

Capital projects: projects to buy assets for the NGO to do its work, like a building, transport or equipment.

Core costs: funds needed to sustain existing operations, to pay salaries, general running expenses, etc.

New projects: projects the NGO would like to run if it had the funding: a 'wish list'.

Deficit funding: some organisations run on extremely limited budgets and may fall into deficit which could threaten the existence of the organisation.

The rest of the fundraising cycle is covered in Session III, but the basics are:

### **Fundraising strategy**

Developing a fundraising strategy is a similar process to developing the NGO's strategy.

Fundraising activities can be organised using specific techniques. Each technique has specific and measurable objectives, or targets. As with all projects, fundraising is limited by available resources.

- External environment – assessing demographic trends, the social, political and economic climate, and the competition.
- Funding sources and donor audiences – individuals, companies, foundations, government, other organisations.
- Potential for giving – assessing their ability to give and their willingness to give to your cause.
- Techniques – for example events, collections, direct marketing, mail order, sponsorship, adoption schemes, major donor programme, planned giving.
- Methods of approach – for example direct mail, advertising, telephone, face-to-face.

Communication channels – printed material, newspapers, television, radio, Internet.

Communication messages – what can you say about your NGO that sets it apart from the competition.

Fundraising resources needed – administration systems, people, skills, time, and money to invest.

Part of the ‘art’ of fundraising is selecting the techniques, methods of approach, communication channels and messages that will elicit the best response from different donor audiences, and that make the best use of the fundraising resources available.

## **Implementation**

The next stage in the fundraising cycle is “doing” the fundraising. This involves turning the strategy into a fundraising plan with specific objectives and action plans that contain a timetable and milestones along the way to tell you how well the fundraising is doing.

The outline for a model fundraising plan is contained in the Appendix.

An important aspect of the fundraising plan is dealing with uncertainty. This is all too easily missed and can be critical to success. Assumptions and critical factors necessary for successful implementation should be factored into your fundraising plan. This will give you (and your Trustees) a realistic picture of what is feasible. Examples of factors that need to be considered include:

Do you and/or your staff have the fundraising skills to carry out the plan? If not, is there training available, or can you afford to use consultants or hire more staff with the right skills?

Is there a fundraising administration system in place to handle the receipt and acknowledgement of donations?

Are your salaries sufficiently competitive to retain key staff?

Dealing with uncertainty is part of risk management which is covered in more detail in Session III.

Principle of fundraising: What can go wrong, will go wrong unless you plan for it.

As stated above the fundraising plan should contain milestones. How these milestones, or performance indicators, are measured and verified is important. For example:

What measure will you use for response to a direct mail appeal – response rate, total income, or the ratio of cost to income? Will your fundraising administration system be able to collect and analyse information on the response to appeals?

Will the success of your events be measured by how many people attend, the net profit, or the ratio of cost to income?

Principle of Fundraising: What gets measured gets done.

### **Monitor and review**

By identifying the critical factors and the performance indicators at the planning stage, monitoring should be fairly straightforward. Targets and objectives can be assessed against actual performance.

By periodically reviewing actual performance against planned performance, adjustments can be made to the fundraising plan. Targets can be revised – up or down – and resources moved into activities with the best performance, more investment into activities showing potential, and/or rethinking activities showing poor performance. It is recommended practice that reviews are undertaken a minimum of every three months.

### **Evaluate**

At the end of the fundraising cycle, usually an annual process, the fundraising strategy should be evaluated. Evaluation has two purposes: for accountability and for learning and improvement.

*Evaluating for accountability:*

Efficiency – the rate and cost at which fundraising activities result in income.

Effectiveness – performance in relation to targets as set in the original plan.

*Evaluating for learning and improvement:*

Developing staff – identifying training needs

Learning from legitimate error – lessons from unexpected circumstances as a source of knowledge for the future

Reframing strategy - open learning through an exploration of different viewpoints, including stakeholders (donors).

Evaluating the NGO's organisational strategy should run in parallel with the fundraising evaluation. This will highlight where the NGO is succeeding or failing to deliver its stated goals and objectives, the lessons learned and actions for improvement.

There are numerous methods of analysis that are useful for evaluation: problem/objective trees, SWOT, PEST and stakeholder analysis. Not surprisingly, many

of these same methods are used in developing strategy and should become a natural part of the annual planning cycle for the organisation.

### **Essential criteria for fundraising success**

Understanding the importance of the need and the impact a gift will have on meeting that need.

Passion for the cause.

Commitment from every level of the organisation.

Leadership and planning skills

Support from staff or volunteer leadership, including appropriate materials, research and resources.

## **3. Governance, Transparency and Accountability**

### **What is good governance?**

Good Governance is a transparent decision-making process in which the leadership of the organisation, in an effective and accountable way, directs resources and exercises power on the basis of shared values.

### **The Concise Oxford Dictionary describes Governance as**

- 1) the act or manner of governing
- 2) the office or function of governing
- 3) sway, control

### **Governing Boards of Not- for-Profit organisations include:**

- Board of Trustees (in a trust)
- Managing Committee/ Governing Council (in a society)
- Board of Directors (in a Section 25 Company)

### **3.1 Role of the Board**

#### **Role of Boards ( Legal)**

- Funds, properties and assets of the organisation vest in them
- Be acquainted with and advance the aims & objects or mission & vision
- Operate the organisation within the framework of the organisation's own charter and the statutes governing the organisation
- Should not derive personal benefit from the organisation
- Jointly and severally responsible
- Oversee administration and accounts
- Set policy through process of periodic meetings and resolutions

#### **Role of Boards (General)**

- Provide leadership / vision
- Give the organisation a sense of direction
- Set the policy
- Take responsibility
- Hold the organisation together
- Motivate staff
- Mobilise resources
- Build and nurture an ethical, sensitive, motivated and responsible team
- Discourage exaggerated or misleading claims

## Three Types of Board

- 1). Where members are involved with a sense of commitment, purpose and direction and who consider the involvement as a responsibility taken on as a labour of love
- 2). Where members drift in routinely or by hereditary succession, on request of other 'friends' or 'relatives' on the board.
- 3). Where members consider trusteeship and such positions as a ladder for social mobility, gaining contacts, wielding power, gaining publicity and, generally, to further their own interest.

## Board Meetings

- Good meetings are the key to good decision making.
- It is often at the meeting table that the quality of the organisation and its leaders is truly revealed.

## Good Boards

- Have interest in the work of the organisation
- Have commitment to the organisation's aims and objects
- Have reasonable intelligence and competence
- Respected in the community and by all stakeholders
- Have capacity for growth
- Sensitive to change and new issues affecting the community
- Ability to work in concert with others
- Stand up to one's convictions
- Treat staff as partner
- Respect the right of other board members and staff to differ/disagree
- Dissent, if necessary, but accept with grace the majority decision or step down
- Effectively mobilise and properly channel resources

## How Boards can Improve

- By evaluating performance
- Having a strategic plan
- Establishing systems of 'checks and balances' with the CEO and staff
- Moving Board Members who are only there for their "star value", to positions of Patrons or Advisors
- System of rotation
- Agreeing on the organisation's mission
- Focusing mainly on what matters
- Knowing their specific role as Board Members
- Functioning as a team

Boards must learn to GOVERN (macro – manage) MORE

and

MANAGE (micro – manage, i.e., day-to-day routine affairs) LESS

## **Key Areas of Board Responsibility**

### 1). Mission

- To determine, reaffirm, and support the organisation's mission

### 2). Oversight

- Appropriate checks and balances to ensure that the organisation is well managed and its mission is fulfilled.
- Periodic assessment of organisation's activities, as well as its management, to ensure that the organisation is serving the community within its mission.

### 3). Resources

- Resource development - financial and human.
- Governing board members do not need to be financial experts, but they must be diligent about reviewing financial reports.
- Contribute their time, skill, and influence to raising money.
- Developing the organisation's human resources, including the CEO and future governing board members.
- Cultivate potential new members with the specific skills that the organisation might need such as strategic planning, legal expertise, and financial management.

### 4). Outreach

- All governing board members should be an articulate voice for the organisation's mission, values, and activities.
- Members of the governing board provide links to the community in which the organisation operates.

## **The Board and Fundraising by Kim Klein<sup>1</sup>**

The broad purpose of a board of directors is to run the organization effectively. To do so, board members are bound to ensure that an organization is operating within state and federal laws, earning its money honestly and spending it responsibly, and adopting programs and procedures most conducive to carrying out its mission. Among the responsibilities that board members must assume in carrying out the board's purpose is a responsibility for funding the organization. Specifically, the board is responsible for the funding and financial health of the organization. In this respect, board members have two tasks: give money and raise money. More often than not, however, board members are hesitant to embrace these two activities.

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<sup>1</sup> Reprinted from *The Board of Directors*, a publication of the Grassroots Fundraising Journal, Chardon Press, copyright 1996.

The reluctance of board members to take responsibility for fundraising can usually be traced to two sources: 1) board members don't understand the importance of taking a leadership role in fundraising, and 2) they are afraid of asking for money. Board members cannot give themselves wholeheartedly to fundraising unless these two problems are resolved.

The reason that board members must take a leadership role in fundraising is simple: they own the organization. They are responsible for the well-being of the organization and for its successes. Furthermore, their supporters and potential supporters see board members as the people most committed and dedicated to the organization. If they, who care the most about the group, will not take a lead role in fundraising, why should anyone else?

When the board does take the lead its members and the staff can go to individuals, corporations, and foundations and say, "We have 100 percent commitment from our board. All board members give money and raise money." This position strengthens their fundraising case a great deal. More and more, sophisticated individuals and foundations are asking organizations about the role of the board in fundraising and taking a more positive look at groups whose board plays an active part.

### **Not Everyone Has to Ask for Money All the Time**

Board members are often reluctant to participate in fundraising activities because they fear they will be required to ask people for money. It's true that many fundraising strategies require board members to make face-to-face solicitations. This is a skill and thus can be learned, and all board members should have the opportunity to attend a training session on asking for money.

In a diversified fundraising plan, board members can participate in fundraising strategies that do not require directly asking for money. While some can solicit large gifts, others can plan special events, write mail appeals, market products for sale, write thank-you notes, stuff envelopes, enter information into a data base, etc. Everyone's interest and skills can be used.

Board members inexperienced in fundraising can start with an easy assignment ("Sell these 20 raffle tickets") and then move on to more difficult assignments ("Ask this person for \$1,000"). Some fundraising strategies will use all the board members (selling tickets to the dance), whereas others will require the work of only one or two people (speaking to service clubs or writing mail appeals).

Often people who join a board bring two myths with them that hamper their participation in fundraising. First, they feel since they give time they should not be called on to give money. "Time is money," they argue. Second, if an organization has paid staff, board members may feel that it is the staff's job to do the fundraising. Let us dispel both these myths.

### **Time Is Not Money**

While a person's time is valuable to them, it is not the same as money. You cannot go to the telephone company and offer to run their switchboard in order to pay your phone bill. You cannot pay your staff or buy your office supplies with your time. Further, everyone has the same amount of time in a day, but people have vastly unequal amounts of money. Finally, people are rarely nervous to ask someone for their time, but are often

very reluctant to ask someone for their money, though time is a non-renewable resource, whereas money is not.

In training, I often use this example: "If a board member is assigned to call three people and tell them about a meeting on Wednesday night, he or she will most likely do it. If two people can come to the meeting and one can't, the board member does not take this personally and feel like a failure, however, if this same board member is assigned to ask these same three people for \$100 each, he or she will probably be very uncomfortable without training in how to ask for money."

I have conducted thousands of trainings in how to ask for money, but I have never been asked to lead a training on how to ask for time. Comparing time and money is like comparing apples and asphalt. Board members must understand that contributions of time and money are very different, although equally important, parts of their role.

### **Paid Staff Cannot Do It All**

Paid staff also has specific roles in fundraising. These are to help plan fundraising strategies, coordinate fundraising activities, keep records, take care of routine fundraising tasks such as renewal appeals, and assist board members by writing letters for them, form fundraising plans with them and accompany them to solicitation meetings.

Fundraising staff provide the backup needed for effective fundraising. It is clearly impossible, however, for one person or even several people to do all the work necessary in a diversified fundraising plan. Just as it is foolish for an organization to depend on one or two sources of funding, it is equally unwise for it to depend on one or two people to do fundraising.

### **Sharing the Work and the Power**

The final reason for all board members to participate in fundraising is to ensure that the work is evenly shared. Fundraising is rarely anyone's favorite task, so it is important that each board member knows that the other members are doing their share. If some members do all the fundraising while others make policy, resentments are bound to arise. The same resentments will surface if some board members give money and others don't. Those who give may feel that their donation "buys" them out of some work or that their money entitles them to more power. Those who do not give money may feel that they do all the work or that those who give money have more power. When board members know that everyone is giving their best effort to fundraising according to their abilities, the board will function most smoothly and members will be more willing to take on fundraising tasks.

### **Conduct a survey of your Board in relation to resource mobilisation**

The following is a list of skills in relation to resource mobilisation that could be useful in a Board. Assess whether these skills are currently available in your organisation, with whom, and how actively these skills are being utilised to benefit the organisation. You could also put names of persons with skills not currently present in the organisation in the last column. These people could be either inducted into your Board, or be part of an advisory committee.

**Organisation name:**

<b><i>Skills/ experience</i></b>	<b><i>Available (tick)</i></b>	<b><i>Available but not sufficiently used</i></b>	<b><i>Names of new members/ advisors</i></b>
Contact with major donors			
Corporate contacts			
Finance planning			
Frequent travel			
Fundraising experience			
Legal expertise			
Media contacts			
Network of friends			
Programme subject matter expertise			
Public speaking skills			
Strategic thinking			
Technological knowledge			
Other			
Other			

### **3.2 Role of the CEO**

- In non-profit organisations the CEO is usually Chief of Staff.
- Ideally the CEO should not be a Board Member though he/she may be invited at all Board Meetings and participate in the deliberations without the right to vote.

#### **Management Separate from Governance**

- A voting CEO on the Board presents conflicts of interest in core areas of Board responsibility such as CEO evaluation and compensation, hiring and firing and assessment of activities in which the CEO is directly involved.
- Best practice is therefore for the Board to avoid including the CEO, so that the Board can exercise independent oversight and exercise internal systems of checks and balances.
- The CEO develops and implements programs and projects, selects and motivates staff/team and may even develop and propose policy issues for the Board's consideration.
- Ideally the CEO is expected to have vision, substantive knowledge of the field, access to non-profit networks and the interpersonal and administrative skills necessary to translate the organisation's mission into program success.

#### **What is Conflict of Interest?**

- Conflict of interest arises whenever the personal or professional interests of a board member are potentially at odds with the best interests of the non-profit.
- Because public confidence is important to most nonprofits, boards should take steps to avoid even the appearance of impropriety.

#### **Steps to avoid Impropriety**

- Adopt a written 'Conflict-of-interest Policy' that prohibits or limits business transactions with board members and requires board members to disclose potential conflicts.
- Disclose conflicts when they occur so that board members who are voting on a decision are aware that another member's interests are being affected.
- Require board members to withdraw from decisions that present a potential conflict.
- Establish procedures, such as competitive bids, that ensures that the organisation is receiving fair value in all transactions.

## 4. Developing your Resource Mobilisation Strategy

### 4.1 An Introduction to Strategic Planning for the NGO

*'Failing to prepare is preparing to fail'*

*(John Wooden, American basketball coach)*

No matter what their size, all organisations need to plan. Doing so will highlight both the opportunities and challenges it faces. This will not only strengthen the organisation, but will also enable it to deliver more effectively to meet the needs of its beneficiaries.

Planning can be simple and straightforward. It can be a creative process that brings demonstrable benefits. There is a direct link between effective planning and long-term sustainability. As such, it is the first step towards sustainable funding.

#### **Planning in six stages**

Tools for Tomorrow is a planning toolkit. It divides the planning process into six key stages that organisations can work through one step at a time.

#### **Stage 1 - Getting the Direction Right**

Strategic planning is a key driver for sustained organisational effectiveness. The first step in the process is to make sure that the direction in which the organisation is moving is the right one and meets the needs of the stakeholders, including service users and clients who are at the heart of every voluntary and community organisation.

This can be achieved by referring back to the organisation's mission statement and its original vision, ensuring that their values are still pertinent and championed throughout the organisation.

#### **Clarify Mission**

Avoiding mission drift is crucial to keeping the organisation on track and in touch with its service users.

A celebrated tale told by our private sector cousins is that of Jack Welch who, when taking over as Chief Executive of US mega-firm, General Electric in 1981 asked management guru Peter Drucker the single greatest thing he could do to boost the company's ailing bottom line. The answer was simple: 'If you are not the best or the second best supplier of a product or service you should stop providing it!'

No, we're not in the business of business. Nevertheless, broadly there's sense in this for the voluntary and community sector. Building a clear sense of mission means not being all things to all people: it means being very clear about what you can and cannot achieve, prioritising and sometimes saying no, doing something as opposed to trying to do everything...

#### **Consult Stakeholders**

All the relevant stakeholders should be consulted, both internally and externally. Everyone who works in the organisation - including the volunteers - and the service users and beneficiaries need to be sounded out to see where they think the organisation currently sits, where it is going, and most importantly of all, where it should be heading.

### **Reassess Direction**

Reassessing the direction of the organisation should be carried out once every five years or so, unless the environment in which the organisation operates in is changing rapidly, in which case this exercise will have to be carried out more frequently.

Remember, an organisation's mission is the foundation that underpins the track on which the organisation runs, and its values must be firmly embedded in every part of the organisation and throughout its activities in order for it to stay on track.

### **Stage 2 - Environmental Analysis**

When planning, no organisation can ignore the environment in which it operates. It is important, very early on in the planning process, to assess the challenges the organisation is likely to face, as well as the opportunities it may be able to exploit. As part of this, the organisation must also examine their own strengths and capacity. This will impact on their ability to carry out their proposed plans.

#### **The External Environment**

Examine external factors that may impact on your organisation. What are upcoming trends or local changes that may increase the competition to your organisation or provide new opportunities that could be tapped into?

External factors to examine include:

- The Government and emerging policies
- Economic trends
- New government legislation
- Society and demographics
- Clients/beneficiaries and their needs
- Other market players
- Purchasers
- Suppliers

#### **The Internal Environment**

The internal environment, or shape and fitness of the organisation, must be analysed to ensure that any potential inhibitors are visible and appropriately dealt with.

There are many potential internal inhibitors lurking around that might derail an organisation. Things such as any cultural changes that might need to take place in order to take the organisation forward, or training requirements of staff and beneficiaries that need to be addressed to implement the plan, or simply insufficient resources. Being aware of your internal environment is the first step in dealing with them.

#### **Now and in the future**

Environmental analysis should look both internally and externally to the organisation, taking in both the current state of affairs and the likely future. This assessment of what is going on - now and in the foreseeable future - both inside and outside of the organisation should underpin future decision-making.

You will emerge from the analysis of your internal and external environment with a range of ideas about potential future activities and options; and a list of things you could and should be doing now.

### **Stage 3 - Options and Choices**

Stage 3 involves closer examination of the options and choices that have been presented through conducting the environmental analysis.

The analysis of the operating environment will present the organisation with a number of different ways in which to carry out its mission. These options need to be explored so that an informed decision can be made about which actions need to be taken to achieve the desired future. This isn't just about choice, but it is also about priority, feasibility and risk assessment.

What the organisation plans to pursue in terms of delivering projects, activities, goods and services, should be in line with its mission (see Stage 1). Opportunities may seem like a good idea at the time, but if they take the organisation off mission then they could also be going off track.

#### **Priority**

The beneficiaries' needs and how best the organisation can serve them must always remain at the heart of the planning process.

The findings from the environmental analysis will highlight what are the most pressing options facing the organisation; be it forthcoming legislation or a shift in government policy, changing economic climate or simply an increase in the demand for the organisation's goods and services.

These all must be weighed up and prioritised to ensure that the mission of the organisation is being fulfilled.

#### **Feasibility**

Once the priorities have been established, what are the options available in undertaking them, and what are the practicalities in doing so?

The different options available to the organisation will range from whether to provide additional services that were identified in the environmental analysis to offering the services in-house or possibly contracting them out. In order to enhance its services, does the organisation need to expand, and if so, does moving to new premises offer the best long-term option, or can it stay put and use its space more efficiently?

#### **Risk assessment**

Whatever choices are made, a full risk assessment must be undertaken to ensure that the organisation is not unduly over-exposed, both in financial terms and in its ability in providing first-rate goods and services to its users.

Undertaking risk assessment can be done in many ways, depending on what it is an organisation is measuring.

## **Stage 4 - Planning**

### **Putting pen to paper**

Planning, or business planning as it is sometimes called, marks the half-way point in the strategic planning journey. Therefore, it is the ideal time for staff and trustees to take stock, review all the information generated, sort it and get down to the basics of planning the next steps in detail.

One way of doing this is to develop some goals and targets, capture the strategy in some kind of written document and think about the resources required to deliver the plan.

Plans should not be weighty tomes that are complicated and burdened down with graphs and figures, and thus understood by only those who wrote them, but they should be easy to use and contain information that is both proportionate and relevant to the options chosen by the organisation.

At their worst, plans are unduly long, dusty, perfectly laid out bound documents, sitting on shelves never to be referred to again. Plans should be like a novel that is passed from friend to friend, i.e. ending up back on the shelf with 'battered corners'.

### **Suggested headings for a business plan**

- An overview of the proposed scheme
- Why the scheme is needed
- Why your organisation?
- Scheme description
- Scheme outcomes
- Staffing and management structure
- Budget
- Funding and marketing plan

### **Full cost analysis**

A full understanding of an organisation's cost base is fundamental to both its well-being and to its long-term sustainability. Therefore, ensuring that the organisation is able to recover its full costs is crucial to it being able to serve its beneficiaries in the long-term.

This is the stage in the strategic planning journey when pen should be put to paper - starting to turn options and choices about the future into reality, and creating the framework in which the organisation will carry out its work.

## **Stage 5 - Implementation**

In many ways this is the most crucial stage of the strategic planning journey. If the organisation fails to implement the decisions made, all the work undertaken to produce a workable plan would have been for nothing.

One of the most frequent regrets that staff has is that after putting masses of effort into developing a strategic plan, nothing happens. Planning does take time and resources, and to ensure that the hard work and good ideas are not wasted, it is crucial that the plan is fully implemented.

Once decisions have been made about the future direction and the actions needed to achieve the desired future, the actions (often expressed as goals, targets and outcomes) need to be built into the everyday life of the organisation i.e. embedded in the systems and processes of the organisation.

## **Stage 6 - Evaluation**

Evaluating the outcomes and impact of the strategic plan marks the end of the strategic planning journey. But the cycle continues...

### **Taking stock**

Once the strategic plan is firmly embedded throughout the organisation, it is time to take stock and evaluate what works well, and just as importantly, what doesn't work as well.

Progress on the journey needs to be assessed at appropriate intervals to make sure things are on track, heading in the right direction and continuing to achieve the outcomes established at the start (delivering the desired impact).

### **The cycle continues**

The evaluation stage is the ideal time to identify what new activities, services or projects you may wish to undertake, and as such, start the planning cycle again.

### **A quick word on outcome assessment**

Outcome assessment is a way of measuring the benefits of an activity or project based not so much on what has been done as much as what has been achieved.

*The information is from NCVO's Sustainable Funding project website - [www.ncvo-vol.org.uk/sfp](http://www.ncvo-vol.org.uk/sfp).*

*Tools for Tomorrow was developed through collaboration between the [Centre for Charity Effectiveness](#) at Cass Business School, City University and [NCVO's Third Sector Foresight Programme](#).*

## **4.2 What is a Resource Mobilisation (RM) strategy?**

- Strategy helps you identify the activities that you would undertake to achieve your resource mobilisation objectives.
- It helps you map your RM activities for the next few years.

### **A healthy fund raising strategy is one which is:**

- Diversified – with a variety of income sources, no one source providing more than 60% of revenue
- Balanced – balance the different goals of recruitment, upgrading and building long-term source of income
- Mixed (maturity level) – find right balance of different life cycles of fundraising programs against ROI/ratios

### **Why is a Resource Mobilisation Strategy important to an organisation?**

An RM Strategy is important because:

- Involves all key stakeholders & encourages ownership
- Generates support from all stakeholders for RM plans & activities
- Consistency between organisational mission, programme needs & resource mobilisation targets
- Readiness to achieve your new RM aspirations (high probability of success)
- All resource mobilisation activities in harmony
- Optimise investment in resource mobilisation

### **Key stages in developing a fund raising strategy**

- Clarify organisational goals/needs
- Analysis – where are we?
- Generating ideas
- Choosing what to focus on
- Planning and resourcing
- Monitoring

### **Why should someone give us money?**

- The problem
- What you plan to do about it?
- What difference will you make?
- What do you need?

### **Determining your strategy**

The strategic planning process enables you to think through your options, make informed decisions on best approach, plans and next steps, and carefully consider the resource implications. There are number of simple techniques that you can use in strategic planning. Here are four that you might find useful:

#### **1. Ansoff Matrix**

This allows you to consider ways of developing new audiences and using new techniques. Possibilities are:

Continuation – continue to use existing methods and audiences

Market development – developing new audiences using existing techniques

Product development – developing new methods and techniques for raising money from existing audience

Diversification – developing fundraising methods which involve new audiences and new techniques. This is most risky and you will be using an untried technique to involve people with no current involvement with your organisation.

#### **2. SWOT Analysis – ACTON**

Defining the Strengths, Weaknesses, Opportunities, and Threats. By doing this you will be able to develop:

FR approaches which build on your strengths

Avoid those areas of weakness or work on compensating for them  
Seize the opportunities that present themselves  
Develop ways of dealing with the threats that appear on the horizon

### **3. Stakeholder Analysis**

This identifies those funders and agencies with an interest in your organisation's work, and explores reasons why they might be interested in assisting with funding or through supporting your fundraising activity.

It seeks to answer two questions:

Who do you think should be funding you?

What is their interest in doing so?

### **4. PEST Analysis**

This is used to explore the environment in which FR takes place, in order to analyse external factors which may have an impact on the organisation or the FR. PEST examines Political, Economic, Social and Technological environment.

### **Deciding your funding mix, planning your future**

This will require you to display the percentage of your present funding sources and the changes you wish to make to those.

Relate your fundraising effort to your priorities

Here you must relate the importance of income to you to the amount of effort you put in, not just in securing it, but also ensuring that it continues.

Be cost effective

For most FR you should try to aim at a cost ratio between 10% and no more than 25% of the amount raised.

### **Someone has to pay**

Budgeting from where the financial resources will come to support the new initiative is crucial.

### **Measuring Success**

Keeping control of your FR is essential. This can be done by measuring fundraising effectiveness.

Following are some of the ways to measure success of fundraising:

- FR Ratio - the ratio between the income raised and the cost of raising it.
- Net income raised – the amount you actually raise after all costs in fundraising – this is what is left for you to spend.

- Response rate – the percentage of those you approach and who actually respond. Higher the rate, the more supporters you recruit
- Average donation – the amount given on average by each donor. The total raised will depend on the response rate and the average donation.
- Recruitment cost – cost of recruiting a new supporter, and this is then compared with the expected stream of income from this donor whilst they continue to support your organisation.

The most important measure is the fundraising ratio. Costs include any direct expenditure on the fundraising, but also the cost of your organising time, management time and overheads. This gives the best indication of the costs needed to raise a given amount of money. The higher the ratio, the better the method. Many organisations' use a guide ratio of 5:1. This means that 20% is the cost of fundraising and 80% is available for the project/program. It may not be possible to achieve this ratio with new initiatives. Also simply concentrating on achieving a high ratio may produce very little income.

The alternative approach is to use the net income measure. This is the actual amount you raise from the fundraising initiative.

### **Setting Goals**

For long-term strategy ideally we should look back three years for performance trends and three years ahead for goal setting

- What are your RM goals for next 3 years?
- How much money/resources will you need to achieve your organisation's objectives
- How will you do this?

### **External Environment**

- Political, economic, social & technological trends (PEST)
- Competitors
- Any other factors?

### **Internal Analysis- Start with what you have**

- Existing fundraising performance
- Current supporters – recency/frequency/value
- Financial position of organisation
- Organisational strengths and weaknesses (SWOT)

### **Controlling your FR effectiveness**

This requires two pieces of information. First a realistic plan and sticking to it, and that costs are as budgeted and predictions are right (as close as possible and realistic). Annual budgets should be broken down into monthly budgets/quarterly (for smaller organisations).

Reviewing your organisation's strategic plan and how to communicate it. The key strategic elements you need to communicate are:

## **Evaluate**

At the end of the fundraising cycle, usually an annual process, the fundraising strategy should be evaluated. Evaluation has two purposes: for accountability and for learning and improvement.

*Evaluating for accountability:*

- Efficiency – the rate and cost at which fundraising activities result in income.
- Effectiveness – performance in relation to targets as set in the original plan.

*Evaluating for learning and improvement:*

- Developing staff – identifying training needs
- Learning from legitimate error – lessons from unexpected circumstances as a source of knowledge for the future
- Reframing strategy - open learning through an exploration of different viewpoints, including stakeholders (donors).

Evaluating the NGO's organisational strategy should run in parallel with the fundraising evaluation. This will highlight where the NGO is succeeding or failing to deliver its stated goals and objectives, the lessons learned and actions for improvement.

There are numerous methods of analysis that are useful for evaluation: problem/objective trees, SWOT, PEST and stakeholder analysis. Not surprisingly, many of these same methods are used in developing strategy and should become a natural part of the annual planning cycle for the organisation.

## **Competitor analysis**

It is important to have an idea or know who your competitors are real or imagined. The key issues you should know are:

- For which funders are they competing?
- Are they strong, medium or weak?
- Are they operating at your level?
- Among them, who are your main competitors?
- How distinct are they from you?
- Do you have a comparative advantage over them?

## **How do you compete?**

Think about:

- The way you compete
- The level at which you compete
- Who you compete with

## Level of competition

- Brand level
- Product level
- Budget level

## Funding cycle analysis

- Every funding type and source e.g. special events, corporate, foundations, donor grants has it's own time cycle
- The funding cycle is a product of 3 factors
  - The time a given type or source of funding takes to mature
  - The level of funds/investment required
  - The rate of returns from the investment of funds

Note that the funding cycle varies from situation to situation and country to country

## Planning

After completing your situational analysis, you have a basic framework within which you have to work in order to meet your mission and objectives. At this point you develop a plan.

Key questions to ask when drawing up the funding plan:

- Where are we at present? (Situation Analysis)
- Where do we want to go? (Setting of vision, mission, goal and/or objective)
- How will we know we are reaching or have reached where we want to go, the way we envisaged to reach there? (monitoring and evaluation)

## The Boston Matrix

<u>Star</u> A growing source with potential to grow further – invest heavily	<u>?</u> May have potential to grow, maybe not – need to do more tests and trails
<u>Cash Cow</u> Well established, big, but little room for growth – manage efficiently	<u>Dog</u> Poor returns or worse – stop doing it

## Applying the Boston Matrix

- Gradually reduce investment in areas where RoI is declining
- Increase investment in programs where the RoI is on the rise

- Test one or two new programs or sources of donors each year
- Track trends over time to ensure the investment is working

### **Assessing overall mix**

- How many sources of new donors/incomes are you testing
- How many rising stars are you feeding
- Do you have at least one cash cow
- What are you doing with your falling starts
- Can you move investment from falling stars and dying dogs to rising stars and cash cows?

### **Choose what to focus on**

- Evaluating options
- Matching the strategy and the goals

### **Criteria for Assessing**

- Fits with mission
- Return on investment
- Scale of opportunity
- Timescale
- Capacity to implement
- Risk level
- Impact on rest of organisation
- Costs
- Sustainability
- Synergy with other fundraising
- Cash flow
- Diversity of sources
- Level of restriction on use of funds
- Future growth potential

### **Are You Ready?**

- Are you well governed and managed?
- Do you have a strategic plan? (Vision, Mission, Values and Strategy)
- Are you clear exactly what you want and for what?
- Can you demonstrate results?

## 6.2 Action Planning

### ACTION PLAN GUIDELINES

1. **Title (or theme) of Action Plan**  
.....
2. **Time period (not more than 15 months)** .....
3. **Needs to be addressed**
  - Programme Needs
  - Fundraising Needs
  - Organisational Needs
4. **Lessons Learned from past and current fundraising activities**
5. **SWOT Analysis**
  - Strengths
  - Weaknesses
  - Opportunity
  - Threats
6. **Action Plan Objective(s)**
7. **Develop an Operational Plan** (You may use Gantt chart format for this)
  - Major activities
  - Sequence of activities
  - Identify outputs
  - Human resource
  - Other Resources
8. **Budget**
9. **Monitoring & Evaluation Plan**
10. **Follow-up Support Needs**
  - **Within organisation**
  - **PACS**
  - **RA**

## Appendix 1

Major donor programmes are used in order to cultivate the one or two per cent of their top donors. The more proactive charities use the learning from approaching these donors to then reach out a to try to attract similar donors from the outside community, who to date may not necessarily have supported them.

Legacy or bequests: the ultimate destination to maximise the potential of a private individual and their support for our charitable cause. Legacy marketing is now well established and understood, but at the end of the day the secret to this area of our work is to promote legacy giving throughout the donor life cycle, almost like an operating system on a computer it should be continually running in the background and the donor only need become aware of it as and when appropriate to their needs or stage of life.

All of the stages that are portrayed in the donor wheel indicate that every charity should have at least some definition of these programmes within their overall fundraising strategy. This is not to say that the charity has to be active on every stage of the cycle, simply that they should recognise that, at the appropriate point, they will need to introduce these programmes in order to allow the right stages for donors to move through to maximise their support of the charity.

### The Donor Wheel

Donors don't necessarily follow cycles. In fact they don't necessarily follow triangles or any other particular model that provides predictability and reliability. As within many other professions and disciplines, we have invented a whole range of models to help stimulate thinking, explain trends and direct strategies. Some of these are unique to the not-for-profit world while others are borrowed from the commercial sector either in a pure or adapted format. Without these models to shape and explain our thinking it would be more difficult to learn about fundraising, share our knowledge and encourage people to break paradigms and move forward. Like any theories, they are designed to underpin reality and, ultimately, to enable experience and real knowledge to take over in stimulating, shaping and directing.

A new and worrying trend appears to be arising where people learn the different models and hold on to them rigidly or worse still pass them on without any experience or reality to make them meaningful and useful. Moving beyond the theory is vital for professional development and the true ability to manage and direct in the sector. As expansion of the sector continues at a frightening rate, some people appear to be surviving on theories without the benefits of reality checks or experience.

When I first became a fundraiser 20 years ago one of the first key pieces of learning that I was offered was the, now famous, donor pyramid. This is a fabulously simple model taken from commercial marketing that clearly indicates the ultimate direction that any fundraising strategy should take in drawing donors into the organisation and then gradually moving them on to the next stage of their support, loyalty and understanding. The choice of the pyramid shape is a useful indicator showing that as donors progress on their journey/relationship with an organisation their numbers inevitably become fewer, ultimately illustrating the Pareto principle that 80 per cent of your income will come from 20 per cent of your donors, or to update the theory, more likely 95 per cent of your income will cut from 5 per cent of your donors.

This framework for learning is still used in the induction programmes of most fundraisers today, however it is interesting to note that some practitioners now declare 'the donor pyramid dead' or passé. The pyramid illustrates the principle of thinking through logical steps that are available to the donor and the idea of looking at each stage and its potential to contribute to another.

Over the last decade in particular our thinking as a profession has moved on rapidly, we have learned more, gained more experience and become much more professional in our approach and thinking. So it is time to refresh our advice and our models, but it is not the 'death' of the 'donor pyramid,' merely the evolution and renewal of this amazing thinking. As the outside environment now changes at such a rapid pace and therefore so do the lives of our donors and prospective donors, I believe we need a more dynamic shape to embrace the thinking at the heart of fundraising strategy. Therefore, illustrated below is a model that I have been using effectively for the last two or three years which I call the 'donor cycle wheel'. Why a wheel? Because it is always revolving and different wheels are needed for different terrains. The other important distinction about this model is that it directly reflects the complexity of a donor, who is represented by the two small wheels to the side of the main donor cycle wheel.

The basis of this model is that the central wheel contains many of the stages offered by the original pyramid model, but the wheel attempts to illustrate how the donor can join or leave at any stage and then either stay in a particular segment, move on or move out. Let us look at the key stages within the wheel and some of the current thinking behind these programmes:

Incidental donors: this is an often-neglected category within any strategy and yet can prove an extremely valuable source of potential donors. The larger the organisation, the more likely it is to have a good supply of incidental donors who could be approached for conversion to full donors. This category is really about people who may attend events, thus buying a ticket but not consciously making a donation; people who buy merchandise; people who use advice/information services of an NGO. Indeed you could extend this heading to embrace anyone who has contact with the charity without giving a direct charitable donation.

The inclusion of this category within the model is a useful reminder that these sources of prospects should be explored regularly especially against a background of cold recruitment becoming increasingly prohibitively expensive. This is also an interesting area to explore how the 'whole' organisation views marketing and their responsibility towards it. Successful charitable organisations in the 21st century will have to ensure that marketing is everybody's responsibility and not simply the responsibility of those people who carry the word in their job title.

Contactors: I use this term to reflect the previously used category of enquirers and responders, in other words people who hear about your brand and seek you out in order to be able to support you and the people that you reach out to through your direct-marketing. Traditionally this was always the start of the donor journey and is the critical area where most charities need to develop ongoing programmes in order continually to feed the need for new supporters or to replace supporters who have moved on. In developed markets this initial stage of any cycle is increasingly becoming one of the

most demanding, requiring high levels of market analysis, exceptional segmentation/targeting and a reasonable degree of risk.

I am pleased to see that the whole new media mix is now making a major contribution to thinking in this stage of the donor cycle and that charities are increasingly experimenting with the use of the internet and digital media to recruit donors. The other 'new' technique in this part of the cycle is face-to face solicitation in the street, which is proving exceptionally successful in many developed markets. So for the direct marketer the portfolio of tools and options is becoming ever more complex, yet with more opportunities.

Donors: the heart of every charity's fundraising programme, yet an area that can no longer be left to flourish on its own. The cost of maintaining one-off or occasional cash donors is increasing on an annual basis, especially when you consider the attrition rate on this area of the database. The future is going to be about 'donor share, not market share', and therefore we need to work as hard as possible at converting single cash donors to committed givers where we can not only rely on a regular income stream, but where we also stand a higher chance of protecting the donor from defecting to another charity.

Fundraising will always attract a reasonable number of cash donors and some of these will never convert to a regular gift, so it is important to have these opportunities. But in our thinking we must recognise that this is simply a 'holding' stage from which we will try to move the donor to a closer relationship and involvement with our charity and its programmes.

Committed donors: this is the part of the donor life cycle that has been transformed in the last five years, with charities waking up to the fact that this is a crucial programme which merits exceptional investment and energy in order to ensure it represents the largest possible percentage of the total donor database of any charity. The biggest transformation in this area has been the emphasis on recruiting large numbers of people directly into a committed giving programme. This has largely been achieved by rethinking the initial financial ask and in the UK we now have low monthly ask programmes which start at a request for \$3 per month. To the donor these programmes seem to offer extraordinary value and are relatively painless to respond to, yet the secret is clearly in the initial upgrade programme and trying to move those people, who become comfortable with giving on a regular basis, to a more sustainable level that really impacts on the programmes of a charity.

The absolute king of committed giving has to be child sponsorship, yet these programmes are increasingly falling from grace as, in many cases, they do not reflect the best thinking, practice or need of development charities. The other major disadvantage of such programmes was their financial entry level, which often equated to \$35 or more, thus limiting the accessibility of such programmes to the wider population. So the key to transformation in committed giving has been the widening of the financial options and the move to more imaginative programmes to engage the donor and to cultivate their loyalty to the brand as opposed to a specific product.

Exceptional gifts: this category encompasses high-value and major donors, one of which is very well understood while the other is a 'sleeping giant' yet to be awoken by many charities in the sector.

The familiar area is that of major gifts but the area with the greatest opportunity for the majority of charities is the high-value gift area, by simply distilling out, perhaps the top five per cent of a developed donor base we can often find a rich vein of donors capable of giving at a higher level. Instead of immediately assuming these people would welcome personal solicitation we

need to ascertain whether they would respond better to a more personalised programme without going as far as initiating face-to-face solicitation, which would commonly be used in a major gift programme. We are very familiar with the concept of identifying 'rich' individuals on the database but we have to recognise that in many Western societies the polarisation between the haves and have-nots has meant that one of the major growth categories within society has been that of the upper middle class, in other words people who can afford to make a gift of a \$1,000 or more. In larger charities this category of donor can be quite large so the most effective way of handling this segment is to develop a highly personalised direct marketing programme that moves the donor to feeling that they are being treated as part of a donor segment of one. The other major attraction of a developing a high-value donor programme is that it becomes a useful 'holding area' for potential major donors. Successful major donor fundraisers can only cope with so many prospects of any one time and therefore it is useful to know that in the meantime future prospects are being treated as VIP's ready for future cultivation.

While major gifts is an established programme that is most certainly back in vogue, we are now learning that to undertake such programmes we no longer need bricks and mortar to motivate donors and undertake a structured gift programme. Most fundraisers now make a distinction between big gift campaigns and the need to cultivate face-to-face major donors around the existing programmes of a charity.

The two small wheels to the side of the main cycle represent the donor. I have used two wheels in order to show the complexity of the donor and the fact that when these wheels are interlinked they are continually changing in combination. Therefore as people progress through life their circumstances change and as such so does their lifestyle. In relation to charities this will impact on the amount of money, time or resources a donor has available at any particular stage in their life. I believe that it is critical that we understand that loyal donors will change in their ability and willingness to support us in different ways. We need to understand that every individual is, in effect, a different person every five years or so. Charities need to understand the different trigger points in people's lives and then to develop appropriate fundraising programmes to allow the donor to continue/develop their support at this stage in their life.

If you feel that you have grasped the basic thinking behind this model and what it is telling you, imagine that the two donor wheels are gears that need to move in and engage with the main donor life cycle wheel. So if the charity has some definition on each of its programmes it can in turn ensure that it has an appropriate programme to meet the needs of each donor and to maximise their value at key 'life-stages'. The donor must also be allowed to disengage with a charity for a short period to suit their life-stage and lifestyle. The charity should continue to offer different opportunities by rotating the donor life cycle, continually trying to attract a donor back to support its cause but we should accept that donor support can rarely be constant throughout the life of a donor. If

you accept this as a thesis you would in effect never lapse the donor unless they are deceased or if you genuinely lost touch with their location. So donors more than ever are failing to follow any formal logic or cycles, so I hope I have offered a model or framework that encourages fundraisers to think more flexibly in how they define different parts of their programme and the relationships between the different offerings. The donor wheel is as much a challenge to fundraising thinking as it is a framework for the future, in three simple circles it outlines a totally new way of working and thinking.

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## **Appendix 2**

**Sample fundraising strategy from Centre for Democracy and Development**

**[www.cddwestafrica.org](http://www.cddwestafrica.org)**