Fundraising for first-timers

A starter guide for arts organisations

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This guide is aimed at arts and creative organisations or charities that are starting out on their fundraising journey. It aims to help you prepare and approach **strategic** fundraising – that is fundraising that is embedded in your organisation.

We'll cover what your organisation practically needs to have in place to be **fundraising ready** and some tips on **key behaviours** you should adopt. From that, we'll concentrate on **approaching trusts and foundations**. For the majority of organisations this will be the approach taken as it gives the best rate of investment. However, later we'll touch on **support from individuals and corporate sponsorship.**

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How to be fundraising ready

It's vital that organisations ensure they're in the best possible position to undertake strategic fundraising to broaden income streams. You need to be 'fundraising ready'.
This includes:

Organisation Structure

When deliberating which structure to opt for a number of factors need to be considered. Considerations such as whether being a Community Interest Company (CIC) or a Company Limited by Guarantee is preferable to gaining full charitable status are critical. The structure needs to be the right one - not just for now - but for the future priorities, development and growth of your organisation. The need for fundraising shouldn't wholly dictate these decisions but does need to be a part of the thought process.

For example, many grant making organisations will only accept applications from organisations with full charitable status, so if funding from trusts and foundations is to be a priority then becoming a charity has to be an option. Although this entails additional paperwork and an added layer of governance, it may be the most appropriate option for safeguarding and future development of your organisation.

Good Governance

Any suitable organisational structure should have a strong, committed Board of Trustees that brings expertise and support. Ideally a balance needs to be created between creative heads and business skills such as accountancy, law and HR. Having a fundraiser on your board isn't necessary and often is not the best course of action. However <u>all</u> Trustees need to understand

that they must be engaged with fundraising and play their part in introducing new people to the organisation and being advocates for the work.

Clear Mission & Values

Fundraising needs to be inherently linked to your organisation's mission. Ensure that all fundraising is led by the need to support excellent projects that are driven by the organisation's vision, and not led by funding opportunities. NEVER CHASE THE MONEY.

Strong Business Plan

Following on from mission and values, fundraising activity needs to be embedded in your organisation's business plan. It's not an add on. This should include creative vision, operation model and financial and human resourcing.

Allocated Resources

Organisations do not need to be large to be successful in fundraising but they do need to invest capacity and capabilities relative to the fundraising activity expected. Often the organisation's structure and resources will dictate the level of fundraising complexity necessary to be successful. For instance, even with the thorough upfront research that's required, trust and foundation approaches will give the best rate of return, whereas the introduction of an Individual Giving Scheme will require further resources both in terms of financial investment and staffing.

Do NOT take on more than your organisation can handle. Be ambitious with what could be achieved, but realistic given resources available. It is always better to over-achieve than under-achieve and under-deliver to donors or grant makers.

Working with a consultant may be appropriate for some organisations that need resource and expertise support to kick-start fundraising activity. Using a fundraising consultant's knowledge and time could help enormously BUT beware of the pitfalls:

- Use a consultant's time wisely. Determine what it is that the organisation really needs – is it research, strategic planning, fundraising campaign-planning, ghost bid writing? Many consultants can do all of these, but be specific and prioritise what needs to happen and when and what you could outsource. Remember, nobody knows your organisation better than you do.

- If the consultant makes any introductions to funders and donors, it should be your organisation that develops the relationships. Otherwise once the consultant leaves, the organisation is no further along the sustainable fundraising route.

- Ensure that the consultant is completely immersed in the organisation's business model, projects and finances. A consultant cannot advise or support an organisation without sufficient knowledge and access.
- If a consultant is ghost bid writing for an organisation, ensure that applications are submitted using an organisation contact and not the consultant. Many grant makers will not fund organisations using a third party contact.

- Any ghost bid writing should be in the organisation's tone of voice. The organisation needs to take ownership of the applications submitted. It should be a joint process.

Policies and Procedures

It's important that organisations have the necessary policies in place.

As best practice, policies should be up to date and regularly reviewed and ratified by the Board of Trustees. Grant makers may request to see relevant policies. These can include:

HR and employment
Health and Safety
Child Protection
Equalities
Welsh Language
Finance and Reserves

A reserves policy is often mentioned as part of the terms and conditions of a grant maker. It is important to read this small print, as some grant givers will only fund organisations with satisfactory reserves for contingency…but others don't want to fund organisations that look 'too financially comfortable'. This often a fine line.

Evaluation process

Trusts and foundations, as well as the public funding bodies, place emphasis on strong evaluation and monitoring. It is likely to be a condition of grant. It should be happening as best practice anyway and should be an important consideration of the project planning from the start.

Be prepared to show that you understand the importance of clear outcomes and securing lasting impacts through a funding proposal. Funders are increasingly looking for good quality learning from projects.

Five Ingredients for Successful Fundraising

1. Leadership & Shared ownership

Leaders need to develop a culture that fundraising is everyone's responsibility. There needs to be total buy-in from the whole organisation to a sustainable, strategic fundraising approach. From Trustees to front-line staff, there is a role for everyone in fundraising, to advocate and to help spread the word. Without successful fundraising, an organisation is incapable of delivering its services or creating projects, so it is in everyone's interest to make it work!

2. Strategic planning

If all your organisation's activity - including fundraising - is **vision-led**, then the case for why your organisation is the right one to deliver the project will be strong. Ensure projects that require funding are **thoroughly planned** with **partners committed**, the **need** for the project evidenced with **beneficiaries consulted**, expected **outcomes** agreed with an understanding of **what will change** following the project, and **financial information** complete.

Never fall into the trap of chasing the funding. Of course, funding opportunities will arise and if your planned projects strategically fit with these opportunities then get those applications submitted! But if you are 'shoehorning' a project to fit with a particular funder or funding stream then the advice would be to stop. If an application is difficult to write and the questions are tricky to answer, then it's probably the wrong project and the wrong funder.

3. Clear messaging & communication

This is important both internally and externally.

Externally: Nobody will know that your organisation needs funding or support unless you tell them. The ability to share information about the work of your organisation and why you need funding to enthuse potential donors and grant-makers is imperative. This should in place and already being communicated before making 'the ask' for support.

Internally: Ensure that all staff and trustees have what they need to be able to advocate for the work of the organisation, wherever they are, so that no potential opportunity is missed. Clear internal communication also ensures that the whole team is on the 'same page' and understand what the organisation wants to achieve and their part in making it happen.

4. Making a strong case for support

A clear case demonstrates **what the problem is, how you're going to respond to it, and what changes will take place as a result of your work**. *More on case for support later in this document.*

Remember that trusts and foundations support **outcomes.** That is, what will change because of the project outputs and for whom.

You may deliver different types outcomes. Two of the most usual for arts organisations are:

Social outcomes: Health, wellbeing, education, community cohesion, inter-generational understanding, development of personal and social skills, etc.

Artistic outcomes: Artist development, audience development, young people's talent promotion, artform recognition etc.

Different trusts and funds look to support different outcomes. Our job as fundraisers is to link the need for our work with the outcomes that will result from the work, and then link these outcomes with the funding priorities of trusts and foundations. Here are some simple examples:

Need you're addressing – How can you evidence this?	Output – What will your project do?	Outcome – What will change?
Low literacy levels in primary school children in disadvantaged area. Pisa results, school results, teacher interviews.	Creative storytelling project for key stage 2	Pupils will be engaged in reading and writing, leading to improved literacy standards
Older people feel isolated in rural community. Social care survey.	Series of intergenerational music coffee mornings in village hall	Older people developing friendships and a sense of belonging
Lack of opportunities for Welsh language writers to promote talent. Feedback from sector. Reduction in number of staged work in Welsh.	Creation and tour of new writing showcase platform	Increased audience figures for Welsh language new writing

5. Fundraising as part of the creative process

Include fundraising in the creative planning process, in the same way as marketing and other operational activities are. Thinking about fundraising early in the planning process ensures that all necessary information is considered and gathered to make researching and approaching grant makers as straightforward as possible.

Trusts & Foundations – the three things you need

As we've outlined all grant makers have a commitment to fund projects that result in outcomes, or change. Trusts and foundations supporting the arts seek projects that that feature one or more of the following:

- Restricted projects that are additional to your usual activity
- Projects that benefit hard to reach, disadvantaged communities
- Testing out new models of working
- Development of creative talent, particularly in young people
- Access to the arts for those less well served, or those with least opportunity
- Projects of excellence for either participant, audience or both
- Projects that have a national or regional reach, rather than just local impact
- Projects that could encourage a wider impact from dissemination of learning points
- Organisational change that will improve provision

It's worth keeping this in mind as you prepare your three key documents:

1. Your Fundraising Strategy

A **fundraising strategy** doesn't need to be complicated and shouldn't be. It is a working document. It should be developed and updated as your projects and fundraising plans evolve. It should be linked to your business plan – in the activity and the financial elements. The strategy exists to help keep you on track and ensure that everything is working in tandem, from project planning through to realising the funding required.

There are many templates for fundraising strategies and you need to find one that suits your organisation's needs. As a bare minimum, a strategy needs to include:

- **Context**
  Brief description of organisation.

- **Projects**
  What activities are you raising funding for? What are your fundraising priorities?

- **Targets**
  How much do you need to raise to realise those project?

- **Prospects**
  An analysis of where that funding will come from. Grant giving trusts, individual giving, corporates, Arts Council or other public support and/or loan finance etc. If you are

creating a strategy for a larger project, such as a capital campaign, then you may include an expectation of what the mix of income would look like. For example –

Public Sector:	25%
Grant giving trusts:	50%
Major donors:	15%
Individual giving scheme:	5%
Corporate:	5%

- Timeline

  How long will it take? Be realistic and understand how long it takes to secure funding. Here's a rough guide to how long it can take to realise funds, from initial approach to money in the bank:

Trusts and Foundations:	6-12 months
Major Donors:	12-18 months
Lower level individual giving schemes:	6-12 months
Corporate:	6 months +

- SWOT (internal) & PESTLE (external influences) Analysis

  Demonstrate an appreciation and understanding of the organisation's strengths and assets, alongside the challenges.

- Financial Information
  Yes, an organisation needs to invest in fundraising. Effective fundraising costs money and you need to assess how much should be invested in order to get the return you need. This will be determined by the funding approaches you take.

  Trust and foundations carry the best return of investment (ROI) as there is little expenditure needed aside from time. Courting individuals and creating giving schemes have a much lower ROI as it involves the creation of print, online information, giving options, setting up Direct Debits.

  Fundraising is an activity that requires some level of speculation to ensure accumulation.

- Communication
  How will people be continually engaged in fundraising both internally with staff and trustees, and externally with potential donors and funders.

2. A Case for Support

Whereas the strategy forms an approach and sets out the activity plan, the case for support is your messaging document. You may need to create a case for each project you have identified in your fundraising strategy.

The **case for support** needs to demonstrate the compelling argument for why each of your projects should be funded and why yours in the organisation to deliver. It is this document that will form the backbone of all approaches to all potential donors and funders. Each approach to a funder or donor needs to be bespoke and tailored, but the case for support is a generic foundation for your approaches.

The case for support should clearly and concisely include:

- **What is the project?**
  Give a brief description of each project including partnerships, dates, location.

- **Why is your organisation creating that project?**
  Explain why your organisation is best placed. Who are the key personnel? Why now is the right time? Why here/there is the best place?

- **Who is involved?**
  Explain who will be benefitting from the project. Is there a specific community/group of people being targeted? How many people will benefit? How will you ensure these people are reached and actively involved?

- **Why is the project needed?**
  What is the problem you are trying to respond to/solve with this project? How do you know that this is the right approach? What consultation or past experience are you drawing on? Have you involved people in designing the project? What evidence of demand?

- **What are the outcomes?**
  What will change because of the project? How will be above problem be solved?

- **What does success look like?**
  How will you know that the project has been successful in achieving those outcomes? How are you measuring success? What monitoring and evaluation will be taking place?

3. Creating a Prospect List

Once a fundraising strategy and a case for support are in place, the next step is to create a **prospect list**. This is a list of potential givers to approach for support towards a project.

The prospect list is created through researching and matching funding organisations with the project/organisation to be funded. You need to know what your project's outcomes are and match them with the priorities of the funder.
There are many funding organisations supporting the arts but they may not all be appropriate for your project. Thoroughly reading the priorities and guidelines of grant making trusts is a must.

There is no 'one size fits all' model of a trust or foundation. They all have different priorities and interests, application processes, timescales, levels of funding available and monitoring and evaluation expectations. It can be helpful to think of them as individuals rather than organisations, as no two are the same.

To give an idea, here are four trusts that fund the arts…and what they don't fund:

Garfield Weston Foundation: don't fund one-off projects, productions or tours
Foyle Foundation: don't fund more than one year
Paul Hamlyn Foundation: don't fund arts projects 'for art's sake' - they have strong social change criteria
Esmee Fairbairn Foundation: don't fund small projects or organisations

What about other opportunities?

Trusts and foundations often give the best return on investment. However, you may also wish to explore other avenues such as **individual** giving and **corporate** sponsorship and business partnerships. These are often great sources of **unrestricted** income (that is, not allocated to a specific project that you have to spend the money on delivering – so can go towards your core overheads and general activities), whereas many grant making organisations restrict their funding to projects. The downside is that that these avenues can be resource heavy to initiate and maintain, take longer to come to fruition and often begin at a low level of income.

Individual Giving

Is your organisation ready to take on individual giving?
Some things to consider:

- **Capacity.** It takes time, resources and energy to develop relationships with potential donors and service the donor relationships.

- **Time.** Sustainable individual giving takes time to develop. Start with modest asks before identifying those who could and are inclined to potentially give more.

- **Messaging.** Ensure the messaging about your organisation has the right tone. Don't take anything for granted – tell people that the organisation is a charity and needs support, otherwise they won't know

- **Knowing your stakeholders.** Do you know who your audience is? Or participants? How to talk to them? What will appeal to them most in an approach?

- **Right ask /right time**. When all the above is achieved you will know what the right ask is and when the right time is to ask, and to who.

Benefits to the individuals

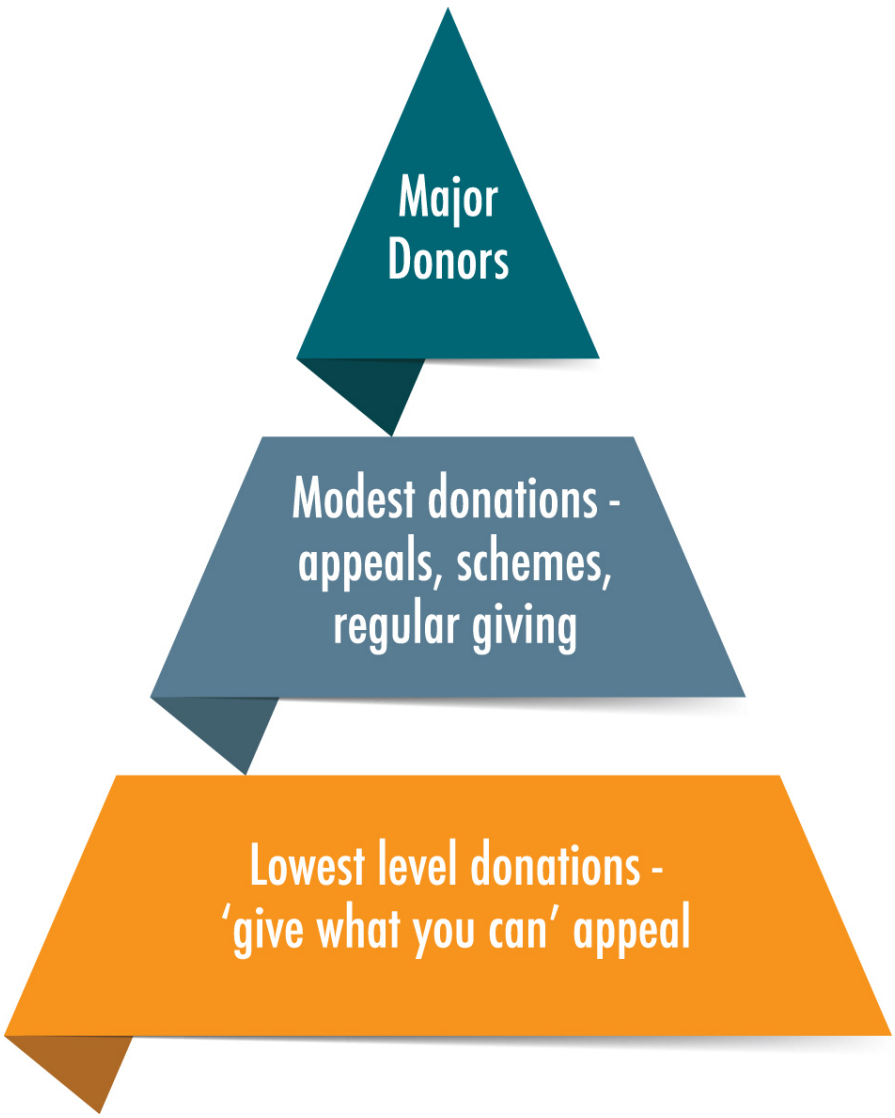
When creating individual giving campaigns at any level through to approaching a major donor, it is important that the benefits offered in return are pitched right. Many donors support arts charities because they like the work and want to play a part in securing its future. Keep this in mind. You probably don't need a long list of benefits nor for them to be too far removed from your work. Think about what assets you can make available easily and cheaply – early booking, behind the scenes tour, thanks on social media or in the programme, even regular progress updates. All benefits also need to be relative to the level of donation – don't spend the donation on thanking the donor!

Gift Aid

Gift Aid is indeed a gift for any individual giving campaign. It's important that you set this up **before** the campaign begins. You'll then be able to submit claims and receive Gift Aid payments from HMRC and capitalize on any individual gift as long as the donor is a UK tax payer. A campaign can be significantly boosted as 25p for every £1 donated can be claimed.

Giving triangle

It's useful to think of individual givers in a triangle. More will give less but, as you develop relationships and better understand their motivations and interests, you can identify the minority of those that are willing and able to commit more (and what they expect in return).



Corporate Giving

Charitable giving in the form of corporate sponsorship is slowly recovering following the recession. However this source of income for charities falls sharply behind individual giving, support from statutory organisations and trusts and foundations. There are, of course, exceptions depending on the appeal of a project (and its outcomes), existing relationships between a charity and a business, and benefits offered to the business.

Competition for these sponsors is substantial and isn't contained just within the arts world. Our largest, most appealing competitor for corporate sponsorship is sport – namely rugby, football and cricket. Within the arts world competition is tight and it tends to be the larger arts organisations securing any major deals.

It's useful to identify any individual connections there may be between your organisation and the business you want to approach – this is when Broad Trustees can be useful in their advocacy. But following the introduction, sponsorship needs to offer tangible outputs for the business, usually under one of the following themes:

- **Corporate Social Responsibility (CSR).** Supporting the local community, 'giving something back'
- **Improving the profile of the business.** To attract potential clients/customers or to better public perception or brand
- **Association with the arts organisation's brand/vision/values.** Again this could be to improve perception or want to be aligned with a particular customer based
- **Opportunities for networking**
- **Entertaining clients/customers**
- **Employee engagement**. Entertainment, skills development, team development.

As with individual giving, gaining corporate support takes time. You need to build relationship, understand their particular business needs and align them you what your organization can offer. How can you help them achieve their own outcomes in return for sponsorship?

Arts & Business Cymru

Working across Wales, Arts& Business Cymru specialise in brokering relationships between businesses and arts organisations. It's a membership organisation so you need to pay an annual fee but that is relative to your organisation's size. In return they are able to shortcut to the business members they know will fit best with your organisation. They also offer member benefits too such as training, board bank and match investment in business/arts projects.

Fundraising route map

Glossary of fundraising terms that you might come across…

Beneficiary
An individual or group of people who will benefit from the work – their lives will be enhanced, changed, inspired, etc.

Benefactor
Someone who makes a major gift or a group of people making donations

Capital Appeal
A Structured and strategically planned fundraising campaign for a 'material' project – new building, redevelopment of a building, equipment

Case for Support
An organisation's messaging document – demonstrating the need for the projects and therefore the funding. Needs to include its resources, needs of its beneficiaries, outcomes, and future plans

Corporate Social Responsibility (CSR)
The responsibility a business has to act, and be seen to act, in support of its local community

Earned income
Income an organisation gains from the sale of tickets or services and other trading in line with charitable purposes

Ethical fundraising
The agreed moral considerations of fundraising activities of an organisation

Gift Aid
Not-for-profit organisations can reclaim the basic rate of tax paid by a donor. 25p in every £1 can be claimed directly from HMRC at no extra cost to the donor

Legacy
A gift left in a will for an organisation or charity. In project terms can also means what continues after the project term is completed

Match funding
Funding offered on condition that it should be matched by other funding within a specific period

Mission Statement
An organisation's value statement that demonstrates the 'why' and its reason for being

Not-for-profit organisation
Classified by HMRC as being charitable

Objectives
Measurable aims for a project – SMART (Specific, measurable, achievable, realistic and timed)

Outcomes
What will change because of a project?

Philanthropist
Anyone who makes a gift, usually used to identify a wealthy donor

Proposal
A written application or other document seeking funding, a philanthropic gift or corporate partnership

Prospect
A realistic source of funding support – prospect list – compilation of potential funding organisations

Reserves
A sum of money that is kept restricted by an organisation as protection against unexpected issues

This guide was written by Emma Goad, Blue Canary Fundraising.
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