Developing a Fundraising Strategy

Understand the Organisation

You may want to use Organisational self-assessment tools to help your analysis of the following areas. At a minimum you are advised to do a SWOT analysis, and this can be geared specifically to aspects that impact on fundraising.

Ideally the following are the case:
1. Business Plan is realistic and fully costed
2. Good financial management
3. Committed staff and trustees
4. A communication strategy that matches the fundraising strategy
5. Good risk assessment and planning
6. Fundraising is integral to planning processes

Analysis of financial information

Analysis of the overall organisational financial state may include:
1. Key sources of income
2. Key areas of expenditure
3. Year by year overall surplus and deficit
4. Income and expenditure per project type or organisational area over a few years, and the percentage change year on year

Analysis of your fundraising may include:
1. How many income sources?
2. What percentage of income is each?
3. Is income rising or falling?
4. What is the cost income ratio for each income stream?
5. Are there trends that need analysis?

From your analysis of your income Spread, create a pie chart to see how risky your portfolio is, and analyse the risks for each income stream.

Year 1			Year 2			Year 3		
Income source	% of total income	Cost/ income ratio	Income source	% of total income	Cost/ income ratio	Income source	% of total income	Cost/ income ratio

Sources of Income

Through analysis of your fundraising history, assess:
- Individual donors who have the potential to give more
- Donors who have lapsed, and reasons for this, and potential to reconnect
- Donor types with potential to grow
- New donor opportunities

Through understanding the sector, your mission, strategic objectives, determine:
1. The right funding mix
2. The % for each funding type
3. Average 'donation' per funder type
4. Strategy, capacity and return on investment for each funding type
5. Nature of the ask for each funder type

Trends in the sector

For each funder type, compare your history or strategy with that of your sector, through whatever information is available of the top fundraising charities.

Fundraising planning

You may need to consider:
- Core funding
- Funding for future growth/development funding
- Funding opportunities and the funding climate
- Your case for support
- Your fundraising track record, capacity, know how

Setting targets

You may consider:
- The organisation's financial need
- The stage of development of the organisation
- The fundraising capacity and the stage of development of the fundraising strategy
- The commitment of trustees and staff
- The ability to access all the relevant and required information
- The investment needed to achieve the fundraising strategy

Risk Assessment

You may consider:
- Cost income ratio
- A true analysis of costs
- Past experience and know how

Assess the likelihood of each income target, and plan how to control the risk and who leads on each area.

Data management

Collecting and managing data is critical for fundraising. A database is essential, which needs to be increasingly sophisticated for larger 'campaigns' and for specific types of fundraising activity. Ensure your database suits your fundraising needs. Ideally your database will enable you to segment your audience/donors.

Ethical issues

Determine whether ethical considerations make a fundraising approach unsuitable to your organisation. These may include:
- Corporate name or nature
- Fundraising method

Monitoring and evaluation

Consider:
- Critical success factors (indicators)
- Benchmarking against others
- Understanding your organisation's specific situation

Your fundraising strategy

Be clear where you are now; where you want to be; how to get there.

One income prediction model may look like this:

Organisational need	Target income	Date needed	Income source	Lead in time	Programme	Fundraising capacity needed	Cost income ratio	Steps	Risks	Managing risk

A simpler model may look like this:

Project	Funders	Income Date	Income amount	Likelihood %	More likely income

Income Stream Analysis

Here are two similar simple models, that help you assess how diverse your income streams are. A pie chart will help make this visual.

Income stream	How many funders in this category?	How much from this stream last year?	What percentage does this represent?
Statutory • Grants / Service Level Agreements • Contracts			
EU Funding			
Trusts and Foundations			
Companies			
Individuals			
Other trading activity (including membership)			

Income stream	How many funders in this category?	How much from this stream last year?	What percentage does this represent?	End date of current funding	Risk – Low, Med, High
Statutory • Grants / Service Level Agreements • Contracts					
EU Funding					
Trusts and Foundations					
Companies					
Individuals					
Other trading activity (including membership)					