



# **FUNDRAISING TOOLKIT**

*How to find funding for literacy promotion in Europe*

## **VOLUME I**

**Business development**

**Planning**

**Funder Types**

*ELINET Team Fundraising  
January 2016*

The European Literacy Policy Network (ELINET) unifies 78 partner organisations from 28 European countries engaged in literacy policy-making and reading promotion in Europe. For more information go to [www.eli-net.eu](http://www.eli-net.eu)

## **ELINET Fundraising Toolkit Volume I: Business Development, Planning and Funder Types**

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## **General Introduction**

### **About ELINET**

Established in February 2014, the European Literacy Policy Network (ELINET) brings together 78 partner organisations from 28 European countries (including 24 EU member states) engaged in literacy policy-making and reading promotion in Europe.

This fundraising toolkit was developed for and by the ELINET network. Its objective is to help ELINET-members and non-members (literacy organisations throughout Europe) to develop or strengthen their fundraising strategies, and to promote the sharing of experience between organisations. There are many fundraising toolkits available online, but what is unique about ours is that it is by literacy organisations and from their experience. Diversifying funding is not just for 'other' charities working for instance in health or international aid, it is for our sector also.

### **Fundraising Toolkit**

The Toolkit is just one of the outcomes of the ELINET fundraising team, which focused on fundraising strategies in Europe. If you have not already visited the ELINET-website and found this toolkit there, please visit <http://www.eli-net.eu/fundraising/guidelines/>. It offers more information about fundraising than fits in this toolkit, and provides a series of filmed interviews with fundraising experts in the literacy field from across Europe. You may also be interested in the other ELINET topics, like awareness raising and research or in the cross cutting themes reading for pleasure and digital literacy.

A toolkit, in the literal sense of the word, is a box that contains many tools. This fundraising toolkit is designed in exactly that way: many tools are offered. Most of them can be of use to literacy organisations throughout Europe. However, some may not be needed, or not at this moment. Readers have to find out for themselves what tools they need for their specific purpose. All tools may need modifying to be useful for your needs.

We hope the toolkit will be of help to you. And we hope you will help us make the toolkit work, by putting its tools into practice. It is useful to theorize about fundraising and to have the right tools to do that. It is even more important to use these tools, if you want to see results.

### **Reading Guide**

Volume I of the toolkit is best understood as a manual, Volume II is a pack of tools that you can use. Each part of Volume I has a counterpart in Volume II with tools and/or extra background.

Volume I has three parts. The first part is about basic questions. What do you need to consider before you start designing a fundraising strategy for your organisation? How will you manage and sustain the business development process? How do you manage change itself? This is then followed by an introduction of nine organisational review tools that you

might want to put into practice. More information about these tools is in Volume II of the toolkit. Choose the ones that fit your needs.

The second part of Volume I will help you with researching and planning your fundraising strategy. After some basic questions for research and planning, a number of tools, templates and pieces of guidance are presented that may be of help. This may include reference to tools from the chapter before.

In Volume II you will find extra tools that help you with researching and planning, including:

- Data about Average UK (and US) Charities and their Fundraising Experience. This might not be comparable to your own situation, but it can put your plans in perspective. It can reflect what statutory funders have in mind when they are advocating that charities diversify their funding. This is relevant to literacy charities in the UK also, because few have the range of funders, or proportions of funding (such as of individual funding), of the 'average' charity.
- Data comparing individual giving, and volunteering, from across Europe (and comparing Europe to the rest of the world).
- A draft template for developing fundraising guidance.

The third part of Volume I offers basic information about different types of funder. In Volume II you will find guidance for approaching these different types of funder. The guidance is based on the actual experience of literacy organisations. This section in Volume II includes top tips from ELINET members, and further guidance. The fundraising environment is different in every country. On the ELINET website you'll find a lot of information about these differences. Please visit <http://www.eli-net.eu/fundraising/elinet-experience/>.

## **Part 1: Fundraising strategy development includes business development**

*"The general who wins the battle makes many calculations in his temple before the battle is fought. The general who loses makes but few calculations beforehand."*

Sun Tzu

### **Introduction**

Moving an organisation into a place where it is fit and ready to fundraise, by whatever means, almost always involves changes in ways of working, attitudes, measures and controls, and delivery mechanisms. The road to financial growth is a marathon, not a sprint. There might be short-term successes, but these can easily fade away if the necessary structures are not in place to ensure long-term sustainability. The key to this lies in the development of robust, well-researched, but flexible plans that are capable of keeping the organisation moving in the right direction without being a barrier to innovation.

In order to review your business (business development) and develop a suitable fundraising strategy, these core questions need to be answered (Decision Tree):

1. *What is the problem? What do you want to change? What do you want most?*

Organisation: mission, sector, environment, country-context

2. *What resources do you have?*

Money, expertise, funders, partners, buildings, volunteers, supporters, media

3. *Who can you activate or approach for help?*

Partner dialogue, engagement

4. *What are the options/actions?*

Activities/projects, research, advocacy, further consultations

5. *What additional resources are needed?*

Money (how much), partners, support-in-kind

6. *What is the fundraising plan?*

The next pages will help you to formulate explicit answers to these questions.

## **Business development: planning, managing and sustaining the business development process**

*"A good plan is like a road map: it shows the final destination and usually the best way to get there."*

H. Stanley Judd

The key to success for any organisation is to know where it wants to get to, and to understand what is involved in getting there. Growing or diversifying income is not a matter to be taken lightly by any organisation. The challenges and constraints that sit behind the concept of 'fundraising' within the charity and third sectors are no different from a private sector organisation preparing to become 'investment ready'.

Investment readiness or 'income readiness' requires detailed consideration of the abilities, structures, culture, tools, competencies and governance of an organisation. It also assumes that the organisation knows what it is trying to achieve and that it has, or will have, the necessary capability to get there and to deliver on its promises. This is especially relevant to organisations operating within the social change and literacy sectors where social return on investment is not always universally understood and can at times be incredibly difficult to measure.

### **Key Questions:**

- |            |   |  |
|------------|---|--|
| Who        | - | Who I am (organisational analysis, and external environment) |
| What       | - | What I want, or want to solve (decision tree)                |
| Why        | - | The Case for Support (evidence)                              |
| How & when | - | 1) How do I do it, and when? (delivery plan)                 |
|            |   | 2) How do I resource it, and when? (fundraising plan)        |
|            |   | 3) How do I know it is achieved, and when? (evaluation plan) |

### **Have a Vision**

An organisational 'vision' is an aspirational description of what an organization would like to achieve or accomplish in the mid-term or long-term future. It is intended to serve as a clear guide for choosing current and future courses of action.

Organisations that enjoy enduring success have core values and a core purpose that remain fixed while their business strategies and practices endlessly adapt to a changing world. A well-conceived vision consists of two major components: core ideology and envisioned future.

### **Articulate your Mission**

A mission statement defines what an organization is, why it exists, its reason for being. At a minimum, a mission statement should define who your primary customers or beneficiaries are, identify the products and services you produce, and describe the geographical location in which you operate. It should identify how many people will be reached and how that reach will be measured.

## Strategy

Strategy is the overall scope and direction of an organisation and the way in which its various operations work together to achieve particular goals. Strategy is about the 'how'. Knowing how things are going to be achieved is just as important as knowing what needs to be achieved.

## Measure it

Once you know where you want to go and have agreed how you are going to get there, the final essential link in the chain is the development of a way of measuring where you are and how you are doing. Measurement is about maintaining progress and allows adjustments to be made if things are not progressing as well as you had hoped. Measurement can be about numbers, but it can also be about softer things like staff morale, attitudes, customer awareness and brand.

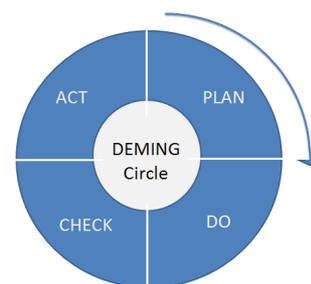
## Sustaining the business development process

There will be easy victories, but there will also be times when progress appears distant and unachievable. Strategic planning is not something you do just once every three years and then file away under 'completed tasks'. Staff will require motivating, external circumstances might change, and internal structures may need adjusting. Stay flexible, stay 'lean', but above all remain engaged. Taking your eye off the plan is almost as bad as having no plan at all. Follow a simple but regular process. The rest is just business as usual!

- **Plan** what you are going to do
- **Do** what you have planned to do
- **Monitor** how you are doing
- **Review** and adjust as necessary

Another way to describe this process is the Deming Circle, which works like this:

- **Plan** what you are going to do and establish output expectations
- **Do** by implementing the plan
- **Check** by studying the results
- **Act** if the CHECK showed something different than expected (whether better or worse), then there is some more learning to be done...



*Deming Circle (source: WikiCommons)*

## **Managing change: the impact of new income and relationships in the organisation**

If managing change was easy then an entire industry would not have emerged to help us to deal with it. Make no mistake; new income and new relationships with funders will have an impact on the way in which an organisation is run.

Both donors and funders have expectations and these will need to be managed. Where previously the organisation might have been answerable largely to itself and one or two providers of income, suddenly there are a whole different group of stakeholders, some of whom will expect to have a say on the way in which things are done. This may involve decisions about independence and accountability.

### **External influences from Funders**

Be clear about which kinds of influence are acceptable and those that are not. Are the demands and reporting regimes required by external sources of income consistent with the values of the organisation? Refer back to Vision and Mission statements to ensure that you are not being dragged off course by the allure of new money. Develop an ethical policy that allows you to decide relatively quickly whether or not the value of an injection of new funds is beneficial to brand and reputation as well as the ability to deliver to new markets.

### **Internal attitudes of Staff**

Just because you know at an Executive level that the long-term sustainability of the organisation is reliant upon the availability of a diverse income base does not necessarily mean that all staff will immediately buy-in to the idea. Fundraising and new income generation is a 'whole organisation' shift. Staff who have managed to spend many years doing things the way they like can find that their own sense of 'values' are extremely challenged. Whilst there is generally no conflict between the concepts of charity or social benefit and the generation of income, for some staff it can feel like the organisation is 'selling out'. The keys to overcoming this include:

- **Communication** – make sure that staff understand what is happening and why it is happening. Sell the long-term benefits that will be created for both the organisation and the beneficiaries
- **Training** – give staff the necessary training to deal with the new ways of working – most people can learn new skills if their attitudes are right
- **Values** – assure staff that the values of the organisation will remain enshrined in everything that it does

### **Champions**

Identify champions of the new ways of working and give them a voice. It is much easier to convince staff when their own colleagues demonstrate enthusiasm for what is happening.

### **Competitors**

Competitors (if you have them) will watch with interest because they too will very likely be on the same journey. Teach staff to keep your plans confidential if they are 'commercially' sensitive. The private sector does not have a monopoly on plagiarism and aggressive action. The more successful you are the more likely your competitors will feel that they have to take action against you.

### **Partnerships**

Partnerships can be challenging but they can also increase your capacity and reach to do things sooner rather than later. Partnerships can leverage money to do things now that would only otherwise be possible after months or years of organic growth. Many institutional funders look extremely favourably on good partnership working, because it demonstrates evidence of strategic thinking and a focus on the end result rather than on the organisation.

### **Change is not 'bad'**

All organisations have to change over time if they are to survive. In the digital age the whole concept of the way in which an organisation delivers is being challenged almost on a daily basis. The impact of this can be unsettling, especially for those who have worked in a particular way for a long time.

### **Understand the 'change management process'**

People do not generally resist change out of stubbornness, they hold back because they are fearful of going somewhere they have not previously expected to go. It is important to understand how change occurs in organisations and how best to take the staff along with you.

Above all, show leadership and continually reinforce the vision of the better world that you are all aiming for!

## Organisational review tools (in brief)

In the appendices of this fundraising toolkit you'll find extensive information about nine organisational review tools that may help you manage and sustain the business development process and to prepare for the changes this will lead to. In brief, these are the organisational review tools:

### 1. *Swot analysis*

A SWOT is a structured planning method used to evaluate the strengths, weaknesses, opportunities and threats involved in the current and future situation of an organisation.

### 2. *PEST(EL) analysis*

PEST or PESTEL or STEEPLE analysis is a simple and effective tool used in situation analysis to identify the key external (macro environment level) forces that might affect an organisation.

### 3. *Competitor analysis*

The competitor analysis process identifies an organisation's key competitors and compares them using the relevant sector's critical success factors. The analysis also reveals an organisation's relative strengths and weaknesses against its competitors.

### 4. *Investment readiness*

Investment readiness or 'income readiness' requires detailed consideration of the abilities, structures, culture, tools, competencies and governance of an organisation.

### 5. *The balanced score card*

The balanced score card is a tool to measure your organisation's performance, or implementation of your strategy. It focuses on a limited number of key indicators.

### 6. *Organisational analysis spider diagram*

The spider chart is a tool to help assess, in a visual format, an organisation's strengths and weaknesses. The axes can be determined to reflect all aspects of an organisation, or any specific aspect.

### 7. *Ansoff Matrix*

The Ansoff Growth Matrix is a marketing planning tool that helps a business determine its product and marketing growth strategy.

### 8. *The Boston Box Matrix*

The Boston Box is a model used for analysing a company's potential by plotting market share against growth rate. To be useful, this model requires accurate assessment of a business's strengths and weaknesses (as analysed through a SWOT analysis).

### 9. *The Change Curve*

The Change Curve model describes the four stages most people go through as they adjust to change.

## Part 2: Researching and Planning a Fundraising Strategy

*“Never look back unless you are planning to go that way.”*

Henry David Thoreau

### Introduction

As one fundraiser in the ELINET-network put it: “Theory about fundraising is important. But fundraising is action learning. You learn it by doing it.” But where do you start?

This second part of the ELINET fundraising toolkit focusses on how to take ‘action steps’ when you start developing and executing a fundraising strategy. There are basic questions that need answering; you will find them in the Fundraising Guidance part.

And after all the self-examination you have done, and after the researching and planning (page 14), it is time to start looking at the other party: the funders. How to choose a funder? How will funders assess your organisation and project? And what are the advantages and disadvantages of different funding types? This second part helps you to raise the right questions. In the funder types section (page 17) you’ll find an overview.

In part 3 of this toolkit (page 18, you’ll find an introduction to the brief recommendations by ELINET members on different funding types, and more detailed guidance by fundraising experts within ELINET organisations. The recommendations and detailed guidance itself you will find in Volume II.

The tools linked to this second part of the toolkit in Volume II will provide you with a detailed fundraising strategy planning format, detailed information about average UK (and US) charities’ fundraising experience and a fundraising guidance template.

As stated before: please choose the tools that serve your own purposes best.

## **Fundraising Guidance**

### **1. Is your organisation a fundraising organisation?**

Ask yourself whether these statements apply to your organisation:

#### **Mission and communication**

We have a clear, simply stated mission.

We keep focused on the mission and make it central to all communication, including the need for income.

#### **Leadership and resources**

Our trustees and senior leadership see themselves as fundraisers; understand that it is the only way to achieve the mission; take a long-term approach; accept change; commit time and resources.

We invest in fundraising.

#### **Staff**

Every member of the organisation has seen the work in action – particularly the fundraisers.

All the staff have training in fundraising principles and donor relations.

Every member of the organisation can relay the key messages with emotive stories, and talk about the organisation's work to a donor.

Every member of staff interacts with donors periodically.

Fundraisers are seen by all staff as highly professional and central to the organisation.

#### **Test the above**

1. Can you tell your organisation's mission, with a story, simply and emotively to a friend (or donor)? What is their response?
2. Can you describe your organisation's work to a friend (or donor), its history and its plans?
3. Can you explain your organisation's fundraising strategy to a friend (or donor), including the costs needed to generate income?
4. When did you last see your organisation's work and its beneficiaries on the front line?
5. When did you last interact with a donor?

## **2. Researching and planning a fundraising strategy**

### **Possible fundraising strategy headings**

1. Description of the organisation – and vision, mission, core values (see also part 1)
2. Major achievements
3. SWOT analysis (see also part one)
4. The Case for Support
5. The current funding environment
6. The organisation's recent fundraising history
7. Short, medium, long term plans for each type of funding
8. Ethical issues (rationale for any fundraising not planned)
9. Resources required
10. Action plan
11. Financial plan
12. Critical success factors, KPIs, outcomes, impact

### **3. How to choose a funder**

#### **Checklist**

- The general areas the funder is interested in: age range, type of disadvantage, geographical area
- Specific priority areas within their general areas
- Specific exclusions: for certain types or sizes of organisation
- Past projects and organisations they have funded
- The minimum and maximum amount they fund, and their average fund amount
- Deadlines for applications and ensuring your project timescale is feasible in relation to when you will hear the result
- Whether they will fund core costs or capital costs, a proportion of related core costs within a project, or 'full cost recovery' (where they will fund the full proportion of organisational overheads that your project warrants through a calculation of its size against the whole organisational size.)

#### 4. How funders will assess your organisation and project

##### Checklist

- That you are capable of managing that amount of money, and have a track record
- That your organisation is sustainable and financially secure, though not with reserves of such size that they could be used instead of the funding
- That you have a track record of working successfully with similar funders
- That you are providing value for money, but also a realistic budget to achieve the project objectives
- If required, that you have match funding or in kind funding, or realistic assessment of your proposed match funding requests being successful
- That you have a plan for sustaining your project beyond the length of their funding
- That your organisation is distinct, different from similar services, and you can articulate why you are the best organisation for them to fund for this cause
- That your project is innovative: that you are aware of and have been able to show it is adapted to suit the latest research or evidence; that you are aware of current trends in funding or activity, but that your work is not simply repeating other work but has some new component, audience, outcome
- That you have suitable partnerships in place, or a rationale for not partnering other organisations in the sector they might know
- That your work is accessible, and will reach your target participants
- That you clearly articulate the social need, and how you will address that need
- That you have evidence of the need, including direct evidence from your own previous projects or consultation
- That you have evidence that your work makes a difference, with case studies of your past successes
- That you clearly understand 'outputs' (activities) and 'outcomes' (changes in participants and society caused by the activities).
- That your outputs clearly support your outcomes
- That the outcomes you propose are achievable and measurable, and are addressing the social need
- That your monitoring processes are robust
- That your evaluation framework is robust, achievable but also ambitious, proving impact through baseline measurements and, where required, longitudinal measurement

## 5. The different Funding Types

### Advantages and disadvantages of different funding types

Use this to help you assess what funding types are most suitable for your needs and capacity. In part three of this toolkit, you will find more extensive information about different funding types.

<b>Funding type</b>	<b>Positives</b>	<b>Negatives</b>
<b>Individuals</b>	<ul style="list-style-type: none"> <li>• Can be a quick process</li> <li>• High percentage of positive responses</li> <li>• Creates engagement</li> <li>• Continued support likely</li> <li>• Can be unrestricted</li> </ul>	<ul style="list-style-type: none"> <li>• Labour intensive</li> <li>• Good database needed</li> <li>• Lots of small amounts over long period</li> <li>• Large direct mail can be expensive</li> <li>• Needs long term commitment</li> <li>• Market dominated by big charities</li> </ul>
<b>High Net Worths</b>	<ul style="list-style-type: none"> <li>• Can be sizeable gifts</li> </ul>	<ul style="list-style-type: none"> <li>• Need contacts, for instance through Board</li> <li>• Slow careful cultivation</li> </ul>
<b>Grants – Trusts and Foundations</b>	<ul style="list-style-type: none"> <li>• Easy to research</li> <li>• Can be sizeable funding</li> <li>• Can develop a long term relationship with some</li> </ul>	<ul style="list-style-type: none"> <li>• Application process is slow</li> <li>• Application writing is extensive</li> <li>• High competition</li> <li>• Often one-off grants</li> <li>• Usually restricted funding</li> <li>• Evaluation and reporting extensive</li> <li>• Small trusts give small amounts</li> </ul>
<b>Government Funding</b>	<ul style="list-style-type: none"> <li>• Large amounts of money</li> <li>• Can fund core costs</li> </ul>	<ul style="list-style-type: none"> <li>• Application process is slow and detailed</li> <li>• Monitoring, evaluation and reporting is extensive</li> <li>• Dependent on policy shifts</li> </ul>
<b>Corporates</b>	<ul style="list-style-type: none"> <li>• Many available</li> <li>• Easy to approach</li> <li>• Can be quick funding</li> <li>• Can be cash or goods &amp; services</li> <li>• Fits well with visible public activity</li> <li>• Can be long term</li> </ul>	<ul style="list-style-type: none"> <li>• Hard to research</li> <li>• You have to offer them a benefit</li> <li>• You must know your audience</li> <li>• Small businesses give small amounts</li> <li>• Be aware of reputational risk</li> <li>• Competitive</li> </ul>
<b>Evnts</b>	<ul style="list-style-type: none"> <li>• Many possibilities</li> <li>• Can be good for organisation morale, and volunteers</li> <li>• Can become annual</li> <li>• Attracts media interest</li> <li>• Attracts other well connected supporters</li> </ul>	<ul style="list-style-type: none"> <li>• Labour intensive</li> <li>• Can be long planning lead in</li> <li>• Can take some years to become financially beneficial</li> <li>• May rely on volunteers</li> </ul>
<b>Earned Income</b>	<ul style="list-style-type: none"> <li>• Unrestricted</li> </ul>	<ul style="list-style-type: none"> <li>• Demands good market research and a highly professional offer</li> </ul>

## **PART 3: Expert Strategy Recommendations on Funder Types**

*“An entrepreneur without funding is a musician without an instrument.”*

Robert A. Rice Jr.

### **Detailed Guidance**

In Volume II, part 3 we present detailed (or rather expert) guidance on different funder types. This guidance was written by funding experts in Finland (Lukuskeskus) and the UK (Booktrust).

### **Funder types**

- A. Government
- B. Local Government
- C. Corporate Fundraising
- D. Trusts and Foundations
- E. Individual Appeals, Events, Community
- F. Philanthropy or High Net Worth Individuals

Volume II contains the nuts and bolts of the toolkit. These days you can find a builder, plumber, electrician, mechanic or DIY man on YouTube showing you step by step how, for instance, to repressurise your boiler. What was once the specialist skill of the professional is now knowledge for all. So follow step by step the instructions of our ELINET fundraising professionals, and then pick up that spanner and try it yourself!

## **Further guidance and case-studies on the website**

### **ELINET members' strategy recommendations on funder types, and case studies**

*He who allows his day to pass by without practicing generosity & enjoying life's pleasures...breathes but does not live.*

Sanskrit Proverb

#### **Introduction**

In 2014, a Fundraising Questionnaire was sent out to ELINET-members. The survey was open for about a month in May/June 2014. A total of 49 organisations completed the survey, which is a response rate of just over 60%.

Many organisations explained which fundraising projects worked and were appealing for funders and which did not work. We found a lot of similarities in their experiences, explanations and in the given examples. We have summarized the answers for you and put them up on our website.

Please visit [www.eli-net.eu/fundraising/elinet-experience/](http://www.eli-net.eu/fundraising/elinet-experience/) and [www.eli-net.eu/fundraising/guidelines/detailed-fundraising-guidance/](http://www.eli-net.eu/fundraising/guidelines/detailed-fundraising-guidance/) for more information.

#### **Case Studies**

ELINET members also provided us detailed case-studies of successful fundraising. The inclusion of case studies was the top recommendation by ELINET members for the fundraising toolkit. ELINET involves well-known literacy organisations, university and ministerial departments as well as small NGOs working on many different projects. Our collection of fifteen case studies reflects this variety, and offers best practice examples that will help you in your daily work. These case studies are on the website at [www.eli-net.eu/fundraising/case-studies/](http://www.eli-net.eu/fundraising/case-studies/)