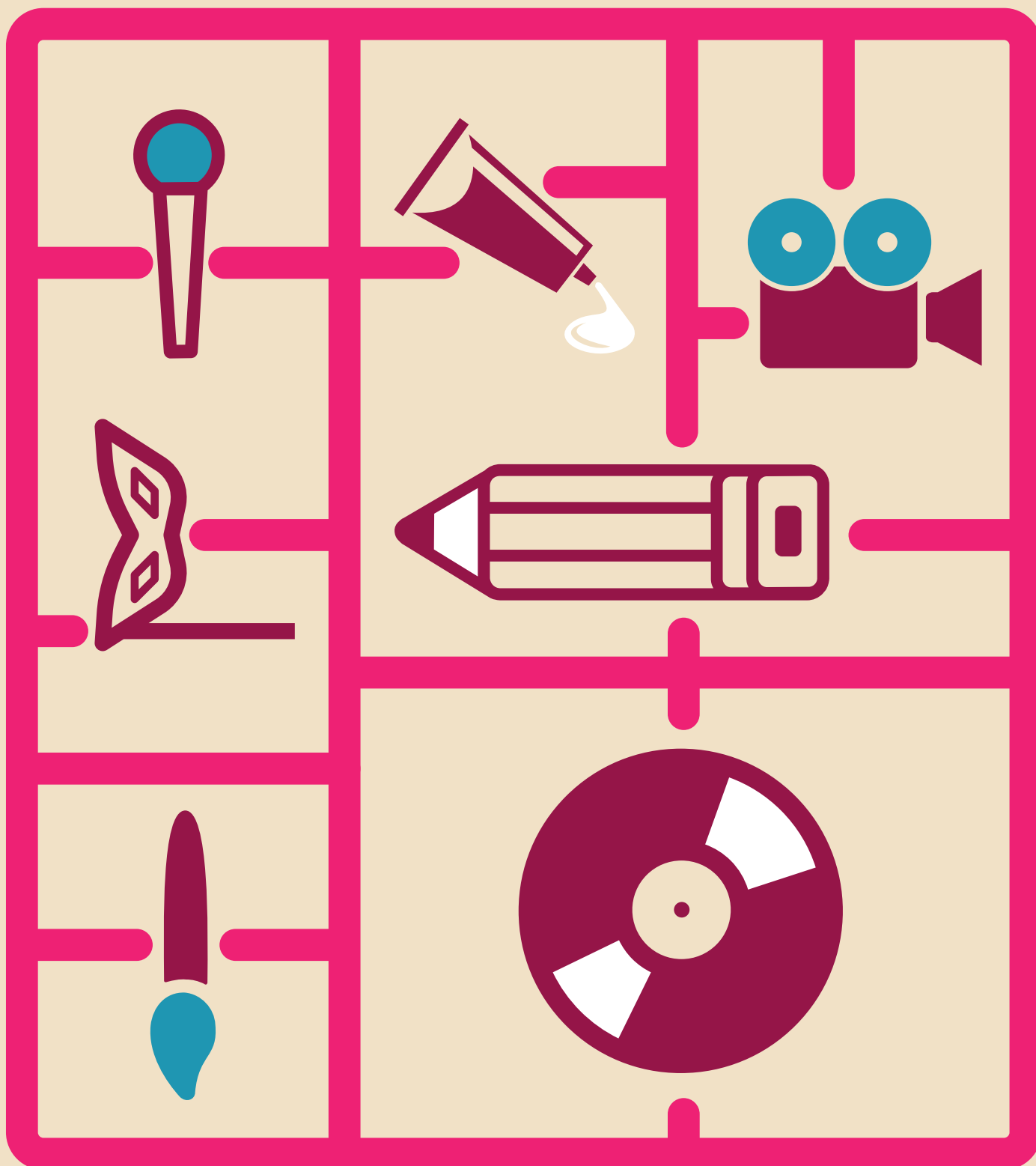


Developing a Fundraising Strategy

Arts
& Business
Northern Ireland

By Dr Oonagh Murphy



Introduction

Fundraising is a growing concern for arts organisations; as such developing a fundraising strategy is a useful step for those organisations seeking to develop their approach to diversifying and strengthening their approach to fundraising.

A fundraising strategy is a written plan of action that identifies potential sources of funding, timescales, and the roles and responsibilities and key actions required to make the timescales realistic and achievable. A fundraising strategy typically has a lifespan of between 3 – 5 years.



Writing a Fundraising Strategy

1

Introduction

The introduction helps to frame your fundraising strategy within the wider strategic plan of the organisation, and whilst short in nature, should include:

Aims of the organisation

Objectives of the organisation

Core activities of the organisation

Context of the document – who has written it, when and why

2

External Analysis

Fundraising is an externally focussed activity, and as such it's important that your fundraising strategy analyses your external operating environment. There are a number of different models that can help support this analysis, this toolkit focuses on two, namely: A SWOT analysis and PEST

SWOT ANALYSIS

Strengths

- Critical acclaim of the creative programme?
- An easily understandable product(?)
- Low cost administration

Weaknesses

- Lack of capacity in staff to deliver comprehensive fundraising programme
- No legacy programme or materials
- Lack of capacity in board to support fundraising process
- Lack of fundraising structure
- Ad hoc fundraising history
- High dependency on one grant source to date

Opportunities

- Potential for education or community facing projects
- Recruitment of new board/development board/volunteers

Threats

- Competitors for the same funding sources
- Limited timescale for development of corporate or individual donor relationships
- Capacity for survival post ACNI RFO period

PEST ANALYSIS

Political

- Change of local or national government
- Change in regulatory bodies
- Change in funding grants and initiatives

Economical

- Impact of recession
- Allocation of public funds

Social

- Demographics
- User group attitudes and opinions

Technological

- Impact of computer software to undertake prospect research

3

Identify Resources

Fundraising involves a number of tasks and functions, including:

- Research
- Administration
- Skill and time to write Trust and Public sector grant applications
- Events
- Relationship development
- Donor/supporter care

Your fundraising strategy should specify who is responsible for each of these for example:

Number of fundraisers full time

Number of fundraisers part time

Number of people providing administrative support

Number of board members with capacity to provide fundraising support

4

Structures for (future) Effective Fundraising

Your fundraising strategy should be a working document, a handbook that guides daily operations and decision-making. As such it should include important information that will be useful when developing prospects, namely:

Case for Support well researched and well argued for core work and/or projects, established by the Business Plan

Administrative procedures and core fundraising materials to include (e.g. – depends on fundraising routes you decide to prioritise)

A ‘product menu’ of activities which have donor appeal

A statement outlining demonstrable competitive advantage

5

Income Analysis

Using the template below create an excel document and analyse your income sources:

- Research
- Administration
- Skill and time to write Trust and Public sector grant applications
- Events
- Relationship development
- Donor/supporter care

Your fundraising strategy should specify who is responsible for each of these for example:

Number of fundraisers full time

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Number of people providing administrative support

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Income source	Area of work supported	Annual Income (£)	Funding end date	Will this funding be available again?	Does an alternative source of funding need to be found to support this area of work?	Importance
Arts Council – project funding	Spring Exhibition	£10,000	May 2017	We will need to reapply	Yes, although we will reapply to ACNI	Medium
Ikea	Schools workshops	£7,000	September 2020	Unlikely	Yes	Low

This template can also be used to research past funders, and analyse if some of those may be interested in funding your work going forward.

It can be further developed to include unsuccessful funding application, doing so will help you to map all fundraising activities, against actual income.

6

Identify future income sources

A fundraising strategy helps to turn research into an action plan. Having identified potential sources of income through desk-based research, network analysis, evaluating former funders or databases such as GrantTracker, the next step is linking those potential funders to the work of your organisation. This table will help you to allocate resources to researching and developing prospects.

Source	Process	No. of Staff Days per Prospect	Financial Investment	Timescale for result
Major Gifts/ Individuals	<ul style="list-style-type: none"> • Research and identification of prospects, create profiles on database and match against product menu. • Plan and create small scale cultivation event and assess for success. • Set up standard, tailored mailing/emailing programme as 'affirmation communications' for donors and prospects. • Ensure right messages and 'stories' to support fundraising are on website and other communications. 			
Legacies	<ul style="list-style-type: none"> • Identify potential prospects from research and regular supporters; create profiles on database. • Set up mechanism for giving through legacies (can draft from existing examples, e.g. National Trust website has good material and tailor to own circumstance; get checked by legal expert). • Set up standard, tailored mailing/emailing programme as 'affirmation communications' for legators and potential legators. 			

6

Identify future income sources (continued)

Source	Process	No. of Staff Days per Prospect	Financial Investment	Timescale for result
Trusts & Foundations	<ul style="list-style-type: none"> • Research guidelines of 20 (to start with) Trusts and Foundations and match their priorities to your organisations's product menu; • Set up standard materials – generic information, needs, timing, annual report and accounts to be easily available. • Create Annual Trust Plan showing [xx number] of trusts against which there are particular projects and target income. • Set up specific information required by trusts (many now require a workplan and evaluation reports; most require monitoring information). • Ensure that trustees are on database for invitation to cultivation events. 			
Corporate	<ul style="list-style-type: none"> • Major gifts work may lead to key corporate contacts. • Research businesses local to your organisations's offices and locations where future projects may take place for a) business objectives, and b) CSR objectives. • Create database of profiles and segment them according to fit. • Identify what your arts organisation could offer any corporate and for what return. • Create fundraising materials, such as Case for Support, proposal templates, etc. 			

6

Identify future income sources (continued)

Source	Process	No. of Staff Days per Prospect	Financial Investment	Timescale for result
Corporate	<ul style="list-style-type: none"> Set up standard tailored mailing/emailing programme as 'affirmation communications' for corporate donors and prospects. 			
Individual Giving (Low/mid-level)	<ul style="list-style-type: none"> Identify prospects from audience data, and profile them according to those who engage with Your arts organisations (attend regularly, perhaps volunteers or have offered help in the past). Prepare 'script' to enable any member of the organisation to talk audiences at performances (research prior to designing any friends' programme – what attracted them to come, why do they like the organisation etc. – particularly important for touring, non venue-based organisation). Identify potential giving mechanisms (donation boxes at performances? Invite to donate at point of ticket sales? Don't forget Gift Aid. From research, what would attract a regular small donation – special event? How many per year? Named acknowledgment on website and programme? etc) Design Friends' programme if research shows viability. Create fundraising materials (application forms for Friends' schemes?) Set up standard tailored mailing/emailing programme as 'affirmation communications' for corporate donors and prospects. 			

6

Identify future income sources (continued)

Source	Process	No. of Staff Days per Prospect	Financial Investment	Timescale for result
Events	<ul style="list-style-type: none"> • Agree outcome of event. • Identify target audiences. • Calculate planning lead time. • Is there sufficient budget? • Identify potential for sponsorship (whether financial or in-kind, e.g. supply of venue, refreshments etc). • Guest research. • Follow-up plan. 			
Public funds	<ul style="list-style-type: none"> • Identify and research local authority funding rounds, other opportunities, e.g. Belfast City Council, BIG lottery etc. • Research and map outputs required by the funds against your arts organisations's projects. • Identify match funding (if required – often is). • Register for procurement process (increasingly required by public funders) to check on eligibility (usually based on financial data and robust quality assurance systems in the organisation in place). • Identify and secure partners if necessary (often a requirement). • Complete application form and submit to (strict) deadline. • Ensure mechanisms in place for onerous reporting requirements. 			

7

Screening

The template below is designed to allow you to start to prioritise your approach to fundraising. The most important column in this template is importance screening. Screening allows you to narrow down potential funders so that you can make a strategic investment in cultivating funding relationships with a small, targeted pool of prospects, and in turn drive up the success rate of funding asks.

Area of work to be supported	Income needed	Name of potential funder	Application process and key dates	What they fund	Importance screening

8

Donor Care Guidelines

Donor care, customer care, supporter care – whatever we call this, it is absolutely key to ensure that communication and follow-up with supporters is consistent and high quality across all income streams. It must also meet their individual or specific requirements (e.g. Trusts require a particular kind of reporting, whilst individuals might need an occasional ‘good news’ type communication, and so on).

Minimum donor care guidelines (an example):

- Act at all times in a courteous, disciplined and professional manner.
- Follow up with donors by email or letter within two days of any face to face meeting.
- Abide by donor requests regarding frequency and type of communications.
- Ensure confidentiality and privacy of donor information is adhered to both from a Data Protection perspective and on request by donors and prospects.
- Acknowledge and thank donors in writing within three days of receipt of their donation.
- Respond/reply to all donor or contact queries within three days.
- Respond/reply to all donor or contact complaints within 1 day.
- Ensure that all donors receive a report on completion of each project supported – within three months of project completion and evaluation, or as per their requirements.
- Comply with best practise guidelines as defined by the Institute of Fundraising.

Expert Insight

Marianne Crosslé Fundraising Officer

Marianne has been involved with Cahoots NI from the beginning, taking on a portfolio of roles including touring stage manager, production manager and now settled in her role as fund raising officer. Marianne provides the bread and butter for Cahoots, taking on much of the funding application work and guiding the work of the Fundraising Development Officer. Through her work Cahoots now has a comprehensive fundraising strategy which seeks to solidify their work in Northern Ireland both as a producer of new work, and supporter of emerging talent but also to grow into new markets.

How long has Cahoots been using a fundraising strategy?

Cahoot's has always had a fundraising strategy of sorts. In November 2001, there was a fundraising plan within our first business plan, as the company has grown so too has our approach to fundraising. The written documentation of our approach to fundraising remained within the business plan until 2014. Up until this point I was managing the statutory fundraising reporting and funding applications and as such was also writing business plans for applications, however in 2014 we created a separate fundraising plan for the first time.

Cahoots has always had a robust reporting system, monitoring and evaluation from the start. As an organisation we have always been open and accountable, we have always been able to show what we do with a funder's money in a professional and efficient manner, so moving to a distinct fundraising strategy felt like the natural next step.

What prompted you to develop a distinct fundraising strategy?

In 2014, as a long standing exchequer funded client, Arts Council NI wrote to us to say there would be in year funding cuts, and that it was likely that there would be further cuts in subsequent years. The wider economic climate in Northern Ireland meant we knew that there wasn't going to be increased or even standstill funding for the foreseeable future. We saw this as a wake up call to the theatre sector, while some went into activist mode – we went into planning mode.

Around the same time we were selected for International Performing Arts for Youth (IPAY) Showcase. Cahoot's has had an international outlook since the start, Paul McEneaney, Creative Director has been a member of the International Association of Theatre for Children and Young People since the beginning, so we always had an eye on the zeitgeist, and had shown our work at a number of international showcases. In 2014 we took our production, EGG to IPAY, and from that Paul got a call from a booking company in Texas, who asked to represent Cahoots in America. At this point we realised that a door had now opened from local and regional markets to a new international marketplace – this just so happened to coincide with the downturn in funding from ACNI. As result we took the decision to move towards a global market model, with funds generated from international shows to be used to fund new product for the local market. At this time we brought in a development and fundraising consultant, to put in a review and proposal for a new strategy, Sophie Hayles. Sophie found that in-house systems were both good and strong, and recommended we have a threefold fundraising strategy, namely that we should focus on:

- International touring
- Trusts and Foundations
- Development of new work

Having developed a fundraising strategy we applied to Arts & Business NI to host a fundraising intern. Our application was successful, and in October 2016 Sarah McIntosh joined us on a 1 year placement, with a focus on developing international fundraising efforts.

What process did you go through to develop your current fundraising strategy?

The decision to invest in the strategy was approved by the board, and a board member was appointed to oversee this development. The board and the team in the office were all involved.

Who is responsible for tracking the success of the fundraising strategy? We have a monthly fundraising meeting, which is attended by myself, our Artistic Director, and our Fundraising Development Officer, other members of the team attend this meeting as appropriate. This meeting is shaped by a monthly fundraising template, which shows what we have worked on in the last month and what we are working on going forward. We also present a fundraising activities template for each show. It's an ongoing thing that is updated all the time. The board meets every two months, and a fundraising report is presented at each board meeting.

What advice would you give to an organisation thinking about developing their first fundraising strategy?

1. Planning, robust systematic methods of capturing information, recording and evaluating on a regular basis are central to a successful fundraising team. The most important thing is keeping records, writing down everything, and having a system in place that means if a funder comes into your office you can take out their applications, their terms and conditions and demonstrate compliance.
2. The key to managing a fundraising strategy is servicing the funders – ensuring their terms and conditions are met – that others outside your job know these terms and conditions exist, and ensure that reporting and budgets go out on time.
3. Be very certain of what you want to achieve and that you can achieve. For a new company that might be one or two shows a year, in our case we programme year round, also in production, in development and an idea.

Overview of Types of Funding

Major Gifts – Individuals, including HNWIs (High Net Worth Individuals) – can be the most cost effective form of the various income streams, but it is not a ‘quick fix’ (average at least 18 months from identification to first donation). Requires thorough research, delicacy of approach and dependent on the quality of the product and the quality of the ‘ask’ (i.e. from the right peer group).

Legacies – not a quick fix, but can bring long term income. Research shows that from setting up a legacy programme, it will usually start to yield after four years. Can be attractive for people who cannot donate now, but could do in a will. However, a more difficult source for a fairly new organisation – looking to the long term future needs a sense that there is a long and established history, a guarantee that the organisation will continue to exist for generations in the future to enjoy.

Trusts & Foundations – reasonably predictable if the right product is aimed at the appropriate trust and meets their guidelines. However, trusts have been hit by the recession, as their endowments will have suffered, so there is less money and more competition. Trusts generally publish their decision-making dates. Appendix 1 provides an indication of some trusts who may be appropriate to approach.

Corporate (Donations and Sponsorship) – Engaging with the corporate sector has the highest area of cost in terms of staff time and statistically has the lowest return. Many months can be spent trying to match corporate marketing positions with an organisation’s activities with little or no return.

Key approaches are through corporates’ marketing strategies, community budgets (CSR) and employee giving (although the latter tends to concentrate on the more ‘traditional’ charities – children, health, etc.). For an arts organisation, it is unlikely that a large corporate would be attracted, unless they focus their CSR giving (which could be in-kind, through staff volunteering rather than cash, for example) in a particular geographic area local to them. Corporate fundraising needs a robust fundraising operation already in place to be effective; it is a slow burn source and requires considerable relationship building and understanding of the needs of the companies being approached - it is very much a selling (what we can give to you to help you deliver your marketing or CSR objectives) approach.

Individual Giving (low level donors/friends). This appeals more to an arts organisation’s audiences than to specific key individuals. It can be used to build up an ongoing income stream and a bank of advocates for the organisation through Legacy, Friends, Web-based donor ‘celebration’ prompts (e.g. anniversary, special appeals – effectiveness would depend on website traffic). Research shows that most donors give in the region of £5 - £10. The majority of those who become donors, or join Friends schemes, attend three or more events a year. Individual giving involves designing a reciprocation programme for supporters, which may be as simple as ‘early bird’ offers or invitations to one or more special events. Friends can be cultivated to ‘step up’ to higher level giving at a later stage.

Events – Events are a seductive proposition. It can be tempting to utilise staff time in the planning and execution of events with no clearly understood outcomes and a net loss of money to an organisation. Events need to be finely tuned, with a clear purpose and realistic costing (including staff time). A large scale event is anything over 30 people. Cultivation events are smaller, targeted activities and have a distinct purpose (to recruit people with influence who are likely to give). Events can be used alongside each of the funding streams (although public funds and trusts with specified guidelines are not likely to be influenced by them) to generate interest in and support for the organisation. They can also be used as direct fundraising mechanism, however return is far more risky. Considerations: staff cost in preparation time; planning lead time (large event 12 months minimum); anticipated net return (all costs including staff time); overall budget.

NB: Average take up of invitations in the UK for an event, however grand the host or venue is 4:1.

Public Funds – including local authorities, other strategic bodies such as Belfast City Council. These funds usually, like trusts, have published guidelines that will require applicants to meet particular policy demands – high on the agenda currently is youth engagement, regeneration, community coherence. The larger more strategic funding programmes often require partnership working (with other providers, or community-based support organisations, for example). They have strict deadlines for applications and a reasonably predictable timetable for publication of results, although project start times can be delayed by the bureaucratic process of contracting, service level agreements etc.

Further Reading

Fundraising Strategy Essentials, NCVO

<http://culturehive.co.uk/wp-content/uploads/2014/06/Fundraising-strategy-essentials.pdf>

What Should Feature in a Fundraising Strategy?, Institute of Fundraising

<http://www.institute-of-fundraising.org.uk/blog/what-should-feature-in-a-fundraising-strategy/>

The Main Elements of a Fundraising Strategy, Resourcing Scotland's Heritage

<http://www.resourcingscotlandsheritage.org/wp-content/uploads/2015/09/FundraisingStrategy.pdf>

How to Develop a Fundraising Strategy, Culturehive

<http://culturehive.co.uk/wp-content/uploads/2015/05/How-to-develop-a-fundraising-strategy.pdf>

Fundraising Strategy (video), Arts Marketing Association

<http://culturehive.co.uk/resources/fundraising-strategy-training-video>

Fundraising Audit (video), Arts Marketing Association

<http://culturehive.co.uk/resources/fundraising-audit-training-video>

Creating Ethical Guidelines for Fundraising, Culturehive

<http://culturehive.co.uk/wp-content/uploads/2015/07/Creating-ethical-guidelines.pdf>

Further Reading

Fern Potter, Choreographing your Fundraising Strategy, Culturehive

<http://culturehive.co.uk/wp-content/uploads/2015/07/Choreographing-your-fundraising-strategy.pdf>