Overview

Fundraising is something that many organisations find challenging to navigate, especially when they are smaller, newer or working on an area that's pretty niche. It means that there are fewer available funders and those probably already have a large number of organisations that they’ve been working with for years.

In this document, we are laying out some of the fundamentals that we find really important when it comes to fundraising. We'll look at the different income categories and also think about different income streams and how to diversify your income as much as possible.

Much of this document will feel very beginner if you've worked on fundraising before. We're aiming this at organisations who might not have a professional fundraiser on staff and who are navigating the space for the first time, to keep their organisation and their project alive

Income categories

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Trusts and foundations

Trusts and foundations often offer ‘restricted’ income to specific projects that you've applied for through an application process, but can be significant in grant size. They usually have an open
application process, but some don’t accept unsolicited applications, so you need to network to become invited to apply.

**Individual Giving**

Individual Giving is usually smaller one-off or monthly donations cultivated through marketing tactics (includes crowdfunding), this tends to generate unrestricted funding unless you are doing a specific campaign.

**Major Donors**

Wealthy individuals or families who donate large sums (the threshold for considering someone a major donor can be defined by the organisation). They are unlikely to donate unless they have a relationship with the organisation or key personnel.

**Government Grants or Contracts**

These generally follow a tendering process and may be in multiple parts of which you deliver one and other organisations deliver other parts. The payment is for the work so in a sense it is restricted to delivering that work, however you do not usually have to report spend against budget so can be more flexible than truly restricted funds.

**Corporate**

Come in all shapes & sizes - they might have a corporate foundation which you can treat the same as applying to a Trust & Foundation, or you need to be nominated by an employee to become their ‘charity of the year’. Offering their employees volunteering opportunities seems to be key in the UK. Corporate partnerships could also include sponsorship of events or projects where they will be looking for branding opportunities.

**Legacies**

Legacies are where someone leaves a donation to your work in their will. This is a huge source of charitable income in the UK but obviously requires a deep trust / relationship with the organisation and they are likely to be an individual donor first. (Practically it’s a very long term pipeline).

**Earned Income**

This covers selling items eg merch, or paid for services eg FOI for hire.

The important thing to think about is your fundraising mix, and reliance on particular channels - the general rule is to try and diversify income streams where possible.
A look at Individual Giving

Individual Giving requires cultivation and marketing skills. It may only be a small amount per month but if these donors become regular then their Lifetime Value could be significant.

Consider these people as individuals who care about your cause and not just as a cash machine. Try to get to know them through interactions eg surveys and invite them to events. This will help you to retain them as donors but also understand your donor ‘profile’ to help you with targeting and acquiring new donors. Ideally you would design a donor journey (eg a user journey in mailchimp, or using a CRM tool) that builds on communications they have received and solidifies their affiliation with your organisation - starting with truly thanking them personally for their donation! Communication in the first 28 days after a donation is crucial, it is known as the honeymoon period. These supporters will be your biggest ambassadors so consider what extra value they could bring - could they host fundraising events for you / talk about your work to their networks?

Trusts and Foundations

Trusts and Foundations tend to be where most organisations focus, because the size of the grants can mean that they are ‘ quicker wins’ than the other channels. The process of applying for grants can also be really useful for clarifying your project goals, activities and success metrics. Trust Funders are professionals, they have seen a lot of applications and will expect you to define a clear problem you are looking to address, articulate how you will do that and what outcomes you expect to achieve, by when: aka a Theory of Change. Impact metrics are crucial, you cannot be vague about what you are trying to achieve. Set SMART targets and be specific about who the beneficiaries will be. You also need to stress how your organisation is best placed to deliver this, this is what is known as creating a strong ‘case for support’. Many will favour partnership applications, so consider similar or complementary organisations who you could team up with!

Finding Funders

It can be hard to find funders, so starting places might include looking at the websites of similar organisations to yours, to see if they list their funders (their annual accounts may also have to publish them). Some countries have open databases of funders or paid for subscriptions which can be well worth subscribing to for a while to mine them for details of as many funders as possible! GrantNav by 360giving is an open platform many funders share their data with and allows you to explore (for free) who they have funded. Many European funders partner up on ‘pooled funds’ so you might find out about funders with similar interests through researching the funders you do know of.
**Application Process**

Many funders will helpfully have a phased process so as not to waste your time submitting a full application if it is unlikely to be successful, instead you start by submitting a short Expression of Interest (EOI). This is an opportunity to sell your organisation and idea in a succinct way, don’t worry there will be a chance for detail later!

Try not to be disheartened by rejections, it is very much part of this process as most will reject more applications than they award. And don’t let this put you off applying to them in the future (usually you have to wait a year). If you can, it is always worth asking for feedback - but realistically they usually don’t provide specifics.

For your own tracking, the industry standard ‘success rate’ for applications is cited as anywhere between 15-40% of applications submitted.

Don’t worry if you don’t have a professional fundraiser in your team - sometimes the founder and project teams can convey the most passion! But be careful not to slip into jargon, technical specifics or details that the funder doesn't need to know as you will have a limited word count. Also remember this is not the place to be self-deprecating, be real but make sure you sell yourself and your organisation.

To have the best chance at success make sure you spend time researching the funder; what are their priorities, who have they funded in the past, if they have a current funding round open then what are the specific focus areas? Most grantees will read this with their own organisation in mind so it is easy to think you are aligned, therefore try hard to read their priorities objectively - considering who else might be applying for this rather than only looking at it from your blinkered perspective. If they are not clear on their website, see if you can look at their annual accounts for previous grants made. If they offer a chance to get in touch beforehand always take this opportunity, both to get tips for your application and to help ensure you are known to them.

If they don’t have a current funding round open don’t despair, sign up to their mailing list to be notified when they reopen. Make a log of all potential funders as you come across them - this builds your pipeline and reminds you months down the line of previous research you did and can flag funding dates to review.

Finally, don’t underestimate the power of relationships - even though they have fair processes to follow, at the end of the day, grant officers are individuals and if they are bought into your mission they will be strong advocates for your organisation to their decision makers. Sometimes funding opportunities are so badly publicised that you only hear about them through existing relationships, so try to prioritise networking where possible!