



DEVELOPING A SUSTAINABLE FUNDING MODEL

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These notes were taken from a workshop delivered by Exult to not for profit organisations, around developing sustainable avenues of funding.

Introduction

- Do some work on explaining the difference your organisation makes in the community.
- Take and make every opportunity to tell people what you do.
- The workshop sessions will cover the seven potential income streams, however, remember that ideas are no use if we do nothing with them.
- Utilise the skills of volunteers if something needs doing in your organisation and you don't have the resources [VolBOP are keen for people to pick up on this].



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Sustainable funding

- To develop sustainable funding streams, you need to know:
 - (1) How much money you need on a day to day basis; and
 - (2) How much money you need to achieve your strategic goals. This is the total funding you need.
- You also need to know the detail of your budget – line items for a specific purpose – so you know the opportunities to cover these costs in a different way, e.g. sponsors provide pens for your workshops with their logos on them, approach a business to sponsor morning tea for your community engagement groups, share the costs of an administration person with another organisation.
- Your budget is only great if you keep track of the spend each month and understand the detail of how you spend your funds. Develop a sustainable annual income plan to ‘keep the table stable’.





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Seven Types of Funding Streams

1. Grants
2. Fundraising
3. Entrepreneurial activity (social enterprise, eg hire out your venue, or fees for service)
4. Sponsorship – time, money and resources but expect a return
5. Donations – time, money and resources but don't expect a return
6. Membership – benefits and privileges
7. Contracts – accountability



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1. Membership

- People join things to feel they belong, particularly in relation to sports clubs and the arts.
- The key is to get a clear understanding of the target of your membership offering – the way to connect or activities that are specifically for that group.
- This is not about people using your service, rather those that would benefit from supporting it or want to be part of your group (eg Women's Refuge Friends of Exceptional Women's Club – package of value for target market including discounts at retail outlets, special events, merchandise, newsletters, private viewings, promoting their business, accessing networks, website profile).
- This can be a sustainable income stream if you charge a reasonable membership fee that includes the cost of set up. Put the fee up a little bit each year rather than waiting several years and having to make a big increase.



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2. Donations

- Donations and sponsorship are not the same. A donation has no strings attached, whereas a sponsor is looking for something in return. Donations are tax deductible; sponsorship is not.
- While people make donations to raise their profile, show support for the community, because they are passionate about a cause or to feel good about themselves, the number one reason they donate is because they are asked.
- Top tip: make the ask as many times as possible.
- Some people only want big donations, but small donations are important. Treat small donors like gold – they may just be testing how you treat them. It is easier to keep small donors than to try and find new donors.
- In New Zealand, the biggest proportion of funding comes from individual donors (55%) compared with business (3%) and philanthropic organisations (25%).
- Bequests from a person's will often go to organisations that the person has supported with small donations during their lifetime.





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2. Donations (cont.)

- How you talk about your organisation is important, respectfully telling your story. Your vision is the most important part of telling your story – why your organisation exists, NOT what you do.
- You don't need big jargon, just a simple message. What do you want to change? Keep asking yourself 'So what?' until you get to the nub of why. Don't be vague and fluffy or use too many big words to sound impressive. What difference do you want to make?
- Only 19% of new donors give a second time. However, those donors that are thanked within 48 hours for their donation are four times more likely to make a second donation. Those that make a second donation are 62% more likely to give again.
- Manage relationships with your donors, keep in touch with bespoke emails or message past members that are familiar with what you do.
- Use social media, donation boxes, emails, newspaper coverage to get your message out. The media has a responsibility to cover local stories, but tell them from a third person perspective.
- Donations platform: www.raisley.com and www.joyful.org (Australian).
- When you receive a donation, make sure you say thank you! You can also ask for three content connections to you can continue to build your relationships.





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3. Sponsorship

- Sponsorship is different to donations as there is always the intent of a return. It is a partnership and both parties are responsible for its success.
- The main reason that businesses sponsor is to increase their bottom line.
- Steps include looking inwardly and thinking about an organisation that aligns with your values/goals. Who can you put your potential sponsors in touch with that would enhance their business?
- You are the conduit between who and the businesses you want to enable to connect.
- The more specific the better – e.g. target audience retired people, would have alignment with a garden centre.
- This is not cap in hand, it is a business opportunity which enables businesses to connect directly with their target market.
- The worst thing to do in response to Covid-19 is to stop your marketing spend. The best thing to do is to identify who your target market is, approach them and support them to deliver their targeted spend, e.g. soup kitchen which reduced the amount of vandalism of businesses in the area = providing sponsor value.



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3. Sponsorship (cont.)

- What is the benefit of your organisation to that business? Supporting community organisations can make a business a more attractive company to work for.
 - Who has your target market as their target market? What do you have to offer in terms of a sponsorship market?
 - You need to really understand what your offering is. Sponsors are looking for ways to engage directly with their target market – you are the conduit.
 - Track the return on sponsorship, eg a 10% discount if someone goes to a retail outlet because of a presentation and donation to organisation; discount on shoes for a sibling; figures around return on potential sponsorship.
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4. Social Enterprise

- A business model that generates income while doing a public good – i.e. social, environmental.
- For further information, visit www.akina.org.nz.



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5. Fundraising Events

- Covid-19 will see a medium term (at least) change to fundraising events.
 - There is huge scope for a fundraiser – identify who can fit in with your values.
 - Provides a good position to get publicity – corporate/community responsibility.
 - Make the event unusual (Google innovative fundraising action).
 - Show the community that you work hard for your dollars.
 - Provide tangible opportunities for your sponsors.
 - What communities are under-represented?
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6. Grant Funding

- Many key funders have put their grants on hold, e.g. Pub Charity, Lion Foundation.
 - Keep in touch with your funders to maintain the relationship. You will need to be nimble in a changed world. What can change your success?
 - Strategic grants – membership/database of funders (think about seeking professional grant writing expertise).
 - Four key things: criteria, timing, documentation, and proposal.
 - Consider the potential to apply to another organisation.
 - Apply well ahead of time so you can get feedback on your application.
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7. Contracts

- Contracts are legal documents that outline the responsibilities of signatories to it.
 - Government contracts are listed on www.gets.govt.nz and you can set up alerts if a contract fits in with your area of focus.
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