

# Improving approaches to funding



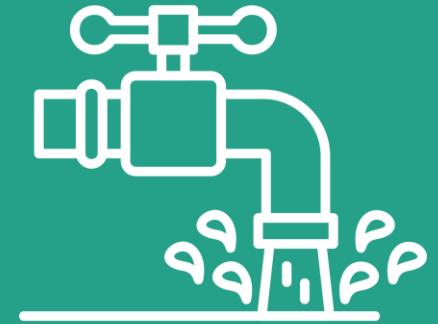
# What does 'good charity income' mean?



Having a healthy mix of income streams.

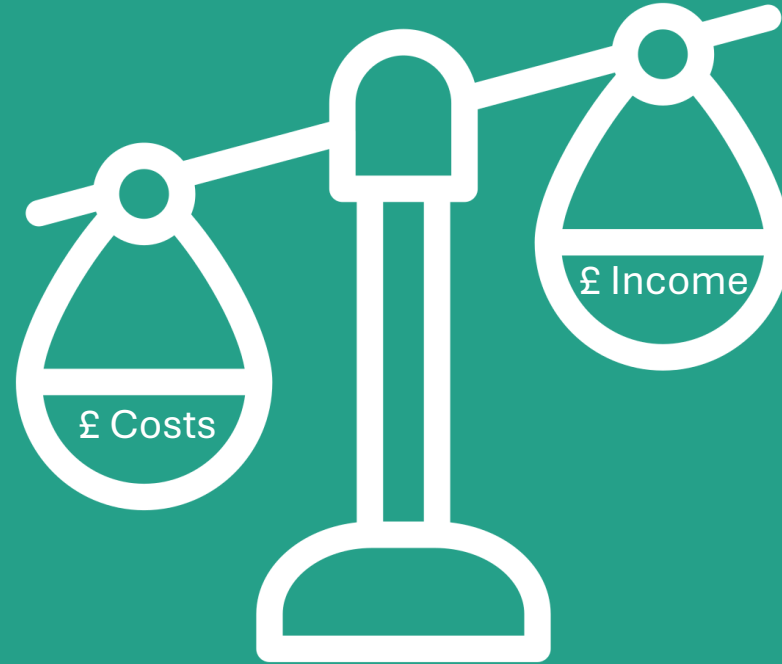


Having enough funding to cover the costs of the services you know are needed



Not stop starting services and projects depending on funding

# Why is it important?



Monitoring

Training (staff time)

Reporting

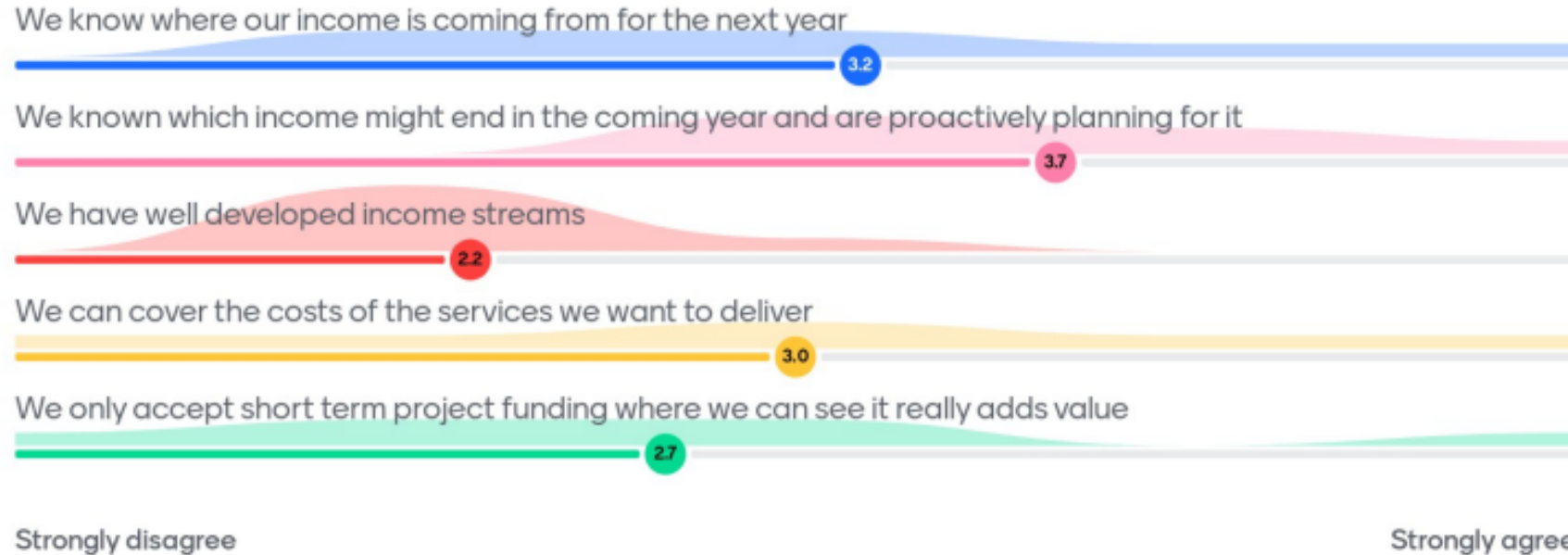
Staff taken from other work

Marketing

**Charity  
income can  
be expensive**

# About your organisation

What is income like in your organisation?



# About your organisation

Why do you want to diversify your income?

14 responses



# About your organisation

What is preventing you from developing income streams?

15 responses



# Taking a more proactive approach to funding means:



Consistent presence



Meeting needs



Doing right by everyone

# The challenge of charity income





# Why is it so hard?

Capacity



Unpopular cause



# Some realities

Smaller charities  
are being worst  
affected by  
funding crisis

BAME led charities  
and organisations  
were already less  
likely to receive  
funding

# Why is it so hard?

## Funding models



## Attitudes and mindsets



## Disconnected thinking



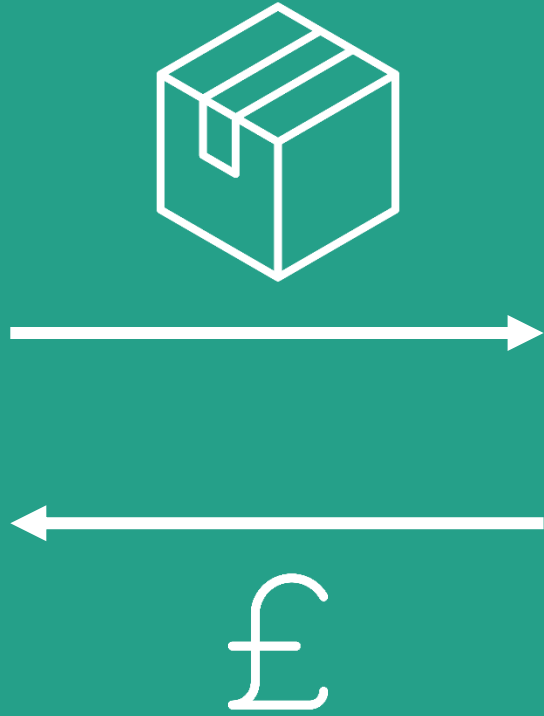
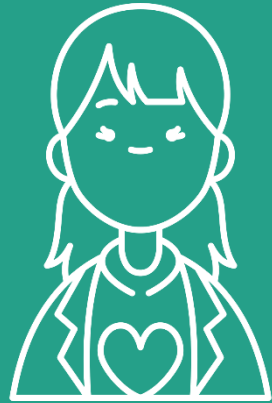
# Challenge 1

The impossible funding model



# Two types of income model







Closed

£



**ALI LYONS**  
Making your mission achievable

# Mixed models



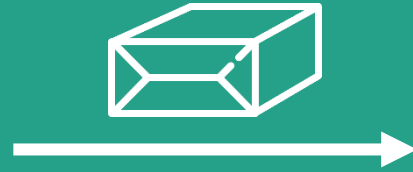
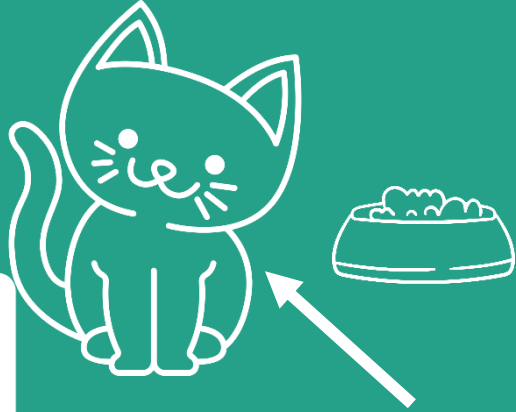
Contracts for deliver

Charging for space

Selling services – to the public or to  
businesses

Corporate partnerships





£



**RESERVES**



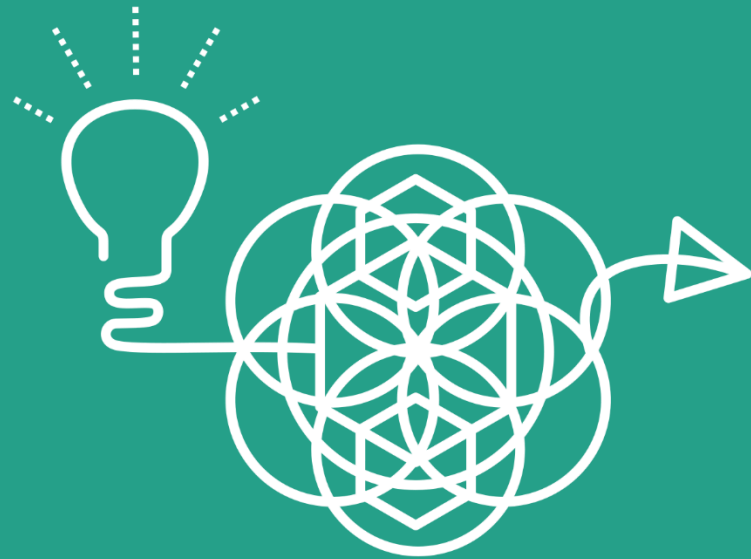
# Funding models

“Time spent fundraising is time away from delivering your mission”

Mary Rose Gunn, The Fore



**Embrace the  
complexity**



**But don't let it  
control your  
organisation**

# Mixed models



Trusts and Foundations

Donations

Legacies

Community fundraising

Corporate fundraising



Contracts for deliver

Charging for space

Selling services – to the public or to  
businesses

Corporate partnerships

# Challenge 2

## Attitudes and Mindsets



# Public perceptions



## Dickie Skinner

What is wrong with you people? You are being ripped off big time by this company. They buy waste food that no one else wants to buy very cheaply and then sell it to you at a massive profit. You are not saving the planet. You are making Oddbox very rich. Do yourself a favour and buy what you want, when you want it at your local greengrocer or supermarket.

20 hrs Like Reply  182



## Bernie Mayall

It's odd how "profit" is used as a smear if it is a good organisation doing good stuff on a shoestring but praised if it's a massive bloated corporation ripping off ordinary people in order to reward shareholders. Go figure.

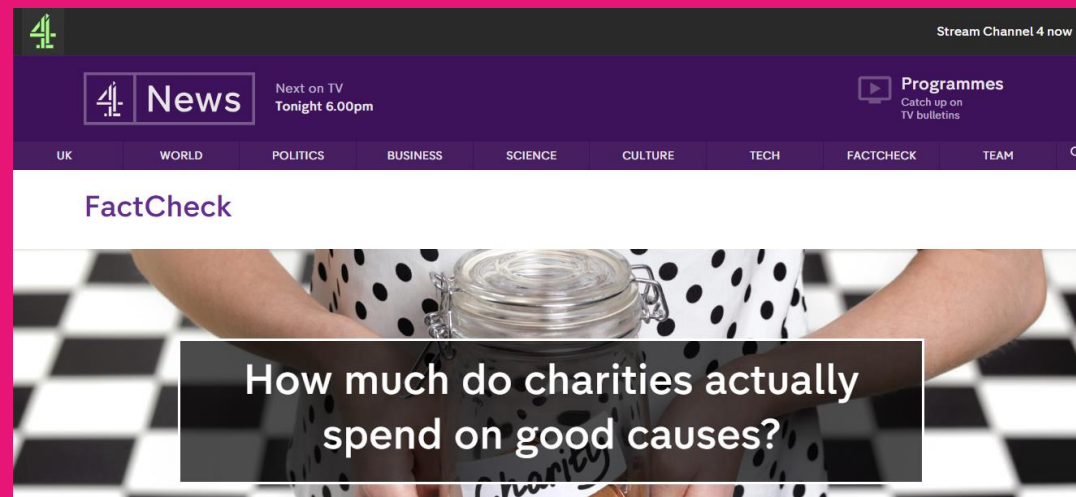
1 hr Love Reply   3

# Public perceptions

When it comes to salaries, charity CEOs still want to have their cake and eat it

*Toby Porter*

Charity bosses have not learned from criticism around remuneration and risk distancing themselves further from their supporters

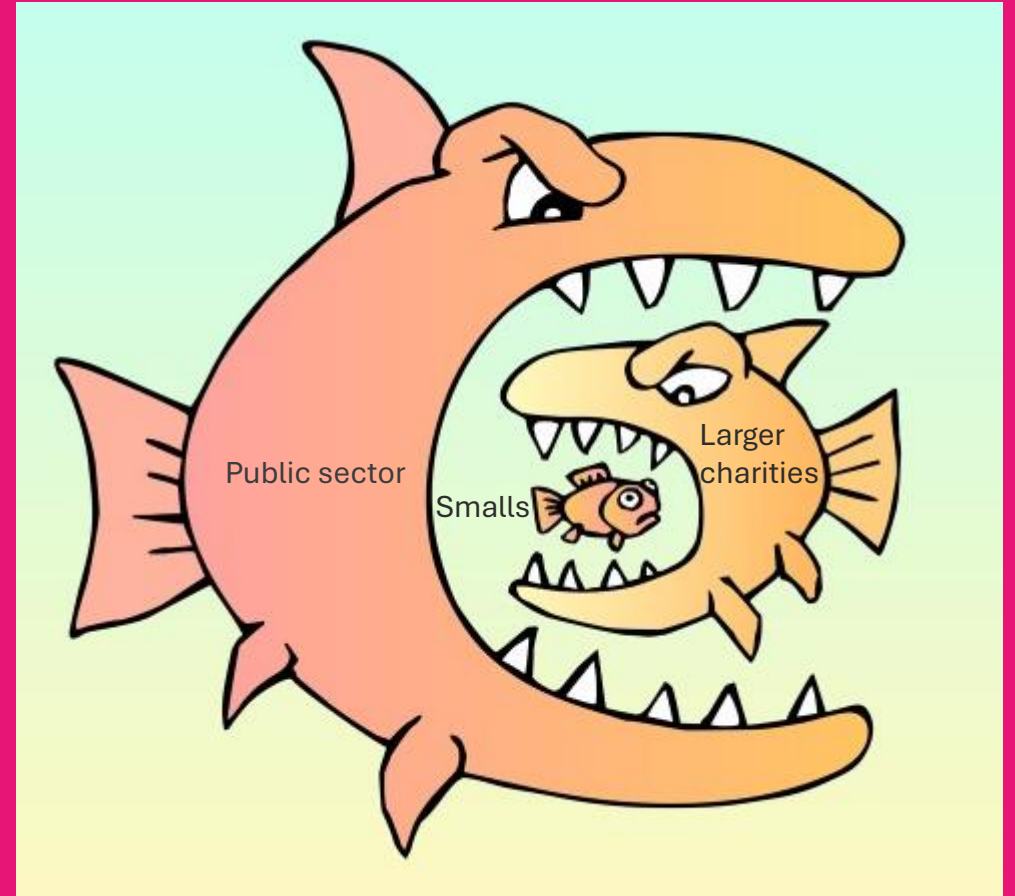


# Partner perceptions

Expertise relied upon but not valued

Relied upon but not funded

Perceptions of ‘professionalism’





# Attitudes to money

Shaped by our  
experiences of  
money



# Attitudes to payment for our work



# The reality



## It costs to offer services

# Attitudes to money

Viability

Important

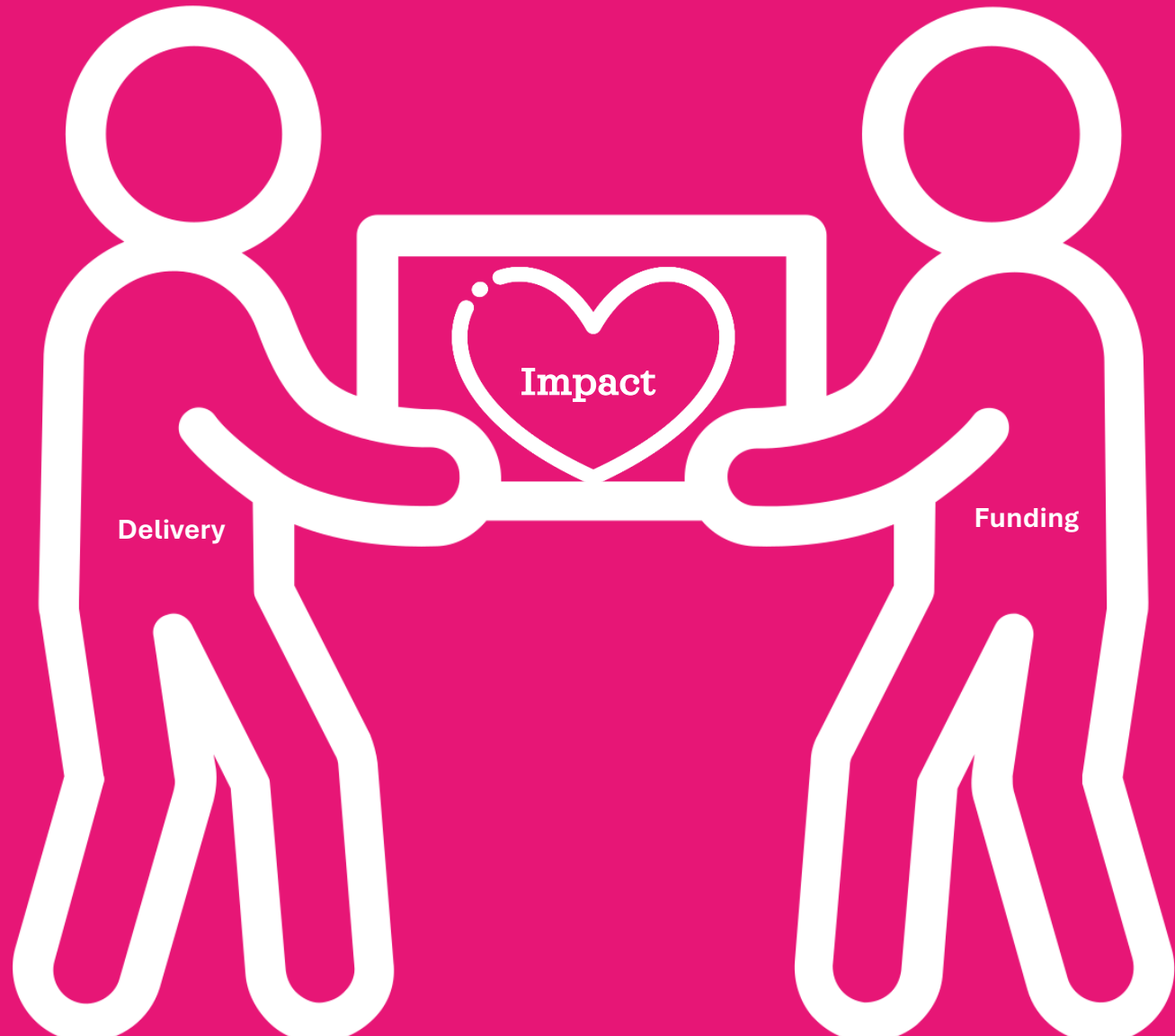


Valuable

# Attitudes to money



# Attitudes to money



# Challenge 3

Disconnected  
thinking



# Word match

Activities

Funders

Resources

Marketing

Cost  
structure

Income  
streams

Partners

Service  
Users



# Word match

## Business model

Activities

Funders

Resources

Marketing

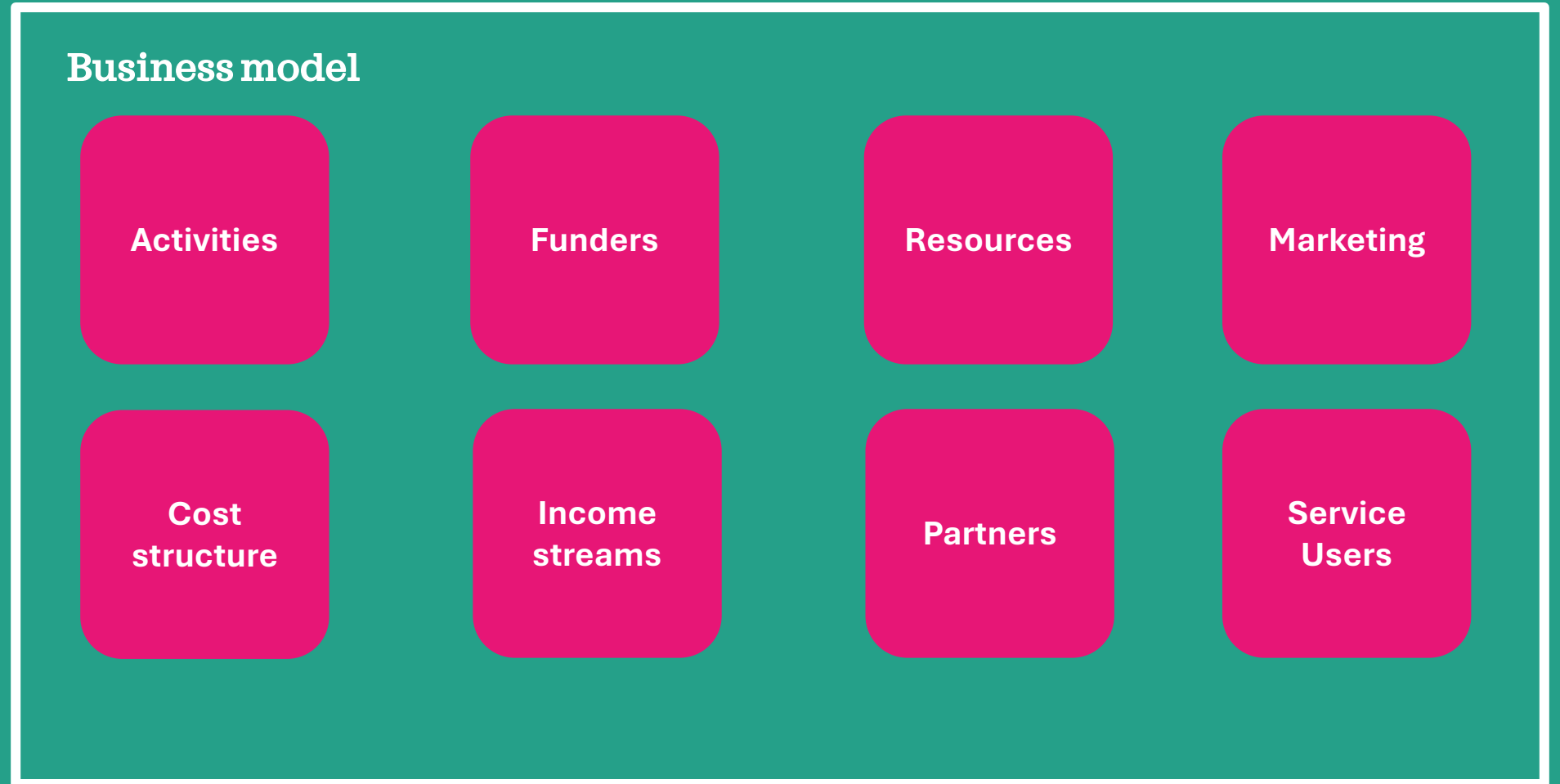
Cost  
structure

Income  
streams

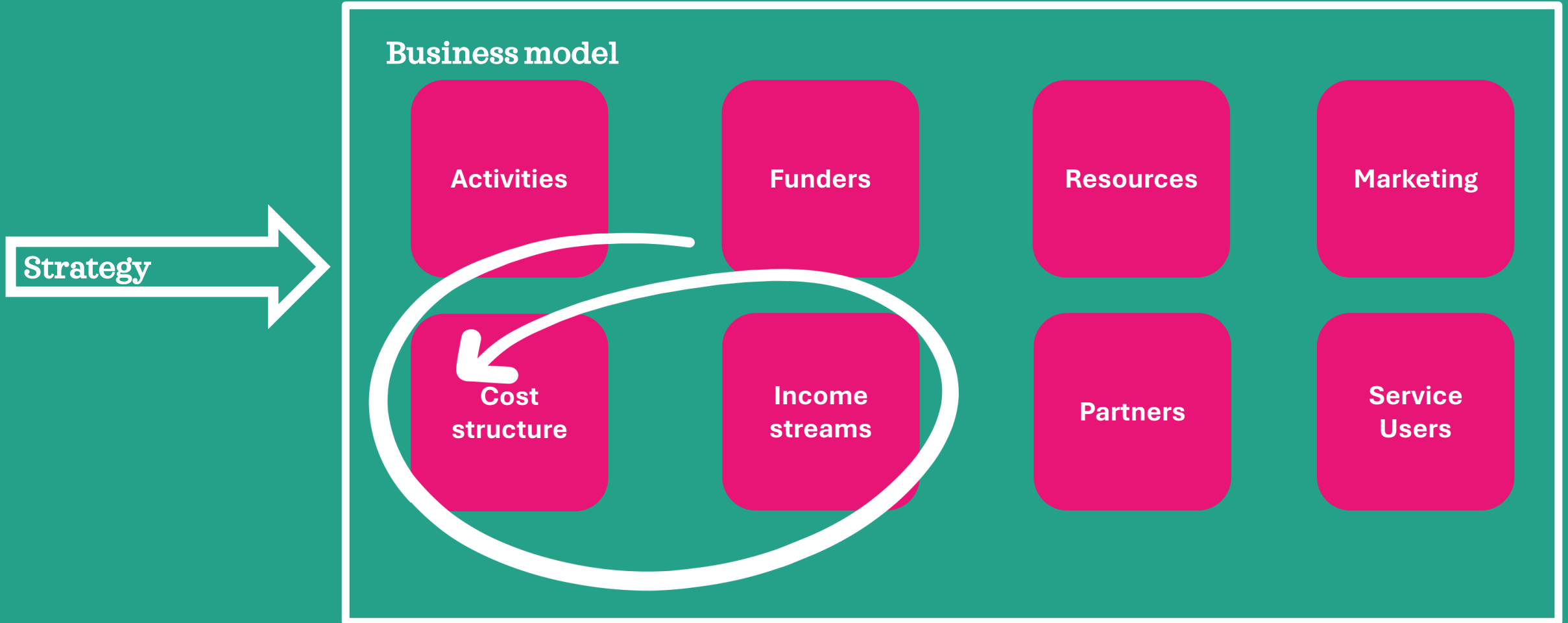
Partners

Service  
Users

# Word match



# Word match



# Do any of these resonate for you?

## Funding models



## Attitudes and mindsets



## Disconnected thinking



# How to approach diversification



# Who will pay for that?

Public  
Fundraising

Trusts and  
Foundations

Corporate  
Partners

Statutory

People who  
will pay for  
services

Philanthropy

Payment for service

Open

Closed

It is about the RIGHT  
funding for your  
organisation



# Meeting your funding need

Good funding 

- ✓ Meets your funding needs
- ✓ For the activities you know are needed
- ✓ For ALL of the associated costs of delivering them

Bad funding 

- ✗ Creates unacceptable additional costs
- ✗ Undermines your mission or principles



# Understanding your funding need

a.k.a what you need to cover your costs





# Know what you want to deliver

Grounded in purpose, strategy, organisational principles,  
knowledge and strengths





Know all of the costs of running your  
organisation





# Know what it costs to run different services

Consider how you want to cover organisational running costs in individual delivery costs.



# Know your costs – multiple activities

## **Direct**

The cost of delivering the activity, which wouldn't be incurred if you weren't delivering.

## **Direct support**

Costs directly linked, but shared with other activities.

## **Running costs**

Essential for the charity to function, but not directly linked to delivery of the activity

# Potential approaches



Core cost  
recovery /  
Full cost  
recovery



Unrestricted  
funding for  
running  
costs



Surplus making  
services to  
cover running  
costs



Consider who will pay for different services?

# Who will pay for that?

Public  
Fundraising

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# Design your cost and income model to match the potential funding sources

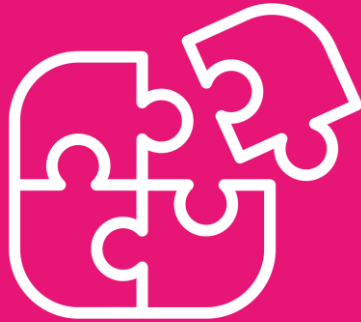
Think about what it is worth to the person paying, not just what it costs



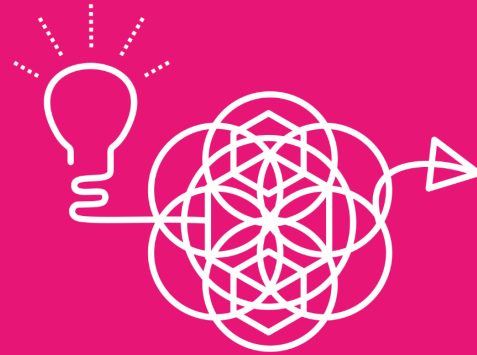
# Reframe



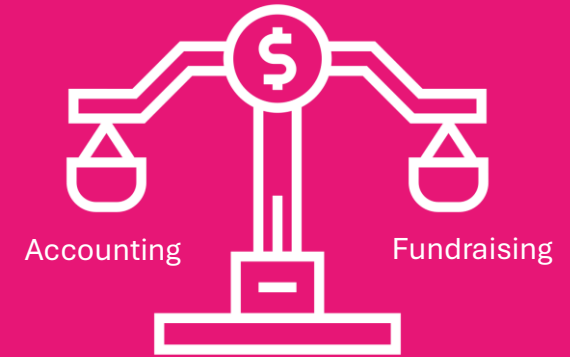
# Creating your cost and income model



It's all part of the same puzzle



Embrace the complexity



Get the balance right

Who will pay for that?



# Who will pay for that?

Public  
Fundraising

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Payment for service

# Considerations

## Public Fundraising

- Donations come from supporters.
- Supporters are probably already connected or interested.
- Don't exclude people who use your services.
- Communicate and ask!
- Have a range of ways to give.

# Considerations

## Trusts and Foundations

- This is not one size fits all.
- Do not default to project only funding.
- Know what you want funding for and match to funders.
- Don't discount small. (if it is supporting planned costs)
- Some is like major donor fundraising.

# Considerations

## Corporate Partners

- Can be philanthropy or earned.
- Find businesses with connection and alignment.
- Make sure it works for you.
- Think about value for them, not just what it costs you.



# Considerations

## Statutory

- Can be grants or contracts.
- Only restricted grants need all expenditure to be justified.
- Think about value to them, not just cost to you (contracts only).
- You can have a profit margin in a contract.
- Think carefully about whether this is right for your charity / business.

# Considerations

People who  
will pay for  
services

**Purpose  
aligned**

- What services can you deliver that further your charitable objectives (particularly impact)?
- Are there people who will pay for the current services, that align with your charitable objectives (particularly who you will have impact on)

# Considerations

People who  
will pay for  
services

- What assets do you have?
- Who else are your skills and understanding valuable to who could pay?

Not purpose  
aligned

- Is it permitted in your governing document?
- If not, what business model could you create?

Start with where you are



# First things first

Why do you want to diversify?



# The why will influence your approach

Cover core costs

Fund new services

Replace an income stream

Increase capacity



# Cover core costs

- What's causing the shortfall?
- How are you pricing your services to include all costs?
- Are you implementing full cost recovery?
- Are you taking a standard % fee that isn't really working?
- Is your organisational structure right?



# Replace an income stream

- How long until it ends?
- How much is needed?
- Is this an opportunity to review strategy and delivery?
- Why is it ending? What is this telling you?





# Increase capacity

- How have you identified the need?
- Is it a particular demographic?
- Is simple increase of capacity the best approach?
- Have you fully modelled delivery and costs?

# Develop new services

- How do you know this is needed / wanted?
- Who is interested in it?
- Have you tested it?
- What's your approach to test and scale?



# Start with where you are

Adapted Sustainable Sun Tool (NCVO)

Financial  
Management

A funding  
model based on  
need

Who currently  
funds you

External  
positioning

Relationships

Marketing

# Start with where you are

Financial  
Management

A funding  
model based on  
need

Who currently  
funds you



# Start with where you are

External  
positioning/  
marketing

Relationships

Communicating  
impact

# Find the common ground



Knowing your audience will help determine where to focus your energy

# Making decisions



# Making decisions

Understanding your costs.

Placing value on what you do.

Reducing risk.

Finding alignment.

Getting the right support.





Next steps



# Getting the right support

I can help with

- Income Review and Planning
- Strategic Review and Planning
- Theory of Change and Impact
- Mentoring for leaders and fundraisers

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# Getting the right support

The screenshot shows the homepage of 'fair collective'. At the top left is the logo 'fair collective' in green. To the right is a navigation menu with links: 'The Collective', 'Services and Pricing', 'Case Studies', 'Blog', 'FAQs', 'Contact', and 'More'. Below the navigation is a grid of approximately 12 portrait photos of diverse individuals. In the center of the grid is a white rectangular box containing the text 'Helping you do more good stuff' in green, with a green underline below the text.

fair collective

The Collective Services and Pricing Case Studies Blog FAQs Contact More

Helping you do more good stuff

# How do you feel about diversifying your income?

How do you feel about diversifying your income?

12 responses

interested  
still got to find time  
okish  
enlivened  
motivated  
hopeful  
**positive**  
necessary  
theoretically fine  
encouraged

