

Preface

The process of ensuring that there is sufficient money to operate is the cause of persistent headaches for many community, voluntary and charitable organisations. A lot of these organisations have in the past relied heavily on statutory grants, but in recent times there has been a shift away from this funding model. As a consequence, a large number of organisations are feeling the pain of the funding challenge now more than ever before.

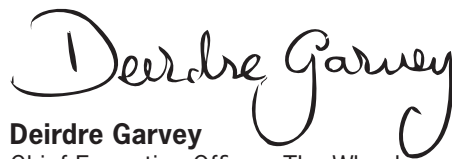
However, the picture painted above is overly bleak. Certainly not all organisations are struggling. Times of crisis may spark creativity and innovation. Current practice around income generation can often be improved and there are alternative avenues that still lie mostly unexplored. Financing is about more than rattling collection tins or applying for grants from state bodies. There are other ways of working towards financial sustainability.

This guide provides a comprehensive overview of the various funding methods and sources available to Irish charities and similar groups. We hope it will become the 'go to' resource for those interested in making their organisations financially sustainable so that, ultimately, they can fulfil their missions. We draw particular attention to the fact that ensuring the ongoing viability of organisations is a governance responsibility and the guide is therefore of particular relevance to those exercising that role. The guide is targeted at board members and managers of existing entities, as well as those people who are thinking of starting a club, association, community

group, voluntary organisation or social enterprise.

This is the seventh Solid Foundations guide, and we urge you to read it alongside the other good practice publications in the series. As always, we aim to provide accessible, relevant and practical information. This guide is meant as a starting point, so is deliberately short in length and broad in content. It includes plenty of signposts to further useful publications and websites. We want to help you to start thinking about the key issues and to be inspired, and we hope you will then develop a plan to deliver a diverse range of financing, enabling you to do the important work that your organisation was set up to do.

I wish you every success on your journey.



Deirdre Garvey
Chief Executive Officer, The Wheel

**Written by**

Sandra Velthuis, Whitebarn Consulting

Design and Print by

Doggett Group

Published by

The Wheel

First edition

January 2015

Acknowledgements

We are thankful to our sponsors, Newman's Own Foundation and the Department of Education and Skills (National Training Fund) whose generous support has enabled us to produce this guide.

We gratefully acknowledge the National Council for Voluntary Organisations in England for permission to base the structure of this guide on its Income Spectrum tool.

We also offer sincere appreciation to the external experts who advised on, and provided content for, this guide: Kingsley Aikins, Anne Bedos, Denisa Casement, Annelies Coghlan, Tom Daly, Liz Denieffe, Chris Gordon, Anne Hanniffy, Ron Immink, Vincent Keenan, Jim Kelly, Jimmy Lynch, Joe McKenna, Siobhan McGee, Cormac Moloney, Georgina Neal-Magna, Austin O'Sullivan, Martin O'Sullivan, Cathal Reilly, Simon Sriver, Brendan Whelan.

About us

The Wheel is a national organisation that represents and supports community, voluntary and charitable organisations in Ireland.

Founded in 1999, we currently have over 1,000 members across Ireland, reflecting the enormous scope and scale of this vibrant and diverse sector.

The Wheel exists to help change people's lives for the better. We do this by helping non-profit organisations get things done, more efficiently and more effectively.

As an independently governed, membership-based organisation, we represent our members' shared interests to Government and other decision-makers, and we promote better understanding of the vital work they do for people in Ireland. See www.wheel.ie for more.

Disclaimer

Our goal is to provide comprehensive, timely and accurate information. This publication contains references and pointers to information kept or provided by other organisations. We therefore cannot guarantee their accuracy. It is our policy to correct any errors brought to our attention. Comments and suggestions are always welcome. Note that this document is for guidance only and is not a replacement for seeking legal advice should that be necessary.

contents

Who this guide is for	7
How to use this guide	7
A note on language	7

CHAPTER 1: Financing is fundamental 9

1.1	Ideals versus reality	10
1.2	Who does what?	10
1.2.1	Governing body	
1.2.2	Paid staff	
1.2.3	Volunteers	
1.2.4	External support	
1.3	Understanding your current situation	12
1.3.1	Meeting your mission	
1.3.2	Your current resource profile	
1.3.3	Managing the money	
1.4	Towards sustainable financing	13
1.5	Containing expenditure	13
1.6	Signposts	15
1.6.1	Publications	
1.6.2	Websites	

CHAPTER 2: Getting started 17

2.1	A broad canvas	18
2.2	Income diversification	20
2.3	A new mindset	20
2.4	Revitalising your resourcing strategy	21
2.5	A ten-step framework for action	23
2.6	Signposts	24
2.6.1	Publications	
2.6.2	Websites	

CHAPTER 3: Gifts 25

3.1	What are we talking about here?	26
3.2	Types of fundraising	27
3.2.1	Gaming and lotteries	
3.2.2	Events	
3.2.3	Community fundraising	
3.2.4	Appeals	
3.2.5	Legacies and more	
3.2.6	Major gifts	
3.3	Maximising on technology	32
3.4	Legal matters and professional standards	32
3.4.1	Staying within the law	
3.4.2	Meeting professional standards	
3.5	Signposts	34
3.5.1	Publications	
3.5.2	Websites	

CHAPTER 4: Grants 37

4.1	What are we talking about here?	38
4.2	Types of grant givers	38
4.2.1	Statutory	
4.2.2	Trusts and foundations	
4.2.3	Business sector	
4.2.4	Nonprofit sector	
4.3	Success with grants	40
4.4	Signposts	42
4.4.1	Publications	
4.4.2	Websites	

CHAPTER 5: Contracts 43

5.1	What are we talking about here?	44
5.2	Contracts with the statutory sector	44
5.2.1	Without tendering	

5.2.2	With tendering	
5.2.3	Other	
5.3	Contracts with the private sector	45
5.3.1	Types	
5.3.2	Implications	
5.4	Other matters to consider	47
5.5	Signposts	48
5.5.1	Publications	
5.5.2	Websites	

CHAPTER 6: The open market 49

6.1	What are we talking about here?	50
6.2	Social enterprise	50
6.3	Opportunities for increasing self-sufficiency	51
6.3.1	Membership benefits	
6.3.2	Goods	
6.3.3	Physical assets	
6.3.4	Knowledge	
6.3.5	Services	
6.4	Loan finance	52
6.5	Signposts	54
6.5.1	Publications	
6.5.2	Websites	

CHAPTER 7: Case studies 55

7.1	Merchants Quay Ireland: <i>building a sustainable donor base</i>	56
7.1.1	An overview of the organisation	
7.1.2	The financing challenge	
7.1.3	The solution	
7.1.4	Results	
7.1.5	Websites	
7.2	Barretstown: <i>achieving a truly diverse income profile</i>	57
7.2.1	An overview of the organisation	
7.2.2	The financing challenge	

7.2.3	The solution	
7.2.4	Results	
7.2.5	Websites	
7.3	WALK: <i>becoming less dependent on Health Service Executive grants</i>	59
7.3.1	An overview of the organisation	
7.3.2	The financing challenge	
7.3.3	The solution	
7.3.4	Results	
7.3.5	Websites	
7.4	Vantastic: <i>focusing on contracts and trading</i>	60
7.4.1	An overview of the organisation	
7.4.2	The financing challenge	
7.4.3	The solution	
7.4.4	Results	
7.4.5	Websites	
7.5	Hand on Heart: <i>seeking corporate support to enable social enterprise</i>	62
7.5.1	An overview of the organisation	
7.5.2	The financing challenge	
7.5.3	The solution	
7.5.4	Results	
7.5.5	Websites	
7.6	Rothar: <i>adopting a commercial model</i>	64
7.6.1	An overview of the organisation	
7.6.2	The financing challenge	
7.6.3	The solution	
7.6.4	Results	
7.6.5	Websites	

Appendices	67
Checklist	
Glossary of terms	
Index	

Who this guide is for

Any independent organisation with a social purpose can use this guide, regardless of age, size, structure, geographic remit or area of focus. It may also be of interest to those who work with any such organisations, whether directly or indirectly. Although the guide focuses on the Irish experience, some of its content may also be applicable in an international context.

How to use this guide

Regardless of your current situation, we strongly urge you to start at the beginning. Chapters 1 and 2 will provide you with a good grounding of key concepts, such as sustainable financing and income diversification. We advise you to then read whichever chapters most interest you and appear to be most applicable to your own situation. It is likely that you will be more familiar with the raising of gifts (chapter 3) and applying for grants (chapter 4) than with contracts (chapter 5) and the open market (chapter 6). If you are unsure, be inspired by the six case studies of Irish organisations that have found successful solutions to the ongoing challenges of funding their work (chapter 7). These case studies are particularly helpful, as they prove that it is indeed possible to translate theory into practice.

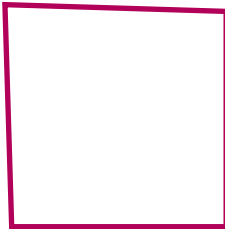
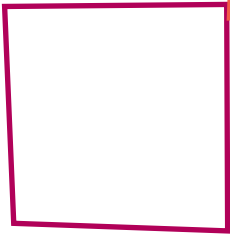
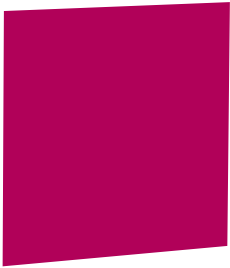
Detailed contents pages, 'top tips', signposts to further resources, a checklist, an explanatory glossary of

terms and an index are all provided for your convenience. Please note that we have only included website links for those publications that are available free-of-charge; those without website links have a cost associated with them.

We hope you will find the guide useful both today and for many years to come.

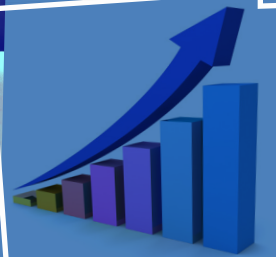
A note on language

One of the great strengths of what is sometimes known as 'the third sector' (the other two being the state and business) is its incredible diversity. However, this makes it difficult to describe the components and activities of the sector in a generic way. One option is to keep repeating the various words that are in circulation, so that nobody feels left out. Another is to opt for a standard term, which is imperfect, as it does not encompass everyone and seems alien to some, but which is simply more user-friendly. We have decided to adopt the second approach and make use of short, snappy terms. When we say nonprofit, we mean charity, voluntary organisation, community group, NGO, social enterprise, etc. When we say board, we mean the governing body of your organisation, whether this is called a board of directors, management committee, council, core group, the trustees, or something else.



CHAPTER 1:

Financing is fundamental



1.1 Ideals versus reality

You believe passionately in what you do. Your organisation was set up to achieve particular social or environmental goals that you desperately want to meet. This is a given. On its own, however, your conviction that what you do is important is not enough. The reality is, that in order to reach your potential, you need sufficient resources. Minor and uncertain income streams are unlikely to be adequate, especially not in the long run. To be in with a decent chance of success, you need a certain level of financial security. Your mission needs to be aligned with the money that will deliver it. Financing is not, as many seem to regard it, 'a necessary evil' – it is absolutely fundamental.

1.2 Who does what?

Financing is a role that is too big and too important to be left to just one person. It has many different aspects that require varying competencies, both in terms of bringing money into the organisation and then spending it in order to achieve the organisation's goals. The more complex the financing situation, the more multifaceted the required skill set will be. Financing needs to be a team effort. The workload associated with it has to be shared appropriately. There also has to be full 'buy-in' by everyone in the organisation to the idea that there is a shared responsibility for making sure that there are sufficient resources available to do the organisation's work.

1.2.1 Governing body

The governing body is that component of the organisational structure where the ultimate decisions are made. For companies limited by guarantee, this is the board (of directors). Although important, the board's role is not just about providing basic financial oversight and ticking the boxes for regulatory compliance. Ensuring the long-term viability of the organisation, in order that it is in a position to meet its stated purpose, is at the heart of the governance role. The board needs to make sure that there is a strategy in place for this and, crucially, that this strategy is resourced and being implemented. **The board can delegate the work associated with securing funding for the organisation, but it can never delegate the responsibility.**

Additionally, members of the board may be in a good position to advocate for the organisation more generally, to make connections that could prove useful for the purpose of raising funds, and to thank donors.

A further potential role for board members is as donors themselves. Some consider this to be a controversial idea, because not all board members are in a position to donate money to the organisation and also because these individuals already give of their time and talent on a voluntary basis. However, for organisations that raise money from individuals, the following is a valid question: if the people who are leading

an organisation and who also are in a position to give personally choose not to do so, can they legitimately ask others for financial support? Are they truly 'on board' and not just 'on the board'?

Boards need to consider carefully whether they have the right mix of knowledge, skills and commitment available at any one time. If not, they need to fix this situation, for example, by recruiting new board members via Boardmatch Ireland or some other route.

It may be appropriate to establish a financing subcommittee or time-limited working groups that progress certain aspects of the organisation's financing role, but as noted above, the overall responsibility for resourcing remains with the board as a whole.

1.2.2 Paid staff

Many organisations do not have paid staff, but even those that do may not have the luxury of staff dedicated solely to securing income. However, the most senior member(s) of staff should always play a key role in developing and implementing the funding and financing strategy. Whichever members of staff are involved, it is important that they have the right experience and skills to perform their duties. This will depend on the type of strategy being pursued to generate income. If the required expertise is missing, ways will have to be found of solving this; for example, current staff could be trained or new staff could be hired. Do not be fooled

into thinking that you can solve all of your financial problems by recruiting a part-time 'fundraiser' on a modest wage and expecting her/him to work entirely alone. Such an approach has been shown to fail time and time again.

Even if paid staff do not deal with money matters on a day-to-day basis, it is perfectly legitimate that they are asked to complete tasks such as carefully monitoring service use or preparing case studies of clients, both of which can then be used for the purpose of generating income.

1.2.3 Volunteers

In many organisations (non-board) volunteers play an active role in raising funds. Teams of fundraising volunteers can work particularly well. In order that they start and continue to support the organisation in this way, it is very important that good volunteer management practice is followed so that their vital contribution is marshalled effectively and they are acknowledged properly for the work that they do. Having a written volunteer policy is recommended (Volunteer Ireland can help with this – see signposts).

1.2.4 External support

Sometimes, there are no obvious in-house solutions, in which case consideration could be given to using fundraising agencies or consultants. These offer support across the spectrum, from direct mail campaigns

to face-to-face fundraising and from grant writing to business development, with everything in between. Working with companies or freelancers can prove very worthwhile, but it is important that expectations for both parties are clearly spelled out at the start and monitored carefully throughout the duration of the contract.

1.3 Understanding your current situation

Before doing anything else, we advise you to take stock of your current situation, in its widest sense. This requires complete honesty; being overly positive and optimistic will not serve you well at this stage. There are various models and tools available that can help you manage this process of reflection, such as the Matrix Map, Self-Assessment Landscape and Sustainable Sun Tool (see signposts).

1.3.1 Meeting your mission

Can you say definitively what change your organisation is trying to bring about? Do you have a well thought out strategy for reaching that goal? Do all of your activities truly contribute to your mission? Are you able to clearly articulate the value of all of your work? Can you point to positive outcomes that you have already generated? This is important, as it has been shown that 'impact drives income' not the other way round.

1.3.2 Your current resource profile

Do you know what resources you need to achieve your goals? Do not just think about money, but also time, skills, premises, equipment, etc. How much does it cost you to operate? Is that just enough to keep you solvent or do you in fact need more than that? How much do you have coming in each year and from which income streams? When is each of these likely to end? Have you undertaken an analysis of the associated risks?

It is also important to know exactly where you are spending your money; for example, are you 100% certain that resources are being directed to programmes that are best meeting your mission?

1.3.3 Managing the money

This is not a guide about accounting. Nonetheless, a key aspect of your financing situation is ensuring that you have good financial management systems in place, including realistic budgeting, keeping proper books and other essential processes and controls. It is also important to hold an appropriate level of reserves and to invest any surpluses wisely. Furthermore, are you sufficiently transparent about your finances? If you are a charity, the public is entitled to know how much money you raise and spend, including the specific costs of income generation. Remember that it has nothing to do with how the funds were secured or from whom they came. Once funds arrive and are spent to

the benefit of the organisation, they must be considered 'public funds' and must therefore be treated with higher levels of disclosure. We urge charities to consider adopting the Statement Of Recommended Practice (SORP) for their financial reporting; should the charity be too small to adopt the SORP in full, we nevertheless advise adopting its core principle of transparency.

1.4 Towards sustainable financing

The review of your present situation will have shown up your weaknesses and your strengths. For example, you may have found that you are overly reliant on one or two precarious sources of income or that you have ineffective programmes that are draining money. Or, you may have been pleased to discover that your organisational infrastructure is in fact sound and that there is potential to further develop one of your current income streams.

Sustainable financing is a process of looking beyond the here and now and adopting a long-term dynamic strategy for resourcing your organisation. It is about no longer burying your head in the sand about money, not blaming others for your lack of funding, and not being caught completely off-guard by external forces. A more sustainable model involves ongoing researching, planning, implementing, monitoring and evaluating the best possible income streams for your particular organisation. It almost certainly includes diversifying

your income portfolio ('not having all your eggs in one basket'), but this does not mean you should spread yourself too thinly. Certainly, it is an approach designed to limit risk, but not avoid it altogether. It is about balancing prudence with creativity and thinking big. It recognises that in order to get money, you must spend money (and time and energy). Any choices for growing your income should therefore be made with a very clear eye on the potential, and actual, return on investment. Hopefully, you will reap the rewards, but do accept that sometimes, plan A will fail. If this happens, act quickly and try plan B.

TOP TIPS

Work towards a sustainable income strategy that is:

STABLE: a mix of income streams that spread the risk over the coming years

SUITABLE: income sources that are appropriate for the circumstances

SUFFICIENT: realistic costings, enough income generated and contingency plans.

1.5 Containing expenditure

Before examining the various options available to generate income, it is worth looking at the expenditure side of the equation. When faced with

financial challenges, the automatic (and perfectly understandable) reaction of many organisations is to cut costs. However, most – if not all – charitable organisations are already very lean and there is rarely any ‘fat’ to remove. This situation has led not only to wage cuts, redundancies and the like, but more significantly, to reductions in services for beneficiaries.

Organisations in the nonprofit sector have a duty to channel their precious resources to ‘the cause’, but they cannot expect to do so without also spending some of these resources on so-called ‘overheads’, such as offices, stationery and travel. Furthermore, the most worthy causes and the most disadvantaged people deserve nothing less than the strongest possible nonprofits to act on their behalf. If you want to change the world, you have to be prepared to invest in getting the right people on your team, developing them, ensuring they have access to the right technology, etc. This costs money.

Despite this, it is important that resources are used as smartly and as efficiently as possible. Options for doing this include:

- Seeking pro bono and voluntary input (but be careful not to exploit)
- Choosing cheaper options (for example, cloud computing in preference to internal servers)
- Benefitting from special offers (for example, the EncludeIT software donations programme)

- Seeking charitable discounts even if these are not advertised (try it and see!)
- Making use of group savings schemes (for example, The Wheel’s ResourcePoint initiative)
- Adopting a co-working or shared services model (along the lines of Carmichael Centre for Voluntary Groups or Fumbally Exchange).

TOP TIPS

Partnership working and other collaborative approaches may lead not only to cost savings but are likely to result in other synergies as well.

1.6 Signposts

1.6.1 Publications

Dyer, Peter & Moynihan, Anne, *Sustainable Funding for Trustees*, National Council for Voluntary Organisations, 2012

Edgington, Nell, *Financing Not Fundraising Vol. 1*, Social Velocity, 2013 (free e-book if you sign up to receives updates from www.velocity.net)

National Council for Voluntary Organisations, *The Sustainable Sun Tool: steps to sustainability*, undated
www.ncvo.org.uk/images/documents/practical_support/funding/sustainable-funding/Sustainable%20Sun%20Tool.pdf

Nonprofit Finance Fund, *Self-Assessment Landscape*, 2010
www.nonprofitfinancefund.org/files/docs/2010/Self-Assessment_Landscape.pdf

Sargeant, Adrian & Jay, Elaine, *Fundraising Management: analysis, planning and practice*, Routledge, 2014

The Wheel, *Guidelines on Reserves Policies for Charities*, 2012
www.wheel.ie/content/reserves

The Wheel, *Money Counts: a financial toolkit for small and medium-sized community and voluntary organisations (for non-finance managers)*, 2009
www.wheel.ie/recession-toolkit

The Wheel good practice publications, all available at

www.wheel.ie/about/publications

Workplaces that Work, 2010

Knowing and Showing your Outcomes and Impacts, 2012

Solid Foundations: a resource guide for building strong and effective organisations in the community and voluntary sector, 2012

Collaborate to Innovate, 2013

Getting to Grips with Governance, 2013

Reducing the Risk, 2013

Woolley, Marion Grace, *How to Write a Financial Procedure*, KnowHowNonProfit, undated

www.knowhownonprofit.org/how-to/how-to-write-a-financial-procedure-guide

Zimmerman, Steve, *The Matrix Map: A powerful tool for mission-focused nonprofits*, NonProfit Quarterly, 2014
www.nonprofitquarterly.org/management/23943-the-matrix-map-a-powerful-tool-for-mission-focused-nonprofits.html

1.6.2 Websites

Boardmatch Ireland
www.boardmatchireland.ie

Business Survival Toolkit
www.business-survival-toolkit.co.uk

Carmichael Centre for Voluntary Groups
www.carmichaelcentre.ie

Charities SORP

www.charitycorp.org

EncludeIT

www.encludeit.org

Fumbally Exchange

www.fumballyexchange.com

Fundraising Ireland

www.fundraisingireland.ie

GoodCharity

www.goodcharity.ie

Governance Code

www.governancecode.ie

ResourcePoint

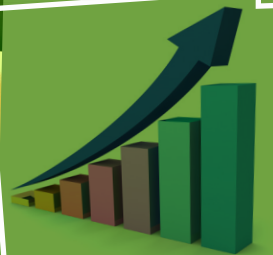
www.wheel.ie/ResourcePoint

Volunteer Ireland

www.volunteer.ie

CHAPTER 2: Getting started

17



TOP TIPS

Remember this: there are no simple solutions, no easy shortcuts, no magic answers, no silver bullets, no crocks of gold ... but there are plenty of opportunities waiting to be explored. Go for it!

2.1 A broad canvas

2.1.1 Income sources

There are essentially only four sources of funding for nonprofits. These can be classified as follows, starting with the most common and ending with the least common:

- The state (local, national and European Union)
- Individuals
- Trusts/foundations
- Businesses.

What people perceive as the normal way in which organisations in the nonprofit sector are funded will be dictated by their experience. For some this will mean government grants (the state), whereas others might say that it involves church gate collections and

supermarket bag packs (individuals). Yet others might refer to receiving charitable grants (trusts/foundations) or corporate sponsorship (businesses). Although all are correct, these points of view are too narrow.

2.1.2 The income spectrum

In this guide, we adopt a different way of looking at the full range of possible funding and financing options, in the form of the income spectrum. The income spectrum can be divided into four categories, each with a distinct relationship to the individual or organisation providing the income. Being crystal clear about the nature of the relationship is vital in terms of managing that relationship. Sometimes the resultant income can be spent freely, whereas at other times there are restrictions on how it may be spent. Gifts and grants are still the most common way in which organisations are funded and these are characterised by asking for money. Newer approaches, in the form of contracts and operating on the open market, involve earning money. The table overleaf summarises the different aspects of the income spectrum and provides examples of each income category.

Chapters 3 – 6 explore each of these in turn.

Income category	Nature of relationship	Method	Resultant income	Example
Gifts	Donor	Asking	Mostly unrestricted	Raising money through sponsored challenges
Grants	Funder	Asking	Restricted	Making successful applications for National Lottery funding
Contracts	Purchaser	Earning	Mostly restricted	Successfully tendering to provide daycare services being outsourced by the state
The open market	Customer	Earning	Unrestricted	Selling fairtrade goods

TOP TIPS

Want to 'work with business'? It is important to differentiate between a corporate donation (gift), an award from a corporate foundation (grant), commercial sponsorship (contract) and selling ethical goods to companies (the open market). Have you educated yourself about the nature of modern day corporate responsibility programmes? Think partnering rather than pandering. Try and see things from the business perspective, not just your own. The value of their time, expertise and contacts may be worth more to you than money. Remember that many corporates will only support organisations that operate in the same locality as they do themselves. Also ask yourself if there are any corporates you would not accept support from and on what basis you could justify such a decision.

2.2 Income diversification

Most organisations already have multiple income streams, although it is often the case that one or two sources predominate. Diversifying across and within the various categories of the income spectrum spreads the risk, and is therefore a good thing. However, too much diversification can be risky too, as organisations may not be able to manage this level of complexity. You should only diversify if, by doing so, you gain significantly more than you would by not doing it.

Your goal is to make the best financing decisions possible and find the income mix that is right for your unique situation. Just because something worked well for one organisation, does not mean it will be similarly successful for you, and vice versa. If the nature of your work has mass appeal, then it is may be appropriate to concentrate your efforts on fundraising from the public. If, however, you know that yours is a niche cause, you may better off seeking a different solution. If you are in start-up mode and therefore without a track record, you may need to adopt an alternative approach. For example, you may have to consider bootstrapping (starting up a venture without external help or capital) and/or crowdfunding (raising small amounts of money online from a large number of people).

A further challenge is always being alert to opportunities and threats. Accept that your income mix will probably never be constant. You will have to adapt,

consistently and persistently, to the ever-changing environment in which you work.

2.3 A new mindset

If your funding landscape has changed massively or if your past attempts at generating income have not been all that fruitful, you will have to change tack. This can be very difficult, even traumatic, but it has to be done. There is simply no point in saying “we have always done it this way” if times have changed irrevocably, or lamenting that “the government should be doing this” if it is clear that the state will not be doing so. Your energies can be better directed.

An effective way of getting into a new frame of mind is changing the language that you use. Instead of always approaching things from an organisational viewpoint, adopt a new vocabulary that focuses on the external impact you are making. People want to be inspired by your vision for a better world. At the same time, show that you understand the needs of those who might support you. It is absolutely vital that you develop a compelling case for support. Tell the right story in the right way. This may mean reviewing your communications strategy, both in terms of how you describe things in writing and also how you speak in public. The better you become at selling your solution to the identified problem, the more likely it is that you will generate support for your organisation. And yes,

this is about selling, not begging. Do not consider yourself as a taker of money, but rather as a provider of opportunity!

TOP TIPS

Consider carefully how you describe your own organisation. Is it factually correct? How might it sound to potential supporters? The general public still feels most comfortable with the word 'charity' whereas a private investor might prefer a 'social enterprise'. What about 'community group', 'voluntary organisation', 'NGO', 'social business', etc.? Are there any implications of using one term versus another? Is using multiple terms for multiple audiences helpful or is it a hindrance?

Also crucial is knowing exactly how much money you are asking for at any one time and being absolutely clear what it will be spent on. Just saying "we need as much as possible" is not a good tactic. (If someone offered you €1 million today, would you even know how to spend it?) Are you looking for general operating expenses or for funding towards a particular project?

Regardless of which approaches you end up using, the key to success for all of them is the building of strong relationships, be it with your donors, funders, purchasers or customers. Relationships have to be meaningful

and they all require careful nurturing – omitting to do so will lead to failure.

Finally, people do not want to feel they are bailing out a sinking ship. Be optimistic and wherever possible, make it fun, or at least interesting, to be associated with your organisation. Forget mediocrity – remember: success breeds success.

2.4 Revitalising your resourcing strategy

There is no one correct way of revitalising your resourcing strategy. How you do so will depend on many different factors, including your organisational culture and the urgency of the situation in which you find yourself. You should by now have a good understanding of the status quo (see section 1.3). You may have to make tough decisions about cutting those activities that are swallowing money without delivering real change. However difficult, it is really important that you do this, as it will release resources that you can more usefully direct elsewhere.

TOP TIPS

Get suggestions from as many people as possible: staff members, board members, other volunteers, clients, friends, etc. You can use brainstorming sessions, surveys, suggestion boxes or simply elicit views through informal conversations. You may be surprised where the best ideas come from or how a seemingly crazy idea can turn out to be an excellent one.

You will then turn your attention to the need to bring in more, and more diverse, resources. Obviously, you should not get rid of income streams that are working for you at present and, indeed, you should see if they have any growth potential. You will probably also have to think of new ways of financing. Use this guide for inspiration, but do not limit yourself to the generic information provided here. Your aim is to generate a long list of options. Nothing should be ruled out initially, and ideas should only be discarded after they have been properly assessed. You will end up with a shortlist of options that are potentially viable. These must each be researched in detail in order to answer questions such as:

- Does it really have income potential, and if so, how much?
- How easy would it be to implement?
- Do we have the capacity to do this or would we need professional help?
- Are there any legal implications, for example, in terms of our charitable status?
- Does our governing document allow us to go down this route?
- What are the risks associated with this, for example, to our reputation?

This exercise will show you which options you should pursue first. Do not attempt to do everything at once. Try out one or two things and monitor these closely. Then decide which to keep and further develop because they have promise and, just as importantly, which to drop. Then start on the next idea in the same methodical way: researching, trying out and reviewing afterwards. Keep it manageable and keep recording the true results, as opposed to just the good ones. Often, the most useful insights can be gained by analysing what does not work and why. And remember that new initiatives that fail the first time round could possibly become successful with a bit of tweaking.

TOP TIPS

Let's debunk the 'innovation' myth! Amazing new ideas do crop up from time to time, but not everyone can be an innovator. There are tried and tested methods that do work and whose principles may be adaptable to your situation. Use them. For example, check out the annual Fundraising Ireland awards and SOFI for great new fundraising ideas (see signposts).

TOP TIPS

Remember! There are only two types of supporter: those who have supported you already and those who have not yet supported you – this is as true for individuals as it is for organisations. Regardless of the strategy you end up pursuing, in order to be successful, you **MUST**: do your research, build relationships, actually ask for support, and nurture the relationships.

2.5 A ten-step framework for action

Before detailed consideration of each aspect of the income spectrum in chapters 3 – 6, the following section summarises the actions suggested in chapters 1 – 2, thereby providing a practical framework for action:

Step 1: Ensure the board commits to investing time and money into making your organisation more financially sustainable.

Step 2: Articulate your organisational purpose clearly, so that you are ready to build compelling cases for support.

Step 3: Analyse your current resource profile in detail (income, expenditure, assets, etc).

Step 4: Make savings where possible.

Step 5: Calculate how much you need (and what you need it for).

Step 6: Generate as many options for income growth and income diversification as possible.

Step 7: Assess all options and decide on a shortlist.

Step 8: Undertake in-depth research on all shortlisted options and draw up a priority list, based on the chance of success, your capacity to deliver, and alignment with your mission and values (include consideration of any non-cash benefits).

Step 9: Develop and implement an action plan, piloting where possible.

Step 10: Monitor progress carefully (look at net, not gross, profits) and adapt as necessary.

2.6 Signposts

2.6.1 Publications

Botting Herbst, Nina & Norton, Michael,
The Complete Fundraising Handbook,
Directory of Social Change, 2012

Bruce, Ian, *The Art of Raising Money:
using marketing theory to stabilise and
grow your income*, National Council for
Voluntary Organisations, 2010

Business in the Community Ireland,
*Communities and Business Working
Together 2012*,
**[www.bitc.ie/2012/03/communities-
and-business-working-together](http://www.bitc.ie/2012/03/communities-and-business-working-together)**

Farnhill, Jonathan, *The Porcupine
Principle – and other fundraising
secrets*, Directory of Social Change,
2007

National Council for Voluntary
Organisations, *Income Spectrum:
helping you find the right income mix*,
undated
**[www.ncvo.org.uk/images/
documents/practical_support/
funding/sustainable-funding/
NCVO%20Income%20Spectrum.pdf](http://www.ncvo.org.uk/images/documents/practical_support/funding/sustainable-funding/NCVO%20Income%20Spectrum.pdf)**

2.6.2 Websites

Fundraising Ireland
www.fundraisingireland.ie

National Lottery Beneficiary Fund
**[www.nicdtf.ie/RESOURCES/upload/
National_Lottery_Grants.pdf](http://www.nicdtf.ie/RESOURCES/upload/National_Lottery_Grants.pdf)**

Revenue Commissioners (Charities)

**[www.revenue.ie/en/business/
charities.html](http://www.revenue.ie/en/business/charities.html)**

Showcase of Fundraising Innovation and
Inspiration (SOFII) **www.sofii.org**

CHAPTER 3: Gifts

25



TOP TIPS

Don't forget to consult the case studies in chapter 7 for real-life applications of the principles discussed in this chapter.

3.1 What are we talking about here?

This chapter covers 'traditional' fundraising, that is, giving to a charitable cause without necessarily expecting anything in return, other than the knowledge that the organisation is working to improve the world we live in. The relationship between the organisation and the donor is therefore primarily one of trust. Gifts are usually monetary, but they can also be gifts of time (volunteering) or 'in-kind' gifts (property, shares, etc.).

The vast majority of gifts come from individuals, from children giving away a proportion of their pocket money all the way up to retired billionaires sharing some of their accumulated wealth. Some companies also make 'no strings attached' donations, but this only represents a very small proportion of charitable income. Ireland prides itself on being a nation of givers, but most people tend to do so on an ad hoc basis. Research has shown that planned giving or 'strategic philanthropy' is an underdeveloped sphere and that at present, most Irish people prefer to donate goods to (and purchase from) charity shops, give money in on-street cash collections, sponsor people taking part in events, buy raffle tickets and buy charity merchandise.

The income from gifts is mainly unrestricted, meaning that organisations can spend it as they see fit. There are exceptions, however. For example, an organisation may publicise that it is raising funds for a very specific purpose; not subsequently spending it on that purpose would (at the very least) be unethical. Another example would be a person leaving money in her or his will with the express intention that it be spent in a certain way. If the organisation cannot meet this request, it would not be appropriate to accept the gift.

TOP TIPS

Stop thinking of 'donors' and 'volunteers' as separate beings, and start thinking of 'supporters'. People are able to give different things at different stages in their cycle of life. Sometimes they can only offer a gift of time, but if their circumstances change, they can offer a gift of money, or vice versa. Sometimes they can do both concurrently. There is much to be gained by looking at supporters holistically. For example, people who have already shown their support for your organisation by volunteering are far more likely to donate money to your cause than those who do not yet have a connection with your organisation. Please remember though: **they must be asked to give.**

3.2 Types of fundraising

There is a dizzying array of possibilities and this guide cannot do justice to them all. Many books have been written on this subject and we have signposted a number of particularly useful ones at the end of this chapter. Whichever you decide to use, develop a listing that shows all the different ways people can support you and communicate this clearly.

TOP TIPS

If you have a CHY number, you can optimise on the value of certain donations by claiming back tax. Check out The Good Form initiative (see signposts).

3.2.1 Gaming and lotteries

Raffles, competitions and similar methods can be a useful way to bring in funds in their own right, but they can also help raise awareness of your nonprofit's existence and thereby attract new supporters that may give in other ways. You are entitled to run a competition (something that requires a skill) without permission and you are also allowed to run a private lottery (something that is down to chance) amongst your own members. However, if you wish to run a lottery for the general public, you must seek a Garda Superintendent's permit or a District Court licence. This way of raising funds is subject to much regulation, so be sure to heed the advice given by the Department of Justice and Equality (see signposts).

3.2.2 Events

Events are an especially popular way of fundraising for groups that are starting off, although many well-established organisations also make use of events, such as galas, gigs and golf classics. The options for events are limitless – from auctions and barbecues to yacht races and zip line challenges, with everything in between.

Events do not raise funds in and of themselves. The money comes from the individuals (or companies) who purchase entry, buy raffle tickets, give prizes, etc. So the various 'asks' in this scenario must be tailored towards the people who are being asked to part with money. If people are going to attend an event, then it must be strong enough to stand on its own. Hoping that people will buy tickets to an event solely to support your cause is not a good place to start; an event has to be designed to be entertaining in its own right.

Once a staple form of raising funds, many organisations are now turning away from high profile formal events in preference of smaller and more informal events. There is no doubt that events-based fundraising continues to be exceptionally popular in Ireland and therefore has an ongoing role to play. However, it must be recognised that events can be very hard work, nearly always carry high costs and there is no guarantee of return. When evaluating the success of an event as a fundraiser, you must always calculate the net profit of the event, that is, how much was

actually made for your organisation after all the direct and indirect costs (including the cost of staff time devoted to the event) have been subtracted.

Events can of course help organisations to raise their profile and build relationships with current or potential donors, and sometimes, the costs of such events may be worth it to achieve those aims. However, do not confuse a profile raising or a relationship building event with a fundraising event, the aim of which is to make money.

TOP TIPS

Regardless of the type of event, you must have a method in place for gathering the contact details of everyone who attended or was otherwise associated with the event. Contact them initially to say thank you and then add them to your database so that they receive updates, appeals (see section 3.2.4), legacy information (see section 3.2.5), etc.

within your full control. If you wish to go down the community fundraising route, you will have to invest your own time and money in incentivising, guiding and supporting people to do this.

Well-known examples of community fundraising include static collection boxes in shops, flag days and the Women's Mini Marathon, but there are many others. Sponsored challenges (head shaves, cycle rides, overseas expeditions, etc) continue to be popular and the growth of online giving platforms has facilitated the collection of funds (examples include: ammado.com, idonate.ie, justgiving.com, mycharity.ie, mygoodpoints.org and sponsor.ie). It may also be worth investigating if crowdfunding websites suit your particular needs (examples include: fundit.ie and icrowdfund.ie).

3.2.3 Community fundraising

Community fundraising involves encouraging people outside your organisation to raise funds on your behalf. Whilst having others do your fundraising for you is clearly an attractive proposition, it rarely happens spontaneously and can carry reputational risk, as not everything is

TOP TIPS

It is advisable to develop clear guidelines for people who may want to raise funds for you. Spell out how your organisation's name and logo may be used and what types of activities and behaviour are acceptable, because the public will perceive the fundraisers as representatives of your organisation. Also detail what supports they can expect from you (sponsorship cards, t-shirts, helpline, etc) and provide information about the cost of fundraising versus programme costs, as people may ask them about this and they need to be able to respond.

3.2.4 Appeals

Appeals involve addressing large numbers of individuals to request support. There are many different ways in which a nonprofit can appeal for donations. Sometimes appeals are 'cold' (to people who may never have given to you before) and at other times they are 'warm' (to previous donors). Charities can readily rent or buy 'cold lists' from a number of agencies, but these can be costly. Some appeals ask for general support, whereas others ask for funds for a specific campaign. Individual sponsorship or 'adoption', usually of a child or animal, is common and in recent years there has been a rise in popularity of 'virtual gifts' (school

books, wells, etc). The techniques that can be used include post (called direct mail), telephone, face-to-face (on-street, door-to-door, private sites), media coverage (both traditional and social), and advertising (both indoor and outdoor). Each of these has varying levels of success in varying contexts and you should investigate the evidence before making your choices.

Your goal should be to build and maintain a large and accurate database of potential and current supporters – this is an ongoing task. It should always be made as easy as possible for people to give, so therefore consider using tools such as freepost and freephone. Clearly, it is desirable if people donate more than once; hence, there has been a move towards encouraging people to commit to giving on a regular basis (for example, via direct debit or the payroll).

TOP TIPS

For maximum sustainability, consider combining appeals with other techniques. For example, if a company sponsors an event for you, see if there is a way in which you can access the names and email addresses of its employees in an attempt to secure them as individual donors in their own right. Some corporates run giving programmes where they commit to matching, euro for euro, any employee donations to a specified nonprofit.

3.2.5 Legacies and more

Although difficult to plan for in terms of income generation, encouraging people to leave you a gift in their will is something that all organisations could give consideration to (see My Legacy in the signposts). Closely related to these are in memoriam and in tribute giving, which are gifts in memory of someone or something. Additionally, there is in lieu giving, which is when people request that money be given to charity instead of receiving funeral flowers, wedding gifts, birthday presents, etc.

TOP TIPS

It is very common to have a fear about asking for support, whether it is help or money. You **must** find a way of getting over this fear. Remember this: people like to give, because it makes them feel good. However, they **must** be asked before they will give. There is no way around this!

3.2.6 Major gifts

'Major gifts' is the term that is used for a strategy of one-to-one engagement, usually with an individual, though sometimes with a company or trust, that is designed to result in a significant donation from that person/organisation. They tend to come from wealthier individuals, from within Ireland or abroad, but that is not necessarily the case. Although it happens from time to

time, it is unlikely that substantial gifts will appear out of the blue. If you are going to look for major donors, you will have to invest significant effort in establishing and nurturing relationships.

The four steps of a major gifts strategy are:

1 Research

Firstly, you must research carefully potential 'prospects'. Mine your databases and ask board and staff members who they already know. Also start thinking about who else might be interested in your cause and why. Engage in extensive networking and begin tracking names and contact details. You need to find out two things: who has the potential to give (capacity) and who is likely to give (propensity and proximity). Just because people have the ability to give, does not mean that they will give to your cause. Look at what else they have supported in the past and find out what is going on in their lives to see whether there is a clear affinity to your cause.

2 Cultivation

The next stage is contacting the prospects that show most potential, with a view to building a relationship with them. This can be done slowly or quickly, depending on the situation. If they are willing, meet with them. It can be helpful to think of the cultivation process as dating. It is inevitable that sometimes you will simply not be the right fit for each other. Even where things show promise, you need to be prepared to invest considerable time

into the process. Rarely do you just 'jump in'. Prospects need to be brought on a journey of engagement, so that when you reach the next stage, they are more likely to give. It is vital that you keep detailed records of every interaction your organisation has with the individual(s) in question.

3 Solicitation

This literally means 'making an ask' of the prospective donor. When you get to the solicitation stage, do not necessarily ask for money straightaway (for example, you could ask for advice instead), although eventually you must ask for money. Ask for support for a specific initiative. Spell out the scale of your ambition, the impact you intend to have and how much it will cost to deliver. Then ask if they wish to support you. Do not set your sights too low, but do not set them unrealistically high either. If you are in a face-to-face situation and have made a verbal ask, stay absolutely silent, until such time as the prospective donor makes a reply. You may feel uncomfortable about this aspect of the process, so if possible, try and find someone you could shadow and/or practise your asking technique on. Remember that large pledges are often paid over an extended period of time.

4 Stewardship

This is about 'minding' the relationship. It is crucial that you follow up on asks straightaway. Say thank you more than once and do so in a variety of suitable ways. Grant anonymity if the donor wants this, but similarly, honour

reasonable requests for publicity if this is what s/he desires. Keep the donor informed and involved. Deal swiftly and effectively with any signs of fatigue or disgruntlement. Although you should strive to maintain the relationship for as long as possible, accept that sometimes it will come to an end. When it does, ensure that this is handled as positively as possible.

TOP TIPS

Regardless of whether they have given you €10 or €10,000, always acknowledge people's generosity. How you do so will depend on your relationship with them. Make sure you publish information on your website that explains how you spent the money that you raised and what it achieved. If at all possible, pick up the phone to donors simply to say thank you. Send them newsletters. Invite them to events. Be creative, but above all, be genuinely thankful for the fact that people have contributed to your cause. It is much easier, and considerably cheaper, to get subsequent gifts from someone who has already given to you than from someone who has never given. If you look after your donors, it is likely that they will stay with you.

3.3 Maximising on technology

It has been stressed how important relationships are to raising funds. But this does not mean that these relationships cannot be enhanced by the ever-changing world of technology. Here are just some examples:

- Make sure you have a **website**: there really is very little excuse not to have one in this day and age. It does not necessarily need to be fancy, but it must contain accurate, relevant and up-to-date information, and crucially, it should make it as easy as possible for people to donate to you.
- Use **blogs** to tell stories about your organisation and what it is achieving. These can either be a part of your website, or if separate, there need to be clear links between the blog and your main website. Also consider using vlogs (video logs).
- Embrace **social media** (Facebook, Twitter, Pinterest, etc). Only choose channels that make most sense for your organisation and only use as many as you can properly manage. Do not forget the 'social' part; engage consistently with the online community that you are building!
- Build a **database** of current and potential donors. An Excel spreadsheet or similar will suffice at the start, but you may wish to consider a more sophisticated system in due course, so you can

track accurately your developing relationship with donors.

- If you are sending letters and emails, it is very easy to **personalise** them. It takes only a few extra minutes to do this, yet the difference is huge.
- Although nonprofits still manage cash, cheques and standing orders, these forms of taking payment are increasingly being replaced by **credit cards and direct debit**. You need to ensure that you are able to receive payments in this way.
- It is now possible to give by **SMS** (texts), via **ATMs** and at shop **tills**, so consider if these are options you could investigate further.

3.4 Legal matters and professional standards

3.4.1 Staying within the law

When fundraising, you must comply with the requirements of:

- The Charities Act 2009
- The Data Protection Acts 1988 – 2003
- The Gaming and Lotteries Acts 1956 – 2003
- The Safety, Health and Welfare at Work Act 2005

It is your responsibility to be aware of these and any other laws and regulations that may cover your fundraising activities.

3.4.2 Meeting professional standards

Fundraisers have a duty to be accountable and transparent. There are a number of professional standards that you should adhere to if you raise funds from the public. The **Statement of Guiding Principles for Fundraising**, produced by Irish Charities Tax Research, sets out the governance and management responsibilities of organisations that fundraise. The **Code of Practice for Fundraisers in Ireland**, produced by Fundraising Ireland, is targeted at the professional conduct of individual fundraisers working in or with such organisations. It covers absolutely everything! Furthermore, Dóchas has produced a very useful **Code of Conduct on Images and Messages**; although this is targeted at nonprofits working on global development issues, its principles are applicable far more widely. We strongly advise you to sign up to these codes if they apply to you.

The profession of fundraising is developing in Ireland, albeit slowly. Organisations and individuals are strongly encouraged to invest in professional development. Bodies such as Carmichael Centre for Voluntary Groups, Fundraising Ireland and The Wheel are providing education, training and other supports to people who wish to master the art and science of raising funds. Fundraising Ireland is the only Irish organisation offering accredited training in fundraising.

3.5 Signposts

3.5.1 Publications

Ahern, Tom, *Making Money with Donor Newsletters*, Emerson & Church, 2013

Aikins, Kingsley, *The Ireland Funds' Philanthropy and Fundraising Toolkit*, 2009 (available free of charge from Diaspora Matters – see below)

Carter, Heather, *The Complete Special Events Handbook: making it happen*, Directory of Social Change, 2009

Office of the Data Protection Commissioner, *Data Protection in the Charity and Voluntary Sector: Guidelines*, 2011
www.dataprotection.ie/documents/guidance/Charity_Guidance.pdf

Dóchas, *Code of Conduct on Images and Messages*, 2007
www.dochas.ie/code

Holman, Margaret & Sargent, Lucy, *Major Donor Fundraising*, Directory of Social Change, 2012

Irish Charities Tax Research Ltd, *Statement of Guiding Principles for Fundraising*, 2008
www.ictir.ie/content/fundraising-codes-practice

Lloyd, Theresa & Breeze, Beth, *Richer Lives: why rich people give*, Directory of Social Change, 2013

Mansfield, Heather, *Mobile for Good: a how-to fundraising guide for nonprofits*, McGraw-Hill, 2014

MacNeary, Helena & Saxton, Joe, *Thanks for Everything! How do charities recognise and say 'thank you' to their key donors?*, nfpSynergy, 2014
www.nfpsynergy.net/thanks-report

Morton, *Corporate Fundraising*, Directory of Social Change, 2012

Ross, Bernard & Segal, Clare, *The Influential Fundraiser: using the psychology of persuasion to achieve outstanding results*, Jossey-Bass, 2009

3.5.2 Websites

An Post (Mail Media Unit)
www.anpost.ie/anpost/anpostdm/knowledgecentre/faqs/faqs

Carmichael Centre for Voluntary Groups
www.carmichaelcentre.ie

Charities Regulatory Authority
www.charitiesregulatoryauthority.ie

Clairification: Philanthropy not Fundraising
www.clairification.com

Diaspora Matters
diasporamatters.com

Department of Justice and Equality (Gaming and Lotteries)
www.justice.ie/en/JELR/Pages/Gaming_and_lotteries

For Impact
www.forimpact.org

Fundraising Ireland
www.fundraisingireland.ie

Future Fundraising Now

www.futurefundraisingnow.typepad.com

Health and Safety Authority

www.hsa.ie

My Legacy

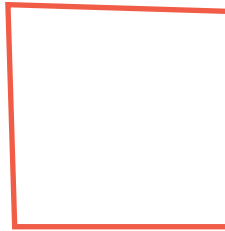
www.mylegacy.ie

The Good Form

www.thegoodform.ie

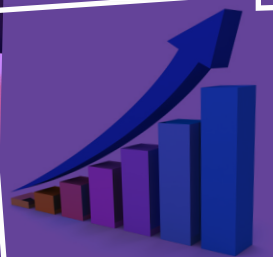
The Wheel (fundraising from the
general public)

www.wheel.ie/fundraising-general-public



CHAPTER 4: Grants

37



TOP TIPS

Don't forget to consult the case studies in chapter 7 for real-life applications of the principles discussed in this chapter.

4.1 What are we talking about here?

This chapter considers grant-aid. Grants are subsidies that can come from various sources. The organisation providing the grant does so in the expectation of some sort of social return, but not a direct financial return. There are grants for individuals and grants for organisations. There are grants for once-off capital expenditure, project grants and grants for longer-term support. Some funders accept grant applications at any time, whereas other grant schemes are only open at certain times. The grant relationship is based on a written agreement between the funder and the grantee. The conditions attached to the grant can range from the minimal to the highly restrictive. There is a gradual move towards outcomes-based granting.

Affairs), public service bodies (for example, the Health Service Executive), local authorities (for example, county councils), and other agencies. Grants can be monetary and/or the provision of training and employment schemes (such as Community Employment, Community Services Programme, JobBridge and Tús). Many statutory funding programmes are managed by the agency Pobal. The level of bureaucracy associated with statutory grants schemes can be high.

There are also a large number of grants available at European level. Typically, these have a partnership and/or an exchange dimension. Many organisations are overwhelmed by the thought of applying for European Commission funding. The need for adopting an international approach and getting to grips with the particular language used in these grant schemes can indeed be daunting at first. However, once you have navigated the system once, it becomes much easier and can prove very fruitful.

4.2 Types of grant givers

4.2.1 Statutory

The state is still the most significant provider of grants to the nonprofit sector in Ireland. This includes government departments (for example, the Department of Children and Youth

TOP TIPS

Grant makers are people too! Building and maintaining positive relationships with potential and current funders is very important to success and must not be neglected. Talk to them. Be honest with them. By all means explain your needs and outline your successes. But do not tell them you can deliver the same programme with less money or that you can grow without additional staff. If you do so, it will be to the detriment of all involved.

4.2.2 Trusts and foundations

There are numerous charitable trusts and foundations that make grants. These range from tiny local family trusts to major global foundations. Some are highly conservative in their disbursement of grants, whereas others are more innovative and take greater risks. Most run open schemes, although a minority will not deal with unsolicited applications and 'hand picks' its own grantees. Many of the trusts and foundations operating in Ireland can be found on the Philanthropy Ireland website, but please note that this list is not exhaustive. Also, if you are looking for ones outside of Ireland, you will need to search international websites. In addition to purely philanthropic entities (for example, the Community Foundation for Ireland or the St Stephen's Green Trust),

recent years have also seen a growth in corporate foundations (for example, the NTR Foundation or the Vodafone Ireland Foundation).

4.2.3 Business sector

In addition to corporate foundations referred to above, businesses sometimes run grant and other award schemes in their own right. These can be for money (for example, Shell's Corrib Gas Partners' Community Investment Programmes in Erris), for in-kind support (for example, Google Ad Grants), or simply for recognition and the associated publicity (for example, the Eircom Spiders).

4.2.4 Nonprofit sector

Even within the nonprofit sector there are various grant schemes. These tend to be run by umbrella bodies and infrastructure organisations. Some are very small scale, such as grants to enable travel or attendance at training courses. Larger examples include The Wheel's Training Links programme and Social Entrepreneurs Ireland's Impact and Elevator programmes. It is also worth pointing out that credit unions often allocate part of their annual surplus to local community initiatives.

TOP TIPS

Spend some time researching every possible grant that you might be eligible for. Do not limit yourself to the most obvious ones – be thorough. This does not mean you have to apply for them all now. Set up systems to ensure you hear about all new opportunities and add these to your list. Then schedule in time to apply for key grants where your chances of success are likely to be high. The Wheel's Fundingpoint service is particularly relevant in this context.

4.3 Success with grants

There is often stiff competition for grants, making them problematic to rely upon for the mainstay of your income. They tend to have a short-term focus and the funders tend to set the rules alone. Reporting mechanisms can be unwieldy and different grant makers invariably demand reports in different formats. If organisations are too dependent on grant income from one funder, they risk losing their independence and may end up operating under the stranglehold of an external body. However, this does not mean that you cannot make grants work for you or that you should not include them as part of your income mix.

You should only apply for grants that are right for you. Sometimes the amount of

the grant is so small that it is not worth your while making an application. Do not be tempted to bend your organisational aims (or worse, your values) in order to fit into a particular funder's criteria. This is something known as 'mission drift' or 'mission creep' and should be avoided at all costs. Do not waste your time on applications for which you are not eligible. Read the small print carefully beforehand. Do not apply if, for instance:

- It states that the funder will only give to organisations that have CHY status and you do not have this
- Administration or staff costs are specifically excluded and you are not sure that you can cover these in some other way
- You have grave doubts that you would truly have the capacity to deliver, even if you were successful.

There is usually a written application process that uses a standard form, although some trusts accept letters of application and very occasionally there is a possibility to enter a video application. Some funders provide very helpful guidelines for application; others do not. If you are unsure about something, simply contact the funder. If you are going to do it, you have to spend time on doing it well to have a hope of standing out from the crowd. Provide a well-constructed persuasive argument, not a hard luck story. Present it in a professional manner: complete all sections; provide clear and concise

statements; pay attention to grammar and spelling; avoid jargon; provide an accurate budget, etc. If supporting material is requested, provide it, but do not send lots of documents if you have been explicitly asked not to do so. It is imperative that you meet any deadlines.

The decision-making process can take time. Even if you are successful, there may be further delays in terms of paperwork and payment. You will have to comply with the terms of the grant, which will at the very least involve a report on what you did with the grant. More complex monitoring and evaluation may also be required.

4.4 Signposts

4.4.1 Publications

Clay, Anthony, *Trust Fundraising*,
Directory of Social Change, 2011

Eastwood, Mike & Norton, Michael,
Writing Better Fundraising Applications,
Directory of Social Change, 2010

European Citizen Action Service, *Guide
to European Funding for the Non-profit
Sector 2014-2015*, 2014

The Wheel, *How to Apply for Funding*,
2012

www.wheel.ie/apply-funding-guide

4.4.2 Websites

European Commission Grants
**[www.ec.europa.eu/contracts_
grants/grants_en.htm](http://www.ec.europa.eu/contracts_grants/grants_en.htm)**

Foundation Center
www.foundationcenter.org

Fundingpoint
www.wheel.ie/funding

Northern Ireland Council for Voluntary
Action's Grant Tracker
www.grant-tracker.org

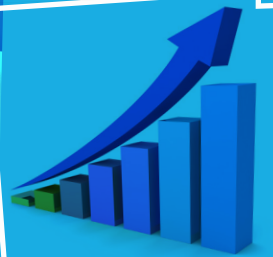
Philanthropy Ireland
www.philanthropy.ie

Pobal
www.pobal.ie

The Wheel (applying to grant makers)
**[www.wheel.ie/applying-to-grant-
makers](http://www.wheel.ie/applying-to-grant-makers)**

CHAPTER 5: Contracts

43



TOP TIPS

Don't forget to consult the case studies in chapter 7 for real-life applications of the principles discussed in this chapter.

5.1 What are we talking about here?

This chapter explores contracts. It could be argued successfully that any agreement between individuals or organisations is some form of contract. However, we are only concerned here with formal, written, legally binding agreements between two or more parties that have been willingly entered into by those parties, in which each has offered and accepted to exchange something that is of value. This part of the income spectrum, which is relatively underdeveloped in Ireland, is sometimes known as the 'structured market', differentiating it slightly from the 'open market' examined in chapter 6. It usually involves a statutory or commercial buyer purchasing a service provided by a nonprofit. The organisation must deliver what has been agreed, or else it is in breach of contract. Similarly, the purchaser must keep to the conditions it has agreed, including its terms of payment. The implications of potential issues such as underperformance or early termination have to be considered very carefully, therefore.

5.2 Contracts with the statutory sector

Statutory commissioners are gradually moving away from providing grants and moving towards procurement; that is, the buying of goods and services from suppliers that best meet their criteria. Suppliers can be private sector companies or nonprofits. Contracting therefore requires a different way of thinking about things than granting.

5.2.1 Without tendering

It is probably fair to say that many nonprofits, and the statutory bodies with which they work, are still struggling to come to terms with contracting. It is particularly difficult when statutory bodies that previously made grants to organisations are now turning these into contracts for services without going through a tendering process. The transition from grantee to contractor (the nonprofit) and from funder to purchaser (the state) is often not an easy one. Relatively informal grant procedures may be replaced with a complex service level agreements (or similar documents), often without adequate discussion about what is changing and why. It is hoped that with time, these difficulties will be resolved.

5.2.2 With tendering

True contracting out of public services involves a competitive tendering process. If your nonprofit goes down this route, you will almost certainly be

in direct competition, not just with other nonprofits, but also with private sector providers. Each bidder writes tenders that outline how they would meet the requirements of the contract and at what cost. It is important, therefore, to be able to show that your tender provides good value-for-money, as well as broader social value. However, do not be tempted to under-cost yourself – it is important that, at a minimum, you recover your full costs. If successful, some sort of contract management system is normally put in place to ensure you are adhering to all the clauses of the contract.

5.2.3 Other

Although still in its infancy, there are moves towards ‘Payment By Results’ and ‘social impact investing’ (which usually involves private sector investment). The contracts associated with such ways of working will be even more complex, because the stakes will be even higher.

If you sell services under contract (as opposed to receiving a grant to deliver services) these services may be liable for VAT. If so, VAT costs have to be factored in from the start. It is therefore very important that you seek professional advice in advance of tendering for contracts for services.

*** TOP TIPS ***

Some contracts are too big to consider taking on alone. Do not rule out contracting consortia comprising a range of partners, either all from within the nonprofit sector, or from across a mix of sectors. There are different options that you could consider. You could set up a separate legal structure, but clearly this is a major step. Alternatively, one organisation could be appointed as the lead partner with responsibility for managing the project. This could either be done on a relatively informal basis (which is risky) or through a more formalised system of subcontractors.

5.3 Contracts with the private sector

5.3.1 Types

There are two main ways in which charitable organisations may enter contracts with the private sector, both of which involve joint promotions.

The most familiar of these is **corporate sponsorship** (although this term is often misused as a catch-all phrase for activities that are not true business contracts). In corporate sponsorship, a company pays to have its name associated with a whole organisation, or just one of its programmes, in order

to meet its own business objectives. In order for the company to judge it a success, it must receive commercial benefits, such as market exposure and press coverage. An example would be Danone sponsoring Barnardos' annual Big Toddle event.

Another form is **cause-related marketing**. In this, a nonprofit endorses a whole company, or one of its products or services, in return receiving a defined benefit. For instance, it might receive a payment each time that the product or service is mentioned, purchased or used. An example is UNICEF receiving one euro for each soft toy sold by IKEA during each Christmas period, raising millions for its Schools for Africa campaign. Another example is Ballygowan's 'pink water' partnership with the Marie Keating Foundation and Action Cancer, in order to raise awareness of, and funding for, breast cancer screening services.

As the environment in which nonprofits operate becomes increasingly complex, it is possible that in future there will be further opportunities for contracting and different ways of doing so. For example, private sector firms may win large statutory contracts, which they subsequently subcontract to suppliers in the community and voluntary sector.

5.3.2 Implications

Serious consideration should be given to the ethos of the potential business partner and what messages this is sending to the world about your nonprofit, should you decide to enter a partnership. For example, if you are an organisation dealing with a health issue, is it appropriate for you to accept money from a pharmaceutical company that is marketing a specific drug related to that condition? Or, if you are an environmental organisation, is it right to partner with a car manufacturer? There are no hard and fast rules about this, but it is important that the issue of compatible value systems is aired properly both within your own organisation and in discussions with the company.

It is also very important to recognise the commercial sensitivities of entering contracts such as these. This does not tend to come naturally to people working in nonprofits. The nonprofit and the company are approaching the partnership with different mindsets and different priorities. The nonprofit wishes to maximise its income so that it can further its charitable cause. It may have managed to forge a successful partnership with a bank, and may therefore decide that banks are a good bet. However, if it starts working with another bank, which is almost certainly a competitor of the first bank, it is highly likely that it will lose the initial contract.

5.4 Other matters to consider

- Check that your governing document allows you to enter contracts
- Make sure the contract is compatible with your goals, priorities and values
- Satisfy yourself that you will maintain your independence if you sign the contract
- Ensure you have the capacity to deliver
- Assess all the risks associated with entering the contract (seek legal advice if necessary)
- Check if you are liable for VAT and/or other taxes
- Ensure you have addressed the issue of intellectual property rights
- Do not start work on contracts until everything has been signed off
- Show quality in all that you do
- Manage potential cash flow difficulties if monies are paid in arrears
- Practise your negotiation techniques.

5.5 Signposts

5.4.1 Publications

New Philanthropy Capital & Association of Chief Executive Officers of Voluntary Organisations, *Full Cost Recovery: can your organisation survive without it?*, 2004

www.thinknpc.org/publications/full-cost-recovery-2

O'Connor, Jim & Kelly, Aidan, *Sponsorship can change a person's perceptions of a brand*, 2013

www.oconnorandkelly.ie/sponsorship-can-change-persons-perspective

5.4.2 Websites

Activelink

www.activelink.ie

Office of Government Procurement

www.etenders.gov.ie

CHAPTER 6: The open market

49



TOP TIPS

Don't forget to consult the case studies in chapter 7 for real-life applications of the principles discussed in this chapter.

6.1 What are we talking about here?

Although everyone is familiar with the concept of the open market, many people find it difficult to see how this relates to nonprofit organisations. On the one hand, this is surprising, as Ireland has a long established cooperative movement that continues to thrive to this day. On the other hand, it is unsurprising, because we talk of the nonprofit or not-for-profit sector, which we regard as the polar opposite to the market. It is possible, however, to maintain your values whilst optimising on the value that you offer to others on a for-money basis. On the open market, you have customers and you earn income that is entirely unrestricted. Your clients might be individuals ('business to customer') or organisations ('business to business').

Many organisations already generate a proportion of their revenue through earned income. There are three main ways of achieving this, which can be illustrated by the catering industry.

- For some organisations, generating their own income is small-scale activity; a welcome add-on to other funding streams. An example would be an organisation that already has

its own kitchen for use by staff and clients, but decides to sell tea, coffee and cakes to passers-by as a sideline.

- For others, their social mission and their enterprise activity are one and the same thing. Such initiatives often involve undertaking commercial activity whilst at the same time creating employment opportunities for marginalised people. This is a powerful combination, as it reduces reliance on funders as well as directly tackling social exclusion (see the Hand on Heart case study in the next chapter).
- Finally, it is possible to undertake revenue-generating work that is entirely unrelated to the cause, but that is used as a vehicle to raise funds for the main organisation. An excellent Irish example was Restaurant 1014 in Dublin's Clontarf, which was wholly owned by the Caring And Sharing Association, a disability charity.

6.2 Social enterprise

The term 'social enterprise' is being used with increasing frequency. This can be a useful way of describing social organisations that use the open market as a means of ensuring financial sustainability. However, please note that it is not a legal term at present. Neither is it a separate tax designation; indeed, many organisations that describe themselves as social enterprises have a CHY number. A 2012 government-

commissioned Forfás report defined it as follows:

“A social enterprise is an enterprise that trades for a social/societal purpose, where at least part of its income is earned from its trading activity, is separate from government and where the surplus is primarily re-invested in the social objective.”

6.3 Opportunities for increasing self-sufficiency

Every organisation has assets. These might be visible (like property or equipment) or invisible (like skills or intellectual property). It may be possible to trade these in some shape or form. Are you able to stop viewing these from a charity perspective and start viewing them through a business lens? If not, it would be useful to get some help from someone with a business background. The essential question is: what do you have that someone else wants? Some examples are provided below, but the very nature of entrepreneurial activity means that this list is not exhaustive.

6.3.1 Membership benefits

Membership or ‘friends’ schemes have the potential to provide a good source of income for organisations. However, they are not a quick-win solution. Significant investment of staff time is needed in order to grow membership numbers and this can take years. Furthermore, there has to be a very clear offering which makes it worth the

while of the individual or organisation in question to consider paying for membership. What benefits do they receive as part of their membership package that are unavailable to non-members? If you cannot realistically create such a package, you might be better off concentrating your efforts on building a donor base (see section 3.2.4).

6.3.2 Goods

The charity shop is one way of nonprofits earning income that most people are already familiar with. The proliferation of charity shops shows just how profitable they can be. It is important, however, that shops apply sound business strategies and move with the times. Successful ones have specialist outlets, pop-up shops, on-line stores, etc. Other retail options include selling novelties, branded merchandise, Christmas cards, etc. Furthermore, some organisations earn money from recyclable materials, such as mobiles phones and textiles, which are collected and then re-used by private sector operators.

6.3.3 Physical assets

Do you own land or property? Are you using these to their maximum potential or can part of the space be rented out? Even if you rent your premises, there may be opportunities to do sublets. It may also be possible to charge for the use of vehicles or equipment that you own. (Note that charities are not

automatically exempt from paying rates.)

6.3.4 Knowledge

Your organisation may have knowledge that can be traded in the form of publications, training courses or consultancy. Each of these requires a specific set of skills in order to deliver them to a standard that is sufficiently high so that people will be willing to pay for it.

6.3.5 Services

Many services provided by nonprofits are unquestioningly given away for free. Often, this is entirely appropriate, but there may be instances where charges could – and arguably should – be levied. The options are limitless. For instance, you may be able to charge for the provision of food, transport, accommodation, research, administration, advertising, and so on. It should be recognised of course that many organisations already do this to a greater or lesser extent.

The concept of charging third parties and/or organisations for services rendered is probably palatable for most people and could therefore be seriously contemplated without too much difficulty. However, you may also have to confront a taboo that prevails in Ireland, namely that individual beneficiaries should never have to pay for services. This is odd, as there are many examples of clients already paying

for services, including rent in supported housing and fares in rural transport schemes. Clearly, the clients' ability to pay should be used as a starting point for discussions of this nature. If, after careful deliberation, a decision is made to move from a free to a paid-for model, it is important that the organisation finds a way to add value that will justify the change in practice.

TOP TIPS

Do a proper feasibility study that includes market research, piloting and stress testing before making major changes to the way that you operate. If you decide to pursue the trading route, you may need to adapt your legal structure (for example, by setting up a subsidiary company) to deal with tax and CHY issues. You are strongly advised to seek professional advice.

6.4 Loan finance

When developing a new business you may need to invest money upfront. If you cannot get a grant for this, you may have to borrow money. Loan finance is not an income stream as such; rather it should be seen as a financial enabler. Personal loans are sometimes used, but these are not recommended as a rule. Many nonprofits are seen as too high-risk by commercial lenders and in any case commercial loans require personal guarantees, which are not desirable either.

Social finance is an excellent alternative, whether for matched funding requirements, bridging loans or long-term loans. The lending criteria are designed to suit organisations with a social or environmental mission and interest rates are often lower than those available elsewhere. Notwithstanding, loans do have to be repaid and this requires good long-term financial management, which can be off-putting for some organisations. There are a number of social finance providers in Ireland, including Clann Credo, Microfinance Ireland and the Ulster Community Investment Trust (see signposts).

6.5 Signposts

6.5.1 Publications

Boschee, Jerr, *Migrating from Innovation to Entrepreneurship: how nonprofits are moving toward sustainability and self-sufficiency*, Encore! Press, 2006

Hill, Liz & Whitehead, Brian, *The Complete Membership Handbook: a guide to managing friends, members and supporters schemes*, Directory of Social Change, 2004

Immink, Roy & Kearney, Pat, *Community Enterprise: A Business Planning Workbook for the Social Economy*, Oak Tree Press, 2003

Patel, Atul & Oakley, Rodalind, *The Good Guide to Trading: getting ready for enterprise*, National Council for Voluntary Organisations, 2009

6.5.2 Websites

Clann Credo
www.clanncredo.ie

Enterprise Ireland
www.enterprise-ireland.com

Irish Charity Shops Association
www.icsa.ie

Irish Cooperative Organisation Society
www.icos.ie

Irish League of Credit Unions
www.creditunion.ie

Irish Social Enterprise Network
www.socent.ie

Microfinance Ireland **www.microfinanceireland.ie**

School for Social Entrepreneurs Ireland
www.the-sse.org/schools/30/ireland

Social Entrepreneurs Ireland
www.socialentrepreneurs.ie

The Wheel (fundraising by trading goods and services)
www.wheel.ie/trading-goods-and-services

Ulster Community Investment Trust
www.ucitltd.com

CHAPTER 7: Case studies

55



7.1 Merchants Quay Ireland: *building a sustainable donor base*

7.1.1 An overview of the organisation

In 1969, Franciscan Friars opened Tea Rooms at their Merchants Quay site in Dublin, to provide sustenance and other supports to the city's poor. Today, Merchants Quay Ireland (MQI) is an independent charity providing a full spectrum of homeless and drugs services to more than 8,000 individuals per year. MQI is still headquartered in Dublin, but now has services in 14 counties. It is the largest nonprofit drug service provider in the country, with an annual turnover in the region of €8 million.

7.1.2 The financing challenge

MQI is in receipt of a wide range of statutory grants and contracts and has also been successful at attracting philanthropic support. However, these traditional avenues of income have reduced in recent years – precisely at the same time as demand for its services has grown. Previous efforts to raise funds via other means (such as holding fundraising events and soliciting corporate sponsorship) were largely ad hoc and often unsuccessful.

7.1.3 The solution

In 2008, MQI appointed a Head of Fundraising who developed a

relentlessly donor-centric individual giving programme, with a particular focus on direct mail. Her first task was ascertaining who had previously been approached and who had donated via the organisation's annual Christmas appeals. However, this was difficult, as past record-keeping had not been good. A list of more than 22,000 potential contacts was cleaned, deduplicated and so whittled down to 2,000. This first mailing resulted in 500 gifts, totalling €53,000. A further 300 people who had in the past given €500 or more were sent a special pack outlining a proposal for a new rehabilitation facility; 75 of these responded with gifts totalling €116,000.

Resources were then invested into acquiring new donors. Renting a mailing list, for example, can cost in the region of €17,000. The first Christmas appeal included a cold mailing of 69,000 and brought in over €300,000. Once donations were received, they were quickly followed up with thank you letters, but these letters on their own were not enough to ensure people kept giving. The focus had to be on building a base of long-term loyal supporters, which meant time and money had to be spent on nurturing these important relationships. Keeping donors informed and involved with MQI was understood to be key to this.

In 2009, MQI sent out its first simple newsletter, containing a message from the CEO, a short article about a team member, and most crucially, a story about how a client had been

successfully helped by MQI and had now rebuilt his life. Staff members initially had significant privacy concerns and were reluctant to have clients feature in the newsletter, but these worries were addressed and regular newsletters are now sent, which are valued by clients, staff and donors alike. The newsletters do not make a direct ask for money, but around 13% of newsletters recipients nevertheless donate as a direct result (a reply device and envelope are included with the mailing).

Additional fundraising staff members were recruited (the team now has four full-time staff and part-time Community Employment support). Staff were trained in how to respond properly to callers. A professional fundraising copywriter was engaged and a database was installed. Individualised thank you letters were hand signed by the CEO. Coffee mornings and other open days were held so that current donors and other members of the public could come and experience what actually happens at MQI.

7.1.4 Results

The results speak for themselves. MQI now has a donor base of around 13,000. Increasing numbers of people have signed up to give every month via direct debit. The donor retention rate for cash givers is 64% and for regular givers is 90%. Major gifts and legacies are common. Furthermore, there are opportunities for sponsored marathon running, volunteering, donations in-kind and corporate partnerships. Gross

voluntary income went up from just over €500,000 in 2009 to €2.25 million in 2013 (net income c. €300,000 to €1.7 million). Finally, the organisation is leading the way in transparency about its fundraising techniques and results.

7.1.5 Websites

www.mqi.ie

www.denisacacement.blogspot.ie

www.lisasargent.com

7.2 Barretstown: *achieving a truly diverse income profile*

7.2.1 An overview of the organisation

Barretstown was established in Ireland in 1994 to replicate the success of the Hole in the Wall Gang Camp in the USA, founded by actor Paul Newman. Barretstown rebuilds the lives of children affected by cancer and other serious illness through a life changing therapeutic recreation programme. Each year, more than 2,700 campers enjoy the Barretstown experience in its castle and grounds in Kildare.

7.2.2 The financing challenge

Barretstown has never been highly reliant on statutory funding and has consistently raised funds from other sources, especially by developing relationships with the business world.

Corporate partnerships can offer scale, profile and security of funds over the lifetime of the agreement, but companies inevitably reach a point where they decide to direct their energy and resources to other charities. The organisation was becoming overly dependent on a small number of corporate partnerships – a situation that should be avoided but is nevertheless easy to slip into. In 2012, two of its largest corporate partnerships reached their contractual end within a few months of each other. The sudden drop in income brought into clear focus the risks associated with the strategy that had been pursued up until that time.

7.2.3 The solution

The income spread had to be widened. Efforts were put into generating revenue from all sources, but two areas were seen as particularly key to developing a more sustainable approach.

Firstly, it wanted to rebuild a strong network of major donors. In its earliest days, Barretstown had benefitted from a number of major donors, but over time these had fallen away and had not been replaced. A Development Committee was re-established in early 2013, made up of individuals from a variety of backgrounds and industries (including some existing board members), whose role was to help introduce Barretstown to individuals interested in supporting the charity. This has proved highly successful and major donors are now a growing part of the organisation's fundraising mix.

The second priority was to increase the number of individual donors. It was recognised that this would involve considerable up-front costs in terms of working with external agencies and consultants. It was a challenge to explain the potential return on investment to the board and non-fundraising staff, not least because there were pressures to cut costs elsewhere due to the downturn in the economy. It was a classic example of having to spend money in order to make money. Barretstown had been using direct mail for a number of years, but worked to nurture the donors it had and thereby reduce churn. It also piloted a door-to-door campaign, which was highly successful and was therefore rolled out. The investment is bearing fruit and monthly income from individual giving has increased more than four-fold in two years.

7.2.4 Results

The new strategy has been transformative. Today Barretstown benefits from an income of over €4 million from a wide range of sources, namely: 28% direct marketing; 22% company partnerships; 13% individual donations; 7% community activities; 7% gifts in-kind; 6% trusts and foundations; 5% own events; 5% European funding; 3% Health Service Executive; 3% rental income; 1% other. The organisation is preparing itself for a growth in online giving and is making plans for a national media awareness campaign.

7.2.5 Websites

www.barretstown.org

7.3 WALK: becoming less dependent on Health Service Executive grants

7.3.1 An overview of the organisation

Walkinstown Association was founded in 1967. WALK, as the award-winning organisation is now known, provides a range of services to people with intellectual difficulties, mental health issues and challenging behaviour. It has around 170 service users in Dublin and 400 in Louth.

7.3.2 The financing challenge

Up until 2009, WALK was almost entirely funded by the Health Service Executive through a Section 39 grant, but this income was subsequently cut by 16%. The organisation was still expected to deliver the same level of service, which was clearly not possible. WALK also recognised that it needed to change its service model so that it would be more person-centred and community-based. It thus needed to generate more funds from other sources.

7.3.3 The solution

Following the publication of the 2011 - 2014 strategic plan, the management team held a two-day income diversification meeting to plan how it

was going to fund its new strategy. They identified all potential sources of funding: restricted and unrestricted, traditional and non-traditional. Resources such as The Wheel's Fundingpoint proved especially useful. Also helpful was finding out what similar organisations were doing and who their funders were.

The options were then researched thoroughly in-house, including making absolutely sure that they were in line with the mission. Significant time and other resources had to be allocated to ensure winning bids could be made. The team recognised that there was no point in being half-hearted about applications for funding and that developing a track record with new funders takes time. An independent fundraising consultant was also engaged in order to develop an unrestricted funding strategy and this consultant continues to support the organisation. Managing cash flow throughout the process was extremely important, but challenging.

7.3.4 Results

WALK managed to dramatically increase its number of funders. Whilst the Health Service Executive is still its primary funder, it now has service level agreements in place with three Health Service Executive areas and total funding has increased to €5.9 million. The Department of Social Protection, via Pobal, has given €640,000 in contract money for a two-year training and employment project and Dublin

City Council is grant-aiding a gardening project to the tune of €70,000 per year. The initial set-up of the gardening project was financed through the Ireland Funds. WALK also received Interreg funding: €1.6 million over three years for a training and employment project. Accessing European funding necessitated the development of partnerships over a number of years with similar organisations in Wales and Northern Ireland.

€120,000 was raised in recent times to develop a social enterprise in the heart of Walkinstown. €30,000 was received from Dublin City Council towards the renovation of an old building and €25,000 from the Arthur Guinness Fund for the set-up. The remainder was generated through events-based fundraising. The enterprise will comprise a café and a community garden where organic produce will be grown and it will also be a Local Training Centre recognised by Solas. Opened in late 2014, it will be self-sustaining and will provide training and employment opportunities for the people it supports as well as other members of the local community.

7.3.5 Websites

www.walk.ie

www.wheel.ie/funding

[www.hse.ie/eng/services/
Publications/Non_Statutory_Sector/
Section_39_Documentation.html](http://www.hse.ie/eng/services/Publications/Non_Statutory_Sector/Section_39_Documentation.html)

[www.pobal.ie/FundingProgrammes/
dap/Pages/default.aspx](http://www.pobal.ie/FundingProgrammes/dap/Pages/default.aspx)

www.dublincity.ie

www.theirelandfunds.org/ireland

www.interreg4c.eu

www.solas.ie

7.4 Vantastic: focusing on contracts and trading

7.4.1 An overview of the organisation

The Vantastic idea originated from the total lack of accessible transport in the 1990s and the efforts made by the Center for Independent Living Dublin to establish a transport division. Vantastic as an independent company limited by guarantee with its own board of directors was registered in the year 2000. Today, it employs 45 staff, has a fleet of 36 adapted vehicles and operates seven days a week. It provides a group travel service and individual door-to-door transport, as well as specialist routes for shopping, health care and leisure. It mainly services the Dublin area, but does some work outside of the capital too. Its total number of passenger trips exceeds 90,000 per year.

7.4.2 The financing challenge

Vantastic is run as a social enterprise: a business for the public good (note

that it does have a CHY number). The training and employment of people from disadvantaged groups, primarily through the Community Services Programme and similar schemes, has always been a core feature of its working model. It has had a range of funding mechanisms in place from the start, but the structure of its funding mix has changed over time. A decade ago, more than 90% of its funding came from government grants, but today, only around half does so (the total amount of statutory funding has been reduced by 22% since 2009).

7.4.3 The solution

Other grant-aid opportunities have come and gone over the years, and they are no longer a significant feature of Vantastic's income profile. A minimal amount of money is generated by fundraising from the public.

Almost half of Vantastic's income comes from its trading activities. It has in the region of 200 organisational and around 7,000 individual members who pay subsidised fares for the transport that they use. Vantastic has also won various contracts on the open market for the delivery of specialised transport for people with mobility problems. Requests for tender are publicised on the government's eTenders procurement website and Vantastic bids for these on a full cost recovery plus profit basis. Factors such as holding a Road Transport Operator Licence, having properly qualified and Garda-vetted drivers, and being a signatory to the

Governance Code, have helped in this regard. Vantastic has also developed a number of joint partnerships, especially with local government, to deliver discounted local services for older people. A further way of generating income is through sponsorship (such as advertisements on vehicles).

Furthermore, Vantastic has used loan finance to enable capital investment. It has taken out one commercial loan, but has worked primarily with social finance provider Clann Credo. It has drawn down nearly €0.5 million since 2002, mainly for the purchase of vehicles. These loans have allowed the organisation to react swiftly to market opportunities, avoid the personal risks associated with lending from mainstream financial institutions, and most importantly, provide members with services more quickly than would otherwise have been possible.

This way of working is not without its challenges. There is a considerable body of legislation that has to be adhered to. The memorandum and articles of association have to permit the carrying out of business activities. Realistic strategic plans and annual operational plans are needed, with clear performance indicators that can be readily tracked. The voluntary board should include members with business experience and should meet frequently enough to prevent undue delays in making business decisions. Accurate record keeping is also a must.

7.4.4 Results

The organisation has gone from strength to strength and turnover in 2013 was more than €1.5 million.

TOP TIPS

- Very few things happen overnight, so be patient.
- Change is difficult, but be open to it.
- Accept that hard decisions have to be made from time to time.
- Do not be too risk-averse: pursue new ideas.
- Be prepared to fail, but act swiftly if the evidence shows something is not working.
- Network with others in the social enterprise and charity sector.
- Take the time to enjoy your successes.

7.4.5 Websites

www.vantastic.ie

www.dublincil.org

www.pobal.ie/FundingProgrammes/CommunityServicesProgramme/Pages/CSP%20Home.aspx

www.rtol.ie

www.garda.ie/Controller.aspx?Page=66

www.governancecode.ie

www.clanncredo.ie

7.5 Hand on Heart: seeking corporate support to enable social enterprise

7.5.1 An overview of the organisation

Hand on Heart was established in 2010. It is located in Dublin's Ballymun. It believes passionately that people with disabilities should be included fully in society and should be able to do paid jobs that they enjoy. Perceived obstacles can be addressed through appropriate training and through people with different disabilities working together as teams. The initial focus of the organisation's work has been on the hospitality industry. It has already experimented with an 'inclusion bar', an accessible café and a mobile catering service, but is currently concentrating its efforts on Vendability; a vending machine enterprise based on a successful American model.

7.5.2 The financing challenge

Hand on Heart was resourced in the first instance through a substantial personal investment and subsequently through a modest business loan. Clearly, this approach was not going to be sustainable in the longer term.

7.5.3 The solution

An early decision was made to follow a social enterprise model, in order to be as financially sustainable as possible. Research has shown that individuals, businesses and other organisations will choose to buy from social enterprises in preference to commercial providers, and the promotion of social responsibility is therefore Hand on Heart's key marketing strategy.

This does not mean, however, that Hand on Heart has not sought external funding. It has been successful, for example, in obtaining support from Bank of Ireland Group (Florin Fund), Dublin City Enterprise Board (Priming Grant) and Northside Partnership (Tús). Of particular resonance was its successful 2011 bid to the Arthur Guinness Fund. The award itself was for €50,000, which was clearly welcome. The prize also included a workshop and coaching by the fundraising consultancy For Impact, and the founder feels that this completely reprogrammed his thinking about financing. He had believed that his organisation was too small and too recently established to be of any interest to outside parties, but came to recognise that there are many people who want to invest in a clear, simple vision of a better future.

This was a key turning point. The founder was helped to understand how his limited time could be used most effectively and how he could convey a compelling message. He then approached a number of high profile

people with a request to practise his asking technique. The process of identifying leads, making asks, seeking feedback and honing skills continues and comprises a significant part of his working week. Rather than worrying about rejections, he views it as a probability exercise.

Vendability has been the predominant enterprise, but there was a gradual recognition that vending machines on their own are not an attractive proposition and that a vague idea for a coffee cart project should be pursued more vigorously, as this would be considerably more engaging for potential investors. Hand on Heart pitched for the support of retail chain Harvey Norman, whose subsequent assistance has opened the door to personal gifts, in-kind donations and corporate sponsorship.

7.5.4 Results

The Hand On Heart strategy appears to be working; the carts are in high demand for events, staff numbers are rising, cash flow is improving constantly and the enterprise is expanding into Cork and Meath. Additionally, there is real confidence that investment will continue to increase and that this will help when seeking future grants and loan finance to grow the organisation.

7.5.5 Websites

www.handonheart.ie

www.localenterprise.ie/DublinCity/

Financial-Assistance/Types-of-Grants/Priming-Grant

www.northsidepartnership.ie/tús

www.guinness.com

www.forimpact.org

www.harveynorman.ie

7.6 Rothar: adopting a commercial model

7.6.1 An overview of the organisation

Rothar is a young community-based organisation that takes donations of unwanted bikes, sells revamped bikes, undertakes bike repairs, rents out bikes and teaches cycling and cycle maintenance skills to individuals, community groups and companies. In so doing, it tackles a range of social, economic and environmental challenges.

7.6.2 The financing challenge

Rothar was originally conceived as a project to address disadvantage amongst young people, with the intention that they would learn to build their own bikes from old parts. The initiative was funded for a short period by once-off grants from Social Entrepreneurs Ireland (€6,000) and Dublin City Council (€4,000), but the economic recession hampered success in obtaining further grants.

7.6.3 The solution

The project required a rethink. A way had to be found to rely less heavily on external funders. A social enterprise model seemed an obvious choice, because the organisation was already in a good position to sell products: both bikes and cycling-related services. The initial and continued input of a large number of volunteers has been one of the keys to its success (it took 18 months of hard work before Rothar was in a position to pay any salaries). In order to function effectively, a dual legal structure was adopted. A company limited by guarantee is the vehicle for Rothar's social mission and a company limited by shares is the structure for its trading activities.

Over time, Rothar has adopted an increasingly commercial approach, thereby raising its margins and reinvesting this profit into the organisation and its social and environmental goals. It developed partnerships with local councils in order to achieve a steady supply of bikes. It made a decision to market itself as a 'regular' bike shop and thus enter the competitive market. Its unique offerings – which include a café, a fix-your-own-bike option, a special family service, etc – make it stand out from the crowd, however. Rothar has won a number of awards, including support from the Arthur Guinness Fund, which helped it to expand the venture to Dun Laoghaire with minimal risk.

As the culture of social enterprise

is still relatively new in Ireland, it has sometimes been difficult to communicate the ethos and nature of the organisation. The Rothar team feels strongly that cultural barriers should be dismantled: selling goods that are in demand and paying people a fair salary does not make a cause less worthy.

7.6.4 Results

Rothar is now fully self-sustaining with an annual turnover in the region of €300,000. This enables it to re-use 2,000 bicycles a year, provide 500 young people with bike workshops, give cycling lessons to 100 people and provide work placements to 100 people marginalised by unemployment, depression or a history of offending. The next phase of its development will be the setting up a training centre and the professionalisation of its training programme.

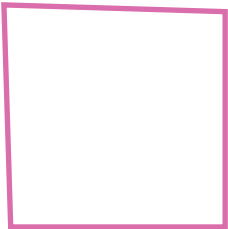
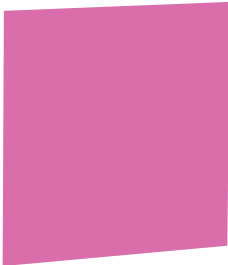
7.6.5 Websites

www.rothar.ie

www.socialentrepreneurs.ie

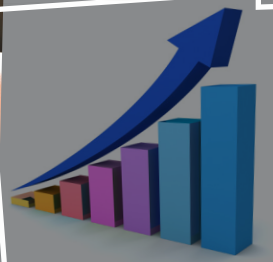
www.dublincity.ie

www.guinness.com



Appendices

67



Checklist

You may wish to work through this checklist to see if you are on track to being as financially sustainable as you can be:

- | | |
|--|---|
| <input type="checkbox"/> Has everyone, and most specifically the board, accepted that sustainable funding is fundamental to the future of your organisation? | <input type="checkbox"/> Does your strategy include asking for gifts? |
| <input type="checkbox"/> Has the board ensured that the correct people are taking responsibility for the different aspects of the financing and funding functions? | <input type="checkbox"/> Have you included maximising on technology as part of your strategy? |
| <input type="checkbox"/> Can you clearly articulate a compelling case for supporting your organisation? | <input type="checkbox"/> Does your strategy include grants? |
| <input type="checkbox"/> Have you undertaken an honest and thorough review of your current resource profile? | <input type="checkbox"/> Are you confident that you are only applying for the most suitable grants? |
| <input type="checkbox"/> Do you have good financial management systems in place? | <input type="checkbox"/> Does your strategy include contracts with the state? |
| <input type="checkbox"/> Can you contain expenditure in any other ways than you do presently? | <input type="checkbox"/> Does your strategy include contracts with the private sector? |
| <input type="checkbox"/> Do you understand the different parts of the income spectrum? | <input type="checkbox"/> Does your strategy include earning income? |
| <input type="checkbox"/> Have you developed a realistic income generation strategy? | <input type="checkbox"/> Do you require loan finance to realise your earned income plans? |
| <input type="checkbox"/> Have you thought carefully about the relationships you will need to build to ensure success? | <input type="checkbox"/> Have you undertaken a risk analysis for all aspects of your strategy? |
| | <input type="checkbox"/> Specifically, have you considered all the legal implications, including tax? |
| | <input type="checkbox"/> Are you feeling invigorated and ready to go? |

Glossary of terms

Accounts = documents providing a true and fair reflection of an organisation's financial position

Appeal = a fundraising programme at a defined time to a wide target audience (for example a Christmas appeal) and/or with a defined purpose (for example, a response to a natural disaster)

Board of directors = the governing body of a company

Bootstrapping = starting up a venture without external help or capital

Bridging loan = a short-term loan intended as an interim measure

Budget = estimate of future income and expenditure over a period of time, either for the organisation as a whole or a particular programme or project

Cash flow = money coming into and out of an organisation at any one time

Cause-related marketing = a situation in which a charitable organisation licenses the use of its name to a commercial company, generating revenue and expanding its reach, whilst the business enhances its reputation and boosts its sales

Charities Regulatory Authority = formally established in 2014, this is the new regulator for all charities in Ireland

CHY number = granted by the Revenue Commissioners to eligible organisations for charitable tax exemption – this is often called a charity number

Cloud computing = storing and accessing programmes and data on the internet instead of a computer's hard drive or another type of internal server

Company limited by guarantee = an organisation legally incorporated under the Companies Acts and registered with the Companies Registration Office, with members as opposed to shareholders – this is the form most commonly used by nonprofits

Company limited by shares = an organisation legally incorporated under the Companies Acts and registered with the Companies Registration Office, with shareholders who can personally profit from the company

Cooperative = commonly used term for an organisation legally incorporated under the Industrial and Provident Societies Acts 1893 - 1978, which is normally profit-making and allows distribution of profits to its members

Crowdfunding = the practice of funding a venture by raising many small amounts of money from a large number of people, typically via the internet

Deduplicating = the process of removing duplicate entries from a list or database (often shortened to deduping)

Donor = someone who makes a gift (without expecting anything significant in return)

Donor-centric = focusing on the needs of the donor instead of those of the organisation

Direct mail = a marketing technique that uses the postal system to inform, recruit new donors, upgrade the level of contributions of current donors and resolicit previous donors

Face-to-face fundraising = technique that uses personal contact between a fundraiser, who is usually paid, and the general public to recruit new donors (this legitimate form of fundraising is sometimes negatively referred to as 'chugging', combining the word 'charity' with the word 'mugging')

Financial management = systems, processes and tools used to ensure funds are available when needed and are obtained and used in the most efficient and effective way possible

Full cost recovery = securing funding for, or 'recovering', all costs including direct project costs and overheads

Governance = the systems and processes concerned with ensuring the overall direction, supervision and accountability of an organisation

Governing body = the grouping of people in an organisation who undertake the governance role (in a company limited by guarantee this is the board of directors, but it may also be known as the committee, the trustees, the core group, etc)

Governing document = a formal document that sets out the organisation's purpose and how it will be run (the governing document of a company limited by guarantee is its memorandum and articles of association, but other organisational structures have a constitution, deed of trust or rules)

Income diversification = having a range of income sources in order to avoid over-reliance on any one of them and thereby minimising risk

In-kind gifts = non-cash items that are nevertheless of value, such as specialist advice or donated goods

Intellectual property rights = legally recognised rights that establish ownership of 'creations of the mind' such as copyright, trademarks and patents

Legacy = a gift to an organisation that is left in a will

Loan = an amount of money that has to be paid back, usually with interest

Matched funding = funding provided by an organisation on the basis that it will be matched, usually 1:1, in some other way

Mission = the overall purpose of the organisation/the difference it intends to make

NGO = non-governmental organisation; a term that is mainly used by environmental organisations and organisations working in the field of international development

Outcomes = changes in the lives of people, communities or the wider world that result from an organisation's activities

Overheads = ongoing expenses that are essential to the operation of an organisation, such as rent, heat and light, stationery, auditing costs, etc

Payment By Results = system in which organisations have the freedom to choose how results are achieved, but are only paid on the verification of pre-agreed results

Philanthropy = the desire to promote the welfare of others expressed especially by the generous donation of money to good causes

Pro bono (publico) = professional work undertaken voluntarily and without payment or at a significantly reduced fee

Procurement = the acquisition of goods, works or services from an external source

Prospect = someone who there is reason to believe may become a donor

Reserves = funds held back not designated for a particular activity, providing a buffer against cash flow difficulties and unplanned events

Restricted funds = finance that can only be used for a defined purpose and cannot be used to cross-fund another project, not even temporarily

Service level agreement = a contract between a statutory agency and an organisation in the nonprofit sector to deliver services on behalf of that agency

SMS = short message service; what is most commonly known as a 'text' usually sent on a mobile phone

Social enterprise = an organisation that uses earned income strategies and trading on the open market to achieve its social/environmental mission (sometimes called social business)

Social impact investing = unlocking private investment through schemes that enable innovation, achieve positive social outcomes, and provide a financial return to investors (but only if the positive outcomes have actually been realised)

SORP = Statement Of Recommended Practice; the Charities SORP is a standard way of accounting which is compulsory for charities of a certain size in the UK, though not (yet) in Ireland

Sponsorship = the exchange of money for benefits between a commercial company and a social purpose organisation

Sustainable funding = an approach to income generation that develops a more stable and reliable income base, encompassing planning, diversification, pursuing appropriate opportunities and capacity-building

Unrestricted funds = finance that can be used exactly where the organisation needs it

VAT = value added tax

Index

Page numbers in **bold** denote main references.

Page numbers in *italics* denote definitions.

Signposts at the end of each chapter have not been included.

- Agencies 11, 29, 58
- Appeals 29, **56**, 69
- Assets. 23, **51-52**

- Board.. . . . 7, **10-11**, 23, 58, 60-61, 68, 69-70
- Bootstrapping 20, 69
- Budgets... 12, 41, 69
- Business.. . . . [see corporates]
- Businesses 51, 61

- Cash flow 47, 59, 63, 69, 71
- Cause-related marketing **46**, 69
- Charities.. . . . 7, 12, 13-14, 21-22, 26, 51, 69
- Charity shops... 26, **51**
- CHY 27, 40, 50, 52, 61, 69
- Chugging. 70
- Consultants.. . . . 11, 58, 59, 63
- Contracts 19, **43-47**, 56, 60, 68
- Corporates 18, **19**, 29, **39**, **45-46**, 57-58, 63
- Crowdfunding... 20, 28, 70

- Databases 28-30, 32, 57, 70
- Direct mail 11, 29, **56-58**, 70
- Diversification 13, **20**, 22, 57-60, 70
- Donors 10, 19, 26, 29-32, **56-58**, 70

- Earning 19, **50-51**, 68
- Events. **27-28**
- European funding 18, **38**, 60

- Foundations 18, **39**
- Full cost recovery. 12, 28, 45, 61, 70
- Fundraising.. . . . [see gifts]

Gifts	18-19, 25-33 , 56-60
Governing body[see board]
Governing document	22, 46, 70
Government funding	18, 20, 38 , 44
Grants	18-19, 37-41 , 44, 59-61, 68
Income spectrum	18-19 , 20, 44, 68
In-kind support	26, 39, 57-58, 63, 70
IT[see technology]
Language	7, 20-21, 38
Law	22, 32 , 43-47, 52, 64, 68-69, 71
Legacies	30 , 71
Loans	52-53 , 61-63, 68, 69, 71
Lotteries	27 , 32
Major gifts	[see gifts]
Matched funding	53, 71
Media	29, 32
Membership	51
Mission	10, 12 , 40, 50, 59, 64, 71
Monitoring	11, 13, 41
Outcomes	12, 38, 71
Overheads	14, 70, 71
Payment By Results	45, 71
Philanthropy	26, 39, 71
Procurement	44, 71
Professional standards	33
Property	26, 51
Relationships	18-19, 21, 23, 26, 28, 30-32, 38-39, 56-58, 68
Reserves	12, 71
Responsibilities	10-12 , 32-33, 68
Restricted funding	19, 26, 71
Risk	12-13, 20, 22, 40, 45-47, 58, 61-62, 65, 68
Savings	13-14
Service level agreement	44, 71

Social enterprise	7, 21, 50-51 , 60-65, 72
Social finance	[see loans]
Social impact investing	45, 72
SORP	13, 72
Sponsorship	19, 28-29, 45-46 , 61, 63, 72
Staff	11 , 28, 39-40, 57-58
Statutory funding.. .. .	[see government funding]
Sustainability	12, 13 , 29, 50, 55-65, 68, 72
Tax.. .. .	27, 45, 47, 50, 68, 69, 72
Technology	14, 28, 32 , 39, 68-69
Tendering	44-45 , 61
Thanking.. .. .	10, 28, 31 , 56-57
Training	11, 33, 38-39, 52, 57, 60-62, 65
Trusts.. .. .	[see foundations]
Volunteers	11 , 14, 26, 64

Notes