Fundraising Guidelines

December 2015

With the support of:

Background

The following Fundraising Guidelines form part of a project titled "Sustain-Ability - perseguire nuove forme di sostenibilità" co-financed by the Fondazione Cariplo and implemented by the Fondazione *lettera27* between 2014-2016. The main aim of the guidelines is to provide small and medium cultural organisations with a practical and easy reference for designing successful fundraising strategies leading to achieving economic sustainability. The Guidelines have been written as a step-by-step manual for nonprofit entities similar to *lettera27*, willing and institutionally ready to embark on a structured and economically sustainable fundraising effort. The described strategy building process, as well as examples and tools used throughout, are real-life, actual and based on *lettera27*'s experience. We hope this will ensure their applicability and adequacy to the context, in which most of the potential Guidelines' Users operate. In case some of the steps described seem excessive or not fit for the purpose, Part 4 of the Guidelines describes some minimum fundraising procedures that can be used instead.

Identifying and implementing effective ways for obtaining funds is particularly difficult for small and medium size organisations, as they are forced to put up with higher financial pressure and lack of liquidity. With shrinking budgets due to financial crisis in Europe and general reduction of public funds allocated to art and culture, competition for funding has become enormous. Many organisations are nowadays facing issues such as financial un-sustainability, limited human and financial resources, overwhelming number of priorities to juggle and extremely tight timeframes. In times likes this, planning and resource optimisation is of particular importance. Successful fundraising requires not only access to information on funding opportunities, but also being strategic about pursuing the right funding channels and possessing high-quality know-how strengthening your pitch. Therefore, planning allocation of resources and strategising preparation of bidding proposals can be key.

The Guidelines not a one-size-fits-all solution to strengthening economic sustainability of all the small and medium are and culture organisations. It is rather indicative and serves as a framework path. Nonetheless, it reflects a typical planning and strategising route that organisations will face on the way to establishing sustainable sources of funding.

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Part 1: Fundraising strategy overview

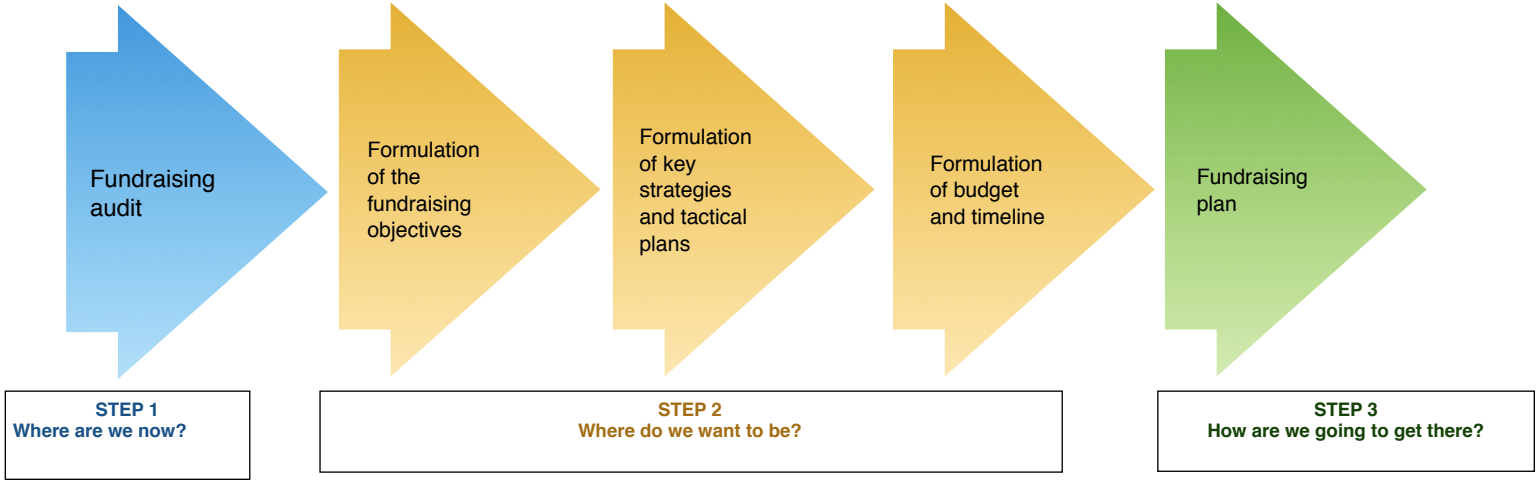
Why to strategise?

Development of adequate Fundraising Strategy is important from the organisational sustainability point of view. It helps you to review current financial situation, define your key strengths and assets, identify fundraising priorities, goals and objectives and plan for adequate tactics. In many cases, especially within the organisations newly establishing fundraising activities within their structure, it also helps to properly position and streamline fundraising within the organisation and incorporate it into the overall organisational development.

The strategising process

The overall process of fundraising strategy design consists of three main steps, which are based on the following questions:

- **STEP 1: Where are we now?** (fundraising audit phase) - revision of past fundraising practices used and providing detailed understanding of the organisation's current strategic position
- **STEP 2: Where do we want to be?** - formulation of fundraising objectives, strategies, budget and timeline, mapping of the expected fundraising objectives and targets
- **STEP 3: How are we going to get there?** - development of a strategy and tactics to achieve the fundraising objectives (including cost and timeline).



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Fundraising audit - methodology

There are numbers of workable tools to use during the assessment phase. Since the main aim at this point is for you to get a bird's-eye view of the overall setting in which your organisation operates, the toolbox will include a combination of semi-structured interactions (interviews) with key informants, as well as some specific, measurement-related tools.

Some of the recommended means of analysis include:

- Desk review of available reports and secondary data on activities,
- Direct discussions with staff (management, programme, communications and finance)
- Portfolio analysis tool
- Benchmarking existing fundraising practices and partnerships against common fundraising measurement indicators (i.e. profitability - ROI)

PEST analysis (Political, Economic, Socio-cultural and Technological analysis)

A good way to start the development of fundraising strategy is to undergo a PEST analysis process, in which you look at the macro-environmental factors related to political, economic, social and technical characteristics of your operating environment. This should help you to establish the clear picture of your business position and potential direction of organisational development. Questions that needs to be asked throughout the process:

- What are the public administration related mechanisms to influence fundraising activities by your organisation? Does the tax policy/labour law/environmental regulations support of hamper fundraising efforts of your organisation? Are there any legal instruments to encourage generosity?
- Is market situation supportive/hampering your fundraising activities?
- How is philanthropy considered by the society in which you operate?
- Are there any consortiums which you can be part of to make your advocacy case stronger (i.e. umbrella organisations)?
- Is the modern technology conducive or unfavourable to your fundraising?
- Are there any innovations which can facilitate the way you obtain funding? Are they feasible to use?

PEST analysis example - Italy

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Political	***Economic***	***Socio-cultural***	***Technological***
• General lack of systemic solutions to stimulate higher rates of personal giving and capitalise on the potential of volunteering • Individual donors: a tax credit of 19% for charitable gifts to legally recognised non-profit foundations and associations that carry out or promote research, or study or document cultural and artistic value. • Corporate donors: extensive list of tax deductions for donations to non-profit entities. Several items are deductible for up to 2% of the taxable income of the donor, including gifts to entities devoted to ONLUS, scientific research or humanitarian initiatives. • Art and culture are not recognised as Official Development Assistance tool and hence not receiving financing support from the Italian Ministry of Foreign Affairs. • Traditional way of grant provision by Italian cultural institutes in developing countries hampering innovations in the field.	• Remarkable growth of Italian Third Sector (301,191 registered entities, 28% increase since 2001) and increase in professionalisation • Ongoing fiscal crisis and high unemployment (12,7%) Italy - impact on overall level of generosity • BUT: steady increase of funding available through banking foundations: 50% revenue increase Fondazione CRT and Cariplo, 35% Compagna di San Paolo, 33% Cariparo and 10% Cariverona	• Italy as a country with rather average level of social generosity (79th position globally) - "2014 World Giving Index" - • Modern philanthropy still considered as charity, mature forms of giving are still gaining legitimacy • Increasing importance of interaction between donors and recipients • Individual giving: caring ethical issues, transparency, honest and efficient management; level og giving for art and culture is rather niche in Italy • Corporate giving: growing in Italy despite the crisis. Companies turn away from sponsorship towards partnership models. + increase of corporate foundations • Banking foundations: around 88 entities across Italy. They became innovative philanthropy tools.	• Difficulty of measuring social impact: scarcity of existing evidence and high cost of research • Low chance for investment in R&D in non—profit sector • Digitisation and uptake in use of social media as two main factors conducive to fundraising. • Online/web-based fundraising as a tool not always applicable and adequate

Partner/competitor analysis

This part of the analysis is focused on listing entities similar to yours and running a comparison: in what ways are you different and what ways are you alike? What are your strengths/weaknesses over specific partners/competitors? What is your "role model" funding mechanism among the partners and competitors that you see fit for your organisational purposes? NB: When performing your partner/competitor analysis consider factors such as mission/mandate, business model/funding source (i.e. public administration, corporates, individuals), size of the organisation, operating environment, geographical coverage, organisational character (i.e. implementor/awareness raising/aggregator).

This space is also a good opportunity to reflect on the role of your partnerships (i.e. are they technical/operational/media driven?). Since some partnerships are more strategically conducive than others, you can try to identify funding potential that each of the partnerships might have for your organisation. Do you see any resource-sharing practices that might be useful for you to propose?

Organisational analysis

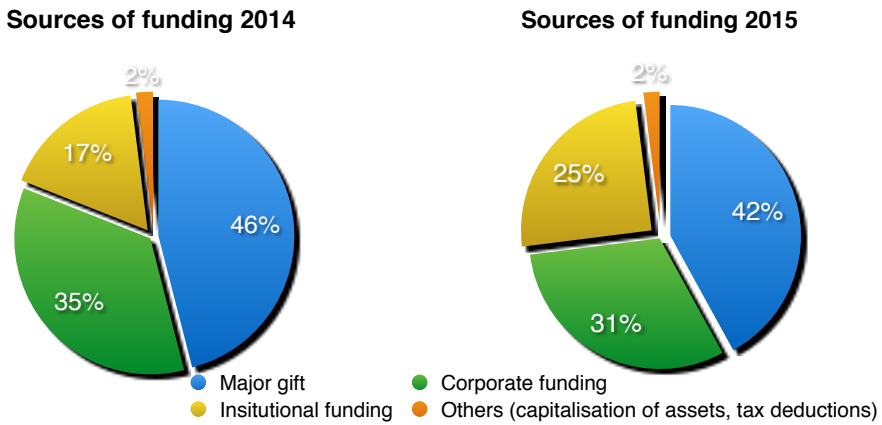
Some of the key elements under this category are: funding sources, performance measurement systems (M&E, KPIs) and main organisational assets that you have at your disposal.

1. **Funding sources diagram** serves the purpose of categorising revenue between institutional funding, corporate funding, individual gifts, and others (i.e. merchandising profit, banking interest etc.). Depending on the nature of your funding schemes, funding sources analysis may also include more detailed breakdown related to a particular form of giving, f.ex. crowdfunding, major gifts, European Union grants etc. You may decide to form one general graph including cumulative funding sources data, but in case of any significant changes of funding sources breakdown over time, separate diagrams should be compiled to reflect it. In the narrative part, changes in funding sources should be linked to any significant programme/process changes taking place within the organisation, i.e. economic crisis in the local market leading to constant decrease in corporate giving levels.

- Having workable **performance measurement systems** in place is key for fundraising, as they provide evidence for case presentation to donors, demonstrate effectiveness of products/services, orientation towards results and organisational maturity. Relevant questions to be considered at this point include: Is your current M&E system permissive or restrictive towards fundraising practices used? Are you able to extract data for case building? Does it properly reflect the results that are being achieved? Does your M&E system contain key fundraising related data such as sources of revenue, Return On Investment (ROI), cost of fundraising per each euro mobilised.

3. **Organisational assets** include not only financial resources available, but also other forms of capital such as: staff competences, infrastructure (office space, cars, equipment), endowment capital, networks and memberships, patrimony etc. Each of these elements could be seen as a source of revenue, based on specifically designed capitalisation strategies. For example, a qualified staff member could provide paid training to other entities, an art collection could be exhibited in contracted galleries, office space can be shared or sublet with partner organisations, while endowment can bring regular banking interest income. A particularly potent asset for the organisation is your Community focused around main communication channels used (social media, newsletter etc.). Turning your community members into engaged supporters during the crowdfunding campaign may provide you with substantial amounts of funding. Do not underestimate the potential of non-financial resources that your organisation possess, as they may become a steady income flow for your budget.

Example breakdown of income sources



Example list of main organisational assets

- Income gained through fundraising activities
- Patrimony (i.e. artwork collection, real estate)
- Endowment capital (i.e. bank deposit)
- Connections: high-quality partnerships, memberships and networks
- Community: paid membership, active Facebook community, recipients of the monthly newsletter
- Internal expertise (i.e. paid consultancy services granted to other organisations/ companies)

Portfolio analysis

A key step on the way to strategic planning is to have a detailed look at the quality of products (projects or services) that you offer to your end beneficiaries. The purpose of this exercise is to look at two crucial elements:
-External attractiveness of your products - in what way do they respond to demand of the potential donors,
-Internal appropriateness of the products - in what way do they respond to your organisational structure and potential.

There are many available methodologies for a portfolio product analysis, as the process is anchored in business management. The proposed method however, is considered as one of the most-applicable in the non-profit sector due to its disconnection from the concept of the market share (difficult to define in the context of fundraising). For detailed description of the methodology, please refer to Adrian Sergeant and Elaine Jay: *Fundraising management. Analysis, planning and practice*.

Each product/service/project that you have in your portfolio has to be evaluated separately. Points from 1-10 (with 1 being "very poor" and 10 being "excellent") are assigned to each response. Evaluation is done by staff members having significant knowledge of the products. A set of questions is being asked respectively:

<u>External attractiveness:</u>
- What is the level of general (public) concern about the "content" of the product you offer?
- What is the size of your donor market (i.e. is the number of potential donors interested in your case high?)
- How significant is the perceived impact of your programmes on beneficiaries?
- What is the level of uniqueness or novelty offered by your products?
- Are you programmes easy for donor participation/involvement?

<u>Internal appropriateness:</u>
- What is the extent to which your organisation has relevant staff expertise?
- What is the extent to which your organisation has past experience of this product?
- What are the fundraising returns generated by the product?

NB: The above list of product analysis factors is not exhaustive and each organisations may add other questions applicable in their environment and circumstances.

Since not all the factors identified have equal importance for the portfolio evaluation, they need to be weighted according to the relative importance for the overall analysis (see "Weight" column in Table 2).

Table 2 - Example of product portfolio rating of "Project A" - results by Staff 1

External attractiveness - factors	*Weight*	*Rating*	*Value*
The level of public concern for the "content" of the "Project A"	*0.2*	*8*	*1.6*
The number of potential donors that you can mobilise for 'Project A"	*0.2*	*5*	*1.0*
The perceived impact of the 'Project A" on the beneficiary group	*0.4*	*10*	*4.0*
The uniqueness or novelty offered by the "Project A"	*0.1*	*2*	*0.2*
Ease of participation in 'Project A"	*0.1*	*5*	*0.5*
Total	***1.0***		***7.3***

Internal appriopriateness - factors	*Weight*	*Rating*	*Value*
The extent to which your organisation has relevant staff experience	*0.4*	*8*	*3.2*
The extent to which your organisation has the past experience of the product	*0.1*	*5*	*0.5*
The fundraising returns generated by the product	*0.5*	*10*	*8*
Total	***1.0***		***8***

Legend:

Weight - importance of the specific aspect into the overall issue. The total value of all the weight needs to equal 1.0.

Rating - this value is assigned by a staff member doing the evaluation. Each aspect can be rated from 1 to 10.

Value - the figure is calculated by multiplying weight by rating.

In the example provided above, a staff member (called hereafter "Staff 1") has been asked to evaluate "Project A". In the external attractiveness analysis, the key factor of this project has been impact on the beneficiary group (=the highest weight: 0.4). A staff member assigns points from 1 to 10 in the column called "Rating". The total value shows that the external attractiveness of the "Product A" is scoring high on the project impact (rated as 10), but the product is not too innovative (rated as 2). The overall external attractiveness of this project is therefore valued 7.3 (out of 10). Similarly, for internal appropriateness, the project scores high on the fundraising returns (rated as 10), but shows that there is not much previous experience in this kind of action (rated 5). The overall score of internal appropriateness equals to 8 (out of 10). The overall results of the analysis shows that the product is actually more appropriate for the organisation than attractive to donors.

Once the rating exercise is completed by all staff members for “Project A”, the results are compiled in the table below.

Table 3 - Example of product portfolio rating of “Project A” - compilation of results*

	Factor	Staff 1	Staff 2	Staff 3	Staff 4	Staff 5	Total	Max
	External attractiveness							
	The level of general/public concern about the content of the format	2,40	1,50	1,80	1,50	1,50	8,70	15
	The number of potential donors (institutional, individual, corporate) willing to get involved in it (funding or partnership)	2,40	2,10	0,90	2,40	2,40	10,20	15
	The perceived impact on the beneficiary group	1,20	0,80	1,00	1,00	0,80	4,80	10
	The uniqueness or novelty offered by the format	0,60	0,80	0,30	0,80	0,70	3,20	5
	Ease of participation in the format	0,60	0,70	0,50	0,70	0,70	3,20	5
Project A	**Total**	7,20	5,90	4,50	6,40	6,10	**30,10**	50
	Internal appropriateness							
	The extent to which the organisation has relevant staff expertise	1,60	1,60	1,40	1,60	1,80	8,00	10
	The extent to which the organisation has past experience of this product	2,10	2,10	2,10	2,40	3,00	11,70	15
	The fundraising returns generated by this product (an estimate)	2,80	2,00	1,20	1,60	2,80	10,40	20
	Complementarity with the organisation’s mission goal	0,80	0,90	0,90	1,00	0,80	4,40	5
	Total	7,30	6,60	5,60	6,60	8,40	**34,50**	50

*** All the ratings used above are examples of data inserted by staff during the evaluation exercise.**

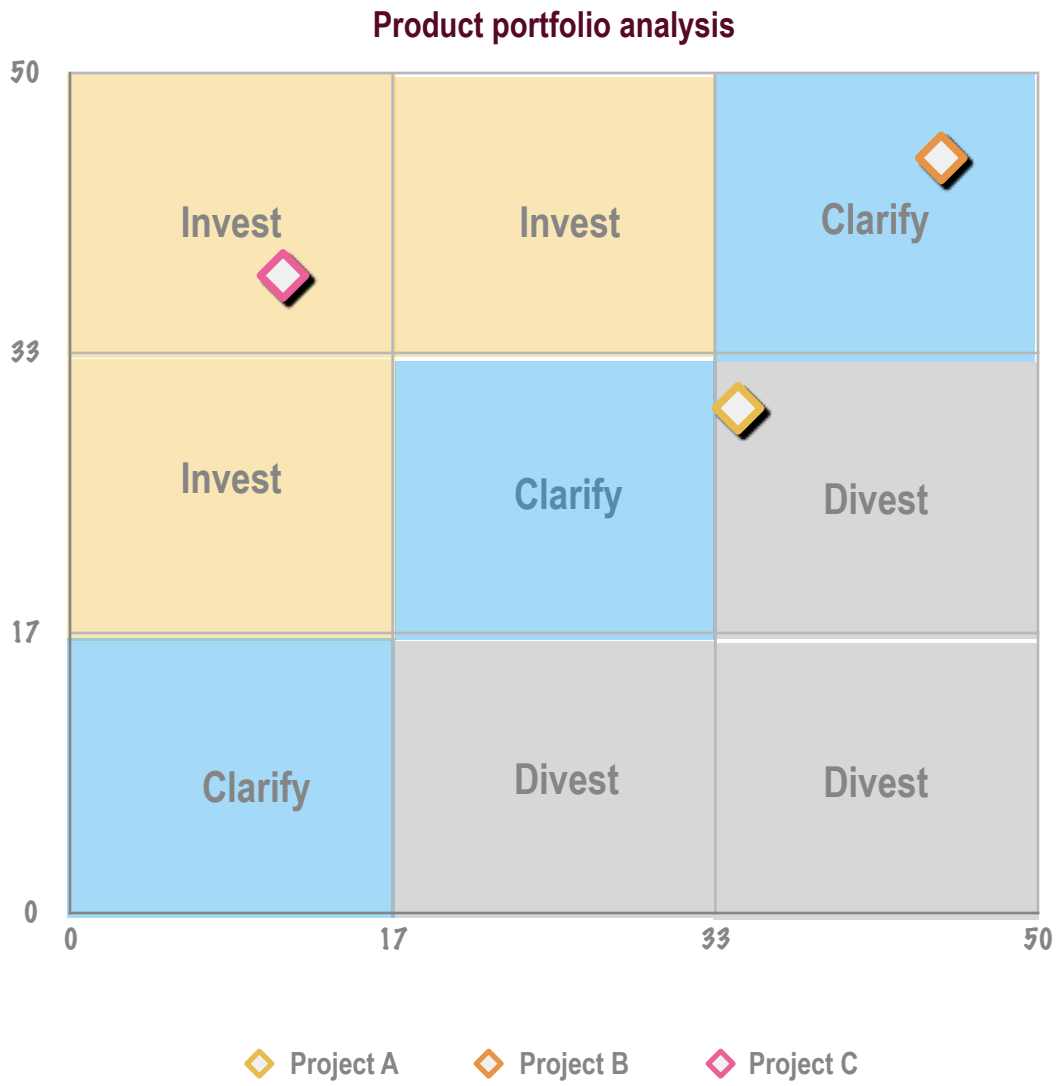
The results from both external attractiveness and internal appropriateness for Project A are plotted against three product actions:

- Invest (if the total score value received is 33-50) - products that have high fundraising potential and could be immediately "sold" to donors.
- Clarify (if the total score value received is more than 17 and less than 33) - products that require some improvements before offering them to donors.
- Divest (if the total score value received is 17 and less) - products that have low fundraising potential.

Similarly to that, other projects (Project B and Project C) get evaluated by staff members and receive overall ratings.

In the following example, Project A is actually qualified as as "divest", due to its low value score (30.1 on external attractiveness and 34.5 on internal appropriateness - see Table 3). Other projects scored better in comparison, with Project C having the highest fundraising potential for the organisation on the overall. Despite the fact that Project B scored better on the attractiveness for donors (45 for Project B versus 38 for Project C), its low level of internal appropriateness classifies it for some improvement. This may mean for example, that the organisation has low internal competence to conduct this project or have no previous experience in similar actions.

Figure 1 - Example of final product portfolio analysis



Portfolio analysis - conclusions

A number of interesting conclusions regarding the fundraising potential of your products/projects can be drawn from the portfolio analysis process. Based on the scoring, you can f.ex. calculate the overall level of attractiveness of your products to donors or identify specific areas that require improvement (such as project quality, staff expertise, expected level of Return on Investment). One the conclusions are drawn, each of them should be further discussed within the organisation and specific recommendations should be assigned for each of the identified. Some of the examples below:

Identified problem	Suggested solution
Products are not seen as "attractive" for donors	• Improve product packaging to suit donors needs • Start better donor targeting (offer appropriate products to appropriate donors) • Research and map potential donors + consider investment in donor database
Products having low impact on beneficiaries	• Clarify with the Team (low impact or impact not measurable?) • Improve on impact measurement (pending) • Improve programme quality(?)
Limited internal expertise/experience	• Partly addressed through advisors and partners • Use non-financial needs (i.e. expertise) as a case for fundraising. Asking for expertise is a good starting point for future financial contribution (transaction vs relational fundraising)
Limited trust in expected fundraising ROI	• Analyse budget needs per each product • Optimise ROI per each product • Work on internal promotion and product ownership

SWOT analysis

This type of analysis is well-known to organisations and can be applied in various fields of organisational management. In case of fundraising audit, it allows you to examine further the opportunities and threats presented by the fundraising environment in a relatively structured way.

Few key questions to be asked in each of the 4 areas:

- **Strengths**: what is your organisation good at in terms of fundraising? does it have any access to donors that are not available to other organisations? does it have strong database systems/partnership network/staff competence?
- **Weaknesses**: in what ways your competitors usually outperform your organisation? are there any barriers in future development of the organisation?
- **Opportunities**: are there new fundraising methods to test, new audience to attract? are new developments within the organisation likely to increase your potential of growth?
- **Threats**: is your major competitor likely to decrease your donor market share? are you able to retain your current donors? are planned legislative, economic or social changes likely to decrease your fundraising performance?

Example SWOT analysis graph

STRENGTHS • Competent, passionate and committed staff • Large community: 5,000 Facebook fans and 2,000 newsletter recipients • Vast network of organisational partners: 18 partnership agreements in place	***WEAKNESSES*** • No previous experience in corporate fundraising, shared value approach and CSR • Programmes are not easily sellable • Very narrow target donor: contemporary art connoisseurs
OPPORTUNITIES • Engaged and supportive Board of Members ready to advocate for the case • Large potential for successful crowdfunding campaign due to internal competence and community of supporters • Organisational maturity reached - readiness for institutional funding	***THREATS*** • Withdrawal of even one key donor threatening the basic financial stability of the organisation • Execution of an institutional grant will consume entire organisational focus • Rapid growth of the organisation not in line with structure and internal communications channels

The importance of having a fundraising plan for the organisational development cannot be overestimated. The document identifies the financial and non-financial expectations of your organisation and outlines the activities, timeframe and resources needed to fulfil these expectations. Fundraising plan also serves the purpose of prioritising your products/projects, and targeting your energy and resources effectively.
Each fundraising plan is different and there is no one-size-fits-all templates, although several common elements such as objectives, tactics, donor mapping, budget and timeline are included in most fundraising plans. The fundamental feature of the plan is its "living" nature, as the document should be constantly reviewed and updated in accordance with new organisational developments. In addition to it, fundraising plan should correspond and be well-integrated with the overall organisational development strategy.

Formulation of fundraising objectives
Once you identified your position in the donor market (PEST/partner and competitor/organisational analysis) and reviewed what has been accomplished (portfolio analysis, SWOT), you are in a position to define what might realistically be achieved in the future. As a minimum, the fundraising objectives should address the 3 following issues: the amount of funds that will be raised, the categories of donors that will supply these funds and the acceptable cost of raising these funds. Other areas you may want to consider are: donor perceptions of your project quality, metrics such as average gift that you are aiming, response rate to donor appeals or return on investment (ROI) etc.

Your objectives should be SMART:

- **Specific**: The objectives should be related to one particular aspect of fundraising activity and/or to specific type of donor. If treated collectively, the objectives become difficult to measure.
- **Measurable**: The objectives should specify quantifiable values whenever possible and avoid vocabulary such as "increase", "maximise".
- **Achievable**: The objectives should be based on your fundraising audit conclusions and be applicable to your specific context scenarios. Objectives that are out of context and unrealistic cause staff disengagement and are demoralising.
- **Relevant**: Since fundraising forms part of organisational development, its objectives must be in line and feed into an overall organisational development strategy.
- **Time-bound**: Duration for each objective should be specified and broken down per month/week. This not only helps strategising the flow of activities, but also helps establish measurement control systems for the fundraising performance.

Examples of fundraising objective formulation:

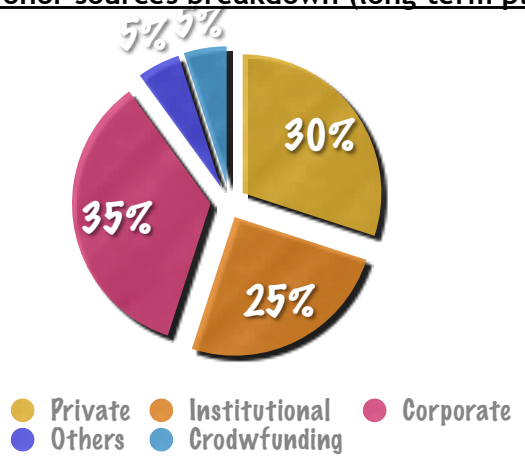
Short-term fundraising objectives - the period covered May-Dec 2015:

- To develop full product portfolio for 6 main products of the organisation (identified during the audit)
- To attract €70,000 income from corporate donors
- To attract €5,000 income from individual donors (High Net Worth Individuals)
- To develop and submit at least 1 institutional funding application
- To develop donor stewardship procedures

Long-term fundraising objectives - the period covered 2015-2020

- To maintain current funding structure plus capitalise on crowdfunding capability (as per the graph)
- Diversify donor sources: attract at least 2 new corporate, 2-5 new individual and 1 institutional donor
- Contingency planning: increase current funding levels by 70% in case of loss of current donors
- To maintain at least 1 large-scale (min. 20% of the total budget) institutional funding project at a time

Donor sources breakdown (long-term plan)



Key strategies

Having specified the objectives to achieve, it is now possible to address the means by which these will be accomplished. The broad approach to be adopted is called "Fundraising Strategy" and it is useful to consider this in relation to the following categories: overall fundraising direction, donor segmentation strategy, positioning strategy, case for support.

Overall direction - you should specify the selection of fundraising methods that will be used. These may include tools related to market penetration (raising more funds from existing donors), activity development (developing new forms of fundraising that will solicit funds from existing donors), market development (finding new markets for for your existing fundraising products/ projects), or diversification (targeting new donors with new products). Two more strategies may be considered, if necessary: consolidation of the fundraising sources (i.e. product merge) or withdrawal (used in case of a significant drop in fundraising income from the specific product).

Donor segmentation - in this part you should identify and describe your donor targets and break them down (segmentation) into groups for which similar need patterns. This will allow you for development of specific offer likely to satisfy the interests of certain donors. When building your donor segmentation strategy think about the following criteria:

- demographic criteria: age, gender, income level, family size, religion, race, occupation and education,
- socio-economic criteria: economic capital (income, savings, house value), social capital (number and status of people known), cultural capital (extent and nature of cultural interests),
- lifestyle criteria: pattern of living, activities, interests, opinions,
- geographic coverage.

An example of donor segmentation developed for Fondazione *lettera27*:

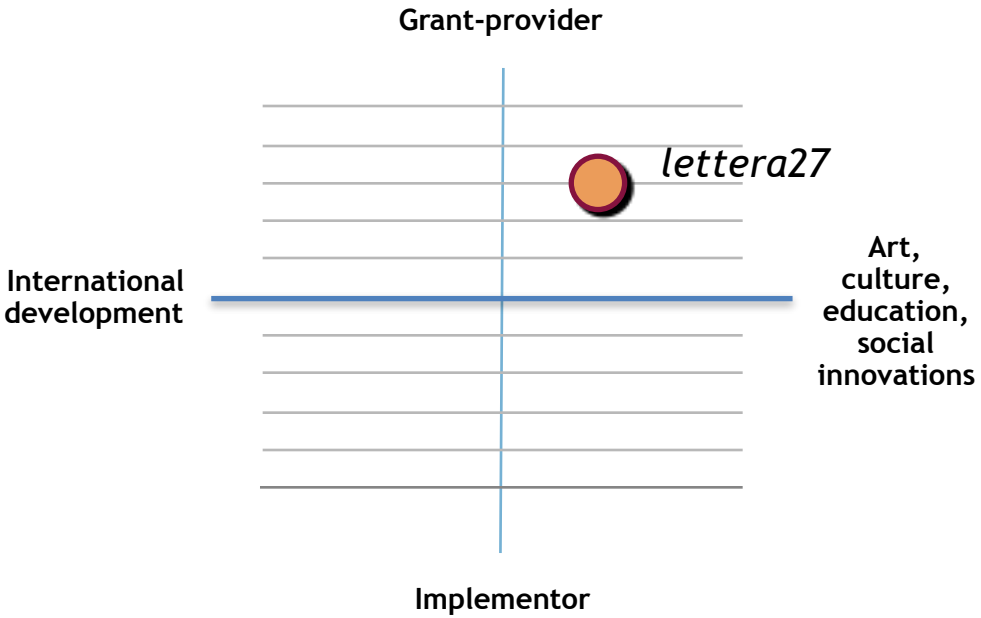
Institutional donors	Corporate donors	Individual donors
• Private foundations and trusts (Italy, Europe, US) with art/culture/education/social innovations focus • Banking foundations in Italy/Europe • European Union funds: Creative Europe, Horizon 2020 • Cultural institutes (British Council, Alliance Francais, Robert Bosch etc.) • Italian/European embassies in Africa	• Working with a private sector agency specialised in branding on corporate donor mapping • Creativity-driven business ("creativity 4 Dvt " concept) • Corporations with well-stablished CSR based on shared value • Collaborating with businesses interested in art and/or Africa (i.e. for market expansion)	• High-Net-Worth Individual interested in Africa and/or art, culture, education, social innovations • Senior professional/managerial (upper-uppers: social elite living on inherited income) or middle professional/managerial (lower-uppers: middle class who earned high income) or junior • well-educated intellectualist, socially and culturally active • age 35-54 • Geographical coverage: Europe

Positioning strategy - in this part you should identify your unique place in the non-profit environment to suit specific donor needs. This could be visualised through the development of a positioning graph where you set the key organisational criteria and mark your position reflecting characteristics of your organisation.

Positioning strategy is defined by the management of the organisation, not fundraising unit. It reflects the overall mandate of the organisation, as well as its longer-term goals, development capacity and programme strategy. Proper understanding of you market positioning is key for successful fundraising.

Example: *lettera27* is a foundation working in the field of art/culture/education for social transformation in the developing countries. Its business model assumes provision of funds to other organisations, as well as direct project implementation (to limited extent).

Example - positioning strategy for Fondazione *lettera27*



Case for support - one of the key fundraising strategy documents: a statement that communicates the purpose, program and financial needs of your organisation. The document should be the expression of your organisation's credibility and integrity, and it must answer any question anyone could possibly raise about your organisation:

- In what way is your organisation different from similar service providers?
- What are the specific needs of your beneficiaries?
- What impact are you making? Are you being successful?
- What are your priorities at this time? Your urgent needs?
- How do you normally raise funds?
- How will the funds raised be used?
- How will the funds specifically benefit those you serve? And the community?

Donor acquisition tactics

The recruitment of new donor at an acceptable cost is a challenging and complex activity. According to Centre for Philanthropy, it costs roughly five times as much to engage with a new customer than with an existing one. Most of the acquisition campaigns do not generate immediate funding gains, but stay as an investment or - at its best - break even on the return on investment.

As it was already mentioned in the section on "Key strategies" (p.16), there are four main acquisition tactics that your organisation may choose to pursue:

1. Market penetration - raising more funds from existing donors using existing products
2. Activity development - development of new forms of fundraising and using them on existing donors
3. Market development - targeting new donors with products already existing
4. Diversification - targeting new donors with new products.

Once decided on one or more strategies, you should identify appropriate fundraising products that will match your specific causes. Some of the most comment fundraising products for each type of donor (individual, corporate and institutional) include the following:

Selection of available fundraising products

Individual fundraising

Street collection of funds (F2F dialog)
Sponsored events (walks)
Direct mail
Personal solicitation
Trading/charity shops
Crowdfunding
Challenge events
Sale of lottery/raffle tickets
Special events
Telephone/SMS fundraising

Corporate fundraising

Personal solicitation
Staff fundraising events
Special events (i.e. gala nights)
Employee engagement (workshops)
Payroll giving
Cause related marketing
Staff time/volunteering
Consulting
Sponsored events (marathons)

Institutional fundraising

American trusts.foundations
Art and culture institutes
European Union funds
Consulting
Embassies
Banking foundations

Donor retention tactics

Ensuring donor loyalty is one of a key fundraising tactics related to organisational development. It aims at extending current donor's support by soliciting next donation. While an initial donation made is usually seen by the donor as a "test", the following ones are mostly attained on the donor's level of satisfaction with feedback received from your organisation. Therefore, the success of this tactic is mostly depended on donor stewardship practices put in place and the overall management of the relation with your donor.

Donor loyalty can be increased through:

-Ensuring proper understanding of the donor needs. Bigger investments in donor stewardship should be made for donors whose lifetime value (the total net contribution that this particular donor brings into the organisation during his lifetime) is more strategic for the organisation.

-Increasing the level of donor's satisfaction with the quality of service provided by your organisation. This is especially important, since highly satisfied donors are twice as likely to support the organisation within a year's time compared to those that are merely satisfied (source: report "Building Donor Loyalty: A Fundraiser's Guide ti Increasing Lifetime Value", A. Sergeant and E. Jay).

-Increasing donor's sense of identity with your organisation - engaging them in a meaningful and personalised dialog, making sure they feel part of the organisation or support community.

-Demonstrating donor's impact - communicating results of work achieved thanks to the support received.

-Ensuring all promises made to donor's are kept.

-Providing adequate and regular communication to donor ("drip-feeding" information), according to donor's preference and need.

-Provision of a donor thank-you package - a symbolic gift of recognition made on behalf of your organisation to the donor. Depending on the value of the gift, this may include a thank-you e-mail, hand-written note, access to services related to your organisation's activity, or a personalised gift.

Tactical plans - timeline and budget

Having defined the overall fundraising strategy and specific donor tactics, the next section of your plan should provide the details of actions planned to be taken in order to achieve the desired results. Separate plans should be developed for each fundraising category - corporate, individual and institutional. Activities should be then located within the timeline and linked with required resources needed for their execution.

A simple Gantt's Chart may be used to indicate the fundraising activity flow:

Activities in 2015	*Jan*	*Feb*	*Mar*	*Apr*	*May*	*Jun*	*Jul*	*Aug*	*Sept*	*Oct*	*Nov*	*Dec*
Activity A	x											
Activity B		x	x									
Activity C			x		x		x		x		x	
Activity D								x	x	x	x	x

Having detailed the steps and activities necessary to take to achieve the fundraising objectives within the timeline, it is important to link them with necessary resources. The budget contains four various categories of costs:

- Fundraising goal - a total amount expected to be pitched from the donor
- Expenses - cost required to solicit the pitch (i.e. staffing time necessary for preparation of the proposal, print-outs, communication)
- Revenue planned - income expected
- Revenue actual - net income received from the donor.

Example fundraising budget - 2015

Fundraising category	Activity	FR goal	Expenses	Expenses details	Revenue planned	Revenue actual
Institutional	Application call for proposal No. 1	120 000 €	2 500 €	Staffing time (proposal preparation), CDiE consultancy fee, telecommunications	117 500 €	**117 500 €**
	Application call for proposal No. 2	50 000 €	2 000 €	Staffing time (proposal preparation), video production	48 000 €	**0 €**
Corporate	Company A	20 000 €	500 €	Staffing time, portfolio production	19 500 €	**19 500 €**
	Company B	10 000 €	5 000 €	Staffing time, portfolio production	5 000 €	**5 000 €**
Individual	HNWIs (stewardship activities)	200 000 €	500 €	Annual "thank-you gift", personalised communication	199 500 €	**150 000 €**
Total		400 000 €	10 500 €		389 500 €	**292 000 €**

Donor mapping

Growing your donor base in a structured and cost-efficient manner requires strategic donor mapping. A donor map provides an overview of all the funding sources available to your organisation within the specific funding landscape. It helps you to establish the level of magnitude of the funds available and strategise donation solicitation process. It also acts as a source of fundraising ideas - an open exploration of the donor community within your area of work. As a "living" tool the donor map should not be limited to those funding your current area of focus or expertise, since becoming more familiar with the big funding landscape is critical for locating new opportunities.

Donor mapping is about identifying your funding landscape. The latter usually includes a number of layers starting from the individual level (i.e. your organisational supporters such as Facebook fans, newsletter receivers, paid members), local level (businesses, NGOs, professional platforms/associations), national level (government, corporations, foundations), international level (bilateral and multi-lateral organisations, such as European Union, United Nations etc.). All these layers should be properly explored when creating your donor map, in order to expand on your funding chances. The donor map is not about having the perfect tool. It is about the process undertaken to learn new information and skills along the way.

Fundraising performance measurement

Measuring the effectiveness of your fundraising activity allows you to best manage, allocate and leverage your organisation's resources and hence increase the impact of your actions. There are five basic measurements for fundraising:

1. **Revenue by tactics:** It's a segmentation of the total revenue received per each fundraising action (campaign) or fundraising category (institutional, corporate, individual). It allows you to measure which fundraising actions/ categories provide you with the biggest income.

- **Conversion rate: I**t's a number of donors who complete a goal action divided by the number of donors prompted to complete the goal action. Conversion rate calculates how effective your fundraising campaign, event, or activity is at encouraging donors to complete actions you would like them to be doing (a goal action).
- **Average gift size:** It is calculated by dividing the sum of revenue by the total number of gifts to record that revenue. This metric assists you to better tailor your campaigns/communication to the potential donor's needs.
- **Return on investment (ROI)**: ROI is a net revenue divided by expenses borne to conduct them. It's the most common tool the measure the effectiveness of your fundraising actions.
- **Cost per euro raised**: calculated by dividing the total cost of a strategy by the total revenue associated with that strategy.

Part 4/1: Minimum fundraising checklist

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Fundraising strategy planning process presented in previous Parts reflects a comprehensive and structured analysis, planning, implementation and monitoring flow. The process however, assumes a certain degree of organisational maturity and understanding of the funding complexity. With many small/medium organisations having no dedicated fundraising competence, but nonetheless trying to find effective methods to obtain funds, the following minimum fundraising procedures might be useful.

Step 1 - Assessment of your fundraising potential	
Identify your mission, vision and brand values	Despite this task may sound a bit trivial, establishing clear organisational mandate ensures organisational integrity and creates firm foundation for development. Once identified, ensure these values are properly understood across the organisation and always get incorporated in presentations for your potential donors.
Conduct a SWOT analysis	Define your strengths, weaknesses, opportunities and threats (see: p. 14)
Review your internal capacity	• Are there any organisational aspects or activities of your organisation that are negatively perceived by the volunteers, employees, collaborators (and if so, why)? • Are the internal communications mechanisms within your organisation effective? Is everyone informed and on track with strategies, work planning, activities? • Do you have required financial capacity documentation: annual activity report (bilancio sociale), balance sheet (stato patrimoniale), income statement (conto economico), cashflow statement rendiconto finanziario), annual financial report (nota integrativa)? • What are your most fundraising-friendly programmes/activities? Identify at least 3 strong selling points for each of them. • How easy are your current donation procedures for potential donors? (i.e. is your bank account number clearly displayed on your website? do you have an online payment system?) • What are the channels that you see fit to communicate with your future donors (i.e. thank you letters/emails/ packages, phone calls, annual events, periodical newsletters)?
Review your external capacity	• How is your organisation considered by external stakeholders (beneficiaries, partners, donors, Facebook fans)? Are you seen as credible and competent? What can you do to enhance this image? • What are you strongest selling points as an organisation?
Create a fundraising map	• Divide potential funding sources into individual/institutional/corporate donors. Research and regularly update your funding opportunities by following calls for proposals, new business networks, participating in the conferences and key events.

Part 4/2: Minimum fundraising checklist

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Step 2 - Fundraising Plan	
Create a fundraising map	• Divide potential funding sources into individual/institutional/corporate donors. Remember about funding source such as private and banking foundations, EU funding, public administration, corporations, private individuals. • Research potential donor sources. • Make a list of donors for each of this categories, indicating which projects/actions each of them might be potentially interested in funding, amount that you are hoping to receive and deadline for submission of the proposal. • Regularly update your fundraising map by following calls for proposals, institutional and business networks, participating in the conferences and key events.
Establish your fundraising objectives	• Define financial and non-financial resources needs per each programme (or project) within your organisation. Remember, for some of your non-financial needs (such as office equipment or specialist competence) you may be able to fundraise through object/service donations or employee volunteer programmes run by some bigger corporations.
Select your target donors	• Select your key target groups (persons, institutions, companies) that you see as potentially keen and able to support your organisation and types of activities. • For each donor type (institutional, individual, corporate) develop a brief profile with some key probable features: for institutional donors take into consideration size of the foundation, geographical coverage, profile of activities that they funded in the past, while for individual donors, take into consideration age group, demographic status, lifestyle choices etc.
Select your fundraising means	• You target donor predefines fundraising means, which means you need to choose appropriate fundraising channels and instruments for each target group. Younger donors may be responsive to social media, crowdfunding or sms campaign, while high net worth individuals should be contacted through referral or recommendation and met in person. • Select channels of fundraising communication with the target group: online or offline? • Select fundraising instruments: advertising (radio, TV, posters, inserts, sponsored editorials), direct marketing (direct mailing, newsletter, face-to-face campaign, telemarketing, merchandising), public relations (press releases, press conferences, open debates, meetings/conferences), special events (gala night, annual events), social marketing (website, blog, social media, e-mailing, crowdfunding).
Estimate fundraising activity cost	• To the extent possible try to estimate the cost for each of the fundraising activities planned. A general idea of the funds needed should help you to better plan and avoid investing in activities that are too resource-consuming.

Step 3 - Fundraising action	
Prepare fundraising calendar	• Once target groups, fundraising channels and instruments are identified and allocated to each projects/actions, you should make a general list of fundraising related activities that might help you to reach fundraising objectives. • For each activity allocate timing throughout the year. Example Gantt's chart may be useful for this (see: p. 21). • Activities should include both regular actions (i.e. a monthly round of checks for any new calls for proposals or bi-annual crowdfunding campaign), as well as one-off activities (such as Christmas campaign or special event for individual donors). • Activities should be synchronised with the calendar of Programmes, as well as with Communications work plan.
Allocate time and resources	• For each fundraising activity allocate a person or group of persons in charge. • As fundraising activities progress, monitor the calendar regularly and execute actions.
Implement activities	• There are two types of fundraising: gift-oriented (focused on obtaining quick and tangible donation) and relational (focused on building longer-term connection with the donor and ensure their loyalty). Despite tempting economic gains, gift-oriented fundraising hampers sustainability of your organisation and should be kept at minimum. • Implementation of fundraising activities requires both consistency and flexibility. Keep your mind focused on the identified objectives, but be open and alert to newly arising possibilities, partnerships, channels and means.

Step 4 - Monitoring and evaluating your fundraising performance	
Establish your minimum measurement requirements and measure your fundraising performance	For small and medium organisations, fundraising measurement needs do not have to be complex. For a start, you may decide to use only qualitative measurement techniques. Two measurement techniques are proposed as a minimum: •Feedback mechanisms: ask your donors about general level of their satisfaction with your organisation (activities, website, communication etc.) and make adjustments accordingly. This is applicable to all three types of donors: institutional, corporate and individual. •For measuring your effectiveness and efficiency, try to analyse general level of resources mobilised vs planned, financial resources invested in fundraising vs resources obtained, instruments which turned out to be most successful/least successful, trends throughout the year. These 3 indicators should provide you with a basic picture of how adequate is the selection of the instruments versus your organisational potential.

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