Guide for Trainers

Fundraising and Accessing EU Funds

The TACSO project is being implemented by a SIPU International-led consortium consisting of the following organisations:

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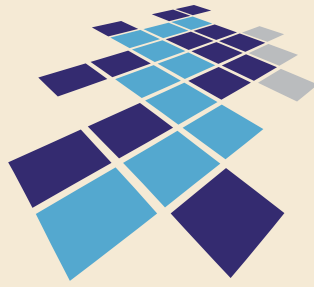Human Resource Development Foundation
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Guide for Trainers

Fundraising and Accessing EU Funds

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Introduction

INTRODUCTION

This Guide for Trainers is an online resource to accompany TACSO's Manual on 'Fundraising and Accessing EU Funds'. The aim of the Guide is to provide a range of training methodologies and tools that can be used in learning events for CSO managers and staff and by local trainers and consultants who are interested in helping and enabling CSOs improve their knowledge and skills in fundraising activities.

The Guide is organised in five sections corresponding to the chapters of the Manual to highlight the most important areas on which CSOs wishing to improve their knowledge and skills in fundraising should specifically concentrate. These sections are:

- **What is fundraising?**
- **Funding sources**
- **Funding forms**
- **Fundraising activities**
- **Developing a fundraising strategy**

Within each section the materials are organised as follows:

1. training preparation—a short introduction to each section to give some ideas about how to plan the training activities on the topic, along with a proposed 'training session plan' template:

Learning Objectives	What do we want participants to learn?
Methodology	How are we going to achieve the learning objectives?
Timing	How long will the training activities take?
Tools	What training tools are we going to use?
Other Resources	What other resources (such as equipment) will we need to deliver the training?
References	What are the 'further reading' references?

2. tools such as Presentations (recommendations for slides), Handouts (which can be copied and given to training participants in support of presentations), Exercises and templates (practical training exercises with instructions and templates).

How to use the Guide

The Guide is designed to be used in conjunction with the Manual on 'Fundraising and Accessing EU Funds' by trainers or consultants having some prior experience in training and facilitation. That is why the instructions are not comprehensive, but rather provided as an inspiration.

It should also be noted that the suggested training sessions designs, tools and methodologies are only one of the many possible alternatives of a training event focusing on the respective topic. The Guide encourages readers to change or supplement them with additional training activities and materials in order to meet the needs and expectations of any given group of trainees.

Prior to reading this Guide it would be useful to build a common understanding on the principles of adult learning, on the experiential learning model and the effective training design, on which the interactive and participatory learning sessions proposed in this Guide, rely.[1]

Principles of adult learning

The purpose of any training event is changing trainees' knowledge, skills and attitudes through learning, and the trainer's fundamental job is to support these changes by creating a process through which individuals can learn effectively. That means the more trainers understand how learning occurs, how adults—the training target clients—learn more efectively, the better they will be able to design and deliver effective trainings.

Carl Rogers[2], a highly respected authority on adult learning, stated several principles that are widely accepted today by professional educators and trainers. According to Rogers, adults are motivated to learn those things they perceive are relevant to their immediate needs and they can use to address them. He suggests that much significant learning is acquired by doing and that adults expect to be active participants in the learning process and not merely 'passive' recipients of the learning content. His opinion is that the trainer's task is to function as a learning facilitator rather than a teacher in the conventional sense by creating an environment within which participants with similar learning needs and goals have access to relevant learning resources and are given opportunities to interact with one another and the trainer.

To synthesise, the following are the main principles of adult learning that should guide trainers in the preparation of learning designs:

- adults are self-directed learners.

Our need and ability to be self-directed learners grow as we mature, along with our ability to use experience for learning and to organise our learning around our life problems.

- adults tend to be active participants.

During the learning process adults tolerate with difficulty the passive experience of learning context, such as the formal education process, unless there is an explicit contract to do so and the benefits are made clear.

- adults tend to validate all new information.

Adults use their own standards and experience in the validating process.

- adults learn better in a collaborative environment.

Adults are not empty vessels to be filled with knowledge and skills by an all-knowing trainer. The learning process should be based on an equal partnership between trainer and trainees so they learn from each other. Everyone is responsible for his/her own learning. The trainer's primary responsibility is to create the context where it is easy for people to learn.

The supporting context for learning that a trainer creates has to:

- be open and safe to explore and experiment;
- give opportunities to people to feel free to express themselves;
- give opportunities to people to take responsibility for their own learning and use their own experience as a learning resource.

Experiential learning model

The experiential learning model puts emphasis on the learning from experience and considers experimentation as a source for new concepts and ideas. The model was been formalised by David Kolb[3] in the mid-1970s in his work on learning styles. The model identifies four stages in our learning process:

- **concrete experimentation**: learning starts from a concrete experience.
- **reflexive observation**: the individual reflects on the experience and gathers information.
- **abstract conceptualisation**: the individual begins to generalise what happened in the experience.
- **active experimentation**: the lessons learned are applied and tested in new situations.

During these different stages the individual plays different roles from (a) the person who is involved in the experience, the feeler, to (c) the person who analyses with detachment the experience, the thinker, from (d) actor, the doer, to (b) the observer.

There are conflicts and tensions between these roles: experience vs. theory, feeling vs. thinking, and action vs. observation. Each role requires different types of abilities to be effectively performed, such as:

Concrete experimentation

The person has to be able to involve himself/herself in an open way in new experiences. The person is a 'feeler', people-oriented, enjoying both affective learning and being open to unstructured learning environments, and willing to work in groups and share opinions and experiences.

Reflexive observation

The person has to be able to observe and reflect on facts and experiences, analysing them from different points of view. The person is an 'observer', liking to watch and listen, tending to be reserved and quiet, and needs time before acting or participating. Such persons enjoy learning experiences that allow him/her to consider various ideas and opinions and learn through discovery.

Abstract conceptualisation

The person has to be able to create new concepts, integrating observations in a logical frame. The person is a 'thinker', relying on logic and reason, enjoying opportunities to share ideas and concepts, preferring activities that require him/her to analyse and evaluate and work independently. Often the thinker questions the relevance of role plays and simulations.

Active experimentation

The person has to be able to use theories in new concrete situations, like problem-solving or decision-making processes. The person is a 'doer' and likes to be involved in the learning process, taking charge of in-group activities and dominating the discussions, enjoying opportunities to practice what they have learned, being particularly interested in knowing how to apply new knowledge and skills in the real world, and preferring information that is presented clearly and concisely.

Each person has a natural tendency and ability to play these roles: some learn easier by doing, others by observing. Regardless of each person's preferences, effective learning requires one to go through all stages and improve abilities to play all the roles. Using different training methods, trainers can emphasise one or the other of the learning stages but for the learning to be effective all stages have to be made and all learning styles used.

Malcolm Knowles[4], who introduced the term 'andragogy' to define the study of learning in adults in one of his many works on this subject, uses a pyramid figure to illustrate the relationship between various types of learning tools or activities and the type of learning impact. For example, self-study or a verbal presentation might be used to produce knowledge (what we have to know about something), a role play or simulation to produce skill (what we can do with something), and an instrument with feedback to produce a change of attitude (how we react to something). This is an important insight for trainers. Being able to define each of the objectives of a training design as a new knowledge, new skill or a change of attitude provides a rationale for the selection of the learning resources/tools to include in the training design.

Effective training design

The trainer, as designer, is much like the architect who is commissioned to build a proper living or working environment for a client. The architect must be intimately acquainted with the client's requirements, a master of various design options, and have the ability to meet the client's needs without sacrificing essential design principles. Likewise, with one eye on purpose and the other on the numerous design options available, the trainer must make a plan for involving participants' minds in a significant learning experience.

The structure of an effective training process supports participants to learn effectively by going through all the experiential learning stages and by using all learning styles. The components of this structure:

- **presenting**: the component during which the trainer conveys information and theoretical concepts on a specific subject (through presentations, questions and answers, audio/visual aids, etc).

- **processing**: the component during which the trainer processes/analyses the information or the experience, linking it with participants' concrete experiences, trying to draw conclusions and lessons learned (through questions and answers, instruments, case studies, critical incidents, small group discussions, observation/ feedback).

- **applying:** the component during which the trainer creates opportunities for participants to apply the newly acquired knowledge, skills and attitudes (through reflection, action planning, role plays, simulations, case studies).

While there are various sequencing options available, new trainers tend to use the sequence 'present, process, apply'. In other words, after being exposed to new information participants are asked to reflect on the ideas—to process them and then apply them in simulated situations during the training event. While the present–process–apply sequence may be the most appropriate for some learning situations, it is not the only one trainers can use. For example, they can use the sequence apply– process–present. In this situation, participants might be asked to go through an exercise by 'being thrown into the water before knowing how to swim'. They will struggle to resolve the situation and, after that, they may process the experience by discussing what they have learned. At the end, the trainer may present the theoretical concepts, generalising the lessons learned so that they can be applied in a similar situation in the future. The skilled training designer will consider the pros and cons of various ways of sequencing the components of a training event.

As important as the sequence of components, a good training design should be based also on clear and accurate training/learning objectives. In the story of Alice, during her magical adventures in Wonderland, she encountered the Cheshire Cat who cautioned her that if

she does not know where she wants to go it does not matter what road she takes. For a training designer the cat's observation is relevant for appreciating the value of clear learning objectives.

However, having clear and accurate learning objectives would be of little use without determining whether or not the training has been successful in achieving them. Donald Kirkpatrick[5], through his classic four levels of evaluation (Reaction: did they like it?, Learning: did they get it?, Behavior: are they using it?, Results: did it make a difference?) proposes that a process for finding out these things must be introduced early in the training design. So, besides the post-training 'evaluation sheet', other evaluation tools must be planned and introduced at various points during the training and, when possible, after participants have returned home.

The process of creating training designs that achieve learning objectives and are relevant for participants' needs can be one of the most rewarding parts of the trainers' tasks. Enjoy it!

TACSO Regional Pilot Training „EU Fundrasing", Turkey, February 2010

What is Fundraising?

TRAINING PREPARATION

When starting a training of which the overall goal is improving the participants' (CSO managers and staff) knowledge and skills in fundraising it is important to clarify and build a common understanding on what is fundraising, why it is an important activity for CSOs, what additional capacities need CSOs for achieving financial sustainability through successful fundraising, and what donors would want to know about CSOs before deciding to support them.

This training session should be conducted at the training program beginning and can follow the session focused on get-acquainted, identification of participants' expectations, presentation of training overall objectives/agenda and agreeing on the 'social contract' rules (the rules of behavior that participants decide to follow during the training in order to work effectively together).

Learning Objectives	1. Participants will have a common understanding about what is fundraising and why is an important activity for CSOs. 2. Participants will increase their awareness about what additional capacities their organisations need for achieving financial sustainability through fundraising and about what donors would want to know about their organisations when deciding who they may support.
Methodology	To achieve the 1st objective the trainer starts with the question 'What is fundraising?' Participants are asked to discuss in small groups their ideas, agree on a common definition and report in plenary. After discussing the different definitions, the trainer presents the definition he/she would like to be used in the training, highlighting differences or similarities with participants' group-work results. To achieve the 2nd objective the trainer proposes an exercise during which participants have to imagine that their organisation is a person who is asking their support for implementing some activities. They have to decide to what kind of a person they will be open to provide support, assuming that they would like to support the respective person's activities (what qualities, behaviour and attitudes they expect). Participants can work individually or in small teams, and after processing in plenary their ideas the trainer makes a presentation, defining CSOs main capacities needed for achieving financial sustainability (and which are closely linked to fundraising), and will give examples, described in the handout, about research that identified what donors would like to know about organisations before deciding who they want to support. After building the common understanding on the main needed capacities, the trainer starts a discussion asking participants to share their views about how far or close to these ideal person characteristics they think their organisation's capacities are. Alternative to the open discussions, if the trainer feels that participants are reluctant to be open about their organisation's weaknesses they can be asked to put a dot (in an anonymous way) on a scale from 1 to 5 to evaluate the different capacities of their organisations on how far/close they are to the ideal situation (1 being 'very far' to 5 being 'very close'). The group profile is processed and interpreted in plenary.
Timing	90 minutes (+ opening session 60–90 min).
Tools	PowerPoint presentations with concepts definitions, handout for organisation's capacities assessment, exercises.
Other Resources	Video projector, laptop, flipchart, flipchart paper, markers, post-it notes, dot stickers.
References	Manual, Chapter 1

Tools: Presentations

Below you will find PowerPoint presentations including the opening session and the concepts definitions on which you want to build participant's common understanding.

Our Rules

Feel free to interfere in the sessions and ask questions!

We will be happy to answer you...

Your Rules?

It is your training!

Decide on the rules that will help you work effectively together during this training!

What is fundraising?

Fundraising

is a set of activities through which you access the necessary funds to ensure the flow of revenues to sustain your organisation's activities.

Sustainable funding

Sustainable funding can be achieved only by gaining the trust of your potential or actual founders.

Exercise

Imagine that your organisation is a person who asks for your support to implement some activities that you think are worth doing.

HELP WANTED

To what kind of person will you be open to provide your support?

(qualities, behaviour, attitudes)

CSO's needed capacities:

INTEGRITY

ACCOUNTABILITY

TRANSPARENCY

PROFESSIONAL AND MANAGERIAL CAPACITY

Accountability

Being responsible to someone for actions taken by explaining, clarifying and justifying the actions.

It implies that someone has a right to know and hold your organisation to account and that your organisation has a duty to explain and account for its actions.

Integrity

- Walk your talk;
- Keep your promise and honour your word;
- If that is not possible, say when it will be and how the impact will be solved.

Transparency

- Being easily understood;
- Being open, frank and honest in all communications, transactions and operations;
- Accountability and transparency go hand-in-hand.

Professional and Managerial Capacity

Being effective:
Doing the right things

Being efficient:
Doing the things right

Peter Drucker

How Far is Your Organisation from the Ideal Situation?

TOOLS: HANDOUTS

Below you will find a series of pieces of information that you can use as handouts during your training session. These handouts are complementary to the PowerPoint presentations shown above.

What do donors want to know about your organisation?

Jakob Nielsen, a web page usability expert, conducted research in 2009 to find out what donors want to see on an organisation's website that is asking for on-line contributions.

The study found out that donors want to give to organisations that share with them their ideals and values but, when choosing among organisations with a similar mission, donors want to know how the organisation wants to achieve its mission. So, most of all donors want to see the organisation's mission, goals, objectives and activities, described in a clear, complete and concise way.

Also, donors want to know how the organisations will use funds donated. The research results showed that only 43 per cent of the 23 sites tested in this study provided information about their mission, goals, objectives and work and only 4 per cent of the websites gave information about how the giver's donation will be used. Suprisingly, 17 per cent of the sites made it hard for users to even find where to make the donation (http://nonprofit.about.com).

How to attract more donors by improving your trustworthiness score

There is a lot of evidence to support the unfortunate fact that many people do not trust some non-profits to use their donations wisely. How can you avoid being on that list of distrusted non-profits? Here are some suggestions to make sure potential donors do not blacklist your non-profit:

Publish an annual report

Even though non-profits are not required to publish an annual report, do it anyway. It is necessary to your professional image and provides another avenue to keep your donors informed.

Respond quickly and efficiently to inquiries from donors or potential donors

If you invite people to contact you, have a staff member assigned to respond immediately. Also, provide plenty of ways for people to contribute: through your website, office, via the mail, or at their homes and offices. There is nothing sadder than a potential donor who wants to give but cannot find anyone to talk to.

Shape up your finances

Keep your financial house in order and make sure that most of your donor contributions go right into programs. Follow the lead of many other non-profits and use some of the financial best practices. Let your donors know that you are using their money wisely.

Use credible and cost-effective ways to solicit donations

Look as professional as possible. People may buy products from you or frequent your bake sales, but that is not where the big money goes. Use smart, well-organised fundraising techniques to convince donors that you know what you are doing.

As businesses have learned the hard way, customer service is king and a good reputation is mandatory. The same is true—even more so—for non-profits. Look at your organisation through the eyes of your donors. Your financial health may depend on it (http://nonprofit.about.com).

Codes of fundraising practices—UK

The Institute of Fundraising is the professional body for fundraisers, working to develop, promote and champion excellence in UK fundraising. Committed to raising standards in fundraising practice and management, it engages with charities, government, media, the general public and other bodies to positively influence the UK fundraising environment. It works to nurture the knowledge and standards of all those who undertake fundraising, offering an extensive range of training and networking opportunities.

The Institute represents over 4000 fundraisers and 200 fundraising organisations, providing information and support services for individual and organisational members. The Institute of Fundraising is a registered charity, number 1079573.

The Institute of Fundraising's 'Codes of Fundraising Practice' are structured in order to highlight what is mandatory at law, what the Institute regards as a mandatory requirement for its members, and what constitutes advice on best practice.

In this Code, a phrase where the word 'must' is highlighted in bold and/or in red indicates a requirement that is mandatory at law; 'ought' indicates a requirement that is mandatory for members and affiliated organisations of the Institute; and 'should' indicates a course of action that is recommended as best practice.

The full range of Codes of Fundraising Practice can be found in the Codes of Fundraising Practice section of www.institute-of-fundraising.org.uk.

TOOLS: EXERCISES AND TEMPLATES

What capacities do CSOs need for successful fundraising?

The trainer asks participants to imagine that their organisation is a person who asks their support for implementing some activities. To what kind of a person will they be open to provide support (qualities, behavior, attitudes)?

Trainer offers three–four Post-its to each participant/or small team to write down the qualities of this person—one idea/Post-it. A flipchart is prepared in advance (but shown only after the participants have generated answers to the question) with four main categories written on it:

- integrity;
- accountability;
- transparency;
- professional and managerial capacity.

The trainer asks participants to think to what categories the qualities they identified belong, and after that asks participants to present all their ideas that fit into the 1st, 2nd, 3rd and 4th categories.

After ideas are grouped, the trainer presents, using Q&A, the definitions of these four main capacities that not only a person but a CSO should have in order to gain the trust of those who support them financially, be they founders or beneficiaries, and thereby successfully achieve financial sustainability.

How close is your CSO to the ideal situation?

Alternative 1

Trainer asks participants to think about their organisation and discuss with their colleagues how close their organisation is to the ideal situation. They have to answer two questions:

- what qualities does our CSO have?
- what qualities are our CSO missing and should we work to develop them?

Trainer convenes the plenary and asks groups to report about their findings. After presentations the trainer concludes what are the main areas where CSOs have to improve their capacities.

Alternative 2

Trainer asks participants to think about their organisation and evaluate from 1 to 5, on a handout, how far (1) or close (5) their CSO is to the ideal situation in the four main competencies. A flipchart is prepared, with the same table as in the handout:

CSO capacities	1	2	3	4	5
Integrity					
Accountability					
Transparency					
Professional and managerial capacity					

Trainer gives four dots to each organisation team and asks representative(s) to mark with the dot the results of their assessment. In plenary, trainer asks participants to comment on the group profile to identify what are the main areas where CSOs have to improve their capacities.

Funding Sources

TRAINING PREPARATION

It is important for CSOs managers and staff to identify the various types of funding sources that might be within their sphere of influence and persuasion, to identify what to do when conflicts exist among their mission and the funding sources goals, and to understand the different motivations to give of the funding sources.

Learning Objectives	1. Participants will have a better understanding of the types of funding sources, of the tensions that may exist between the goals of their multiple clients/funding sources and their CSO's missions and will identify ways to address these situations. 2. Participants will identify types of funding sources that are in their sphere of influence/persuasion, as well as the sources of funding motivation.
Methodology	In order to achieve the 1st objective, the trainer makes a presentation of how the various types of funding sources can be structured: two main categories—individuals and organisations (non-profit, private and public)—which fall into one of the two groups of (1) target beneficiaries: CSO's constituencies, those for whom the organisations exist, and those whose lives are touched by the organisations' missions, activities and services, and (2) supporters: those who are interested in the CSO's mission and activities through which they are providing the services to target beneficiaries in order to address their needs. The trainer makes a list, with participants' help, of the various types of organisations belonging to the three sectors: non-profit, private and public. Trainer continues through Q&A to define the concept of 'client' and clarifies why CSOs have multiple clients, which sometimes have conflicting interests. Trainer forms small groups of six–eight persons and asks them to remember and share, from their experience, (1) situations in which they were in a conflicting/tensioned situation (conflicts between different clients' goals, conflicts between their mission and their clients' goals), and (2), what they did to address the situation and why they decided to do so. When forming the teams, the trainer asks group members to select three persons to play one of the following roles: (1) spokesperson, who registers discussions and presents their synthesis in plenary (2) moderator of discussions, who assures that everybody participates, and (3) time keeper, who ensures that the task is achieved in the time given. The trainer asks groups to present in plenary and concludes discussions by presenting the main principles to be followed by CSOs in conflicting situations. In order to achieve the 2nd objective, the trainer forms four groups, each based around one type of funding source: individuals, non-profit organisations, private organisations and public organisations. Participants may assign themselves to the group to which their funding sources belong in the present or they are interested in having access to in the future. The trainer gives them a flipchart which has a table to be completed by the group members with the following information: who are the individuals/or organisations and what is their motivation to give? Flipcharts are displayed in plenary and the groups' representatives present their findings. The trainer concludes on the types of funding sources mostly used or intended to be used by CSOs and presents a synthesis of their motivation to give.

Timing	90 minutes
Tools	PowerPoint presentations; handout with types of funding sources; exercises and prepared flipcharts for each group.
Other Resources	Video projector, laptop; flipchart, flipchart paper, markers.
References	Manual, Chapter 2, 'Funding Sources'

TOOLS: PRESENTATIONS

Below you will find PowerPoint presentations that will help you clarify the types of funding sources, define the concept of clients/multiple clients, and how to address conflicting situations among clients/funding sources goals and your CSO's missions.

TOOLS: HANDOUTS

Below you will find a series of pieces of information that you can use as handouts during your training sessions. These handouts are complementary to the PowerPoint presentations mentioned above.

What do researches say about CSOs' main funding sources?

Surveys and researches demonstrate that the main funding sources for CSO's activities come from the group of supporters, be they individuals or organisations. They are providing funds to support CSOs provide, in their turn, the services needed by their target beneficiaries—people or organisations who more often than not do not have the resources to pay for them.

Look at this chart which includes the main sources of income of the Third Sector Organisations (TSOs) in the UK (voluntary and community organisations, charities and social enterprises). The data comes from one of the most extensive surveys of the third sector initiated and funded by the Office of the Third Sector, which was sitting at the center of government in the Cabinet Office, in recognition of the increasingly important role the third sector plays in both society and the economy.

Source	What is the most important source of funding	Did you accessed this source of funding
Other	7%	12%
Income from investments	7%	27%
Eamedincome from trading including retail	7%	18%
Earned income from contacts	6%	15%
Grants or core funding (from statutory bodies)	9%	16%
National Lottery (public grantscheme)	2%	10%
Grantsform non-statutory bodies	6%	25%
Membership fees/subscriptions	19%	41%
Donations and fundraising activities	30%	68%

■ What is the most important source of funding   ■ Did you accessed this source of funding

As you may observe, supporters–individuals are one of the most accessed and important sources of funding for the third sector organisations in the UK. Similar research demonstrates that gifts/donations provided by supporters–individuals are also the largest sources of funding for non-profit organisations in the USA. According to Giving USA (http://nonprofit. about.com), the total charitable giving in the US reached more than $300 billion USD in 2008. Of that amount, 75 per cent came from individuals.

Motivation to give

Individuals

People give to people. So, if you are an organisation having a mission to improve the lives of individuals in need, you may have big chances to receive support from individual persons. Individuals give donations and gifts if they believe you are making a difference in the cause they care about and if they value your work. Their gifts are investments in the work they expect you to accomplish and if they see they make a difference through your work they will remain loyal to your organisation.

Organisations

Non-profit: Foundations
Foundations give grants in order to achieve their mission. The decision to support your organisation is made by people. That means most of what you do to build relationships with individual donors works just as well with foundation decision-makers. Except in the case of a tightly controlled family foundation, those people are stewards of other people's money. The relationship of a foundation with your organisation should always be a professional one. If what individual donors give is largely based on how they 'feel' about an organisation, stewards must base their gifts almost entirely on logic and the perceived value of the proposal placed before them.

Private organisations: Corporations
Corporations give in order to get exposure, publicity, community respect or grow their market share. Funding from corporations is more episodic, revolving around particular campaigns, events and projects. It can be a good source of support for new initiatives and special programs and events. Socially responsible companies are concerned with the same values as people active in non-profit organisations. In spite of the popular opinion that business is driven only by a desire for profit, it must be stated that the motivation of some companies, managers and workers may not end here. They can create a corporate culture that not only supports economic success but also personal satisfaction, culture, education, environmental principles and social values.

Public organisations: International, national, regional and local
Public organisations, from EU institutions to national/central, regional and local governments, give in order to address the needs defined by the public policies. Public funds are provided based on laws that usually set the overall purpose of the government support and the many rules and procedures to regulate the process of evaluation and implementation to prevent misuse of funds and corruption. This leaves limited room for flexibility and adaptation of initial plans to changing realities. Your organisation needs to have reserves to assure the cash flow because public funds, in general, are reimbursed after they are spent and the funder is assured that you have spent them respecting all the rules and procedures. In many cases reserves have to be used as your organisation's compulsory contribution to the project costs

Tools: Exercises and templates

Addressing conflicting situations with your funding sources

The trainer explains that CSOs often have multiple funding sources/clients which can have conflicting interests, among themselves or with the CSO's missions. In those situations CSOs have to answer difficult questions, such as (1) To whom they should be loyal: to their target clients (beneficiaries) or to their supporters (funding sources)?, and (2) How far they can go from their mission in order to access funds in order to sustain the organisation's activities? Where is the fine line of compromising between fulfilling target clients' needs and the organisation's need for survival?

In order to help find answers, the trainer forms groups of six–eight persons having the following task:

- remember and share, from your experience: (1) Situations in which you were in a tense context due to the conflicting interests/goals of your different clients, or conflicting interests of your clients with your mission, and (2) What have you done to address the situation and why you decided to do so;

- select three persons to play one of the following roles (1) spokesperson, who has to register discussions and present their synthesis in plenary (2) moderator of discussions, who has to assure that everybody participates in the group work, and (3) time keeper, who has to assure that the task is achieved in the time given by the trainer;

- present findings in plenary.

After groups present, the trainer concludes that CSOs should always follow and be true to their values and principles and they should behave with integrity. That means that CSOs have to be clear about the main principles and values they want to follow, they should declare them and always 'walk the talk', they should do what they preach and promise, and they should be loyal to organisations' missions and should not make compromises on the quality of their work.

Funding sources and motivation to give

During this exercise participants will identify to what type of funding sources those who support or will support their activities belong and what is the motivation that makes them give support.

Trainer forms four groups (one for each type of funding source) by asking participants to assign themselves to the group to which their funding sources belong in the present or will belong in the future or is in their sphere of interest and influence.

(1) Individuals (2) Non-profit–Foundations (3) Private–Corporations (4) Public institutions

Trainer gives to each group a flipchart which has a table on it to be completed by the group members with the following information for each type of funding source: who are the individuals/organisations and what is their motivation to give.

Funding sources		Funding sources		Funding sources		Funding sources	
Individuals		Individuals		Individuals		Individuals	
Who	Motivation	Who	Motivation	Who	Motivation	Who	Motivation

Flipcharts are displayed in plenary and the groups' representatives present. Trainer concludes on the types of funding sources mostly used by CSOs and presents a synthesis of their motivation to give. Participants receive the handouts.

Funding Forms

TRAINING PREPARATION

It is important for CSO managers and staff to better understand all the possible forms under which the various types of funding sources may offer support and to identify ways in which they can diversify them to improve their organisation's sustainability. Special attention will be given to CSO's economic activities.

Learning Objectives	1. Participants will deepen their understanding on the possible forms under which the various types of funding sources may offer support and will improve their knowledge about three–five main funding forms that are of most interest to them. 2. Participants will assess their organisation's readiness to start/have economic activities and will elaborate strategies that will help them be more successful.
Methodology	In order to achieve the 1st objective the trainer asks participants to form the same four groups who analysed the four types of funding sources (who they are, what is their motivation to give) and complete prepared flipcharts with the forms under which these funding sources offer support (using two columns: supporters and target beneficiaries). After plenary presentations of the group work the trainer offers the handout and proposes to learn more about the three--five most important funding forms—depending on numbers and interests of participants—such as donations/gifts, fees for services/products, grants, cause-related marketing, membership fees, etc. Participants can vote on the three–five they want to learn about. Follows the exercise 'Teaching each other', having the following steps: (1) participants are organised in three–five groups (depending on the number of topics), around one main funding form. They receive handouts describing the respective funding form but they are asked to add to the handout any other relevant theoretical or practical information. This could include examples or best practices they know about from their or other CSO's experiences in receiving support through the respective funding form. In their 'expert' group they have, individually and through group discussions, to prepare a presentation on the respective funding form. In the 2nd step groups are formed by the three–five 'experts' in the different funding forms and they teach each other by presenting the theoretical information and practical examples. In plenary the trainer gives the opportunity to clarify anything that was still unclear after peer to peer presentations. In order to achieve Objective 2, the trainer conducts a discussion in plenary about participants' CSO's experience in having economic activities, in order to highlight their importance in achieving financial sustainability. The trainer makes a short presentation with slides about CSO's economic activities and social enterprises, explaining that the first step in being successful in this field of activity is assessing their organisation's readiness to have economic activities. The trainer asks each organisation's representative/s to complete an evaluation form and present results in plenary. The trainer concludes, based on participants' presentations, what are the main directions of action for CSOs in order to start and have successful economic activities which are aligned with their missions.

Timing	180 minutes (2 sessions × 90 min)
Tools	PowerPoint presentations, handout with types of funding forms/funding sources and social enterprises, exercises with prepared flipcharts and templates.
Other Resources	Video projector, laptop; flipchart, flipchart paper, markers.
References	Manual, Chapter 3, 'Funding Forms'

TOOLS: PRESENTATIONS

The information given to participants during this session is provided through handouts and participants' presentations after going through the different exercises. Below you can find information given through slides about CSO's economic activities and social enterprises. Because it is important that exercise tasks are given in a written form you can find also the content of the tasks in slides form (they can be also written on flipchart paper).

Exercise

Complete the table:

Under which **form** you can receive funds from the respective funding source:

- supporters;
- target beneficiaries.

Funding Forms

- Donations/gifts
- Grants
- Fees for services/products
- Membership fees
- Cause-related marketing

Exercise

Teaching each other

1. **Become expert** in one type of funding form by preparing a short presentation for your peers;

2. **Teach each** other.

Why is it important to have economic activities?

Economic Activities

Non-profit sector   Business sector

Traditional non-profit	Non-profit with income generating policies and practices	Social enterprise	Socially responsible business	Corporations practicing social responsibility	Traditional for profit

Mission motives
Income reinvested in social programs or operational costs

Profit-making motives
Profit redistributed to shareholders

Economic Activities

Social enterprises are social mission-driven organisations which apply market-based strategies to achieve their mission.

Social Enterprises

Non-profits that use business models to pursue their mission.

For-profits whose primary purposes are social.

Basic research findings about NGO's economic activities

- Activities are closely aligned with NGO's missions;
- Net income is not the only measure of success;
- In the early stage, economic activities are capitalised with internal funding and grants.

Tools: Handouts

Below you will find information that you can use as handouts during your training session to complete presentations.

Funding forms and funding sources

Funding Sources	Forms of receiving funds from	
	Supporters of your activities	Target Beneficiaries of your activities
Individuals	Donations/Gifts Legacies/Endowments Designated % from taxes In kind contribution	Fees for services/products Membership fees In kind contribution
Organisations		
Non-profit Organisations (Foundations)	Grants Donations Fees for services/products Use of your soft or hard assets	Fees for services/products Membership fees In kind contribution
Private Organisations (Corporations)	Grants Donations/Gifts Cause Related Marketing Fees for services/products Use of your soft or hard assets Bank interests/return on investments	Fees for services/products Membership fees In kind contribution
Public Organisations	Grants Fees for services/products Use of your soft or hard assets In-kind contribution	Fees for services/products Membership fees In kind contribution

Social enterprises

Social mission-driven organisations which apply market-based strategies to achieve their mission are currently labelled as 'social enterprises'. The social entrepreneurial movement in the non-profit sector includes both non-profits that use business models to pursue their mission and for-profits whose primary purposes are social. Their aim — to accomplish targets that are social and/or environmental as well as financial — is often referred to as the 'triple bottom line'. The triple bottom line (abbreviated as 'TBL' or '3BL', and also known as 'people,

planet, profit' or 'the three pillars') captures an expanded spectrum of values and criteria for measuring organisational success: economic, ecological and social.

The best established European research network in the field, EMES (www.emes.net), works with a definition of social enterprises that relies on the following criteria:[6]

Economic criteria

- continuous activity of the production and sale of goods and services (rather than predominantly receivers of grants or donations);
- a high level of autonomy: created voluntarily and managed by groups of citizens and not directly or indirectly by public authorities or private companies;
- s significant economic risk: members have the responsibility of ensuring adequate financial resources;
- activities require a minimum number of paid workers although, like traditional non-profit organisations, social enterprises may combine voluntary and paid work.

Social criteria

- an explicit aim of community benefit: to serve the community or a specific group of people, promoting a sense of social responsibility at a local level;
- citizen initiative: social enterprises are the result of collective dynamics involving people belonging to a community or to a group that shares a certain need or aim;
- decision-making not based on capital ownership: the principle of 'one member, one vote' is applied. Although capital owners in social enterprises play an important role, decision-making rights are shared with other shareholders;
- participatory character, involving those affected by the activity: the users of social enterprises' services are represented and participate in their structures. In many cases one of the objectives is to strengthen democracy at local level through economic activity;
- limited distribution of profit: social enterprises include organisations that totally prohibit profit distribution as well as organisations such as co-operatives, which may distribute their profit only to a limited degree.

On-going researches characterise social enterprises as having objectives that tend to fall into three main categories:

1. Integration of disadvantaged people through work (work integration social enterprises or WISEs).

2. Provision of social, community and environmental services. Many CSOs are active on various markets, including the public sector market for public services and contracts.

3. Ethical trading such as fair trade, which is helping producers in developing countries advocating for the payment of higher prices and for the enforcement of social and environmental standards. It focuses in particular on exports from developing countries to developed countries, most notably handicrafts, coffee, cocoa, sugar, tea, bananas, honey, cotton, wine, fresh fruit, chocolate and flowers.

Tools: Exercises and templates

Funding forms and funding sources

The exercise aim is to help participants clarify in what forms the different funding sources offer/can offer support for their organisation's activities.

The trainer forms four groups by asking participants to assign themselves to the group they worked with in the previous exercise on identifying funding sources and motivations to give.

(1) Individuals (2) Non-profit–Foundations (3) Private–Corporations (4) Public institutions

Trainer gives them a flipchart which has a table on it to be completed by the group members with the following information for each type of funding source: in what forms they receive funding from the respective—supporters or target beneficiaries (TB)—funding source.

Funding forms from:		Funding forms from:		Funding forms from:		Funding forms from:	
Individuals		Non-profit–Foundations		Private–Corporations		Public institutions	
Supporters	TB	Supporters	TB	Supporters	TB	Supporters	TB

Flipcharts are displayed in plenary under the former exercise results and the group's representatives present. The trainer concludes on the types of funding forms that can be similar even if coming from individuals or organisations and makes a list of them in order to offer the opportunity to choose the three–five most important to learn more about. Participants also receive the handout.

Teaching each other

The aim of this exercise is to deepen participants' understanding and knowledge about the most important funding forms.

The trainer uses the flipchart with the list of funding forms in order to prioritise the three–five forms which participants will learn more about during the exercise. The number of chosen topics depends on the number of participants: the smaller the number, the fewer topics.

The trainer explains that the exercise has two main steps:

- to form 'experts' in each of the selected funding forms (for example, experts in donations/gifts or in fees for services/products). Three–five groups of experts will be organised around one topic. They receive the templates and are asked to discuss and add information, based on their own experiences or best practices they have heard about. If time and Internet connection/laptops are available they may also be asked to research best practices. Their main goal is to become 'expert' in the topic and prepare a short presentation for their peers.
- to teach each other. The trainer forms groups so that in each group there is one expert in one topic who are asked to do presentations to each other so that they learn more about each funding form.

Trainer convenes the plenary after the 'experts' finish presenting to their peers in order to check whether there questions to be answered or further clarifications required.

Templates for the exercise 'Teaching each other'

You should ask participants to add own examples, based on the Manual, their experience or Internet research.

Donations/gifts

Donations or gifts can be small or big, one-off or repeated each year, and offered by individuals, corporations or foundations in the form of money, assets, equipment or voluntary work. Some of these are described below.

Corporate philanthropy /sponsorship

Takes place through direct monetary gifts and is usually focused on a particular program that the non-profit will run. The funds may come from the community relations or marketing budgets and the corporation expects a certain amount of publicity in return for its support.

Direct donations/gifts from individuals

Monetary gifts can be provided through very different channels, such as on-line and via mobile phones, bank transfers, cheques and through the mail.

Small gifts

It is important to be aware that small gifts result from people believing in your good works. They are gifts of support.

Major gifts

Major gifts result from people committed to your organisation's vision. They are gifts of investment in your future. A major gift is defined as any gift so large that its size has the potential to have a significant impact on your organisation's activities. Big gift seeking is pursued through networking and fostering the right contacts, creating the right opportunities, and defining a focused request which can be negotiated with an identified individual.

Legacies

The legacy is a final gift that committed supporters wish to make to the cause which has inspired them through their lives. Legacies are an extremely important source of income for many charities. For example, in the UK they represent well over 25 per cent of the total income from individuals of the top 500 fundraising charities, with a particularly strong showing in healthcare and animal charities[7]. Slightly fewer than 50 per cent of adults in the UK have written wills, but of those who do more than one in ten leave charitable bequests[8]. The Institute of Fundraising's 'Codes of Practice'[9] include a code on legacy fundraising, setting out best practice in what can be a sensitive area.

Endowments

An endowment is an organisation's capital and other assets which are invested in a targeted way, for example, into the financial or capital markets. Endowments are successful mainly in countries where these markets are highly developed and regulated. For receiving endowments the fulfilment of some conditions is required: (1) the organisation plans to operate for many decades, (2) has finances at its disposal that are not needed for operation and program activities, (3) is competent in dealing with financial instruments, and (4) the legal environment allows/regulates investment of funds.

Cause-related marketing

Cause-related marketing, or CRM, has exploded in recent years even though it is a relatively young concept. Companies are fully embracing what is called 'doing well while doing good'. Cause-related marketing connects a company's marketing and sales goals to a social cause or charity to the mutual benefit and promotion of both partners.

Cause-related marketing may become the principal way that businesses express their social responsibility. There are now many versions of cause-related marketing, but basically it is an agreement between a business entity and a non-profit to raise money for a particular cause. The business entity expects to profit by this arrangement by selling more products and by enjoying the 'halo' effect of being associated with a respected non-profit or cause.

A cause-related marketing program is not an anonymous or low-key donation to a non-profit but one that lets the public know that this corporation is socially responsible and interested in the same causes that its consumers are. The non-profit benefits both financially and through a higher public profile from its partner's marketing efforts. Cause-related marketing campaigns have blossomed over the last few years and can provide funds to CSOs in a variety of interesting forms.[10]

Cause marketing can take on many forms, including promotion of a common message, product licensing, endorsements and certifications, and can also be used by local partnerships or employee service programs. Most frequently, cause-related marketing is product, service or transaction specific. When setting up a cause-related marketing campaign the key elements to be identified and designed are (1) the stakeholders and the partnership, (2) communication tools, (3) branding and strategy, and (4) benefits, evaluation and measurement.

Grants

This is probably the form through which you are receiving most of your funds from foundations, governments or corporations. Grants are provided to support many services of non-profits, especially in the areas of social, healthcare and education. Grants are usually awarded on a competitive basis and must often conform with established due dates for submission.

The organisation seeking a grant submits a proposal in order to access funds. That is why you have to have staff knowledgeable in project writing and management. After the evaluation of the proposals, the approval for funding is guided by a rating system. The dilemma with many grant opportunities is the amount of time required to write proposals and the fierce competition that often exists. To access governmental grants proposals usually have to be lengthier and more detailed and comprehensive than those written for accessing foundations grants.

Membership fees

Membership fees are great financing tools for organisations with a broad membership base and committed members. The payment of membership fees (or dues) not only brings income

for the NGO but also strengthens the commitment of the member and creates an expectation that the CSO will 'care about' its members through provision of services. Membership fees can be set at various levels, allowing both highly committed and more-or-less passive members to maintain their membership status.

Funding your organisation from membership fees requires very good financial management systems and transparency. The worries of an organisation seeking to fund their activity through membership fees are two-fold: on one side, recruiting members and, on the other side, ensuring existing members remain involved.

Fees for services or products

While many CSOs provide services to their target group, most often subsidised by grants, membership fees or gifts, there are also numerous CSOs that collect fees for their services. With the right strategy to differentiate pricing of various services, CSOs can secure an important part of their budgets.

Advocates of the user fees justify them by arguing that:

- people appreciate more the things they are required to pay for;
- persons benefiting from the use of services should share the expenses;
- a small charge can support the increase in the quality and quantity of services provided.

Opponents of user fees argue that:

- those who need and use CSOs services do not usually have money to pay for them and should receive them free of charge;
- if governments pay this may impact on an organisation's independence and capacity to act as watchdogs or advocates for policy changes.

Non-profit organisations can receive funds through money paid for their products. These are usually publications, post-cards, t-shirts or other products which they sell to their clients or the wider public. Unless the CSO uses the mission-related 'value added' in its marketing to justify a higher price, products made in small numbers are not cost-effective and are often subsidised by grants.

It is important to be aware that it is not easy to make a profit from selling services or products: if it were then everyone would probably be an entrepreneur. In the private sector, over half of all small businesses end in failure and bankruptcy in the first two years of their operation, and there is no reason to anticipate a different situation in the non-profit sector. The time it takes to achieve a situation where profits completely cover the operation and activities may be long—years, not months, are involved here. Enterprises are also vulnerable to fluctuations in the market, exchange rates, and so on. One bad investment could mean the loss of a non-profit organisation's assets, and sometimes even its good reputation.

Exercise: Is your organisation ready for economic activities?

The trainer explains that CSOs have to take into account the possibility for their organisations to start economic activities or to develop them into main income generators. The exercise aim is to help CSO's managers and staff find out how ready their organisations are to engage in economic activities, what are the risks, and what strategies may be available to address them.

The trainer asks each organisation's representative to discuss in their team and complete the 'Organisation readiness questionnaire'.

In plenary, the trainer asks groups to present their conclusions about the diagnosis they made regarding their organisation's readiness to commence economic activities and what strategies they have to address problematic areas.

Organisation readiness questionnaire

Count the number of times your answer is 'yes': the more you have, the more ready is your organisation to engage in economic activities. Every 'no' answer helps you identify problems that may jeopardise the successful realisation of your business plan, or may have negative effects on your organisation. You need to find strategies to address these problems, otherwise you may end up with frustrated employees, angry members and supporters and, most dangerously, large debts.

	Questions	Yes	No
1.	Is your organisation determined to dedicate itself to economic activities over the long term (10–15 years)?		
2.	Do your employees support the idea of economic activities?		
3.	Is there a general agreement in your organisation on how the future income/profits from the economic activities will be used?		
4.	Are the employees, the board of directors, and members willing to make a greater effort (outside the framework of their usual activities) in order to ensure that economic activities are successful?		
5.	Have you developed a specific and realistic business plan?		
6.	In the event of failure, do you have an alternative plan?		
7.	Has your organisation been financially stable over the last three years (covering its costs or achieving a positive financial result)?		
8.	Are you financially capable of working without any profit from the economic activities for at least three years (or even cover a certain loss resulting from your business activities)?		

Fundraising Activities

TRAINING PREPARATION

It is important for CSO's managers and staff to better understand the fundraising activities by breaking them down into four main interlinked areas.

Learning Objectives	Participants will improve their knowledge and skills in the four main areas of fundraising activities: ▪ knowing your prospect; ▪ defining what you want: ▪ communicating your request; ▪ building the relationship.
Methodology	The trainer presents the four main areas of the fundraising activities and explains that participants will go through different exercises to improve their knowledge and skills in each area. To improve knowledge and skills in the area of 'Knowing your prospect' the trainer presents tools for funding sources analysis and asks participants to use one of them: 'the donors' pyramid'. Participants have to revise, first in their groups/organisation, what type of main donors they have—individuals, public, private or non-profit—and decide where on the pyramid they belong to. The results are processed in plenary, participants receive for each type different colours of Post-its (four colours) and they have to put their Post-its on the common pyramid on a flipchart. The group profile is processed by the trainer asking for comments and highlighting the tensions existing between the two fundraising strategies – building a diversity of many donors versus the loyalty of a few. To improve knowledge and skills in the areas of 'Defining what you want' and 'Communicating your request' participants go through a simulation during which they have the opportunity to elaborate and present a creative fundraising campaign. The context is that they have the opportunity to meet with a donor who is interested in helping CSOs develop fundraising skills by gaining support of (1) individuals, (2) corporations or by selling services/products, (3) to individuals, or (4) to organisations. This donor is open to support one creative fundraising or economic activities plan. Participants, organised around these four topics, have to (a) elaborate a fundraising plan and prepare a presentation and (b) present it in 10–15 minutes in front of the donor who is open to cover the costs incurred by the plan. During the four groups' preparation, a fifth group of donor's representatives, formed by participants who are working in grant giving organisations or by voluntaries, have to discuss and decide on the criteria on which they will select the 'winner' to receive the donor's support. Group of evaluators complete an evaluation form after each presentation, based on the criteria they decided in order to select the winner. They have to present their evaluation results in a transparent manner and give feedback for each group. To improve knowledge and skills in the area of 'Building the relationship' the trainer asks participants to form pairs and answer the question 'What have you done in order to build relationships/connections with your supporters/beneficiaries?' Participants present one idea at a time and similar ideas are clustered. Trainer follows with a presentation on main actions to build relationships.

Timing	270 minutes (3 sessions × 90 min)
Tools	PowerPoint presentations Handouts Exercises and prepared flipcharts
Other Resources	Video projector , laptop Flipchart, flipchart paper, markers, Post-its
References	Manual, Chapter 4, 'Fundraising Activities'

Tools: Presentations

Below you can find information given through slides about the four areas of the fundraising activities, the tasks introducing the exercises and the conclusions the trainer has to highlight after participants' presentations. The tasks can be also written on flipchart papers.

Exercise

Identify for your organisation:
- most important donors: what type of funding source they belong to?
- where do you place them on the donors' pyramid?

Two Strategies for Financial Sustainability
- Diversity of donors
- Loyalty of few main donors

You have the opportunity to meet with a donor who wants to support CSOs improve their skills in building their financial sustainability.

Donor will support the best plan for raising funds of one CSO's partnership working in the same field.

You have 10 minutes to present your plan in front of the donor's evaluations team.

Four groups

Gaining support of:	Selling services or products to:
Individuals	Individuals
Corporations	Organisations

Task

45'
- Elaborate the plan and prepare the presentation;

10'
- Present the plan in front of the donor's representatives.

Remember When Making Your Request:
- Appeal to the heart;
- Raise interest and get attention;
- Provide facts to deal with skepticism;
- Tell what to do and how to do it.

And the winner is...

TOOLS: HANDOUTS

Below you will find information that you can use as handouts during your training session to complete presentations.

TOOLS FOR DONORS' ANALYSIS

The Donors' Pyramid

The Donors' Pyramid ilustrates the relationship between different types of financial contribution (the size) and different levels of donor commitment (the frequency of receiving them). It is based on the assumption that, in general, the size of a donor's contribution is directly proportional to the degree of the donor's commitment and loyalty. An organisation will probably attract a large number of occasional donors from various sources. Fewer will be willing or able to make more regular contributions and commitments and only a handful will be in a position to make a really substantial contribution. From the perspective of the donors' pyramid your task is (1) to move them as far up the pyramid as they are able and willing to go, and (2) to enlarge and diversify your donors' base

The Donors' Kite

Legacies

Big gifts

Committed donors

Occasional donors and subscribers

Responders
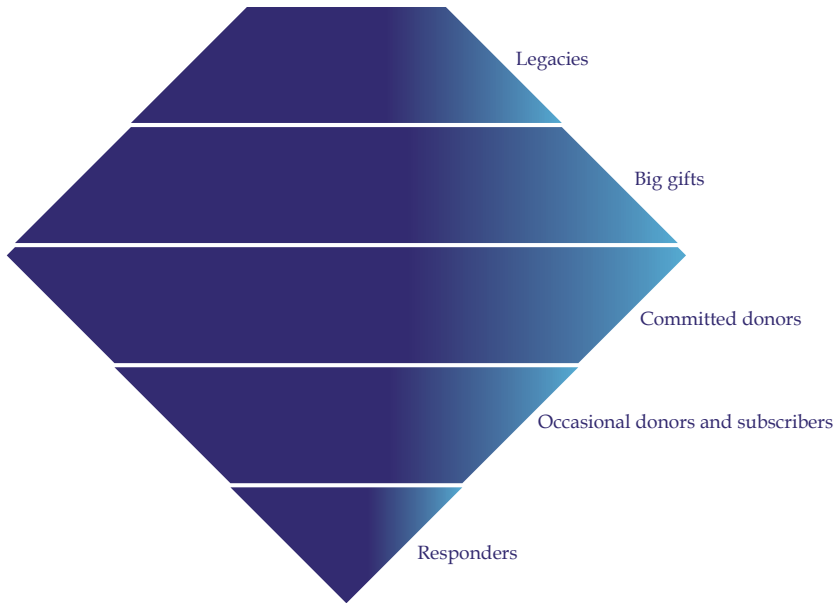
Applying the Pareto principle, sometimes called the 80:20 rule, meaning 80 per cent of your income is likely to come from only 20 per cent of your sources of funding, the image that you may build is something like a Donors' Kite. Through this type of analysis you can identify which sources of funding your energies should be primarily directed towards.

The Donors' Matrix

Maximum potential contribution

Anonymous member of public

Personally known individual

Vague interest
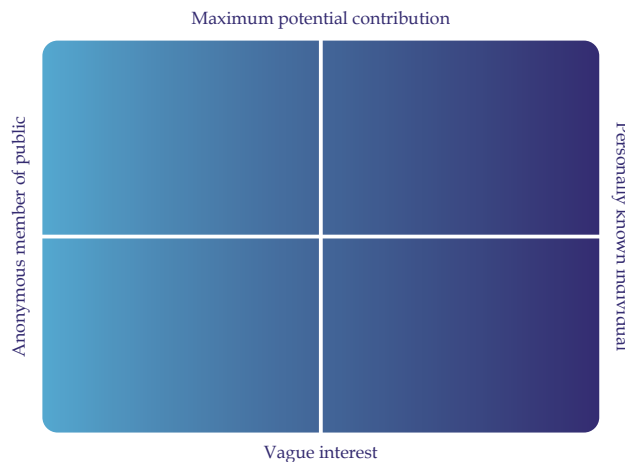
Another way of analysing your sources of funding is through the Donors' Matrix. The horizontal axis represents the degree of knowing someone and the vertical axis the level of potential contribution. By identifying where a source of funding belongs on this matrix you

can get an idea of how best to focus your energies in your fundraising activities. Those in the top right-hand corner are to be valued and nurtured as they are the core of your support. Those falling in or moving towards the bottom right-hand corner are problematic; there will come a point when you judge it is no longer worth investing more time and effort in sustaining your relationship with them if they show little or no inclination to move upwards.

TOOLS: EXERCISES AND TEMPLATES

Using the Donors' Pyramid

The aim of this exercise is to improve participants' skills in using this analysis tool and highlight the group profile.

The trainer asks participants to form groups based on the organisation they belong to and to revise what type of main donors they have—individuals, public, private or non-profit. They have to decide where on the pyramid these donors belong. Participants handouts on which to place their donors.
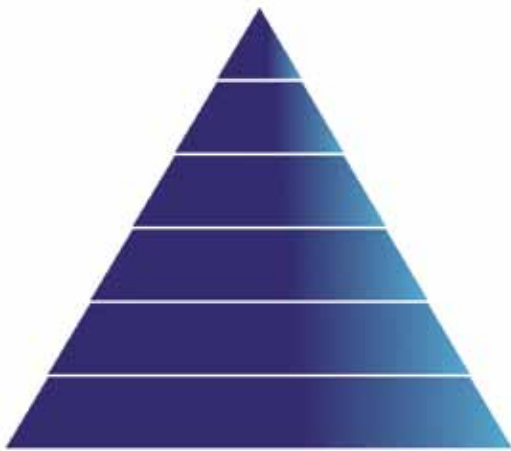
The results are processed in plenary, participants receive for each type different colours of Post-its (four colours) and they have to put their Post-its on the common pyramid on a flipchart. Group profile is processed by the trainer asking questions such as:

- do you have a diverse enough base?
- do you rely on a few loyal funders?
- how dependent are you on one major founder?
- if this is the case, do you have alternative sources if the main founder is not anymore supporting your organisation?

The trainer highlights the tensions between the two fundraising strategies—building a diversity of many donors versus the loyalty of a few.

Fundraising plans competition

The aim of this exercise is to improve participants' knowledge and skills in the areas of 'Defining what you want' and 'Communicating your request'.

The trainer explains the exercise:

- participants will go through a simulation during which they have the opportunity to elaborate and present a creative fundraising campaign;
- the context is that they have the opportunity to meet with a donor who is interested in helping CSOs develop fundraising skills by gaining support of (1) individuals, (2) corporations or by selling services/products to (3) individuals or (4) organisations;
- this donor is open to supporting creative fundraising or economic activities plans.

Participants, organised around these four topics, have to:

(a) Elaborate the plan (for a common field of activity) and prepare the presentation.

(b) Present it in 10 minutes in front of the donor who is open to cover the costs incurred by the plan.

During the four groups' preparation, a fifth group of donor's representatives, formed by participants who are working in grant-giving organisations or by voluntaries, have to discuss and decide on the criteria on which they will select the winner to receive the donor's support.

The trainer emphasises that their 10 minute presentation of their request should be appealing to the heart, should raise interest and get attention, should provide facts to deal with scepticism and tell what to do and how to do it in order to provide support.

During groups' presentations, the evaluators complete an evaluation form for each presentation, based on the criteria they decided. Synthesis of evaluations could be done during the break and the winner announced at the beginning of the next session. Evaluators should be transparent in presenting the selection results and should give feedback to improve group performances. At the end, the trainer asks participants to get out of their roles and discuss what lessons they learned through this simulation.

Building relationships

The aim of this exercise is to highlight the most important actions that CSOs should take in order to build connections with their supporters or target beneficiaries/clients who assure their financial sustainability.

The trainer asks participants to form pairs and answer the question 'What have you done in order to build relationships/connections with your supporters/beneficiaries?'

Trainer provides Post-its and asks participants to share ideas in their small team and write down one idea/Post-it. After they have finished, the trainer asks participants to present in plenary, in front of their colleagues, one idea at a time. After the 1st idea is presented the trainer asks who has similar ideas and in that way similar ideas are clustered on a wall (or flipchart).

Trainer follows with a presentation on main strategies to build relationships with supporters/beneficiaries.

Developing a Fundraising Strategy

TRAINING PREPARATION

An organisation's fundraising strategy is part of the organisation's strategic plan: it is a plan within a plan. The organisation's strategic plan should be elaborated with the participation, in the different steps of the planning process, of organisation members as well as of other stakeholders such as the Board of Directors members or the supporters/target beneficiaries' representatives.

That is why it is supposed that during the training described in this guide participants are CSO's managers and staff representatives forming the core planning team responsible for the strategic planning process within their organisation. After the training they are expected to go back and conduct a participatory strategic planning process, resulting in their organisation's strategic plan and a fundraising plan to assure its implementation. After the training, the trainer may also give assistance to the respective CSOs, whenever it is needed, in order to support the elaboration of a high-quality plan through the participation of all main stakeholders.

Learning Objectives	1. Participants will have a common understanding of the concepts on which strategic planning and action planning processes rely. 2. Participants will have improved knowledge and skills in using different tools that help them elaborate a strategic plan and a fundraising strategy. 3. Participants will elaborate the planning process steps to be implemented in their organisations, after going home, in order to produce a strategic plan and a fundraising plan.
Methodology	To achieve the 1st objective the trainer presents, through Q&A, the main concepts on which strategic planning/action planning processes rely: the similar logic of the two processes, the differences between them, and the concepts that define the present situation, the desired future and the solutions on how to arrive there. The trainer forms teams/organisations and asks them to identify the main reasons for starting a strategic planning process in their organisation. It is important that before they begin to commit resources and time they agree on the answers to this question. Teams present their answers in plenary. To achieve the 2nd objective, the trainer asks the teams/organisations to apply strategic planning tools in order to analyse their organisation's present situation, imagine its desired future and identify solutions to arrive there. They will work based on the information available for them in the training and will become aware about what supplementary data/information they would need to collect when going home, as well as who else they should involve in the different process steps. They present in plenary their group's work results, receiving peers and trainer feedback. They will apply the following tools—(1) desired future: organisation vision and mission, (2) analysis of existing situation: organisation SWOT analysis, organisation sources of funding, organisation services and product's sustainability, (3) strategies for organisation development, and (4) fundraising strategy To achieve the 3rd objective, participants organised in the same teams will elaborate the process steps they will implement after going back home, in order to produce a strategic organisational development plan and a fundraising plan to support its implementation.

Timing	360 minutes (4 sessions × 90 min)
Tools	PowerPoint presentations Handouts Exercises and prepared flipcharts
Other Resources	Video projector , laptop Flipchart, flipchart paper, markers, Post-its
References	Manual, Chapter 7, 'Developing a Fundraising Strategy'

TOOLS: PRESENTATIONS

Below you can find information given through slides about the concepts used in the strategic planning/action planning processes, as well as the tasks for the exercises that groups have to follow. The tasks can also be written on flipchart papers.

TACSO — Fundraising and Accessing EU Funds

Your Organisation's Fundraising Strategy

Can be elaborated when your organisation has a strategic plan: knows how to go from where it is to where it wants to be.

Includes solutions to achieve financial sustainability of your organisation's activities, programs, services, products.

TACSO — Fundraising and Accessing EU Funds

Your Organisation's Fundraising Strategy

What are the main reasons for starting a strategic planning process in your organisation?

TACSO — Fundraising and Accessing EU Funds

Imagine Desired Future

Organisation's mission
Why your organisation exists;
For whom your organisation works;
How your organisation works;
Where your organisation works.

Organisation's vision
Your organisation three years from now: size, location, people, beneficiaries, activities, outsiders' perception about, etc.

TACSO — Fundraising and Accessing EU Funds

Analyse Present Situation

· SWOT analysis
· Types of funding sources
· Programs/services sustainability

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Strategies for Organisation Development

In order to achieve your mission and vision, based on the information generated by the different frames of analysis of the existing situation decide:

· What activities you want to perform and what programs, services, products you want to deliver?
· When you want to deliver them?

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Evaluate Costs and Possible Funding Sources

Know what you want
Evaluate the planed activities, programs, services, products costs.

Know your prospect
Research and identify your possible sources of funding.

Determine your fundraising objectives based on these two steps.

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Elaborate Action Plans to Achieve Fundraising Objectives

Decide the actions

· Timing;
· Who is responsible;
· What resources are needed (money, time, information, other) in order to make the request and build the relationships.

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Proposed Steps for Elaborating Your Organisation's Fundraising Strategy

In your team elaborate the process steps that you will implement after going home in order to elaborate your organisation's strategic and fundraising plans and support their implementation

Tools: Handouts

Below you will find information that you can use as handouts during your training session to define the main concepts linked with the strategic planning/action planning processes.

Strategic planning and action planning processes

What is planning?

Planning is a decision-making process through which we analyse the present (where we are), design the desired future (where we want to be) and find the ways to get there.

What is action planning? What is strategic planning?

The planning processes are defined by:

- the time frames they cover;
- the degree of specificity, detail and clarity with which present, future and solutions are described.

Proximity in time to the problems of the present or the desired situations of the future increases the clarity with which we can see what road to take to go from where we are to where we want to be. Action planning includes short-term time frames and specific actions to solve immediate problems and achieve clear, detailed objectives or results.

Strategic planning includes long-term or medium-term time frames and more general activities to solve complex problems and achieve less specific, less detailed visions or strategic objectives.

The strategic planning process—components and tools

Where we are: understanding the present

Two questions are essential to understand the present:

- What can hinder us? Problems?
- What can help us? Opportunities?

Problems are unfavorable circumstances/obstacles which prevent us from getting from where we are to where we want to be, preventing us from achieving our desired future. Problems are situations we want to change. Instead of the word 'problem' people often use other words. Some of them have negative connotations, such as 'difficulties' or 'obstacles'; others are more neutral such as 'issues' or 'situations'.

Opportunities are favorable or advantageous combinations of circumstances that could help us getting from where we are to where we want to be in our desired future. Many problems can also be perceived as opportunities. An already used bottle of wine can be seen as half empty or half full!

Identifying and defining the real problem is one of the most important (and difficult) steps in the planning process. For this purpose we must:

- avoid the risk of focusing on the symptoms because the real problems will persist;

- avoid the risk of focusing on the solutions because other useful solutions may be ignored or neglected.

Where we want to be: the future

Mission, vision, objectives

Your organisation's mission statement describes clearly and attractively:

- why your organisation exists: the reason for which it has been established, the problems it wants to solve or the changes/solutions it wants to promote;

- for whom your organisation works: who it serves, who are its target beneficiaries;

- how your organisation is intended to work: the principles that are guiding its work;

- where your organisation wants to work and have an influence: the geographical area it is targeting.

Your organisation's vision describes a successful organisation that is achieving its mission. You can describe different aspects of the organisation, such as what size it is, where it is located, which people work for it, who the beneficiaries are, what activities are going on, and what is an outsider's perception of the organisation).

An objective also describes the desired future (closer in time or less complex than the Vision) when the problems are solved and/or opportunities are met. In order to be effective, Objectives statements need to be, as much as possible, Specific, Measurable, Attainable (or agreed by all those interested or affected), Relevant (or realistic), and Time bounded—SMART.

How to go there: the solutions

Strategies: programs, projects, activities

The strategies define the routes to go from where we are to where we want to be in the future. Strategies can be formed by:

- sets of programs that define how to achieve strategic objectives;
- sets of projects that define how to achieve program objectives;
- sets of activities that define how to achieve project objectives.

A program is composed of a series of projects in order to achieve the program objective. strategies to achieve strategic objectives are composed of sets of programs.

A project is composed of a set of activities in order to achieve the project objective. strategies to achieve program objectives are composed of sets of projects.

An activity is a physical and/or intellectual work/effort to be done in order to have an outcome (specific result). Strategies to achieve project objectives are composed of sets of activities.

In order to be implemented, a strategy, program, project or activity should have:

- the commitment/support or acceptance of key stakeholders;
- access to specific resources: human, material, informational (technically and financially achievable);
- time schedule (duration, correlation with other strategies, programs, projects or activities).

What is the facilitator's role in the participatory planning process?

Have you ever experienced difficult situations during a participatory planning process? Do the scenarios below sound familiar?

- heated and ineffective discussions among group members with different opinions;
- members of the group wanting to impose their own opinion and not open to listening to others;
- everybody talking at the same time in a hectic way;
- jumping to solutions before analysing the problems thoroughly;
- taking decisions without giving each group member the chance to express their opinion.

Do you have a solution to overcome all these obstacles?

We believe that there is a solution: someone who can help you work more effectively in a group and avoid conflicting situations. This is the facilitator, whose main role is to help you work together in an effective way in order to achieve your common goal. The facilitator is a neutral person accepted by all group members who does not have a decision-making authority but is responsible for the group processes, creating the appropriate framework for equal participation of all group members in the discussions and decision-making.

The facilitator is responsible for the quality of the planning process and not for the quality of the planning content. Informed and competent group members assure the content quality. Skilled facilitators help them work together in an effective way.

Tools: Exercises and templates

1. The desired future

The aim of this exercise is to support team members understand how to elaborate, when going home, the mission and vision of their organisation. Participants will work in teams/organisations.

The trainer provides the template to be completed. When the work is finalised teams report in plenary and provide feedback to each other.

Organisation's mission

Complete this form together with your colleagues.

Your organisation's mission statement describes clearly and attractively:

- why your organisation exists: the reason for which it has been established, the problems it wants to solve or the changes/solutions it wants to promote;
- for whom your organisation works: who it serves, who are its target beneficiaries;
- how your organisation is intended to work: the principles that are guiding its work;
- where your organisation wants to work and have an influence: the geographical area it is targeting.

Organisation vision

Imagine yourself two–three years from now working for your organisation which is successfully achieving its mission. Describe what you see about your organisation: size, location, people, beneficiaries, activities, and outsiders' perceptions.

2. Analysis of existing situation

SWOT analysis

This exercise (SWOT analysis) helps participants understand how to identify, when going home, their organisation's strengths and weaknesses, as well as the opportunities and threats in the outside environment which may support or hinder its mission/vision achievement. The analysis is done in order to develop future activities, programs, products or services that are building on strengths and opportunities and are overcoming/lowering weaknesses and threats.

The trainer provides the template to be completed. When the work is finalised teams report in plenary and provide feedback to each other.

SWOT analysis

Discuss with your colleagues and complete the table below.

Internal Environment

Strengths	**Weaknesses**
Opportunities	**Threats**

External Environment

Main sources of funding

Through this exercise participants understand how to identify, when going home, the types of funding sources their organisation is relying on and think about strategies to ensure the organisation's financial sustainability by (1) expanding the diversity of funding sources, (2) strengthening the loyalty of important founders, and (3) assuring independent revenues through self-financing activities.

The trainer provides the template to be completed. When the work is finalised teams report in plenary and provide feedback to each other.

Complete the table:

- list the sources of funding you were able to access in recent years (be specific);

- identify if they are in the group of supporters or target beneficiaries and in what forms you received the funds from them (grants, fees, gifts, etc).

Existing Funding Sources	Forms of receiving the funds	
	Supporters	Beneficiaries

Services and products sustainability

Through this exercise participants learn how to analyse, when going home, their organisation's existing services/products in order to find out (1) what are those they should continue to deliver or develop, (2) what are those they should stop delivering, and (3) what other services/products they should deliver.

The trainer provides the template to be completed. When the work is finalised teams report in plenary and provide feedback to each other.

Introduce your programs/services/products in the box where you think they belong based on two criteria: how much your target beneficiaries need them and to what extent you are currently covering your costs of delivering/providing them. You do not need specific budget numbers to do this, rather rely on a rough estimation based on your past experience.

- development costs are recovered: this means that the revenues generated by delivering/providing the program/service/product cover not only the direct, indirect and overhead costs but you are able to save money for your organisation's reserve fund for future developments;

- full costs are recovered: this means that the revenues generated cover the direct, indirect and overhead costs without any possibility of making economies;

- direct and indirect costs are recovered: this means that the revenues generated cover only the direct and indirect costs incurred by the respective program/service/product delivery and do not contribute to covering the overhead costs;

- deficit: means that the revenues generated cover only the direct costs and you have to subsidise the other costs.

Your organisation 's level of costs recovery	Beneficiaries level of need for the respective service/product		
	Critical Need	Need	Little Need
Development costs are recovered			
Full costs are recovered			
Direct and indirect costs are recovered			
Deficit			

3. Organisation development strategies

This exercise helps participants to understand how to elaborate, when going home, organisational development strategies based on the previous steps results: the desired future and the analysis of the existing situation.

The trainer provides the template to be completed. When the work is finalised teams report in plenary and provide feedback to each other.

Complete this form together with your colleagues. Use the data generated through the previous tools that helped you diagnose the existing situation and identify what can help or hinder you to achieve the desired future.

Use SWOT analysis results by answering the following questions:

- are the programs, services or products through which your organisation achieves its mission built on its strengths? How can your organisation use all the strengths and opportunities that are around it?

- have you planned scenarios to face the foreseen threats if they become reality? Have you planned remedial actions in order to address your organisation's weaknesses (the real obstacles to assuring its sustainability)?

Use funding sources analysis by answering the following questions:

- who are the 20 per cent sources of funding that provided to your organisation 80 per cent of the revenues? Are they to stay in your region in the future? One threat would be if these sources of funding are leaving your region. Are there ways to gain their loyalty and continuous support?

- how diverse is your funding base? Do not forget the wise saying to 'do not put all your eggs in a single basket'!

- could you think about changing one source from supporter to beneficiary? For example, your founder paying you fees for some of the services you provide to them.

- could you think of your existing target beneficiaries as becoming sources of funding? For example, paying you fees for your services.

- can you expand your target beneficiaries to have new sources of funding, without forgetting about your mission and values/principles?

Use your services/products sustainability analysis to decide what will be the main programs/services/products you want to deliver in coming years. Think about:

- what you want to keep doing;

- what you want to change in what you are doing and what you want to eliminate;

- what new programs/services/products you want to deliver.

Take into account both criteria (the level of need for your service/product and the level of cost recovery) when deciding: you may decide to keep a program/service/product delivery even if it creates deficit because you perceive there is a critical need for it and the deficit can be covered by other programs/services/products. Or you may consider keeping a program/ service/product or creating a new one as a long-term investment if you foresee it moving up on the level of costs recovery in the coming years even if it creates deficit now and next year.

Based on your answers plan roughly, in the following Gantt chart, the programs/services/ products you want to deliver and the activities you will take to develop your organisation activities and improve its managerial and fundraising capacity in the next two years.

Programs/Services/Products	Year 1				Year 2			
	1-3	4-6	7-9	10-12	1-3	4-6	7-9	10-12

4. Fundraising strategy

This exercise helps participants to understand the steps they have to follow, when going home, to elaborate a fundraising strategy based on their organisation's strategic plan in order to assure its implementation.

The trainer provides the template to be completed. When the work is finalised teams report in plenary and provide feedback to each other.

Complete the forms together with your colleagues. Use the data generated through the previous tools that helped you elaborate the strategic plan of your organisation.

Form 1: What you want and knowing your prospect

Costs and sources of funding

In order to complete this table you need to:

- roughly evaluate the costs of two planned activities, programs, services or products (know what you want). Please take into account your organisation's overhead costs (organisational audit, marketing, legal services, director, utilities, etc). Decide if you include them in the program/service/product costs or in a separate line.

- identify the possible sources of funding and how much revenue you hope to assure from the respective funding source (knowing your prospect). The amount of money you want to secure, as revenues from the different sources of funding, are part of your fundraising strategy objectives.

| Activities, Programs, Services, Products	Costs			Possible Sources of Funding/Amount to receive							
				a		B		C		d	
	Y1	Y2	Total	Y1	Y2	Y1	Y2	Y1	Y2	Y1	Y2

Form 2: Making the request and building relationships with your donors

In order to complete this form you need to identify one important fundraising objective. One criteria would be to focus on raising funds for the most important activities, programs, services or products, from the most important sources of funding (the 20 per cent that provides you 80 per cent). Other criteria would be to think of diversifying your sources of funding and trying something new, like accessing new funding sources (corporations, individuals) or new funding forms (fees for selling services or products to your target beneficiaries). It is up

to you how you choose your main funding objectives. Be aware that raising funds requires funds (it has a cost) and that this cost should be at maximum 25 per cent of the funds raised. If the cost is bigger you should consider if it is worth the effort. This may be 'yes' if you have a long-term vision and accept short-term losses for future gains. For each objective you have to develop an action plan to achieve it, deciding the actions timing, who is responsible and what resources are needed (money, time, information, other) in order to make the request and build the relationships. The table below will help you structure your action plan:

Fundraising objective: *(funding source(s) targeted) – if it is supporter or beneficiary; revenues you want to generate: Year 1, Year 2, total, for what activity (s), program(s), service(s), product(s).*

Fundraising Actions	Y1				Y2				Responsible	Resources
	1-3	4-6	7-9	10-12	1-3	4-6	7-9	10-12		
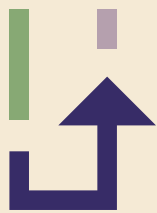
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