Bonus Resource

Income Streams – A Brief Summary

Thank you for coming along to our Income Diversification course, we hope the below acts as a reminder of what potential is…*potentially* waiting out there for you.

Please let us know if you would like any further support in helping your organisation diversify your income, and over the course of the year we offer training on what is included below.

Feel free to share this with others in your organisation, but please do not distribute it wider without prior consent of Triceratops Training.

We wish you all the best!

The Triceratops Team.

Community Fundraising

What is it?

This is fundraising undertaken by volunteers who raise money from their own networks.

What are the benefits?

The largest benefit is the potential to raise your profile. As your volunteer fundraisers talk about their event, they will mention your charity and suddenly you are on the radar of their friends too. If you ensure that your fundraisers have a great experience with their event, they are likely to recommend you to others in their networks who may also with to hold a fundraising event.

What are the pitfalls?

It is often underestimated how much effort it requires to transform this stream from ad-hoc, occasional income into a sustainable funding stream. The challenge is increased for charities serving sensitive causes who may struggle to attract fundraisers.

Remember we only hear the success stories from other charities, not the events that fall flat, of which there will be many.

How much can we raise?

A good event may raise between £800 and £1,500. A starter event may only raise £150. You should be aiming to raise £2 for every £1 you invest, and expect to see this increase with scale.

Should we go for it?

If you have an engaged and diverse network of supporters, many of whom would be outgoing, and a captivating cause, this could be a perfect avenue for you.

Any top tips?

Make your fundraisers feel valued. The better their experience, the more likely they are to fundraise again and encourage their networks to fundraise for you too.

Events Fundraising

What is it?

This is similar to community fundraising, but you as the organisation organise the events. Due to this, they tend to be grander such as performances, showcases, dinners and galas, but not always, do not let that curtail your ideas.

What are the benefits?

You have full control and so can firmly put a stamp on the event and mould it to suit your purpose. They can also, if done well, raise significantly more than community events and be a highlight in the calendar for staff and volunteers.

What are the pitfalls?

They are often stressful to organise, so you need to be prepared (typically the worry that no one will come, or who to invite). Costs and time requirement can also spiral if you are not careful in the planning stage.

How much can we raise?

The financial amount for small charities can range wildly. Some charities raise £800, others £80,000! At a minimum you would expect to raise £2 for every £1 invested, but with experience build that to £4 or more for every £1.

Should we go for it?

If you have events organising experience at your disposal, a strong network to invite and some spare time and creativity, this could be a good idea to pilot.

Any top tips?

Events fundraising pairs really well with major donor fundraising. Major donors can be invited as VIPs or engaged as potential sponsors to cover the costs associated.

Regular Giving & Memberships

What is it?

Also called committed individual giving, these are those regular, often monthly, gifts that are typically made via Direct Debit. It also encompasses regular annual giving, and is not reliant on the method of giving. Memberships are similar, but more transactional in their nature.

What are the benefits?

There is no other stream of fundraising which is as sustainable as this, which is why almost every sustainable charity engages and promotes regular giving. It is also much easier for the donor to make meaningful contributions in a manageable manner.

What are the pitfalls?

It takes time to become sustainable, when starting from scratch it can often take three years. It is also heavily reliant on your communications with donors and ability to connect them with the change you generate, which can for some organisations be a huge challenge.

How much can we raise?

The average is around 30% of the total income, but many charities push it over 50%, if given time. Once sustainable, it should bring in over £3 for every £1 invested, but has they potential to be double that.

Should we go for it?

Yes, capacity dependent. There are very few organisations who would not be wise to pursue this stream.

Any top tips?

Gain donors by funnelling people from social media onto your email list, then use email to cultivate them to donors. Once they donate, make sure you shift your focus to retaining them as a donor, and don't just ignore them.

Major Donors

What is it?

These are relationships with people who can make meaningful gifts to your organisation above a specified size. The size threshold ensures it is meaningful to your organisation, and to the donor. This could be £500 for a small charity or £1m for a huge organisation.

What are the benefits?

Most of the effort is put in by leadership, and it is based on relationship rather than anything else. Also, large ad-hoc gifts can help realise new projects, or rescue you from troubles. Major donors often also have a higher tolerance for risk than other sources of income, but do not take this for granted.

What are the pitfalls?

You need to rely on leadership to build these relationships! There is also, often a rush to ask for a gift, rather than focus on the relationship. Misconceptions of who major donors can be is also a factor, not every Rolex is real, and not every 'affluent' person has gates over their driveway.

How much can we raise?

That entirely depends on who you talk to, and how many relationships you can meaningfully maintain. For that reason a return figure is woolly at best, but aim for £6 to £10 for every £1 invested.

Should we go for it?

Absolutely, if you think you have those with disposable income already in your networks, or who may have a sympathy for your cause.

Any top tips?

Be genuine, and pursue people for advice, connections or expertise before pursuing them for cash.

Legacies

What is it?

Encouraging people to leave a gift from their estate to your charity, by including you in their will.

What are the benefits?

Put simply, game changing amounts. The average estate left in the UK is around £300,000. The average gift left to charities is 5-10% of this. I will let you do the maths.

What are the pitfalls?

Time. It may take 20 years or so from your fundraising intervention until that money is realised and in your bank account.

How much can we raise?

Game changing amounts. Tens or hundreds of thousands – but in the far future. £20 for £1 invested is a common figure to be shared.

Should we go for it?

Yes, but as a 'Friday afternoon' activity, as this will likely be lower down on your priority list.

Any top tips?

People connect with people, and as this is often sensitive for donors (or legators) they should have a named contact in your charity who acts as their relationship manager.

In Memory Giving

What is it?

Where family or friends make a donation on behalf of a loved one who has passed away.

What are the benefits?

The income, and a reminder that your charity is valued by those outside.

What are the pitfalls?

It is very hard to accurately plan for this and more often than not needs to be managed in a reactive way.

How much can we raise?

Hospices and other charities that support those at the end of their lives can raise significant amounts, other charities may struggle. A return of £3 for each £1 invested would be a marker of success.

Should we go for it?

This is often very low impact fundraising for organisations, and while not sustainable, can yield supplementary income – so yes, if you have the time.

Any top tips?

Make your website work for you, and have a section dedicated to this. Keep it separate from Legacy giving, they are very different.

Earned Income

What is it?

Earned income is income that you generate by running your charitable activities. It does not have to cover all the costs, but generate some income, typically from service users. This is the largest source of income for charities in the UK.

What are the benefits?

It is hugely sustainable, as you generate income by delivering your activities. It can also help in many situations as service users can be seen to be investing in their own development.

What are the pitfalls?

We need to not place a barrier that excludes people or groups from the services on offer. That is what a business does, and charities are not the same.

How much can we raise?

That entirely depends on the context. Some charities cover 80% of their costs via generating income, others much less. Rather than targeting a return, you should target getting the balance of accessibility and affordability right.

Should we go for it?

Yes, unless it acts as a barrier to those who need to access your service.

Any top tips?

Take lessons from social enterprises who straddle the line between business and charity. Look for those enterprises that are limited by guarantee, rather than limited by shares, but lessons can be learned from both.

Grants, Trusts & Foundations

What is it?

Applying to non-statutory grant making bodies, such as charitable foundations, for grants.

What are the benefits?

The return on investment is strong, see below. It is also more formulaic that other fundraising streams which lends itself to a different style of fundraiser.

What are the pitfalls?

It is fairly dispassionate and can take a long time to receive the monies promised. The largest pitfall is that it is extremely competitive, and a 10% success rate is now a common target.

How much can we raise?

Significant amounts are available, especially for small charities. You should be aiming for £8 back for every £1 invested.

Should we go for it?

If you can find grant bodies who match your outcomes, then yes. It is an ideal form of fundraising to assign to a board member. If you are struggling to find funders who are a good fit, you should look elsewhere.

Any top tips?

Finding matching funders is crucial. Avoid speculative applications as the level of competition will likely see them tossed in the bin.

Statutory Sources

What is it?

Similar to grants fundraising, but from statutory sources such as the government, NHS or local councils. The application process typically revolves around submitting tenders for project delivery.

What are the benefits?

They tend to be more relational than grants, as you may cynically expect with funds carrying political influence, but they tend to be enduring and significant.

What are the pitfalls?

Again, they are highly competitive, and are currently very insecure due to the economic volatility of the UK. Many are paid in arrears, and Brexit has closed many European Funds which previously benefited UK charities.

How much can we raise?

Often enough to cover whole projects or contracts.

Should we go for it?

If it fits with your operational strategy, and if you have a contingency plan for it the funding is pulled with short notice.

Any top tips?

Get to know your local MP, MSP, Counsellors and decision makes. They can use their influence in your favour when it comes to winning contracts.

Triceratops Training

Corporate Fundraising

What is it?

Better named Business Partnerships, this is where, strangely enough, the charity enters into a partnership with a business to mutually benefit both parties. Often financial support for the charity is a central factor of the relationship. Some larger business have set pathways to access, but we are free to engage any business, large or small.

What are the benefits?

There are ranging benefits when you consider both the staff and customers of the business also. Financial support is key, but also profile raising, volunteer time, expertise sharing, beneficial rates and more – very little is off the table.

What are the pitfalls?

They can at times become hard to manage and have the potential to be a resource sink as responsibility slips into unequal terms.

How much can we raise?

It is hard to quantify considering the ranging, non-financial benefits you may gain, but advice would be to expect around £4 for each £1 invested. Have the hope that you will realise much more benefit.

Should we go for it?

If your leadership wishes to pursue this then, as they will do much of the work, you should.

Any top tips?

Finding a business to partner with you who shares similar or complementary values is crucial, but this can be quite challenging.

Final Thoughts

Each of these streams are dependent on your context and understanding your position and vision is just as crucial as what is discussed above. But do not feel you need to chase them all. Many sustainable and resilient organisations have three or four streams contributing to their income – it is better to do a few well, than try to muddle through them all.