

# 18 IDEAS TO AVOID A FUNDING CRISIS!

We live in difficult times with most NGO's and CBO's trapped in the grip of a severe financial crisis. The causes are varied. Some organizations think that using fundraising consultants will get them out of this crisis. For some this simply becomes a short term solution to a long term challenge. Here is what your organization can do without having to use a consultant. And you don't even have to be an expert to do all this. It may only need about 2-3 hours per week over 3 months to develop all the ideas and then to maintain it. Get a serious team together who believe in what you do and get them to work on some if not all of these ideas.

## **A: EXTERNAL DONOR INTERVENTION**

Retain your existing donors and get them to give more:

Make sure that your current donors stay with you for as long as possible. Get them to commit more funds. Make sure that you act as a good recipient to build more donor trust and hence strengthen your existing relationships. And make sure you deliver on your promises in terms of impact and delivery. Stop making excuses.

### **Make a list of your previous donors and investigate the possibility of recruiting them again:**

It is better to invest resources in past relationships. Ask yourself why the donor contract came to an end. Unless the donor changed complete focus, approach the donor for renewed funding. If they had problems with your work, show them that you have addressed these concerns. Show them you took their concerns seriously. Sometimes donors are just waiting for you to contact them.

### **Cultivate your potential donors:**

Make a list of donors who know about you or that you know and who fall within your focus area. Find out who is the contact person and set up a consultative meeting or at least an exchange of information about your organization. Draw up a funding enquiry where you highlight your funding needs but most of all highlight your track record. Donors want to buy into success and not your desperation for funds! And don't forget to take out all your regret letters. Remember, a regret letter is simply a delayed yes. It is how you read it. You may be sitting on a gold mine!

### **Market yourself to unknown donors:**

You cannot create continuous interest in your organization without a clearly formulated communication and marketing strategy. I must still find a NGO who can convince me that they have one and more importantly, that it is implemented. Trapped in survival mode, many NGO's forget to raise visibility about their work in the form of newsletters (print and electronic), websites, blogspots, articles in newspapers, brochures, pamphlets, letters, faxes, block e-mails, etc. So trapped in

survival mode, they forget their work is about changing human lives and that they need to celebrate their successes. And don't hide your challenges! Let others know about it! And tell them what you are doing about it.

## **B: MOBILIZING RESOURCES (FINANCIAL, MATERIAL AND INTELLECTUAL) THROUGH THE ORGANISATION**

Develop a cost containment strategy

Simply put, this is how to prevent waste! Just because you are not working with your own personal finances does not mean it must be wasted. There are many NGO's who simply spend funding because it is in the budget and must be spent. This is dangerous. You don't build donor trust in this way. Treat donor funds as if it is yours personally and treat it with respect!

Here are some ideas of how to contain expenses:

### **Staff containment:**

Ensure that all full-time staff positions are justified. Staff salaries will be your biggest expense and it must be justified with actual need and performance. Don't employ full-time if part-time employment can also get the job done. And stop using consultants unnecessarily. Develop the capacity inside your organization. Some dishonest consultants who look for the next contract like to see problems where none exist. Be careful.

**List overheads to be contained** e.g. electricity, telephone, transport, etc.

Make a list of your main overheads and educate staff and volunteers on how to contain these costs. The telephone is the one thing always abused. With cellphone calls becoming more expensive, and with most people without airtime, they start using the organization's telephone!

### **Paper recycling**

Always use paper on both sides when used for internal consumption, like minutes of meetings, memos, e-mail print outs, etc. And contact a paper recycling company to put a big box in your office for recycled paper. This may not generate a lot of income but it shows the donor the respect you have for the resources entrusted to you.

### **Identify your service providers and negotiate discounts**

Make a list of your service providers like banking, cleaning services, catering, insurance, auditing, etc. Set up meetings with them and educate them about your work. Ask them for discounts. Remember, if you don't ask you will never get! Let

them know that you will take your business somewhere else. Let them know you will exercise your choice.

### **Make a list of friends of the organization and get them to give on a monthly basis**

You may know many individuals who support your work but cannot get involved actively due to other commitments. Get them to commit a monthly or annual donation. Start by making a list of at least 10 individuals and grow this list by at least another 10 every year. Ask for a specific donation but leave open the possibility of giving more than what you may request. And make sure that you know what is in it for the person e.g. a free newsletter, annual certificate, regular update about success stories, access to training, referrals, access to information, etc. Remember, you are building a partnership. And partnerships always start with what you can share with the other party. Before you ask, be prepared to give first!

### **Develop services** e.g. workshops that you can offer at a small fee

Many NGO's are experienced in their field of operation but don't know how to package their intellectual capital and market it. Get someone with expertise to assist you. Offer regular workshops and charge a small fee. This will also market your organization.

### **Recover your costs**

Charge for services or products you offer (like counseling, booklets, t-shirts, etc.) at a small fee that is affordable. Develop a scaling system that segments people according to their ability to pay e.g. unemployed, professionals, students, etc. and charge fees accordingly.

### **Develop a mailing system**

This method is not only for big NGO's. There are many NGO's especially in the field of training, who assist literally thousands of beneficiaries over many years. And they never get these beneficiaries to give back to the organization. Every beneficiary should be treated as a potential donor. Keep their names and addresses. Write to them. Track them. Meet with them and get them to commit to the organization. Inspire them with your success stories. Show them how they can now help others like them. There are many beneficiaries who simply wait for you to contact them. They want to show their appreciation. Go through your files. List the names of those who benefited successfully through your services and get them to give to you. Set yourself a target and get them to give more each year. Develop this system and get a volunteer to maintain it. This is a long term job with huge potential so invest time and resources in it.

### **Develop a sustainability fund to use for emergencies**

Funding gaps and donors who change focus areas are a constant reality for all NGO's. Don't complain about the donor when your funding happens to be 3 months late or when they inform you that they have changed focus. You have little control over donor agendas. But you can control your response to it! Developing a sustainability fund (or reserve fund) is one way of responding. And don't wait for the next funding crisis before you act! A reserve fund will save you from using bank overdrafts that will incur interests. And then you have another expense! Start building your reserve fund by committing a small amount each month in a special account.

### **Use different accounts strategically to maximize interests**

Many donors pay huge amounts of funding that you will not necessarily use immediately. Utilize different bank accounts strategically to generate maximum interest. Negotiate an interest rate with your bank manager. Become more assertive!

### **What is your staff contributing?**

Get your salaried staff to pay 1% of their salary back to the organization and/or offer to work an extra hour per day or per week (without overworking themselves!) to maximize their contribution to the organization. If staff members are not prepared to give to their own organization, few other people will. Staff must show their commitment to their own vision and mission. They must learn to give as well including your board. And you must set the example as director!

### **Start a small scale consulting service using staff expertise and generate income**

Consultants are simply people selling and sharing their experiences with other people and organizations. And they get paid for it. Many NGO's have people with enormous experiences but they are not utilized effectively to generate income. Identify these individuals and without deviating from your core focus, let them market their experiences to others. And charge for it! If you don't know how, get someone to assist you or discuss this with an organization who is doing this already.

### **Develop strategic partnerships with other organizations to add value to your work**

Identify NGO's who can help you with staff development or other services. Why pay if they are prepared to offer it free to you? Or even at a discount? Before you pay, learn to negotiate first. Many NGO's contact me for discounts and I am always happy to concede to their requests. And remember again, partnerships start with what you have to share!

**Investigate bequests**, i.e. people who want to leave behind a legacy

There must be people with loads of money who are looking for worthwhile causes to support. In the previously advantaged communities this is a powerful form of fundraising. There are people who want to leave behind a legacy. Get in contact with them. Help them choose your organization. And be sensitive when you use this method!

**Don't only look for money**

Remember; fundraising is not just about money raising. It is about mobilizing resources, anything that can help you to achieve your strategic objectives. When you only look for money then you are bound to miss other opportunities. Ask for material donations, draw on people's intellectual capital, connections, referrals, sources of valuable information, etc.

**C: AND FINALLY, DON'T CHASE AFTER DONORS, LET THEM CHASE YOU!**

All the above can only work effectively if you ensure that you have a fundable organization. You must get donors to chase you. This is what you must focus on:

**Make sure your organization is *well governed with a clear vision, mission and strategy***. Focus on continuous board development to avoid role confusion and hence unnecessary conflict or tensions. Get your board on board!

**Programmes/projects objectives must be clear with *well trained and experienced support staff and programme personnel***. Clear job descriptions with continuous performance appraisals and continuous staff development focusing both on the task and the person. This is a necessity and not a luxury.

***Reflection, planning, monitoring and evaluation*** must be done constantly and not because donors require it. And share the lessons of your evaluation results with your partners.

**Focus on being *effective and not just busy***. Ensure staff come to work with clear work plans and objectives link to your strategic objectives and not just to kill time, pretending to be busy or duplicating each other's work. Avoid too many meetings. You cannot work and meet at the same time!

**Have a fully developed *communication and marketing strategy in place***. Become more visible. This is the only way to ensure that others will buy into you. You must sow the seeds. It may germinate in unexpected places!

**Leadership and management training must be continuous with *succession plans in place for all departments***. This is one of the main weaknesses in many

NGO's. There is no thinking about succession planning forget about having those plans in place. We almost invite crises around succession. This is dangerous.

**Clear organizational policies** are in place and implemented. These policies include financial-, staff development-, car-, leave-, remuneration policies, etc.

**A fully developed risk management strategy is in place to protect the organization against any unforeseen circumstances.** This includes funding gaps, loss of income through donor withdrawal or fraud, burglary, succession, fire, etc.

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