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Fundraising from trusts, foundations and companies

Bill Bruty

How To guide
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Raising money from trusts

A charitable trust is a charity which supports charitable objectives by making donations, rather than being a direct service provider.

How they get their money

Most trusts and foundations derive their income from an endowment, ie a capital sum given to them by an individual, family or company. The endowment may take the form of cash, shares, or property. It provides a tax-exempt income, which funds the grant-giving.

Some trusts and foundations receive their income from other sources such as gifts from a company's current profits, or a regular appeal on TV and radio, such as Comic Relief.

Some trusts act as a broker for donors and collector of endowment, either in a local area (a community trust) or in a specialist field, such as hospice care (an intermediary trust).

How they give it away

Each trust has a legally binding trust deed that defines the beneficiaries, objectives and geographical area for its charitable activities.

The more narrowly defined trusts may only support a certain age group, cause or locality.

Those trusts with a wide remit will often be legally defined with objectives that are for "General Charitable Purposes" with "Worldwide Beneficiaries".

Many trusts will also change their policies to focus on topical or specific geographical priorities.

Who makes the decisions?

It's important to know where the heart of decision making lies and it can be very different across a number of trusts, and change according to the different stages of their 'lifecycle'.

Settlor

Trusts are normally established by an individual by a gift of shares, property or cash, often for tax minimisation or asset protection as well as philanthropy reasons. This gift is known as a 'settlement'. The settlor is often advised to have no formal relationship with the trust, but in reality they will influence most of the funding decisions.

Trustees

Every trust will have a board of trustees. The first trustees are usually drawn from the family or trusted friends of the settlor. As time moves on, trustees will become more independent of the settlor and will set their own policies without reference to the source of the original funds.

Adviser

Many trusts employ an advisor to help manage the grant making process. At its most basic level this could be a solicitor who acts as a 'postal address' and filters out inappropriate applications. Many of the larger trusts have sophisticated and influential teams of fund managers and grant assessors.

Trusts at a glance

UK trusts and foundations give about £2.1 billion in grants each year.

This is about 10% of the voluntary sector's income - and is similar in total to central or local government funding.

The majority of these funds are in the hands of a small number of trusts.

There are 16 trusts with an annual grants figure in excess of £10 million, with a further 116 making grants between £1 million and £10 million.

Almost 99% of the 9,000 charitable trusts will therefore have less than £1 million to give in grants each year.

According to a study published in 2007 (see page 9), UK trusts and foundations gave an estimated £150 million per annum to civil society organisations involved in international development, compared with £328 million from DFID.

Researching trusts – what to look for

Why: psychological

- Where does the money come from?
- Who was the settlor, what was their life experience, values and interests?
- Which trustees knew the settlor?
- How independent are the trustees of the settlor?
- What are the life experiences, values and interests of the trustees?
- What is the staff role in making grants?

How: process

- How do you apply?
- What are the deadlines?
- What is the time gap between when you apply and when you'll know the outcome?
- Do you need to be recommended or is there an open application channel?

What: policies

- What areas of work and of the world interest the trust?
- Do they make capital and/or revenue grants?
- Are grants one-off or recurring?
- How much are they likely to give?
- What are the reporting requirements?

Researching trusts – where to look

There are thousands of charitable trusts, so the first step is to use a printed or online directory to search through and identify your best prospects.

Where: the most popular resources

The Directory of Social Change

This organisation provides a wide range of information on trusts, both publications and the most popular resource, an online database of 4,000 trusts:

www.trustfunding.org.uk

Where: for in-depth Information

Charity Commission

www.charity-commission.gov.uk/

About_us/About_charities/

GuideStar

A free online directory of every charity in the country including many trusts.

www.guidestar.org.uk

The importance of relationships

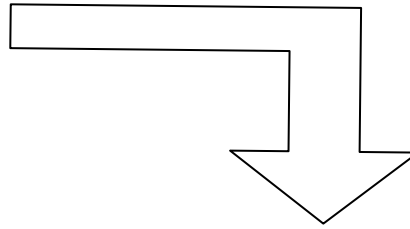
The four stages in making approaches

Most substantial grants are given to charities where the trust has a pre-existing trust and rapport. Therefore it is crucial to build up a relationship before you ask for funding.

We recommend adopting a four stage approach.

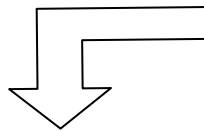
Stage one: Research and evaluation

- Does the trust have a proven interest in your type of work?
- Can they give you the funding you need?
- How do they communicate with potential beneficiaries – will they open up a dialogue?



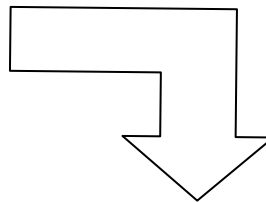
Stage two: Awareness raising

- Does the trust know who you are?
- Do they know what you do?
- Are they interested in finding out more about you?
- Don't ask at this stage



Stage three: Exploring the opportunities

- An exchange about respective needs
- Active listening by both parties
- A mutually agreed proposal, where your ideas have been adapted

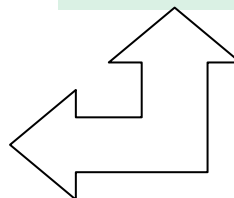


Stage four: Making the agreement

- A successful proposal should be the result of input from both parties
- Failure is usually because you haven't recognised the genuine needs of the funder

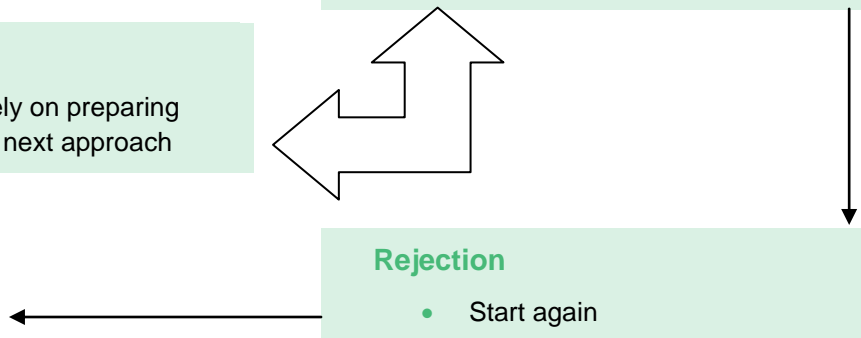
Success

- Start immediately on preparing the trust for the next approach



Rejection

- Start again



Successful proposals in a nutshell

The six questions

After an exhaustive study of the application forms of nearly 100 of the largest grantmakers, including governments and charitable trust donors, a pattern emerged revealing the common questions.

If you can prepare your organisation to answer these questions as a standard part of project development, you should have enough information to complete the application forms of even the most sophisticated of funders.

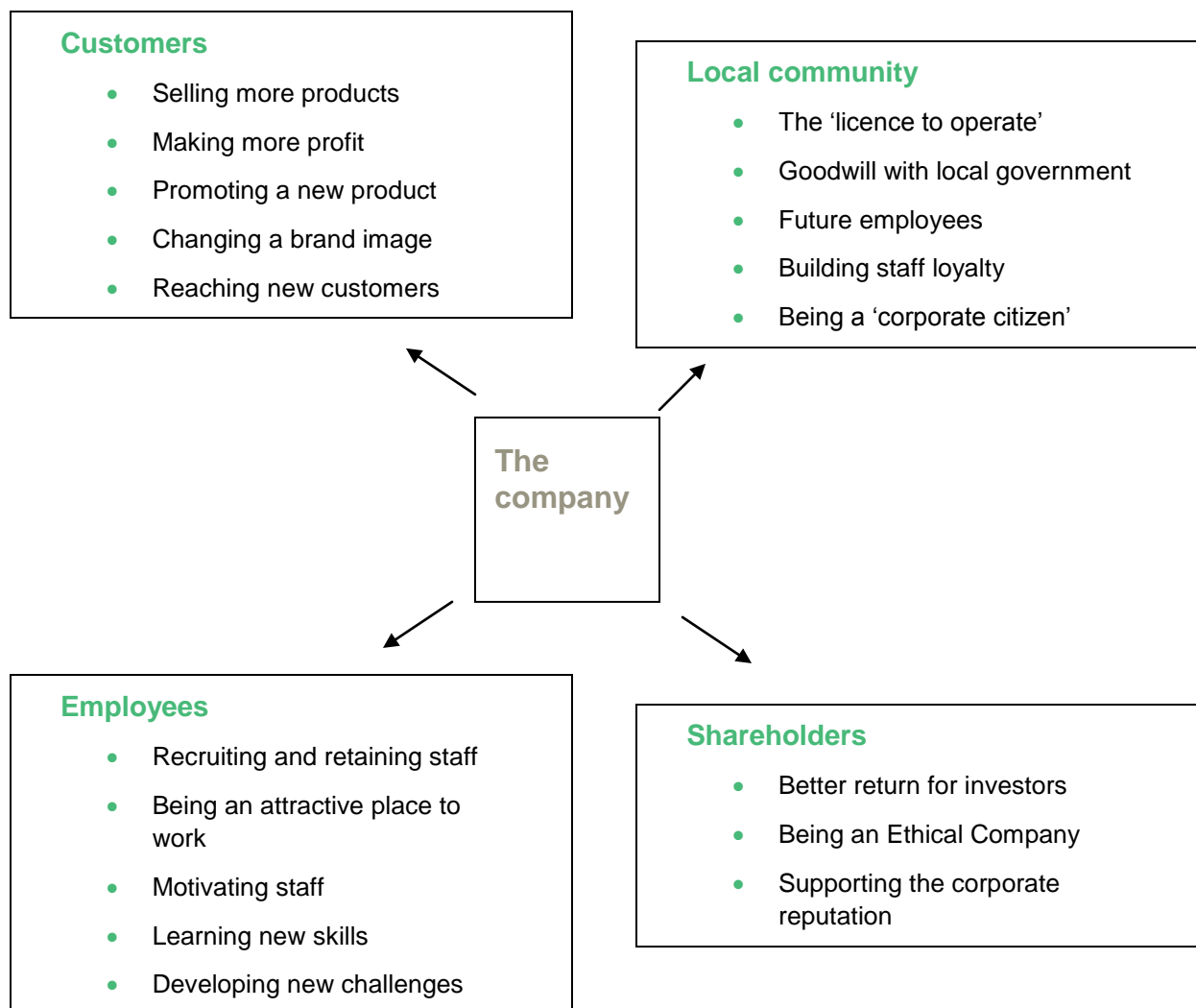
Although the larger trusts have application forms, most trusts don't. In these cases, it's a good idea to anticipate that they will want this information.

One	The projects goals and target beneficiaries
	<ul style="list-style-type: none"> • What are the aims of the project? • Who are the main beneficiaries? • How many of them? • How do you know there is a need?
Two	The external relevance of the project (adjust for each application)
	<ul style="list-style-type: none"> • How does your project relate to the work of other organisations? • How does your project meet our funding priorities?
Three	The context of your organisation (standard for all applications)
	<ul style="list-style-type: none"> • What are the overall aims of your organisation? • How do you involve your beneficiaries?
Four	The key activities of the project
	<ul style="list-style-type: none"> • What are the key activities of your project? • When will it start? • How much do you need and what for?
Five	The monitoring and evaluation systems
	<ul style="list-style-type: none"> • How will you monitor progress? • How will you evaluate the results? • How will you use this information to adjust your project?
Six	The continuation plans
	<ul style="list-style-type: none"> • If the project is to continue, how will it be funded? • If the project will end after our funding, how will you disseminate the results?

Raising money from companies

Companies are primarily interested in gaining some recognition for their funding for charitable projects. Therefore, it is best to seek corporate funding for those elements of your project which give some visibility for the company.

There are basically four important audiences for any company and, in order to raise funds, you will have to help them achieve their corporate objectives with any one or a mix of these audiences.



The four audiences

Where do you fit in?

Customers

Companies will be looking for partnerships which resonate both with their products and their customers.

Media coverage is vital for enhancing the value of these partnerships, and PR or advertising agencies may be involved in the decisions.

- **Sponsorship** opportunities to promote their brand or products with your supporters, through sponsoring your activities (often high profile fundraising events)
- **Promotion of joint products** to your supporters or members, which raise income for the charity from each sale
- **Promotion of your cause on their products** in order to enhance their brand reputation. This can be a straightforward contribution or raise funds depending on sales.

Employees

Increasingly companies want to get their staff involved with charitable causes.

Most companies will seek to get employee support for their commitments to charities, for example via a staff vote on the 'Charity of the Year'. Many companies only accept approaches from a charity if that cause is actively supported by their staff.

- **Secondments:** the company will provide you with a specialist employee and they will cover all the costs
- **Employee volunteering:** the company will encourage employees to take part in charitable activities out of, or even in, work hours
- **Employee fundraising:** the company will match the funds raised by individual staff, or 'adopt' a charity and encourage everyone to take part in fundraising events

Local community

A company may offer a donation or a sponsorship arrangement in order to enhance their reputation with a key local community. This could be a community in the UK where they are a significant employer or around the world where their business has a significant impact.

Support for the local community enhances the 'licence to operate' – the acceptance of that company as a contributor to the local community – by the people themselves or by the local government.

There may well be potential partnerships between major employers in a place where your charity is seen as the 'local response to international issues'.

- **Gifts in kind** can be a very cost-effective way for a company to support your cause, especially if the gifts are essential for your day-to-day operations - such as the free use of printing or promotional opportunities.

Shareholders

Many investors are looking for a connection between sound corporate values and reliable investment returns. Therefore companies are keen to promote their charitable partnerships within the investment world. To be convincing, a partnership with a charity has to be

- **Appropriate** to the nature of the business and where it operates
- **Genuine** and a proven benefit for the charity, not a 'fig leaf' for the company
- **Prominent**, high profile and easy to understand

It is difficult to under-estimate the power of an eye-catching photograph of the charity's activities in the company's Annual Report or an internal newsletter.

In approaching a company you have to remember that there is very little funding that comes from pure philanthropy. Companies have to derive a benefit from supporting you. Equally, you will need to make sure that you have addressed all your ethical issues before you enter into a partnership.

Researching companies – what to look for

The company

- Major brands and products
- Turnover and profit for the last year (and any clear trends)
- Key operating areas (UK and abroad)
- Key markets (UK, abroad and types of people)
- Who decides on support for charities, when and how?

Customer focus

- Examples of recent charitable sponsorships
- The key messages for sponsorships
- Examples of recent advertising activities

Employee focus

- The aims of the programme
- Where are the workplaces?
- How much can be raised?
- Support provided by the company
- Support required from the charity

Local community focus

- How do charities apply for donations?
- What sort of organisations have been supported before?
- How much is available to give?
- Are there any trends in giving?

Shareholder focus

- Examples of recent charitable partnerships

Researching companies – where to look

Research sources

Directory of Social Change

The Guide to Company Giving and other publications

www.dsc.org.uk

www.companygiving.org.uk

Hollis Publications

Hollis Sponsorship and Donations Yearbook

Hollis Sponsorship Newsletter

www.hollis-pr.co.uk

DASH

Profiles of 5 million businesses

<http://www.bvdep.com/en/dash.html>

Corporate Social Responsibility websites

Business in the Community

A membership scheme for the main companies involved in corporate community involvement

www.bitc.org.uk

London Benchmarking Group

Leading international corporations

www.lbg-online.net

Other CSR websites

General information on corporate involvement with community activities

www.ftse4good.com

www.tomorrowcompany.com

www.uksif.org

www.eiris.org

The top ten trusts funding international development

1. Baring Foundation/John Ellerman Foundation
2. Children's Investment Fund Foundation
3. Comic Relief
4. Elton John Aids Foundation UK
5. Oak Foundation
6. Parthenon Trust
7. Rufford Maurice Laing Foundation
8. Sainsbury Family Trusts
9. Sigrid Rausing Trust
10. Tudor Trust

Source: *Charity Market Monitor 2009*, published by Caritas Data

The top ten companies funding international development

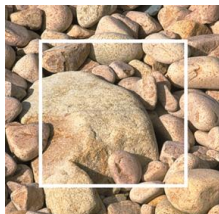
1. Accenture
2. Barclays Bank
3. GlaxoSmithKline
4. Hilton Group
5. HSBC
6. Rio Tinto
7. Royal Dutch Shell
8. Standard Chartered Bank
9. Unilever
10. Vodafone Group

Source: *Charity Market Monitor 2009*, published by Caritas Data

Checklist for success

- Do your research
- Use your contacts to build awareness
- Check that you meet the criteria before applying
- Make sure you answer the key questions in your proposals
- Thank your donors
- Always provide feedback
- Check before you re-apply

Study published in 2007 (see page 2): *Going Global, A Review of International Development Funding by UK Trusts and Foundations*, New Philanthropy Capital



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Find out more from Bond

Training courses

This guide will put you on the right path, but to really get to grips with the subject you need to attend:

- ***Fundraising from trusts and foundations*** with Bill Bruty

This course is part of Bond's regular open programme of short courses, which also includes:

- ***Fundraising from institutions: writing winning proposals*** with Angela James
- ***Introduction to EC funding*** with Angela James
- ***NEW: Putting together an EC project proposal*** with Angela James
- ***Project budgeting essentials*** with John Cammack

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Funding pages

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More How To guides

- ***Advocacy and campaigning*** by Ian Chandler
- ***Fundraising from institutions*** by Angela James
- ***The logical framework approach*** by Greta Jensen
- ***Monitoring and evaluation*** by Louisa Gosling
- ***Project budgeting*** by John Cammack

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Written by Bill Bruty

Bill has been a professional fundraiser since 1984 and has delivered training to over 200 clients, from UNICEF UK to small community based agencies in the UK, Ecuador, Ethiopia, Uganda and Tanzania. As well as his own business, Fundraising Training Ltd, Bill runs Bond training courses on *Fundraising from trusts and foundations*.

Edited and designed by Sue Clarke, Bond Training and Events Officer

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