

Answering a Question on Financial Sustainability

Six	The continuation plans
	<p>a. If the project is to continue, how will it be funded?</p> <p>b. If the project will end after our funding, how will you disseminate the results?</p>

One of the most difficult challenges in fundraising is to provide a decent answer to Question Six, a:

If the project is to continue, how will it be funded?

The basic 'trick' is to continue to run the project, but to not go back to the same funder with the same proposition. The technique of rotating donors, explained elsewhere in this pack is one way of achieving this. Below are four more possible solutions:

1. Combining Projects

It could be feasible to merge elements of two existing projects to create a new one, without actually making significant operational changes. For example, out of an established advocacy project and a separate information service there could be the opportunity to create a user involvement project which steals elements of both projects. A third 'new' project is apparently created out of two core functions. It's bit like combining bits of different coloured dough to create new shapes and colours. Whatever you do, you're still using the same base material.

2. Three Phases of a Project

I once came across a charity which had managed to secure nine years of consecutive funding out of the same funder for essentially the same project. It was a fantastic achievement and the fundraiser had a simple solution. The projects were always presented as going through three phases.

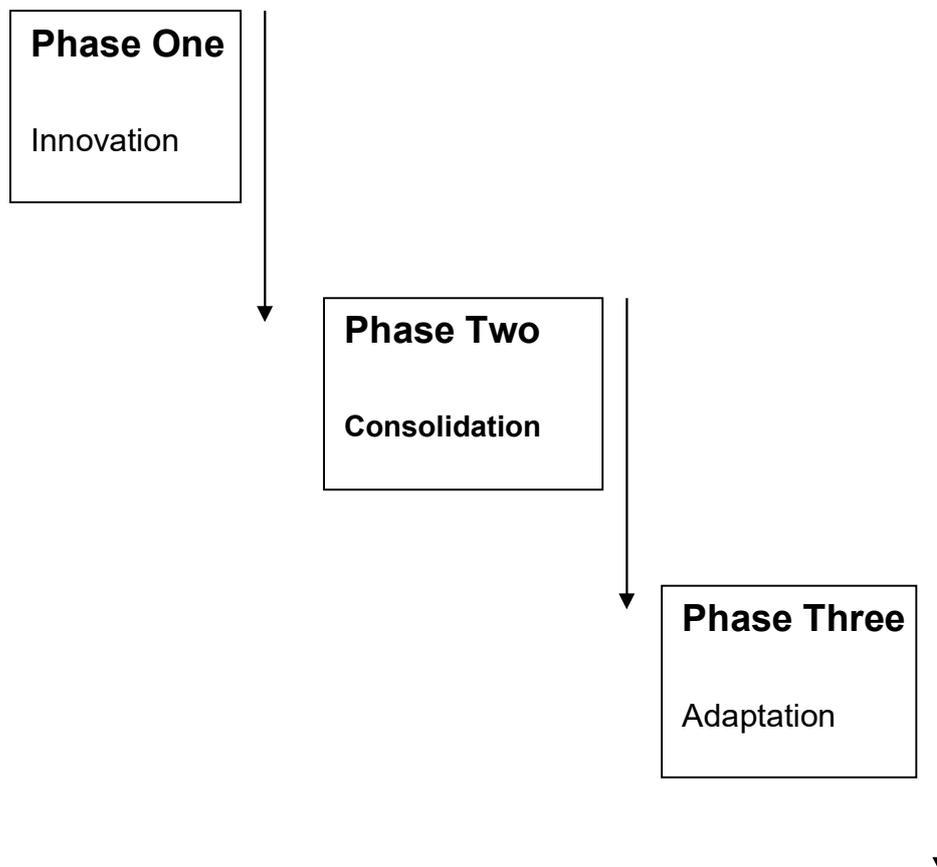
The first phase is 'innovation'. This is the experimental, risk taking early stages of the project. This phase appeals to many donors as the project is obviously new. The charity would ask for three years funding for the set-up costs of the project.

The second phase is 'consolidation'. This is where the lessons of the pilot phase have been learnt. Some aspects of the project are to be dropped and others changed slightly and some bits have worked and will continue as before. This is

the phase when real results are to be expected and there can be a lot of dissemination around other organisations. A second tranche of three year funding is requested for this phase.

The real challenge is to secure the third batch of three year funding. The project is no longer new, full of fresh innovation. It is by now an established way of working and the rich phase of consolidation has finished. In short, the project is 'part of the furniture'. Now's the time to recognise the impact of external changes over the preceding six years and what you are now proposing is to 'adapt' your successful model to a new context. This new context could be a breakthrough in research, arrival of new technology or learning, or changes in the needs and make-up of the beneficiaries. At this stage you are breathing new life into a safe and established way of working.

These three phases can be reality, but the clever trick is to recognise the natural evolution of a project and to plan to present the project differently over its lifespan.



3. Mainstream Funding will Follow

Whether the funding comes from your charity's own resources, or from external funders, you need to prove that there will be another source of funding that will 'pick up the tab' in the long run. Macmillan nurses are an excellent example of this model. Macmillan find the funding for the first three years and then the NHS will provide core funding for the post from the fourth onwards.

You may not be able to prove this is possible for the specific project you have in mind, but if your organisation has track record of funding its activities in this way, then you can show the potential of this model.

4. The Project will Generate Increased Revenue

For some projects you might be able to prove that the investment will help the charity to generate increased funds that will more than pay for the increased funds of the project. An example might be the capital and development costs of a visitor centre. It will make the nature reserve more expensive to run, but this will be more than offset by increased income from visitors.

By using any combination of these four approaches you can usually provide a decent answer to this difficult question.