



The team from Scarf Community social enterprise (hospitality training for marginalised youth) discuss their experiences with SSE students. Photo by Erinna Ford.



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A GUIDE TO FUNDRAISING

School for Social Entrepreneurs Australia



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INTRODUCTION

Let's get the elephant out in the room – fundraising can be incredibly daunting. Surveys of students from the School for Social Entrepreneurs (SSE) Australia show that when they are starting their enterprise asking others for money can make them feel anxious, vulnerable and confronted.

We agree, fundraising can be all of the above if you are only asking for money. What this Guide is designed to do is help develop the understanding and mindset that what you are asking for is much more than this – it's an invitation to achieve something that you both believe in.

This Guide is designed to support your understanding of fundraising fundamentals and how to integrate them into achieving your enterprise's vision. To do this there are three sections: The Why, The How and The Where.

The Why:

This section helps unpack the simple question: why do we fundraise? The answer can be complex as it involves a mixture of the needs and vision of your supporters, beneficiaries and organisation. Understanding these factors and your role in supporting them will enable you to become a more effective fundraiser.

The How:

Having delved into the drivers of why we fundraise, the second section looks at how to take this knowledge and effectively communicate it to achieve fundraising success.

The Where:

This is a black and white section dedicated to what types of partners are out there, the level of investment you'll need to put in to achieve success, and where the best places are to start building relationships.

By developing 'The Why, The How and The Where' listed in this Guide you will be armed with the frameworks and knowledge to fundraise more effectively to achieve your

enterprise's mission. But like all skills it will require you to put yourself out there, practice and constantly fine-tune.

At SSE Australia, we wanted to create a concise resource for our social entrepreneurs to refer to that complements what they learn from experts and their peers in our Program Blocks. We believe that this Guide could also be a handy resource for the community sector more broadly so we have made it widely accessible.

SSE's mission is to support individuals of all backgrounds to turn their talent into real social outcomes. Fundraising is a big part of achieving this and we hope that you find this Guide a positive step towards this goal.

The Team
SSE Australia

To find out more about SSE Australia's programs and how they can support you to develop your social enterprise visit sse.org.au.

The School for Social Entrepreneurs (SSE) Australia runs learning programs across Australia for people from all backgrounds that have an idea or business with a community benefit. Our vision is a community powering positive changemakers for a more inclusive and sustainable world. Since launching in 2009, we have supported the development of over 250 social entrepreneurs across Australia.

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SECTION 1: THE WHY

In this section, we will look at why we fundraise, some of the common hurdles in fundraising and how to overcome them.

At SSE we strongly believe in 'Action Learning'. That being that the best way to learn is 'by doing' and then taking the time to reflect on these actions before taking the next. Therefore, at the end of each section you'll find a series of questions to help you reflect on the process of fundraising, challenge any assumptions, take on new learning and help you step into action.

A quick point on language: In this guide we will use the terms 'supporter' or 'partner' when referring to someone who is supporting your organisation in any form. The terms 'enterprise' and 'organisation' are used interchangeably.

1. FUNDRAISING IS ABOUT RELATIONSHIPS

Is fundraising just about raising money for your enterprise? Even though money is a big factor of success, to focus solely on money is often the biggest mistake that organisations make.

Why? Focusing on money makes you focus on what *you* need rather than focusing on the needs of your supporters and beneficiaries. Rather than focusing on how much money is needed, effective fundraisers focus on creating a meaningful relationship between their supporters and the work that their organisation is achieving.

Fundraising *can* be described as simply raising money for a cause or project. However, this is what we would refer to as a *transactional* approach to fundraising, based on you and your organisation's immediate needs. At SSE we encourage a *relationship* approach to fundraising, where fundraising is one step in building and maintaining a successful long-term relationship.

So at SSE we define fundraising as *a channel that gives people who are passionate about a cause a means to achieving it.*

This seems pretty straightforward, so why aren't we all amazing fundraisers? We often say that fundraising is a lot like building and nurturing a personal relationship and that many of the mistakes people make with fundraising are common to the mistakes that people make in relationships. Some common pitfalls are:

1. We focus just on the short term. We might make friends quickly to satisfy our short term funding needs but fail to work on building something of greater value that will survive and grow in the long term.

2. We try to build too many relationships at the same time. We spread ourselves thin trying to juggle too many friendships and the result is that we don't build any significant relationships. It's much better to be more targeted by doing a bit of research on potential relationships first to see if they share similar interests. Or better yet, have a mutual friend, who knows that you have a lot in common, introduce you.

3. We don't take the time to understand their needs. We need to listen and understand their aspirations and needs rather than spend too much time talking about ourselves.

Insights from conversations where we listen will help you build relationships that are likely to lead to a win-win.

4. We undervalue what we bring to a relationship.

All too often we start out in a new relationship and are so excited to speak to someone so fantastic that we forget to communicate what is unique and wonderful about us. We need to be clear about the value we bring so that the relationship is built on mutual trust and respect.

Both in building relationships and fundraising there are key reasons why the best-intentioned individuals can fall flat. We focus on the short-term gains, we spread ourselves thin, we don't take time to understand needs of the other party, and we don't value what we bring to the relationship or set a clear vision for the future.

What good fundraisers do is stop focusing on what they need now and start to focus on building a relationship that connects their supporters and their vision together. They realise that money is only part of a broader relationship. They're willing to be creative to meet the needs of the partner but also hold true to their principles, vision and what makes them unique. They're thoughtful, have fewer but greater-value relationships and they always think to the future.

So if you're unsure about what to do, think – *what would you do if you wanted to build a relationship with them?* You can't remember every single fundraising strategy in the book so start with this and usually you'll make the right move.

But to fundraise well, you also need to overcome any personal apprehensions that you may carry into the relationship. This is what we'll cover in the next section.

KEY QUESTIONS TO ASK YOURSELF (TAKE 2-5MIN):

1. How many long-term funding relationships do I have?

2. How many one-off supporters do I have?

3. Do I understand the needs and vision of each of my partners?

4. Do my partners understand what makes me unique?

2. GETTING OUT OF YOUR ENTERPRISE'S WAY

One of the most regular comments we receive from our students about fundraising is that they find it easy to ask someone for money for a cause they passionately believe in but find it difficult to ask for money for their own enterprise.

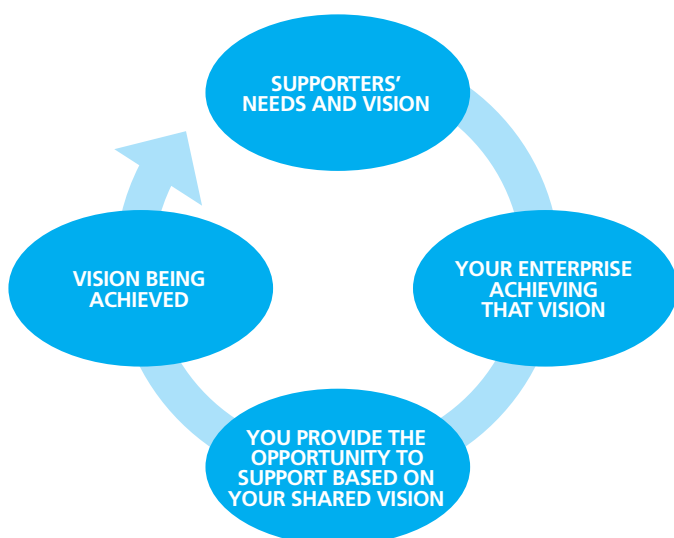
To us in most cases this doesn't add up. Therefore we coach our students by asking the following questions:

1. Do you believe in the social/environmental goal (ie vision) of your enterprise?
2. Are you passionate about your approach to this?
3. Would you give money to your enterprise?

When asked these questions, naturally they answered: yes, yes and yes. In fact, 99% of students are incredibly passionate about their work, which is why they started their enterprise in the first place.

So why then do we feel awkward in asking people to support our enterprise when we see it as so valuable to society? For the majority of people it's because we allow our own money issues to get in the way of supporters and our enterprise.

Let's look at this visually. As a relationship fundraiser what we're doing looks something like this:



However, for a lot of people it can look like this:



Scenario 2 can happen if we allow ourselves and our apprehensions about money to block our enterprise from being supported. This is understandable, every person has a complex relationship with money, quite often with negative connotations that can cloud our judgment.

As a fundraiser, we need to put this to one side. We need to 'get out of our enterprise's way' and remember that even if we're the only person in our enterprise, we're not asking for money for *ourselves*. We're *inviting* people to support what our enterprise is aiming to achieve. We have a responsibility to our cause to connect people who want to support it, because if we don't, who will?

What does it look like when you effectively connect your supporter to your cause?

KEY QUESTIONS TO ASK YOURSELF (TAKE 2-5MIN):

1. What is the earliest memory you have of money?
2. How would you describe your relationship to money?
3. Why do you donate to the organisations that you do? Do you see giving them money as a bad thing or a good thing?
4. How is your enterprise different?

Below are two great examples:

- YouTube 'Follow The Frog', or use this link: <http://www.youtube.com/watch?v=3ilkOi3srLo>
- YouTube 'Rachel's story Charity Water', or use this link: http://www.youtube.com/watch?v=nC_vXAF-pBM

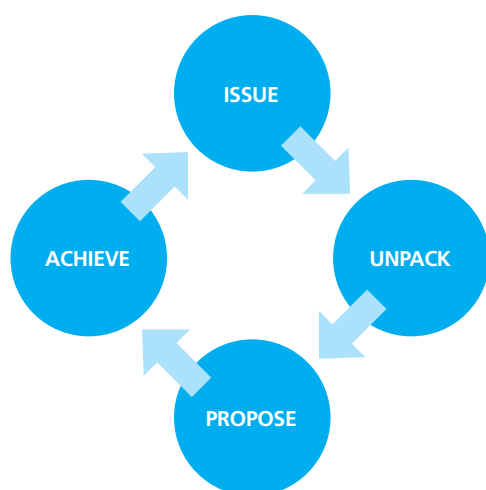
SECTION 2: THE HOW

Now that we've delved into the drivers of why we fundraise, this section looks at how we can take this knowledge and effectively communicate it to achieve fundraising success.

1. TURNING YOUR VISION INTO AN ASK

One of the great things about fundraising is that once you figure out the fundamental frameworks, they apply in almost every situation. In addition to taking a relationship approach, the biggest fundamental to learn in fundraising is the framework for turning your vision into an ask. Or as it is commonly known, 'your pitch'.

Whether you're writing a grant application, meeting with a philanthropist or doing a crowdfunding video, the framework for developing a pitch is always the same. We've put this below:



A good fundraising pitch follows this logical structure as it takes a potential supporter through the process of why they should support you¹.

Let's quickly run through what each step means using the example of *global access to clean water*.

- **ISSUE:** This is about identifying the problem/need that your organisation exists to address. Please note this is not your vision, which comes in 'achieve'.
—*900 million people worldwide don't have access to clean water*
- **UNPACK:** This is where you break down the issue to create a deeper understanding of the issue. Expand to include key stories or measurements that back up the identified problem and set the scene for what you will propose next.
—*Dirty water leads to increased diseases in communities, children walk 3hrs a day to collect water rather than*

being in school, 4,500 children a day die from water-related illnesses.

- **PROPOSE:** This is where you get to the specifics of your enterprise and your supporter. How is your enterprise going to solve this problem? How can the supporter become involved in this solution? (this is referred to as a 'call to action')
—*With your support, we can create a better life for developing communities by building modern infrastructure to access clean water. For as little as a dollar a day, you can provide access to clean water for over 50 people.*
- **ACHIEVE:** This is what the solution to the problem will look like and this is where you link it all up. You have brought your supporter on a journey and you now share a vision with a deeper understanding of what needs to be done.
—*You will be changing the lives of people for the better. Helping families to lead healthier lives and children to spend more time in school. Your support will change the water crisis that many people face today.*

So in practice what does it look like?

- Thankyou Water did a great version of this to launch their bottled water. Watch this at the link below:
—YouTube: 'Power of One Bottle', or use this link: <http://www.youtube.com/watch?v=54GFeP9Vax4>
- To see it in written form, Breast Cancer Awareness Network have shared an example of one of their grant applications that follows this process:
—Google: 'Sample Grant Proposal Breast Cancer Awareness', or use this link: <http://thegrantdoctor.com/samples/sample-proposal-breast-cancer-awareness-grant/Sample-Proposal-Breast-Cancer-Awareness-Grant2.html>
- And one of our favourites from SSE Australia Fellow Simon Griffiths, who raised \$66,000 to successfully launch his social enterprise Who Gives A Crap.
—Google: 'Who Gives a Crap Indiegogo', or use this link: <http://www.indiegogo.com/projects/who-gives-a-crap-toilet-paper-that-builds-toilets>

1. Please note there are many different approaches to pitching, we recommend this approach, as it is applicable in a wide range of situations as well as building a strong understanding of the fundamentals of the organisation.

Having seen some examples now it's time to turn to your own enterprise and how you would pitch it using the 4 steps above. Using your current or potential #1 supporter as your focus, take 10 minutes to write out your key notes using the space below. Develop it to be a 1 minute verbal pitch:

1. ISSUE

(what is the problem you are trying to address?)



2. UNPACK

(help them understand the need)



4. ACHIEVE

(Together what we'll achieve)

3. PROPOSE

(what is the solution and how can they be a part of it?)



Having written this out, practice to yourself a couple of times and then take the daunting step of practicing this on someone close to you! It can be hard pitching to someone you know really well without laughing or feeling embarrassed, but it's worth it as they'll give you completely honest feedback (make sure you ask for this at the start!)

Practice on a minimum of three people, once you get the hang of it you can start to play with it, based on what you think your audience wants to hear. Remember, it's a framework that you can adapt to what you think will work for each audience. The more you practice, the better it will become.

KEY QUESTIONS TO ASK YOURSELF (TAKE 2-5MIN):

1. Can I clearly see each step when I practice?
2. Is it clear how the supporter can be a part of solving the problem?
3. Does it feel like an invitation?
4. Now go practice!

2. OTHER FUNDRAISING TIPS

People love tips. While there are many great tips out there, remember that a tip is called that for a reason, it is the edge of something bigger. To us, that something bigger is the three fundamentals to fundraising we've just covered – treating fundraising as a relationship, getting out of your enterprise's way and how to turn your vision into an ask. We believe that if you can get these three right, then you're on your way to fundraising success.

But naturally there are little tips and tricks out there that can help you to further develop as a fundraiser. Ten of the best are listed below. To avoid feeling overwhelmed, only consider the below if you feel like you have mastered the fundamentals and want to now tweak and improve:

- 1. One story, three stats:** In general people will respond to your organisation using a combination of heart and mind, therefore you want to engage them on both levels. So have one powerful story of a beneficiary that exemplifies what your organisation is about. If you have direct experience of the issue then tell your personal story and what has motivated you to develop your enterprise. Paired with this, have three key statistics that either demonstrate the impact you're having and/or quantify the problem that you are seeking to change. Both of these are valuable as months down the track your story or stats are the thing your supporters will remember.
 - a. SSE Australia Fellows One Girl did a great video for their 'Do It In A Dress' campaign. YouTube 'Do It In A Dress 2012', or use this link: <http://www.youtube.com/watch?v=FQTzNz8jFe4>
- 2. Prospect in eights:** The general rule in fundraising is 8:4:1. This translates to for every eight people approached, you will get four people interested and then one donation. This means that for each donation you will generally get 'no' seven times. But don't see a 'no' as a negative thing. Likely they see merit in your enterprise but it's just not right for them at this time. Remember, a 'no' isn't about you personally.
- 3. Start with your least likely prospect:** So you've got your opportunity sorted out and you've done your research on the eight people/organisations that you think are best aligned to the opportunity. What most people do is then approach their favourite prospect first. This is a risky strategy – as it's your first attempt you'll be nervous and need to work out the chinks in your pitch. Warm up with the two least likely prospects first.
- 4. Do A Meeting Checklist:** At the start and end of each meeting do a checklist of the following: Do I understand what they want to achieve? Do they know what I want to achieve and does it align? Did we both walk away knowing what comes next?
- 5. Meet with three questions:** A good practice for meeting with potential supporters is to start any meeting with asking the person/people in the room three questions, either about themselves or their work. This helps to show that you're genuinely interested in them and will help you align the conversation to the opportunity.
- 6. You are unique:** This has been covered in the previous section but it's worth reiterating – what exactly does make you unique? This is not your vision or what you do, but what makes you different from every other social enterprise and/or charity? Define this in one sentence and make sure they know it; this is often the key reason why someone may select you over the other options out there.
 - a. Check out <http://hellosundaymorning.org/videos/5> and how they separate themselves from the pack in the communication.
 - b. Charity:Water is also great at this. How many development organisations build wells? What they do is position themselves to show that access to water is the start of something so much more. YouTube: 'Charity: Water September 2013', or use this link: <http://www.youtube.com/watch?v=6bH7SPNdSt4>
- 7. People will fund operational costs:** The philanthropic community is increasingly recognising that good administration and management is key to a program's sustainable impact. Most funders expect administration and overheads if they are funding you. As a rule of thumb, around 20% admin is fine by most partners. Also, if you are planning to develop your organisation, you can get this funded and it's a great way to offset core costs. Foundations love to support organisational investment and offer capacity building grants for this purpose.

8. People give for four reasons: A rule of thumb is that people give for four different reasons: they share your vision, they have direct experience of the issue (eg. a loved one suffered from cancer), they're wanting to network with people connected to you, and they're looking for something in return. It's not black and white; quite often people will have 2–3 of these factors in their motivation to support you but it's good to understand these and look for them when you talk to people. However, 90% of the time the key motivator is that they share your vision so we recommend you focus on creating this. One exception is corporate partners who are often looking for a mutually beneficial relationship as their primary driver.

9. Bring your team on board: Fundraising can be a hard job if you're doing it on your own, but most of you will have at least a board, volunteers or a small team that you're working with. Ensure that each and every one of them understands the funding opportunities you have, the importance of these to the success of the enterprise and the type of supporter you're looking for. Well briefed, these people will be your ears to the ground who will help connect you to the right partners. Ensure though that any contacts are referred back to you so that your communications are consistent.

10. Your most valuable supporter is an existing one:

Charity:Water is one of the leading charities globally for supporter engagement as they understand this business rule: on average it costs five times more to attract a new supporter than it does to retain an existing one. The easiest way to show that you value them is to thank them with no strings attached. Charity: Water did this for their 5 year anniversary, by creating 242 personalised videos for randomly selected supporters and posting them all on a special YouTube channel.

- a. YouTube 'Charity water thanks', or use this link:
http://www.youtube.com/watch?v=JuLRxvERD8g&-feature=c4-overview&list=UUPfMhBWOe9_q3PHpt-T3Q0vQ

SECTION 3: THE WHERE

In section 3 we will look at the various funder/partner categories in the market place.

Rather than blast you with every option out there, this section is designed as a reference to identify the best partner for the opportunity you have at the time. Each partner has positives and negatives, some partners take a lot of engagement before they will fund you long term and some will fund you early in your development but only once. Therefore we've listed three categories to help compare funder/partner types:

- **VALUE:** what size of funding is possible
- **TIME:** the amount of time required to build the relationship
- **ONGOING:** the potential for this partner to repeat funding for your project into the future

Each category is then listed – Low, Medium, High – based on how they compare to other funders. For example, Corporate Partners are listed medium value, high time and high ongoing. This means that compared to other funders their grants are generally medium in size, take a long time to build the relationship, but have a high potential to fund you ongoing. We've drawn up a table at the end to help you compare.

Please note; to create categories, generalisations have been made on each partner type. Use this information as a starting point towards understanding your partner's motivations and build with your own research.

1. YOUR CURRENT NETWORK OF SUPPORTERS

VALUE: High

TIME: Low

ONGOING: High

WHAT THEY LOVE: Your enterprise and what it's doing

WHAT THEY DON'T LOVE: Only being asked for money

Even though this isn't a typical 'funder' category it is incredibly important to think of it as such as they share the single biggest factor of success in fundraising – they support you and your enterprise.

When starting out your biggest network of support will likely be your *friends and family*. They will passionately believe in you and your enterprise and be willing to back it. As you grow then your network of support will grow more into funders/donors such as the ones listed in the following categories.

No matter what stage you're at this current network of support is your single biggest asset for funding. If you are developing your enterprise or a program, the first people you should consider are your current supporters. Would they be interested in the opportunity? The best approach is to go to them and *ask them for their advice* on if they think it's a good idea. With the knowledge they hold about you/your enterprise they will give you great advice on how to make it better, they'll appreciate the engagement and often they'll surprise you by wanting to fund it themselves.

2. CROWDFUNDING

VALUE: Medium

TIME: Low

ONGOING: Low

WHAT THEY LOVE: You, your innovative idea, a great video, great perks

WHAT THEY DON'T LOVE: A non-compelling ask, being spammed

Crowdfunding has become one of the true levellers in the funding field. Not only can you generate funds to establish/expand your enterprise, you can also generate an engaged supporter base. We won't go into detail here as there are many great websites who will walk you through it (see below), but in general if you put the effort into your campaign, crowdfunding can be a huge success.

To achieve your funding goal the general advice is that you need to have three things:

1. A compelling story about your innovative idea/project
2. A great video
3. An engaged network

These are seen as the three most important factors of success, with an engaged network being the most important. Ninety five percent of campaigns do not go viral, therefore if you can't see your network funding your target then it is going to be hard to reach, so adjust your campaign accordingly.

Crowdfunding is a highly viable and very accessible funding channel, but like all funding sources there is a downside. Crowdfunding can be like a day at the races, for every person you hear about winning big, there are many who walk away with little or nothing. Start by ticking off the three factors above and then run the concept by key supporters prior to launching to get their feedback.

Here's a snapshot of some of the crowdfunding platforms that are out there – all of them are great for social enterprises and have their own positives and negatives. Check their conditions for more detail:

- [Start Some Good](#) (5% commission, dual tipping points², AUD³)
- [Pozible](#) (5% commission, all-or-nothing⁴, AUD)
- [Chuffed](#) (No commission, keep it or all-or-nothing, AUD)
- [Indiegogo](#) (4–9% commission, keep it or all-or-nothing, AUD)

Here are a couple of effective crowdfunding campaign examples in Australia:

- [Kinfolk on Pozible](#) (had a large existing following)
- [Who Gives a Crap on Indiegogo](#) (was an exceptional and funny video which went viral)
- [School Survival Sacks on Chuffed](#) (short, simple, direct to camera and highly effective)

2. Start Some Good has two tipping points, tipping point 1 is the amount you need to make the project viable. Tipping 2 is your ultimate funding goal. To access the funds, you need to at least reach tipping point 1.

3. AUD (Aussie Dollar) is important as you won't lose 2–3% in currency transactions.

4. All-or-nothing is where if you don't reach your funding goal then you don't receive funds raised.

3. PHILANTHROPIC FOUNDATIONS AND TRUSTS

VALUE: High

TIME: Medium

ONGOING: Low

WHAT THEY LOVE: New and innovative ideas, pilots, leverage funding⁵, capacity building⁶

WHAT THEY DON'T LOVE: Recurring program funding, enterprises without DGR⁷ (which unfortunately is many startup social enterprises, however some Trusts do accept non-DGR and auspicing⁸ is also a way to get around this).

Foundations and Trusts vary widely in their size and focus, with literally thousands in Australia covering a range of social and environmental purposes. What links them all is that they have a body of funds that they use to generate income and they are then obliged to use that income for defined purposes. This means that unlike most partners they are actively looking for organisations to support and have specific processes for granting. They are also very open to talking to potential grantees about their enterprises and eligibility for their grants.

If you meet their criteria, Foundations and Trusts are one of the most effective ways to get yourself up and running. They love to fund innovative ideas, particularly when there is clear sustainability post-funding – a great combination for social enterprises.

Before you approach a Foundation or Trust you should ask yourself the following questions:

- Do they require DGR status and do I have it? NB: If you don't have DGR, please see note above
- Have I read their funding objectives and does my enterprise meet them?

If you can tick both of these boxes then the next best step is to call them well before the deadline and discuss your application, ideally with a face-to-face meeting. Building this relationship with a Foundation representative is important as they will often be the one presenting your application to their board.

Some won't be able to meet with you and that's fine, especially if you're going for a grant of less than \$10,000. They will have so many applications that it's impossible for them to meet with everyone. Try and run through it with them on the phone, which most will be happy to do, or send a short email.

So how to get started? There are many databases on what Foundations and Trusts are out there. The best we've seen is The Funding Scoop, which you can find at www.fundingcentre.com.au. They will send you a monthly, customisable email that will show you all grants available at

that time, along with an overview of their funding objectives and links to the grant website.

Starting at \$85 per subscription, many students have commented to us it's the wisest money they've ever spent. Also, for smaller grants in your earlier stages don't forget the traditional funding options such as Lions Club, Rotary and community foundations within your local area.

As far as return on the investment of your time, Foundations and Trusts are one of the strongest as long as you align with what they're looking for. As with all funding options though, ensure you build the relationship and remember to have clarity on what your organisation does and how it relates strategically to what they're looking for.

5. Leverage funding is where you put in a small amount of money to get a big return. Eg, put in \$50k to prove this concept, this will then enable me to develop a product line that will generate \$500k.

6. Capacity building is where you dedicate resources to improve the impact of your organisation. This could be a new financial system that helps you to operate more effectively, training of staff on governance, or a new staff member to launch a new income stream. In essence if it improves your organisation, then it's capacity building and this is something foundations are keen to invest in.

7. DGR stands for Deductible Gift Recipient status which means you can receive tax-deductible donations as a registered charity. DGR is gold for not-for-profits but requires a lot of work to setup. Get someone to help you with this if you are planning to be a not-for-profit. You can read more about it at ACNC's DGR page or use this link: http://www.acnc.gov.au/ACNC/Pblctns/Factsheets/FS_DGR/ACNC/FIS/Fact_DGR.aspx

8. Auspice arrangements are where an organisation with DGR will receive a grant on your behalf. Typically you will need to be aligned to the auspice organisation's social mission and they may take a small percentage for administration. The auspice organisation will be responsible for ensuring that the grant is spent in the outlined way and will hold you to account on this.

4. GOVERNMENT STARTUP GRANTS

VALUE: Low

TIME: Low

ONGOING: Low

WHAT THEY LOVE: Startup business, community projects and training

WHAT THEY DON'T LOVE: The idea phase, prefer enterprises to be in pilot or beyond

Government also has a range of support mechanisms to help seed fund startup enterprises. They are often very broad in who they will give money to and some provide capacity building support as part of the funding. Here's a key breakdown of where to find some seed funding to help get you off the ground:

- Local government (council): Look at grants in the Local Council area where your enterprise will operate, including Community Grants. Some Councils (Melbourne City Council and Parramatta City Council) have specific social enterprise grants and your council may also offer micro-business grants, so check for this too.
- State Government: Each state has a business website. Google 'business <your state>' to find the website, then have a look through their grants section.
- Job Services Australia (JSA) Providers: If you are currently using a JSA provider, ask them if they offer grants for training initiatives. SSE Australia students have previously accessed this to pay for SSE programs.
- New Enterprise Investment Scheme (NEIS): If you are a job seeker you can join NEIS which will provide training and an allowance to cover your costs while setting up. It's a great way to dedicate yourself to your new enterprise, however the training is quite traditional and business focused.
- Grants Link: A central database of government grants from around the country by category and region. It's hard to use but has all the information there.

5. CORPORATE PARTNERS (INCLUDING CORPORATE FOUNDATIONS)

VALUE: Medium

TIME: High

ONGOING: High

WHAT THEY LOVE: Partnerships that align with their strategic goals and offer value for their people – staff, customers etc, in-kind⁹ support

WHAT THEY DON'T LOVE: A partnership based only on money, with little engagement with their key business and people

Compared to the large philanthropic Foundations and Trusts, corporate partners (or their foundations) traditionally don't have the budgets to give at similar levels, but will consider ongoing funding if the relationship provides shared value.

By shared value we mean that the partnership provides direct value back to their business and people. As you often have to demonstrate this value prior to them committing, corporate partnerships often take time to develop.

Generally, corporate partners are looking for:

- Staff engagement, be that through volunteering, events or pro bono.
- Branding/sponsorship, particularly to their customers.
- Values alignment to their organisation
- Business opportunity eg, access to business networks, social procurement¹⁰, in-kind or reduced rate use of their product.

Therefore when looking to engage a corporate partner ensure that you communicate this value clearly in terms of what you can do to help them achieve their objectives.

How do you find corporate partners? Your current network of support is the best place to start as they may know people who are well aligned. Generally, you want to connect with someone who works in the CSR¹¹ department, or a high level executive. But any staff member who is passionate about your organisation is a great start. A lot of corporate partnerships start with one staff member who champions a particular cause or organisation to the rest of the company. Some corporate partners will only speak to charities/enterprises that have been recommended by staff.

Additionally, many of the larger corporates will have a foundation or a community grants scheme and these will be listed on Funding Centre (www.fundingcentre.com.au) – another great reason to sign up!

9. In-kind is where someone gives you a product or service free-of-charge.

10. Social procurement is where a company purchases a product that also generates social value. Think corporate toilets and [Who Gives A Crap](#). This is a huge growth area in the corporate and government sectors as they spend billions per year on procurement and see the potential to use this money for greater good. This is one of the biggest untapped markets for social enterprise.

11. Corporate Social Responsibility. What many corporates refer to as their philanthropic or community arm.

6. HIGH NET WORTH INDIVIDUALS

VALUE: Medium

TIME: High

ONGOING: Medium

WHAT THEY LOVE: They vary greatly based on the individual – some want high levels of engagement, some to remain anonymous

WHAT THEY DON'T LOVE: Only being communicated with when you are requesting a donation

High Net Worth Individuals (HNWI), or major donors as they're also called, can be a fantastic addition to your organisation particularly as they'll often bring more than just their donations. If they are a highly engaged supporter then they often have networks and skills that can really leverage their investment.

It's not uncommon for HNWIs to end up on boards of the organisations that they support, as it's a great way to see their investment in action and to use their skills and networks to further its development. The majority of the time this is a win-win, however sometimes there can be a risk that it unbalances the power of the board with others not wanting to disagree with someone who also brings financial support into the organisation.

Our general advice to avoid the above is to make sure that they have the right motives for wanting to be on the board. If they really believe in your mission and want to give more of what they have to offer than just a donation, then these are great signs. Wanting to make sure you spend their money right is usually not so good. In addition, making sure you continue to treat them as a supporter, as well as being a board member, is key to a successful relationship.

How do you access HNWIs? It can be difficult as many like to remain anonymous to the public, but again your current network of supporters is the best first stop. If you have a few prospects in mind, it is advisable not to ask them for money straight away. Engage them in other ways such as having them along to an informal Q&A with your beneficiaries over lunch, or bring them along to a tour of your enterprise. They need to build a relationship with you and develop a passion for your organisation and this will take time.

Some HNWI will want to have a relationship with your organisation for a year or more before they donate, so think about what you can do to get them enthused over the course of the year as well as demonstrating the need for their support. Most organisations achieve a first donation from a HNWI's through showing the need, not asking them directly. Once they've donated once, then asking for repeat donations becomes more straightforward.

One further tip for a startup is that you shouldn't expect that the HNWI will stay with you as you grow. As your organisation changes it may not hold the same appeal as it did in the startup phase. Therefore like any partner with a long lead time think about how to engage additional HNWIs, using the 8:4:1 ratio (see fundraising tips, page 9) as a guide.

7. GOVERNMENT CONTRACTS

VALUE: High

TIME: High

ONGOING: High

WHAT THEY LOVE: Highly structured and measurable programs that have a direct benefit to society

WHAT THEY DON'T LOVE: Risk, flexibility

Government contracts can substantially increase your impact due to their often-large size. The flip-side is that they are very rigid in nature, meaning that if you want to change your approach to better suit your beneficiaries this can sometimes be problematic.

To win a contract (or tender as they're often referred to) is often a significant investment in time and relationship building. You need to know the right people often well before the tender is released and also have a track record of delivering the impact the contract seeks to achieve.

For most social entrepreneurs starting out we recommend that they invest their limited fundraising resources into the other partner types detailed above, however once you reach a certain size and have runs on the board, government contracts can help you expand significantly.

How do you get your foot in the door with government contracts? Here's a breakdown per level:

- **Local (council):** Check out their website and look for both tenders and procurement. Also, try to meet with a local councilor who may be passionate about your enterprise. Their support will be priceless if you find a tender that is right for you – they can help to open the right doors.
- **State Government:** Research which department is best aligned to your organisation then write a letter to the politician responsible for that area asking to meet as they are obliged to respond. The department will also publish tenders on their website, so keep an eye on it or sign up to their newsletter.
- **Federal Government:** The same relationship building rules apply but you can also go to www.tenders.gov.au – they offer a customisable email service based on your area of interest.

8. DIRECT FUNDRAISING (CAMPAIGN/REGULAR DONORS)

VALUE: Medium

TIME: Medium

ONGOING: High

WHAT THEY LOVE: Your organisation's mission

WHAT THEY DON'T LOVE: Being asked too often, not seeing the results

Direct fundraising is simply asking people to support you – be it by mail, phone, email or in person. This is what typically has been known as fundraising in the not-for-profit sector.

This approach was traditionally unavailable for startups due to the high costs involved and the amount of supporters required to make it viable. For example, a direct mail campaign will typically generate between 0.5% to 5% response rate depending on the quality of your data. However, crowdfunding and fundraising platforms have been the great leveller in offering a very similar online process with minimal setup costs, making it more accessible to startups.

Crowdfunding platforms are covered earlier in this Guide so we won't go into detail here. From a direct fundraising perspective, the biggest drawback with crowdfunding platforms is that they're project specific. This means you can't turn these supporters into regular (monthly) donors, which is where you really begin to generate significant funding.

This is where fundraising platforms such as [Everyday Hero](#) and [Give Now](#) provides an alternative for more traditional appeals – you can setup a microsite¹² then convert these donors into 'regular donors'. If you are a not-for-profit this is a great way to start trialling direct fundraising.

12. This is a website within Everyday Hero that you can brand to make it look like your own website.

9. IMPACT INVESTMENT

VALUE: High

TIME: High

ONGOING: Low

WHAT THEY LOVE: Social and financial return, innovative ideas
WHAT THEY DON'T LOVE: Organisations seeking grants rather than investments, organisations that have limited assets¹³ for security or can't offer equity¹⁴

Impact investment (or social investment/finance) is where money is invested for a financial, as well as social/environmental return. Unlike other funding listed in this Guide, impact investment will have conditions on the money provided that returns direct financial value back to the investor.

Finance is usually offered in the form of debt (a loan you have to pay back) or equity¹⁴. Some investors will also consider a debt-to-equity arrangement (a loan that can be converted into equity) as this offers greater upside for investors and potentially cheaper funding for entrepreneurs.

If you have a strong business model, impact investment is a viable channel for expanding your business. Additionally, impact investors will often offer better terms than banks/venture capitalists as well as invest their skills and resources to make your enterprise a success. Ultimately they have invested in your social impact as well, rather than simply looking for the maximum financial return.

As it's a significant commitment, often involving security against the business or your own assets, it's key to understand if your business is at the right stage for taking on debt or equity partners – ask yourself if it is the right move for you.

If you are looking at this as an option, we recommend you seek legal and financial advice. There is lots of opportunity out there, so here's a quick list of major impact investors in Australia who are all very approachable:

- [Small Giants](#)
- [Social Ventures Australia](#)
- [Foresters](#)
- [Social Enterprise Finance Australia](#)

13. For example, you own a building that can be sold if you can't repay the loan.

14. Equity is essentially ownership in your business, which means they get a cut of your profits in future. Equity is only possible in for-profit social enterprises. However, some not-for-profits have setup subsidiary for-profit organisations so that they can access this type of investment.

10. TRADE

VALUE: High

TIME: Low

ONGOING: High

WHAT THEY LOVE: Your product/service and vision
WHAT THEY DON'T LOVE: Your product/service if it isn't any good

While it's not funding, trade is a vital part of your income as you establish and grow to become a sustainable enterprise. We're not going to cover it in detail here as setting yourself up for trade is a guide in itself, but based on our experience and feedback from students we have listed a few key tips for when starting out in product/service sales:

- What is the market for your product/service? ie, who is the customer and why would they want my product/service?
- What is my Unique Selling Point¹⁵? ie, what makes me different from everyone else? Does my customer actually want this difference?
- Is the quality of my product as good as, or better, than the competition? If you can't honestly say yes, then we advise you to focus first on improving your product/service. The really great social enterprise products make sure they can match the competition then utilise the social benefit as a point of difference.
- Do I know what the 4Ps of marketing are (http://www.youtube.com/watch?v=zFENz_nnrq8)? If not it's a great place to start to think about trade and how your product/service meets each.
- Have I done a [break-even analysis](#) and does my enterprise stack up? Will people be willing to pay that price for my product/service? Keep in mind that if you also receive funding then this can bring your break-even point down to make you more price competitive.

If you'd like further support on this and you're an SSE Australia Fellow or student please drop us a line. If you're not part of an SSE Program, then joining one of our Programs is the best way to build this part of your enterprise as well as the rest of the key areas needed to be viable and sustainable. Check out our programs at sse.org.au.

15. Also referred to as Competitive Advantage

SUMMARY TABLE OF PARTNER TYPES

PARTNER TYPE	VALUE	TIME	ONGOING
CURRENT SUPPORTERS	High	Low	High
CROWDFUNDING	Medium	Low	Low
FOUNDATIONS AND TRUSTS	High	Medium	Low
GOVERNMENT STARTUP GRANTS	Low	Low	Low
CORPORATE PARTNERS	Medium	High	High
GOVERNMENT CONTRACTS	High	High	High
DIRECT FUNDRAISING	Medium	High	High
IMPACT INVESTMENT	High	High	Low
TRADE	High	Low	High

IN CLOSING

We hope that you have found this Guide useful and that it has inspired you to get out there fundraising. Contrary to popular belief fundraising can be loads of fun and hugely rewarding – all it takes is the understanding of the fundamentals, a bit of passion and practice.

You will see hundreds of fundraising tips so just one final tip from us: you can't know everything and you don't need to. You are a limited resource, so what is most important is developing a mindset that you can adapt to each situation that you find yourself in.

This is why we emphasise that fundraising is like building relationships, getting out of your enterprise's way and turning your vision into an ask. These are easily understood frameworks that you can use in the constantly changing real world. Apply them diligently and there'll be no stopping you.

Thanks for reading and please provide any feedback on how we can improve this Guide to info@sse.org.au.
Happy fundraising!

The Team
SSE Australia

**“DONORS
DON'T GIVE TO
INSTITUTIONS.
THEY INVEST
IN IDEAS AND
PEOPLE IN
WHOM THEY
BELIEVE.”**

G.T. SMITH

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