

of the organisation is to provide a free service”, he says. “The people who need the service can’t afford a taxi and can’t walk to a bus stop. If the charity starts to charge people an amount that would cover its costs, it would completely defeat the purpose of its existence.”

However, Kennedy says that the people at policy-making level in the UK don’t seem to appreciate this dilemma. “There’s lots of talk about charities becoming ‘more sustainable’ and ‘enterprising’ but not much recognition

This model can be replicated in workplaces across the country, with the potential to raise thousands for charity

of what this may mean in practice – including that the most vulnerable people in society suffer as a consequence.” As a result, he believes trustees need to be watchful of ‘mission drift’ and keep in mind what their charity was set up for in the first place. Swallow, on the other hand, believes there may be cases where charging for services is appropriate. “I think there’s scope for charities to charge for a service to subsidise something else”, he says, “or even charging some people and not others”.

How this criteria is established is, of course, another challenge in itself. But Swallow has had firsthand experience of how such a model can work. At his previous employer, The National Benevolent Fund for the Aged, one of the ways in which the charity supported older people was by taking them away on break-aways. All its beneficiaries qualified for one free break-away. But if they wanted to go on another one, they had a choice: wait three years and go for free, or go earlier but pay for it. “It was a sustainable model, as those who paid subsidised the first-timers’ break-aways”, says Swallow.

All for one

Diversifying a charity’s income is not a job for one person – everyone needs to get involved. “I think everyone should see their role as having a fundraising element attached to it”, says Swallow.

He feels this is especially the case in

small charities, where the fundraising position has often been lost or conglomerated. “In a huge charity, you don’t necessarily have to think about fundraising if you work on policy, whereas people in smaller charities don’t have that luxury.”

Swallow believes that in some cases people other than the fundraising manager may be better positioned to uncover new revenue streams. “If, for example, your main role is service provision directly to beneficiaries, you’re in a great position to tell them why funding is needed”, he says. “You might also be able to mobilise some of your supporters to directly fundraise for you. Or, at the very least, to suggest places where you might be able to find money.

“If you don’t ask, you don’t get. If you never ask for help, your beneficiaries might well think you’re rolling in money.”

Highland gains

A few years ago, Epilepsy Scotland decided to take the leap into social enterprise. Recognising that the organisation was heavily reliant on variable legacy income, the charity was eager to find another reliable, sustainable income stream. “Over a ten-year period, we’d experience a big swing in legacies: some years, we’d received lots; others year we’d receive very little”, says Lesslie Young, chief executive of Epilepsy Scotland. “I didn’t want to open a café or shop; I wanted us to create something new and innovative.”

Young had a meeting with a former colleague in which they identified online shopping as a growth market. Payment service provision was recognised as an element of that sector that could deliver ongoing income from one-off sales. The idea was mooted for a payment service provider to online merchants that would deliver 100 per cent of the profits to Epilepsy Scotland.

Young proposed the idea to Epilepsy Scotland’s board of trustees. But convincing them to sign off on a £150,000 investment, with little or no knowledge of the online payments market, was no easy task. “There was a lot of debate about it”, says Young. “The biggest challenge was accepting that although the initiative’s operations had nothing to do epilepsy – the proceeds had everything to do with helping people affected by epilepsy.”

Eventually, the Board was convinced. CharityClear was born as a community interest company in 2010. Finding funding for the project, however, was a challenging task. “The project was almost too

FIVE WAYS TO DIVERSIFY YOUR INCOME

1. Know your audience. Having a clear idea of your funding audience will allow you to resource the area’s of funding that will yield the greater return.
2. Make it a team effort. Diversifying your income is not a job for one person – get the whole team involved. This is particularly important at small charities.
3. Work your assets. Are you sitting on a potentially lucrative asset? Could you hire out meeting rooms in your building or rent it out on the weekend?
4. Focus your efforts. Don’t try for ten new income streams; concentrate your efforts on a few new avenues of funding.
5. Review your charging models. Consider charging some people or businesses for your services.

innovative”, she says. “As they struggled to see a direct benefit to our cause, some funders were reluctant to get behind it. Traditional funding routes came up dry. We’d be told: ‘This is a fantastic idea, but we can’t fund you’. It was frustrating at times.”

Timing was another tricky issue: CharityClear was started just before the downturn in the economy. “Like many things when they start, the project required subsidising. However, after a while, we could no longer justify subsidising it. So it is now running in the same format, with all the profits going to Epilepsy Scotland, but it is run by our commercial partner, who handles all the staffing and day-to-day costs.”

However, CharityClear continues to grow and Young remains positive about the experience. “The initiative is still a huge success”, she says. “Perhaps not in the way we first imagined it, but a success nonetheless. I’d definitely do it again.”

Her advice? “You can’t be frightened to give things a try. It’s surely better to try, and not quite have the outcome you anticipated, than not try at all?”



Rick Pearson is a writer for *The Fundraiser*