

# 6.FINANCING YOUR PROJECT

Trying to get hold of money is a never ending problem. If you are successful in getting your project started, then at some point you need to think about money for growth or for simply keeping going. You may have the opportunity to make bids into a fund that will support particular aims and objectives. You may be looking to your local municipality or to the EU for funding. This section cannot hope to cover all the detail of what each and every funder is looking for but it does aim to give you some good principles to help you make clear funding applications. It goes on to explain in simple terms the difference between capital and revenue and gives an outline of how to write a business plan.

Part of playing the game of getting funding is knowing, what opportunities exist which would benefit your organisation. For this you need to be well-networked or to have a good critical friend who will keep you informed. Look back to the section on organising your work to remind yourself of these issues.

### **MAKING APPLICATIONS FOR FUNDING**

One reason why many applications fail is that they are made too late. The time to think about applying is well before you need the money. This means that planning ahead is very important.

There are various stages in the application process, each with a time scale attached:

- getting known and getting to know potential supporters.
- building credibility with a funder, so that they will be happy to give you a real grant rather than a token donation
- developing your fund-raising ideas and completing a written application. This might include a process of discussion with potential funders
- submission of a formal application
- assessment of the application and recommendation to a committee by a team of officers
- decision at a committee
- communication of the decision which may require an acceptance of particular terms and conditions before any money can be paid over.

### **The good idea!**

Funders often want to fund something different. They may use the word “innovative” in their statements. But what does innovative mean? Here are a few thoughts about how to turn your sound idea into something a little different.

A good idea :

- sounds fresh or interesting and captures the imagination
- is or sounds startlingly obvious, even though nobody has thought of it before
- has a catchy title
- appears or is innovative
- is topical - it fits within current fashions, thinking and concerns
- is different - it stands out in the crowd of more ordinary applications
- has different aspects which appeal to different funding constituencies ( wide appeal)
- shows value for money or leverage (a small input of money with lots of output)
- complements and supplements existing provision or involves collaboration with other agencies
- has measurable objectives and specific outcomes which are clearly of benefit
- is realistic and achievable

## Three tools for improving an application

There are ways of embettering your application. Here are some:

1. A red pencil to cut out unnecessary words, phrases, sentences and paragraphs that add nothing to the case you are making.
2. A highlighter pen to note the points that are unclear, badly explained or where more information is needed.
3. A pen to make notes.

## EU funding

The EC research funding guide sets out ten golden rules for those applicants trying for funding in the area of scientific research. However, these good principles can be applied to any EU or indeed any application.

**Selection criteria:** Pay close attention to the selection criteria given in the documentation. If your proposal does not fill all the criteria, perhaps you ought to give it time to mature, and wait till another time to ask for funding from this agency.

**Advice:** Take advice before you make your application. Find out in particular whether your project conforms with the general aim of the programme.

**Financing:** Ensure that you can finance your share of the project. In EU funded schemes and for many other funders you will be asked to provide matched funding though sometimes that can be payment in kind by giving staff time or some use of existing resources.

**Form:** Be sure to make the application on the appropriate form. This will speed up processing in the commission and ensure anonymity during the selection procedure.

**Deadlines:** Invitations to submit project proposals are published at regular dates. Get your project on any mailing lists, search web sites or use your critical friend to find these.

**Closing date:** The closing date must be strictly adhered to. For the Commission the proposal must be at their office by the given time. Some funders are willing to accept a clear post mark on that day but please check which your funder will accept. It is estimated that about ten percent of all proposals are automatically rejected because they are late.

**Presentation:** The presentation of your proposal should be clear, attractive and readily understood. Of the many applications that are considered only those which are thoroughly convincing will be successful. Don't forget a clear and short summary which is valuable in giving the assessors an initial overview and impression of the quality of the proposal.

**Completeness:** Check that everything which is asked for is being submitted. Given the number of applications it is unlikely that agencies have the time or inclination to ask for missing parts. Incomplete application therefore have little chance of success.

**Signatures:** In an EU bid all partners must agree and sign that they have agreed to take part. Read any sections about signatures carefully. There may be special instructions.

**Copies:** For efficiency reasons the Commission often asks for five copies which are then distributed to various assessors and relevant Commission departments.

The next page gives a diagrammatic guide to applying for EU funds based on our EuroFEM experience

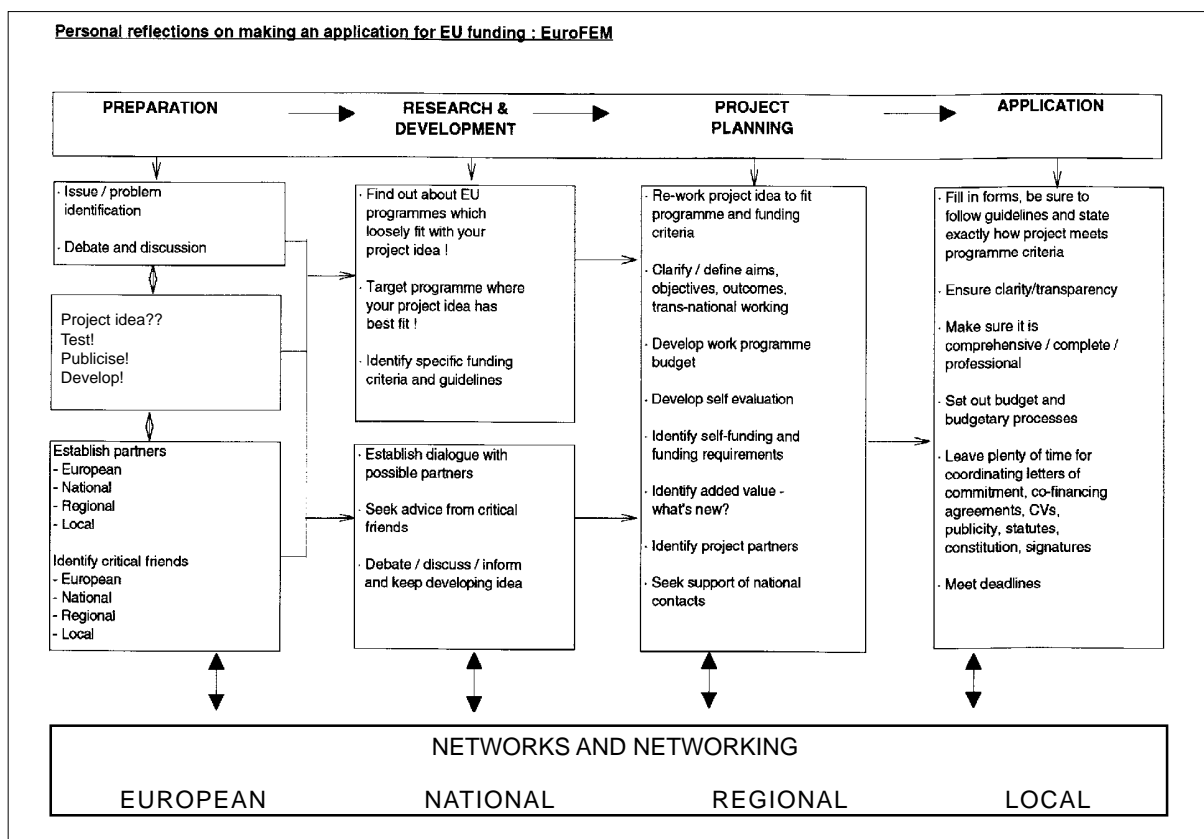


Figure 20. EuroFEM Application

You may be looking to fund a specific project which will further your group's aims and objectives or which will move your work into important and possibly new areas of concern. In such a case, **a fundable project must be:**

- specific - some identifiable item of expenditure or aspect of the organisations' work.
- important - both to the organisation and to the cause or need it is meeting. If there is some long term impact that will be an added bonus.
- effective - the outcome should be worthwhile and bring a substantial benefit
- realistic - the work proposed should be achievable
- good value - the work should represent good value for money for the funder.
- topical - it should ( if possible) meet current issues and concerns.
- relevant- it should be relevant to the funder and the funder's particular funding concerns.
- bite sized - it should not be too large or too small for a funder to support. A large project may need to be shared between a number of funding bodies.

Reference:

European Commission (1996) EC research funding: a guide for applicants. Luxembourg: Office for Official Publications of the European Communities.

## BUDGETING

Basically most organisations are looking at managing probably a small capital budget and a larger revenue budget. **Capital** is money for the purchase of items, things that can be seen as fixed assets and might have resale worth. For example, in a project you might get a capital grant to buy a computer and printer or for new office furniture. A different kind of project, for example one providing lunch clubs for older people, might get a capital grant or donation for the purchase of a minibus. For most small projects these are likely to be fairly small sums. What is important is that there are receipts to prove that the capital was spent in a particular way in accordance with the bid for funding.

The budget sheet from a small British voluntary organisation shows a small grant of £700 intended for the purchase of a photocopier.

The more complex side of budgeting concerns **revenue** that is the payment of salaries or expenses for projects without paid staff; general project running costs such as rent, heat, light, stationery and what are called consumable items. If you look at the budget sheet you will see that the majority of expenditure for this project is on salaries and expenses for volunteer wardens. All the rest is fairly small sums which keep the project running.

It is important when making any funding bid to be clear and comprehensive about your budget. It is easy to forget about insurance of your computer and all the little items which together take up quite a lot of expenditure.

Looking at the budget sheet you will see that in order to keep control of the budget an attempt has been made to divide the revenue expenditure into 12 monthly slices. This is a good way to allot the budget if you are a new organisation where no expenditure patterns have been set. Where an outlay is one annual payment then this can be placed in the appropriate monthly column. An example of this would be annual insurance's which are paid, in this case in April.

All projects need to find someone with financial competence. Either a paid worker who can do accounts or a committee member. In the UK, it is common for accountants and firms of accountants to offer their services for free to small projects. Many professionals see this as a way of "giving something back to the community". The same view may operate where you are. Retired accountants who wish to remain active are also a good source of expertise.

<b>Budget for West End Community Wardens - Lottery extended Service</b>						
<b>Item</b>	<b>Total</b>	<b>Apr-98</b>	<b>May-98</b>	<b>Jun-98</b>	<b>Jul-98</b>	<b>Aug-91</b>
<b>Balance brought forward</b>	<b>6,576</b>					
Interest on Savings Account	74	74				
Donations	0					
Lottery Revenue Grant	14500	3625			3625	
Lottery Capital Grant	700	700				
Other Funding						
<b>Total Income</b>	<b>15,274</b>	<b>4,399</b>	<b>0</b>	<b>0</b>	<b>3,625</b>	<b>1</b>
Co-ordinator's Salary	8000	667	667	667	667	66
Co-ordinator's N.I.	400	33	33	33	33	3
Co-ordinators Travel	288	24	24	24	24	2
Admin. Assistant Salary	4160			416	416	41

Figure 21. Example of a budget sheet

## WRITING A BUSINESS AND MARKETING PLAN

Business and marketing plans may sound daunting but actually these are tools which help you to - appraise the present and future of your organisation, work out short and long term objectives, establish a framework for action to achieve those objectives, and set out a yardstick by which to measure performance.

In addition business plans are commonly asked for by those who are thinking of funding an organisation so it is worth putting a lot of thought into your plan.

### Phases of business planning

Before you begin, carry out a SWOT (strengths, weaknesses, opportunities, threats) analysis of your organisation. A SWOT helps to create a keener focus for working out your objectives and for drafting the plan. You can also think about these questions:

- What does your organisation do?
- Who are the beneficiaries? Do you have customers (people who buy a service)
- What is your main capability?
- What is your main weakness?
- What has your organisation recently achieved?
- How healthy are your finances?
- Whom are you trying to convince?

#### 1. Setting the context

Describe

- the background of your organisation - what do you do
- when did it begin, who does it serve/ who is it for
- a brief summary of past performance - number of beneficiaries, level of funding, achievements
- any key or influential elements which might dictate future success.

#### 2. Define the objectives

Develop a set of short term targets that will help to indicate progress towards a more long term goal. What you are looking for here is measurability.

#### 3. Carry out a market analysis

Persuade your reader (who may be a potential funder) that there is a substantial market for what you do/ service you offer. This needs to include

- information on current service users and potential users
- names of competitors if any
- influences such as economic trends, new legislation, current EU thinking, social factors.

#### 4. The marketing plan

Describe the strategy you use to approach users by detailing:

- the image of your organisation that you want to get across
- a description of publicity material
- the key features of your service

## **5. The operations plan**

Focus on all aspects of researching, developing and delivering your service. An organisation which aims to help women build confidence might discuss methods used in workshops, how they have been arrived at, how they are evaluated, how success is measured, how feedback is used.

## **6. The financial plan**

If you are asking for money, say exactly what is required. Set out past, present and future spending including start up costs, profit/loss statements, balance sheets. What the reader is looking for is your ability to handle your money, your ability to set aside reasonable contingencies.

## **7. Demonstrate the commitment and capability of management.**

The management team may just be you but you need to set out your strengths and skills. If there is more than one of you or you work to a management committee of some kind you should give an organisational chart, which shows responsibilities. If there are weaknesses, show how they will be tackled.

## **8. The ownership of the organisation**

How is the organisation constituted? Is it a partnership, a limited company, a registered charity. Show who the funders are and how much they invest.

## **9. Risks and problems**

Always be honest about negative factors. What the reader wants to know is, how aware you are of likely change and how you will cope with any reversals.

## **10. Conclusion**

Conclude with the impression you want to leave. Summarise strategic direction, strengths, unique benefits. Give a timetable of change/events to strengthen your organisation.

## **11. Executive summary**

Write this last but put it first. In no more than two pages set out:

- The unique features of your organisation/ service
- Your current, mid term and long term direction
- The benefits that people have gained from your service
- The qualities and skills of the people who make it happen
- A statement of financial assets, how much capital is needed.

This may sound rather frightening but keep some good principles in mind:

- keep it focused and readable and no more than 25 pages in length. Don't worry, if yours is a lot shorter
- keep redrafting it till it feels right
- divide the text into sections
- use diagrams for clarity wherever possible
- consult as widely as possible. This may mean colleagues or your "critical friend" or a user group.
- use any professional help that may be available such as accountants or your bank.

## Five Steps in Defining a Marketing Plan

These are some general guidelines and check-points that make up the core of a marketing plan. A plan is, however, not worth much if you don't carry it out with efficiency and quality. Ultimately, what you do - not what you planned to do - will make the difference between success or failure.

A plan helps you to do the right things. The following questions might help you to separate the essential from the non-essential;

### 1. WHAT NEEDS OR WANTS, AND OF WHOM, DO YOU WANT TO SATISFY ?

Define the types of needs and wants you intend to satisfy, in detail. Are they emotional or functional needs ? Are they critical to living or are they just a matter of convenience or of a better life? Are they important to the social status or are they just a private matter?

Who will the users of the service or product be? Where do they live? How much do they earn? What kind of jobs do they have? What age and in what life stage are they? What is their lifestyle? What are their values and attitudes? Describe their situation in relation to the kinds of services you intend to provide.

### 2. WHAT CURRENT OTHER MEANS ARE THERE TO SATISFY THOSE NEEDS AND WANTS ?

Describe the "competitors" or inferior ways of satisfying these needs that are currently offered to the people you want to provide an improved service to.

### 3. HOW DOES YOUR WAY OF SATISFYING THOSE NEEDS AND WANTS PROVIDE AN ADVANTAGE OVER THE CURRENT WAYS ?

In what way is your service or product superior to the current ones in terms of convenience, cost-reduction and/or quality ? What are the strengths, weaknesses, opportunities and problems with each of the current product as well as yours ? How important are these differences ?

### 4. HOW ARE YOU GOING TO MAKE PEOPLE AWARE OF YOUR SERVICE OR PRODUCTS ?

Define a cost-efficient way of communicating your services or products and their advantages to the people who are your potential buyers / users.

### 5. HOW ARE YOU GOING TO MAKE YOUR SERVICE OR PRODUCT AVAILABLE TO THE PEOPLE IT IS AIMED FOR ?

Define in what way and when the service or product will be available to the potential buyers / users. Is this cost-efficient from your perspective and convenient from the buyers' / users' perspective ?

So now you have the answers that form the cornerstones of your marketing plan. Now, define the actions that will be required to get your service and product in the minds and hands of the potential buyers / users. Finally, stick to your plan and revise it only, if you are sure that something isn't working as well as it could.