

# THE SUN TOOL: SIX ELEMENTS OF A FINANCIALLY SUSTAINABLE NGO

MYLES KUNZLI  
ADVISOR

HKCSS NGO GOVERNANCE FORUM  
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**NCVO**  
CHAMPIONING  
VOLUNTARY  
ACTION



## Our vision

A society where we can all make a difference to the causes that we believe in.

To help voluntary organisations and volunteers make the biggest difference they can.

## Our mission

'If I am scuppered  
I'm leaving you  
£1,000 to do some  
of the things we  
talked about.'

**NCO**100  
A CENTURY OF CHAMPIONING VOLUNTARY ACTION

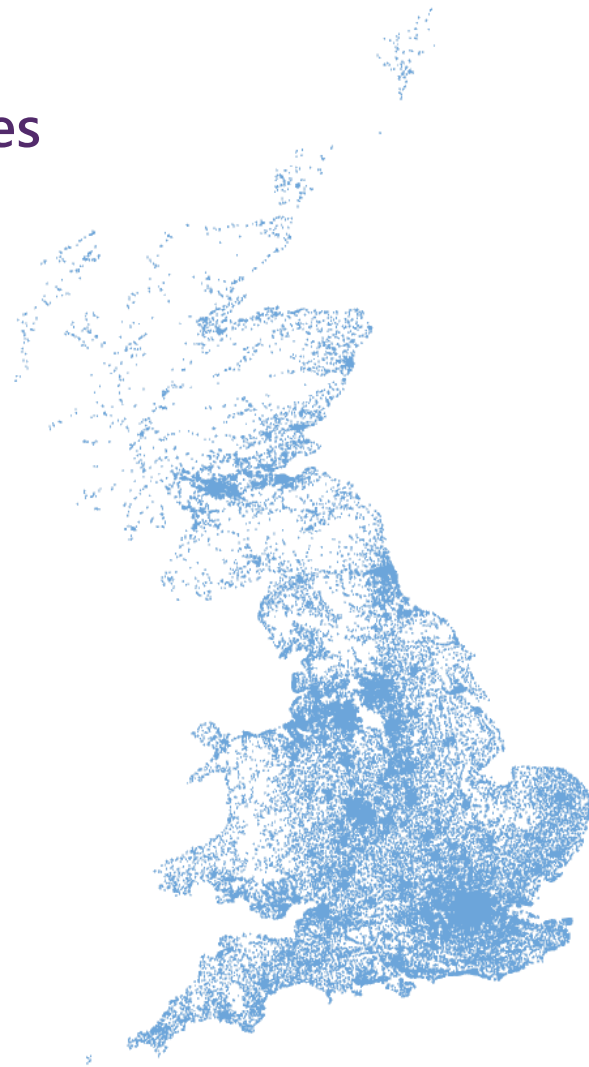


Edward Birchall  
1919

# 161,158 registered charities

- Make grants
- Research
- Provide services
- Campaigns & advocacy

# 14,048 NCVO members



# NCVO'S CAPACITY BUILDING SUPPORT

- Phone and email information and advice
- Online guidance, tools and resources
- Training and events
- Consultancy
- Trusted suppliers

# NCVO'S CAPACITY BUILDING SUPPORT

Core topics:

- Governance
- Impact measurement
- Volunteer management
- Funding
- Strategy and planning
- Campaigning
- Human resources
- Finance

# The sustainable sun tool: steps to sustainability



# WHAT NCVO MEANS BY 'SUSTAINABLE FUNDING'

What mix of income is going to be:

- **suitable** for their organisation
- **sufficient** for their needs
- **stable** to support strategic planning.

Sustainable funding is based in fundraising and income generation, but with strong links to strategy and governance, financial management, impact, marketing and communications.



# 6 ELEMENTS OF A FINANCIALLY SUSTAINABLE NGO

- A strategic approach
- Income diversity
- Financial management
- Measure and communicate success
- External positioning and marketing
- Relationships



# RANK YOUR ORGANISATION FOR EACH ELEMENT

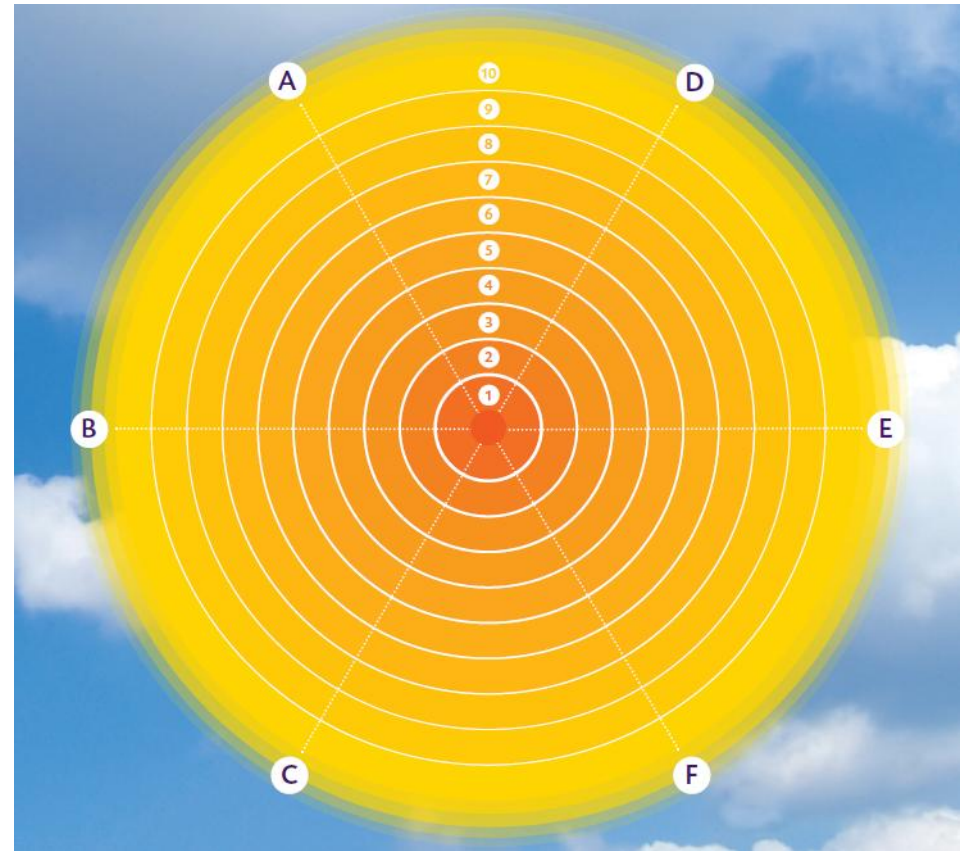
1-2 Unaware

3-4 Aware

5-6 Making changes

7-8 Delivering

9-10 Strong or excellent





# A A STRATEGIC APPROACH TO FUNDING

## STAGE WHAT PEOPLE IN THE ORGANISATION MIGHT SAY

1-2

We react to situations: if a plan exists it isn't shared or understood. We may make decisions in response to available money or personal interests, rather than mission.

3-4

We are frustrated by the lack of a plan or big picture of where we are heading, but are not sure how to be strategic about funding, especially within a changing context.

5-6

We have a clear mission and aims and are developing a planning process.  
We are working on how to assess and choose funding options more strategically.

7-8

We have a strategic plan and can identify risks and evaluate decisions strategically, but there are gaps and room for improvement. We are good at finding appropriate funding and reject funding that is not right for us.

9-10

Our mission is reflected in our work, values and ethos, and guides how we raise funds and what we raise funds for. We plan strategically and our plans are flexible and regularly reviewed in a clear transparent, inclusive process.

# B INCOME DIVERSITY

## STAGE WHAT PEOPLE IN THE ORGANISATION MIGHT SAY

1-2

We rely on one source of income, or are dependent on inappropriate or costly income streams. We get caught off guard when funding ends, or treat repeating crises as normal.

3-4

We are concerned about the cost and or vulnerability of our funding. We want to find new sources but lack the skills or are not sure what to do.

5-6

We are actively exploring new forms of income generation and investing in the skills needed. New ventures and approaches take time to establish so our income is vulnerable.

7-8

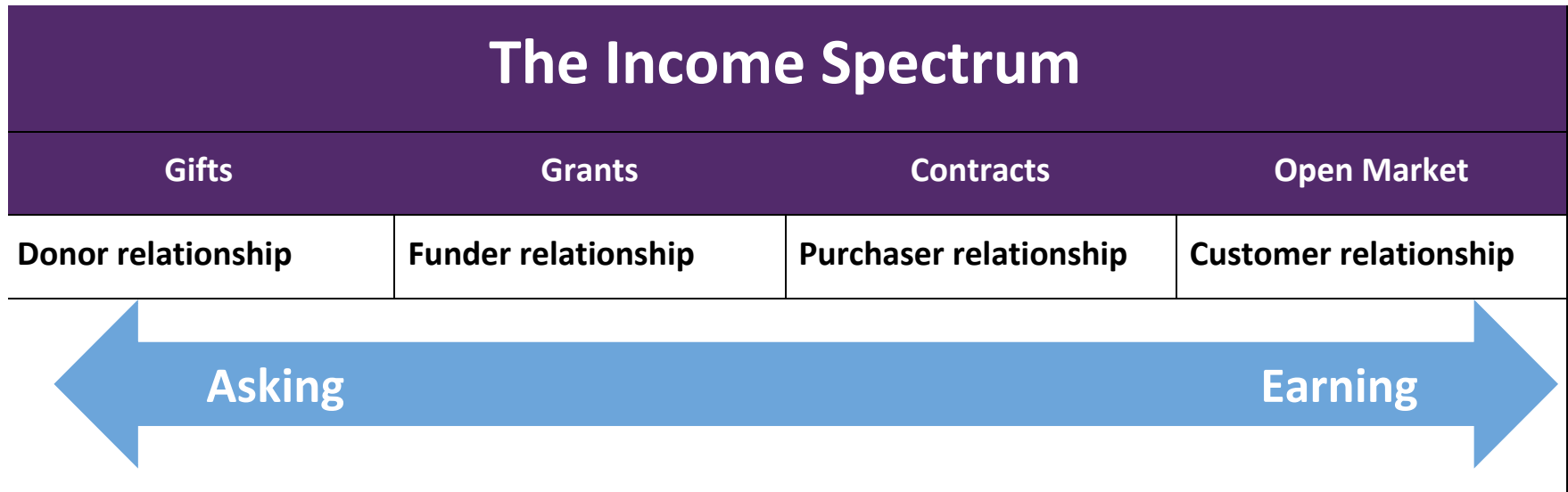
We have a range of income streams that are appropriate to our mission, and vary in how they are generated, level of risk, and timing. We have or are developing the skills to support new income streams, and planning exit strategies for those streams seen to be at risk.

9-10

We have multiple income streams, with a range of sources of income, levels of risk, timings and costs. We are entrepreneurial, flexible and innovative in response to market changes and challenges.

## B. INCOME DIVERSITY

### The Income Spectrum



What is your current split across the spectrum?

What is your preferred split?

How will you get there?.....Be realistic!

# C FINANCIAL MANAGEMENT

## STAGE WHAT PEOPLE IN THE ORGANISATION MIGHT SAY

1-2

We don't have clear records or controls for cash, income or expenditure. We may not know what assets need to be looked after, or when current funds will run out.

3-4

We have basic bookkeeping for income and expenditure, but need proper budgets and financial information to support our work.

5-6

We are in the early stages of budgeting and planning so that we can better review costs, manage expenditure alongside income, and forecast cash-flow.

7-8

We have up to date accounts, financial records and budgets and use them well. Improvements may be needed in some areas, e.g. costing new projects, assessing funding risks such as payment by results and lead in times for new ventures, and managing an active reserves policy.

9-10

We keep accurate and reliable financial records, budget and regularly review current and future risks and look after our assets securely. We use financial information effectively to plan for the future, manage risk and to inform and support income generation.

# D COMMUNICATING SUCCESS

## STAGE WHAT PEOPLE IN THE ORGANISATION MIGHT SAY

1-2

We do not have plans to measure the results of our work: it is considered too difficult, or we do not see the need.

3-4

We can count what we do, and want to measure outcomes to demonstrate that we make a difference, but don't know how to or we lack the tools.

5-6

We gather some information about outcomes but need to improve how we do this, and may be investing in training. We are in the early stages of working out what the information tells us and our funders.

7-8

We mostly measure outcomes and analyse the data but need to improve how we use the information to learn internally and communicate externally. Starting to identify and address potential risks of this approach (e.g. staff wanting to work with "easier" service users).

9-10

We identify and plan for intended outcomes at the project development stage. We measure outcomes, use the data to review our progress, and learn and adapt what we do accordingly. We communicate how we make a difference and meet needs to those we work with and existing and potential supporters.

<https://www.inspiringimpact.org/measuring-up/>



# E

# EXTERNAL POSITIONING AND MARKETING

## STAGE WHAT PEOPLE IN THE ORGANISATION MIGHT SAY

1-2

We haven't given much thought to how we let people know about us or how we come across to the outside world.

3-4

We need more people to know about us or what we do, because we are missing out on funding, referrals and opportunities. But we lack the money or skills, (or marketing seems full of jargon and not right for us).

5-6

We are finding ways to get more people interested in our work and communicate to wider audiences. We are working out how to distinguish ourselves from other organisations that appear similar.

7-8

Mostly people who need to know about us do. We are good at saying what we do and how we are different, but we could be better at communicating to different audiences, forecasting external risks and adapting what we say as the context changes.

9-10

We clearly communicate who we are, what we do, and how we are different. We target our marketing effectively so we reach those we aim for. We regularly review how our marketing is working and adapt it as things change.

# F RELATIONSHIPS

## STAGE WHAT PEOPLE IN THE ORGANISATION MIGHT SAY

1-2

We only really talk to funders, commissioners or supporters when we need money. We don't have much contact with others in our field.

3-4

We need to communicate better with funders, commissioners or supporters and organisations which might work with us but we are not sure how to do this.

5-6

We are trying to improve relationships with funders or commissioners and tailoring communication with supporters. We are networking more and may be beginning to find possible collaborators.

7-8

We are improving our relationships with funders, commissioners and/or supporters and see this as important for income generation. We are also involved in some collaboration or are actively exploring potential collaborations, for example putting together joint bids.

9-10

We have a strategic approach to building relationships, networks and collaborations, investing time as needed, and monitoring our effectiveness systematically, so that we have the relationships we need for financial sustainability and to achieve and sustain our mission.

# WHAT WE HAVE LEARNT USING THE TOOL

- It really is about good governance – not just funding
- Steps are not linear or straightforward
- It is not a scientific diagnosis
- The approach is very difficult for those in a critical funding situation e.g. *“Forget about long-term thinking and strategy. We need money now!”*

# WORKING TOWARDS SUSTAINABLE FUNDING

Your situation	CRISIS	Critical	Secure	Stable
What this means	Less than 12 months secured funding remains	You have secured at least 50% of next year' s funding	You are confident your funding is secure for at least two years	You are confident your funding will be reasonably stable for the next 2-5 years
Options open to you	<b>Emergency appeal</b> Approach existing supporters and donors	<b>Quick wins</b> Look for natural progression	<b>Mixed approach</b> You can start developing new ideas, but need some safer options too.	<b>Diversification</b> You have the time to try something completely new!

# NCVO'S CORE FUNDING RESOURCES

- [Sustainable Sun Tool: Steps to sustainability](#)
- [www.knowhownonprofit.org/funding](http://www.knowhownonprofit.org/funding)
- [Funding Central](#) – our database of funding sources
- Income diversification planner (member only – international membership £50)

[www.ncvo.org.uk](http://www.ncvo.org.uk)

[www.knowhownonprofit.org](http://www.knowhownonprofit.org)

[myles.kunzli@ncvo.org.uk](mailto:myles.kunzli@ncvo.org.uk)

