

## **Charity Funding Report -August 2010**

As society looks to the sector for more public service provision, **Derek Smith** explains how to seize the new opportunities

Despite an army of civil servants trying to turn a vision into some sort of reality, the 'big society' seems so amorphous that it can be unclear whether it represents an opportunity or a threat. The process of building a market place of diverse providers and of outsourcing statutory services has accelerated.

### **Troubled waters**

We face the greatest reductions in expenditure since the Second World War but more services will be outsourced. Major reductions in Supporting People will have a major impact. However there may be more opportunities in criminal justice, health, care and children's services

This is an unparalleled time. Many charities have only known growth. Prudent organisations should manage risk through considering how they would cope with a very substantial reduction in funding. One risk is not taking advantage of the opportunities that may arise, so paradoxically you should also be gearing up for growth.

### **Capacity and Capability**

Every organisation needs to develop their capacity and/or capability to bid. Traditionally, bidding for contracts has not been seen as fundraising and has been carried out by a service delivery manager. Problems in quality control, resources, experience, flexibility, succession, not to mention stressed staff have resulted. In bidding for the new statutory contracts you will probably need to put aside much more time to bid and negotiate. Increased expertise will be required in service design, partnership, facilities management, statutory standards and transfer of staff and pensions. Many organisations have responded to the challenges by establishing or stand alone marketing development and bidding functions. There are many simple tools you can put in place to help you gear up for the challenges ahead.

### **Focus on delivery**

The models of delivery developed in times of plenty may no longer be sustainable, making this the time for a radical rethink of what you do. You will have to do more than tinkering at the edges to substantially improve efficiency and effectiveness. Research your sector to find what works best. Use annual business planning to review existing services and demonstrate year on year improvements. Make sure you know exactly how much time delivery staff actually spend on

delivering a service to beneficiaries, then work to improve this. Next work out how they can be more effective in the use of their time.

### **Merger and collaboration**

We have become so caught up in embracing the market model that collaboration has been sorely lacking, often larger organisations believe that they don't need it, while many smaller ones are poor at developing it.

The push toward the co-operative model may well benefit the sector if they have existing consortia; the RNIB are working in partnership with 14 other organisations, four of which have merged their fundraising functions.

Collaboration can substantially reduce the costs of both your overheads and the cost of each service. As importantly it may mean beneficiaries continue to receive a service that otherwise may have been cut. In one example four organisations merged services with one as the lead manager, resulting in a better co-ordinated service at 20% lower unit cost.

Consider who your future partners might be and how you can benefit from each others expertise? Start your negotiations now as a year is a reasonable timescale to agree a partnership protocol and funders prefer a partnership with a track record of success.

### **Customer Relationship Management (CRM)**

At a recent conference only four out of 200 delegates had a customer relations management system. This is a market orientated system which records, analyses and builds the relationship you have with each existing and potential customer. This is a critical oversight as protecting your current funding is dependent on good customer relations. Delivery managers are generally assessed on whether they have delivered their targets. This is the starting point; most of your competitors can also meet the same targets, so the manager's job is to provide more value to your customer and ensure you are seen as a valued partner. Assess every manager on what they have done to build relationships and prevent the customer moving to a competitor.

### **Focus on recruitment**

Staff are your production process so make sure you recruit the best. Base your recruitment process as much on aptitude as on experience and your staff will be more flexible and provide better customer care. Organisations such as P3 and Sandwell Community Caring Trust are rated by the *Times* as amongst the top 100 companies. They focus on the tools to motivate staff. Geoff Walker CEO at Sandwell says they never forget that what their people do is a vocation- they want people who are passionate about helping others.

## **Train staff to negotiate**

Negotiation never ends and is an essential skill but few staff have received training. There are a handful of factors that increase persuasion and four negotiating steps – preparation, exchange of information, bargaining and commitment. Most people jump in at the bargaining stage and focus on the immediate outcome. A skilled negotiator listens to understand why the other side wants something not **what** they want. They can then offer alternative solutions and trade interests.

*Derek Smith was previously head of trust and statutory funding at RNID where he quadrupled funding. He went on to become executive director of services at the RNID and an education assistant director in Lambeth. He is a co-director of leapfrogconsultancy. Their new negotiation skills course will be launched in the autumn.*

*He and colleagues are delivering the NAVCA support programme for small and medium sized charities to assist them in their tendering. A full day will cost £50 plus expenses.*

*Web    [leapfrogconsultancy.co.uk](http://leapfrogconsultancy.co.uk)*

*Email   [jump@leapfrogconsultancy.co.uk](mailto:jump@leapfrogconsultancy.co.uk)*

*Tel     0845 053 3413*