



# **Innovation in Fundraising**

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A Report for the Funding Commission

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# 1. Introduction

The purpose of this report is to review where the sector is in its awareness of the value of innovation and its capacity to innovate and having done so, identify common themes and recommendations for the future, tying in with the objectives of the Funding Commission.

Many larger charities are taking innovation in fundraising seriously and putting it on a par with Research and Development in the corporate world. They are making increasing use of Web 2:0 technology (applications that facilitate interactive information sharing), social networking, SMS and online services to advance their causes. They are investing what it takes to make new ideas come to fruition and many of them are in it for the long game, set on finding radical new ideas to drive up their funds. The report looks at what they are doing and provides some brief case studies.

Whilst the focus of the report is on fundraising innovatively, readers should be aware that the value of innovation for the sector goes way beyond fundraising and innovation is relevant in one way or another to all the Funding Commission objectives.

## 1.1. Innovation and Funding Commission objectives

### *Opportunities and challenges for third sector organisations*

Richard Gutch's report outlines the need to focus more on the donor and 'asking better' pointing out that there are many who do not donate to charity but may do if asked in the right way. This is an opportunity for the sector and with skills in innovation, organisations could come up with new ways to ask well of previously untapped groups.

### *New skills, models, tools or other forms of support are needed to help the sector*

In order to find those new ways of doing things, there is a need to increase skills in innovation and creativity and the ability to carry new ideas through to successful implementation.

### *New sources of funding, new mechanisms*

Being innovative can also give rise to completely new sources of funding and new mechanisms- this is the approach Cancer Research UK is taking - looking for radically different new ways of fundraising – the approach requires investment and a long term commitment to innovation.

### *Making better use of existing resources to achieve missions more effectively*

The biggest, often untapped resource for new ideas is staff, users or beneficiaries, stakeholders, sponsors, trustees and supporters. Seeing them as a resource for innovation would be a new way to look at them for many charities but could be a very fruitful one.

### *Relationship between funder and funded*

Being innovative around fundraising can involve a close relationship between the funder and the funded and charities with a commitment to innovation go to some lengths to gain insights from potential funder groups.

### *Changes to funding practice*

We are already noticing significant changes in fundraising practice – the internet and social networking is a particular drive on this and there is a separate report on that for the Funding Commission.

## 2. Innovation: what do we mean by it and why do we need it?

### 2.1. Definition of Innovation

One simple definition of innovation is the “successful implementation of new ideas”. This makes one crucial element of innovation very clear - the idea must be implemented otherwise it remains simply an idea.

Innovation is not just about coming up with ideas and many commit to a ‘process of innovation’ expressed in many different ways with different uses of terminology but basically meaning

Generating ideas ► Filtering and selecting ideas ► Prototyping ► Implementating ► Learning

### 2.2. What it means to the sector

Many people are sceptical about ‘innovation’ and consider it a buzzword and waste of time and effort or consider it something only relevant to cutting edge technology. But as explained in the definition above, for others it is just a better way of doing things that is new to them and works.

Many civil society organisations recognise the value of innovation and indeed came into existence through wanting to provide a new service for a previously unmet need.

The sector has a long history of providing innovative solutions to intractable problems or previously unmet needs – Open University, NHS Direct, personalisation agenda all originated out of the sector and are innovations to meet social need rather than to deliver new fundraising products.

### 2.3. Why it is particularly important now?

Public sector cuts and increasing unemployment mean that there will inevitably be greater social need. At the same time donations and public sector funding are decreasing. Tough times demand, and often trigger, innovative solutions.

### 2.4. Innovation in fundraising in particular

Perhaps the most constant and pressing need for charities is to find more funding and there is thus a constant pressure to innovate in fundraising methods, greater than ever in the current climate (see Richard Gutch’s report). Successful fundraising ideas like ‘Chugging’ or charity wrist bands are quickly copied and have a shelf-life. Civil society organisations who want to stay ahead in this competitive environment are always trying to come up with the next new thing to capture the public’s imagination and pockets.

So whilst innovation to provide better services and meet changing needs is important, the focus of this paper is on innovation in fundraising.

### 3. What are the big civil society organisations doing about Innovation?

- 3.1. Whilst smaller organisations can and have come up with phenomenally successful fundraising ideas – see Rylston WI e.g. inset below – it is the larger civil society organisations who are taking innovation in fundraising very seriously, often recruiting those experienced in research and development from PLCs and embedding a process of innovation into their approach to fundraising. They are taking lessons learned in the corporate world and applying them to the ‘business’ of fundraising.

#### Rylstone and District WI and Leukaemia Research UK

Tired with the usual WI calendar this North Yorkshire Women’s Institute had the new idea of stripping off for their charity calendar. Implemented with strategically placed vases and bowls of fruit, 12 women of a certain age revealed almost all for a good cause. They were enormously successful, raising hundreds of thousands of pounds for charity and their experience was turned into a celebrity filled feature film and a West End play.

#### 3.1.1 Cancer Research UK

Cancer Research UK (CRUK) is one of the UK’s largest charities generating over £330M voluntary income in 2008/2009. Whilst this is beyond the dreams of avarice for most civil society organisations in the UK, it is worth looking at what CRUK is doing to keep their fundraising innovative.

They have a small innovation team with a remit to come up with radical innovations to raise millions of extra income annually.

Their initiatives have included:

- **Open Ventures Challenge:** Using ‘crowd-sourcing’ the Open Ventures Challenge was a national open innovation initiative building up a valuable community on and off line developing and assessing ideas for income producing social ventures. Three ventures were ultimately chosen with the potential to generate over £2M annually for CRUK.

The Three winners were:-

**Project Rose** A project selling silk roses to students who anonymously deliver them to friends or secret loves on Valentine’s day.

**Open Gym** Open Gym works on the idea that it is more fun to exercise outside and more motivating to do it with a friendly group locally. It is a network of exercise classes in local parks run by qualified instructors.

**Extraordinary Experiences** a national raffle where tickets cost £10 and the prizes are extraordinary experiences.

- Supporter Insights: mixed teams from CRUK got together regularly over a 16 week period to research supporter insights and use those to come up with radical new fundraising models. They were trained in research methods and started by visiting supporters. As ideas developed they were given support to develop business cases;
- Ideas from staff: an internal initiative actively encouraging staff to come forward with ideas and supporting them in developing those ideas if suitable;
- Working jointly with the private sector on mutually beneficial initiatives.

The CRUK team has been in place since around 2007 and because many of the ideas they are working with are big radical ideas, it is too early to measure how effective their initiatives have been.

For more detail read [Sourcing Innovative Solutions](#).

### 3.1.2 Royal National Institute for Blind People

The RNIB had a voluntary income of £54M in 2008/9. Like CRUK it has taken on an innovation manager with experience in the corporate world to keep their fundraising initiatives fresh and competitive.

They work hard at both:

- encouraging a culture of innovation through training, events and design of the working environment; and
- coming up with and developing innovative new approaches.

Central to any new RNIB initiative is absolute clarity about where innovation is needed e.g. is it new ways of presenting old ideas; or new ways to reach a particular new audience e.g. under 25s. Once this is identified, they work hard at understanding the potential donors before developing fundraising products to appeal to them.

**Gaining Supporter Insights:** before developing any ideas the team spend some time getting to know potential donors e.g. if they want to develop fundraising products to appeal to younger people they spend time on social networking sites; visit university bars etc to gain an good understanding of how the people they want to target operate.

RNIB are also very clear about the process of innovation in that whilst 'innovation' sounds fun and creative, it is a lot of hard graft to turn a good idea into a success involving well developed business plans, prototyping etc.

### 3.1.3 Unicef

Aware that they needed to alter their approach to fundraising, UNICEF called in consultants from =mc to assist them in becoming more innovative.

=mc encourage their clients to become more systematically innovative by emphasising that innovation is a process that can be systemised and referring to innovation as 'systemised creativity'. They started by assessing UNICEF on each stage of the process and working out where the strengths and weaknesses were.

They discovered that, like many other charities, UNICEF were in fact very good at coming up with ideas but not so good at developing them, often losing momentum or being unable to scale up successful local ideas to the international stage. They addressed this by offering fast and flexible support and having an 'innovation hot house' at their international headquarters.

Work was also done to foster a culture of innovation nationally creating an on-line toolbox which was everyone's home screen flagging up how important innovation is to UNICEF at the same time as providing the prompts and tools to be innovative.

For more information see [=mc's article](#) on the Innovation process

## 3.2. Some recent examples of Innovation in Fundraising

### 3.2.1 Amnesty International

Amnesty wanted to run an advertisement in the Financial Times on the day of Shell AGM . They asked supporters, who supported their campaigns but did not necessarily make donations, to buy 1cm squared or 3 cm squared of the advertisement – those buying 3 got their name on it. Using Twitter, Facebook and other social networking they got massive response and had enough money for ad van and two advertisements. The Financial Times rejected it. This news was widely tweeted generating blogger coverage and wider awareness.

The campaign re-energised and revitalised the Amnesty brand and worked because it created its own crisis; touched a nerve; provided an immediate way for people to see the difference they could make; and involved an already warm audience in a way that they could identify with. Donors who had paid to have their name in on the advertisement got personal note of thanks with a copy.

### 3.2.2 Green Peace

Recognising the public's scepticism and increasing reluctance to sign up for face to face fundraising (often referred to as 'Chugging' and in fact invented by Green Peace); Green Peace tried a new approach in India, with big success. With chugging only 17% of people approached agree to listen and only 10% of them actually commit support. By 'prospecting', Green Peace achieved a 25% conversion rate. They texted a free offer of a sapling to over 56,000 'warm prospects' – people they knew had an interest in environmental issues. Those that replied were visited personally with the sapling and invited to commit to regular giving. The sign-up rate exceeded all expectations.

### 3.2.3 De Paul UK – i:hobo

This charity supporting homeless people created a provocative downloadable app that lives on a mobile phone and makes increasingly desperate appeals for help which the owner has to respond to in order to keep the 'hobo' well. At the end of the 3 day real time experience, there is a direct appeal for help. The free app shot to the top of the i-tunes download charts and news of it spread through social networking.

## 4. Common themes

In engaging with the charities mentioned above and others, several themes emerge.

### 4.1. Senior Buy-in

Because committing to innovation requires changes in culture and, depending on how radical the new ideas are, may require structural change, buy-in from senior leadership to the value and importance of innovation is crucial. There must be a recognition that innovating is inherently risky; it takes time to get ideas off the ground; and some initiatives may fail. Innovation needs support and some funding from leadership.

### 4.2. Culture

Ideas will not be generated in the first place unless there is a culture of innovation. Those with a commitment to going forward with innovative ideas take concrete steps to encourage a culture of innovation within their organisation encouraging openness to ideas from within and without.

### 4.3. You do not need big 'Innovation Teams'

Most of the larger civil society organisations working hard to embed a culture of innovation and get big new ideas off the ground have very small teams working throughout their organisation because the need to be a commitment of the organisation as a whole to be innovative rather than allow staff to think that coming up with ideas is someone else's job.

### 4.4. You must to be clear where you need innovation

Those who take innovation seriously are very clear about where they need innovation. They identify the need and innovate to meet it. In fundraising this may be identifying a potential untapped donor group such as Gay couples or 'Empty- nesters' and engaging with them for inspiration and innovating to find the right way to ask them for money.

### 4.5. Connect the fundraising product with the mission

The best fundraising ideas are those that have some resonance with the mission and the beneficiaries and make sense to the donor. All three of the recent campaigns mentioned above involve turning 'warm prospects' in to donors. The approach connects the mission with sympathies of the potential donors and the fundraising product. Successful innovative campaigns often have this feature and those that fail do not e.g. Cancer Research UK tried to copy the Christmas Gift idea where donors buy research equipment as gifts for their loved ones and the equipment goes to researchers. This did not capture the public's imagination in the way that giving a goat to villagers in a poor country did for Oxfam.

### 4.6. Process

Organisations developing their innovation programs are very aware of the process of innovation. Not everyone likes to see it like that but most are aware that there are several stages to getting an idea off the ground and if some of them are neglected, ideas may never be implemented. For example, many charities are very good at coming up with ideas but not so good at selecting the ones to commit to so that good ideas can just fizzle out.

#### 4.7. Engagement with users/ supporters to get the right 'Ask'

When fundraising, those innovating to find new products for untapped markets are careful to engage with potential donor groups to understand them and gain insights from them so that the products developed are a good fit and appeal to the audience. Vital to any ideas generation process is close engagement with users/ supporters/ volunteers and other stakeholders as they are often the best source of ideas and yet can be overlooked.

#### 4.8. Engagement with the Private Sector

The trend for bigger civil society organisations to recruit from the private sector has also led to interesting collaborations between the private and third sector for mutual benefit. Civil society organisations have something to offer the private sector as well as vice versa. At a recent NCVO business breakfast, speakers from KMPG and Linklaters referred to how they had benefitted by working with civil society organisations and that such organisations could charge for what they offered to the private sector.

In addition, with the right collaborations partnerships between civil society organisations and the private sector can bring about creative and innovative results that neither would have come up with alone.

**Example.** Scope and BT collaborated to produce a communications device now sold commercially that attaches to a wheel chair.

#### 4.9. Open innovation

Bigger charities been inspired by the private sector and used crowd sourcing to generate ideas for products and instigated their own open innovation processes. This means using the wisdom of crowds to come up with and develop new ideas, usually through an on and off-line process.

**Example** Net Flicks – a DVD postal rental service in the USA used crowd sourcing to get the computer algorithms they needed to improve their recommendation accuracy. They knew that if they offered a reward there would be many people out there interested in the problem who would spend their own time and expertise addressing it. CRUK have used this idea to get others to develop new ventures to fund them.

#### 4.10. Use of Technology

The power of the internet to bring people together, campaign, get messages across, take payments and much more is a fast growing source of innovation in Civil society organisations as is text messaging apps etc. The most successful initiatives usually involve a combination of on and off-line contact.

### 5. Just for the 'Blue Chip' Charities?

Committing to innovation in fundraising can be costly and ambitious. In the case of CRUK, it will take time to tell whether the approach and investment has resulted in the increased revenues.

However, this does not mean that smaller, less well resourced civil society organisations cannot value and benefit from innovation.

Many civil society organisations are innovative by their very nature having been borne out of a new idea to meet a need. Fundraising needs to be innovative to keep people giving: charity wrist bands, chugging, run for life, MacMillan coffee mornings were all new ideas once and have all been quickly copied and adapted by others.

As civil society organisations grow and organisational culture gets more entrenched, this initial innovative spark may fade and die. But in the current climate with expected income for many charities falling, finding new ways to fundraise is all the more important. Rekindling the innovative spark, does not necessarily mean spending a lot of money.

Committing first to a culture where ideas are valued and evaluated is free, but needs good leadership. Embedding a process that staff understand and has management support is also just a matter of good leadership. You do not need 'Innovation Teams' so it does not require extensive recruitment.

Many of the approaches of larger civil society organisations can be adapted for a smaller budget, for example:

- Whilst a smaller charity may not be able to run a big 'Open Ventures Challenge' in the way that CRUK has, they can work with their networks both on and off line to generate ideas- all charities have networks and they could use them test and gain new ideas.
- Whilst not everyone can afford to have a specially designed innovation toolkit home screen like Unicef, posters, lunch-time seminars and environment can be developed to support a culture of innovation.
- Most of the bigger civil society organisations identify clearly which particular demographic they want to raise money from and then spend some time engaging closely with this group to gain insights from them about how to best gain their support. Smaller charities could do this in their own way.

However, prototyping and launching new ideas obviously has a cost. With big threats to future income, civil society organisations need to weigh up the risk of doing nothing with the risks of trying something new. Knowledge about and access to social finance and social investment bonds would be helpful to many charities (I believe there is a separate report on this to the Funding commission). Good project management skills are also required.

## 6. What support currently exists for Innovation in Fundraising?

There is limited support available for those in the sector looking to improve their capacity to innovate.

The Showcase of Fundraising Innovation and Inspiration website shows relevant case studies;

NCVO Sustainable Funding Project team is currently developing some training, networking and consultancy offers;

=mc Management Consultancy offer a one day course in Creativity and Innovation but this is costly for most civil society organisations;

There are various courses around on particular topics such as using social media to fundraise.

## 7. Conclusions

- 7.1. Many larger civil society organisations are taking innovation seriously, investing in and benefitting from approaches and learning taken from the private sector.
- 7.2. The need to commit to being innovative is more pressing than ever in the face of unprecedented public sector cuts, increased need and falling donations.
- 7.3. Smaller less well resourced civil society organisations have potential to be more innovative and better focus their innovation to the needs of their users and expectations and desires of their potential donors.
- 7.4. Increasing capacity for innovation requires strong committed leadership prepared to support a culture of innovation and back the best ideas by giving the time, space and funding to get off the ground.
- 7.5. There is little support in the sector for increasing innovative capacity.
- 7.6. Innovation is relevant to most of the Funding Commission's objectives.

## 8. Recommendations

### 8.1. Stimulate Innovation through Challenge Prizes, Open Innovation and Awards Events

Outcome

Civil society organisations are more aware of the value of innovation and learn from others and new fundraising models arise

How?

*Open Ventures Challenge:* A high profile collaboration with private sector IT company and civil society capacity building organisations and others could offer a prize for new fundraising models and ideas and these could be posted up on an open website for

ratings and development by the crowd both on and off line. See Appendix for more detailed proposal on how this could work.

*Awards:* Run high profile annual awards events. Prizes and awards are ways of recognising and rewarding innovation that has already occurred. Explicit, high profile and valuable rewards will stimulate others to undertake similar activities. See Appendix for discussion of this by Katherine Mathieson.

Either of the above could become annual high profile events and could be a legacy for the Funding Commission.

## 8.2. Improve skills and understanding of value of innovation

### Outcome

Civil society organisations are better skilled at coming up with the right new fundraising products that are a good fit with the donors they want to reach.

### How?

Increase availability of innovation training for civil society organisations, especially for leaders – NCVO's current innovation program is developing such training.

Develop online tools and support.

Run awareness raising events and conferences.

## 8.3. Improve networks of support

### Outcome

Civil society organisations can learn from each other.

### How?

Share case studies building on Showcase for Fundraising Innovation and Inspiration case studies; Big Lottery Fund case studies for innovation projects they have funded; and others and allow online comments and development of ideas making use of Web 2.0 technology.

Develop online and off line networks – perhaps building on the pre-existing Innovation Group set up at NCVO where contributors can explore with each other what has worked and what has not worked.

## 8.4. Encourage Civil Society organisations be more outward looking and more collaborative

### Outcome

Civil society organisations are more connected with others and better stimulated to be innovative

### How?

Facilitated networking events encouraging collaboration between groups with common interests; set up and support local fundraising coalitions, perhaps using pre-existing Funding Central Website.

Mentoring and secondments between bigger and smaller civil society organisations and with the private sector.

Support innovation partnerships between civil society organisations and private sector by matching those with complementary skills and needs with the object of creating products for mutual benefit

Increase skills in engagement with users/ supporters through partnering with service design consultancies/ using skills of design students.

# Appendix

## OVC Proposal

*Supporting innovation; building networks; developing funding ideas; cross-sector working*

### Introduction

Now, more than ever, innovation is demanded: third sector organisations are expected to do more for less and find new ways to meet their users' needs more effectively and source new funding streams.

### The OVC Idea

#### In Brief

An open innovation challenge is a means of coming up with completely new ventures for raising funds/producing income. Using pre-existing software, participants to place their ideas for fundraising on the site for others to see and rate over a fixed period of time. Throughout the period participants will be able to engage in free off-line events where ideas can be explored and developed with the help of corporate partners. Top rated ideas will then receive intensive support with eventual winners receiving awards.

### Outcomes

Seen through to the end, the OVC would give rise to the following specific outcomes.

| <b>Outcome</b>  |
|---|
| Identifiable CSOs would have significant and lasting increased income                                   |
| The publicity generated would inspire other charities to take a sustainable funding approach            |
| Funders would engage with CSOs  |
| The site would provide a library for good and bad ideas sharing learning                                |
| Partnerships and collaboration between social enterprises/ social innovators and CSOs would be fostered |
| The sector would be more aware of the benefits of innovation and inspired to be more innovative         |
| The OVC would generate case studies from which the rest of the sector could learn                       |
| The private and public sector would be more aware of the capability of CSOs to innovate                 |

The process could be structured so that intermediate outcomes take place along way through case –studies; web resources; free business development training – see below.

## How would the OVC work?

Whilst the detail would need to be developed, there follows a broad outline of how the OVC would work. Where *italics* are used, it is to indicate that the area needs detailed development and a brief description of suggested approach to this is in the following section.

Working with corporate and other *partners*:-

1. Issue a *challenge* for example 'New funding ideas that will increase your organisation's revenue by 20% or more annually'.
2. Offer a *reward* – sponsored by corporate or other body - for the winning entry/ entries.
3. Use available *software* to allow ideas to be submitted and voted on by members of the network.
4. *Drive* contributors from all sectors to the network.
5. After and allotted time (3 months?), take top 10 rated ideas and engage them on off-line challenge days supported by pro bono business support consultants to enable them to develop the ideas to workable propositions.
6. Engage a judging panel of philanthropists, social entrepreneurs and others to assess the 10 finalists and select an overall winner according to a pre determined set of *criteria*.
7. Have an awards ceremony with the *winner(s)* presented with the award as seed funding for their idea(s).

## Has it been done before?

Innovation challenges are not new but have not been employed much in the sector. However, Cancer Research UK (CRUK) and has run a challenge using software developed by IT entrepreneur, Stew McTavish. The CRUK challenge (with NESTA) resulted in 3 ventures expected to generate at least £2million a year for CRUK. There was a considerable amount of work developing the software, driving people to the site, assisting with idea development offline, and business support to a high and intensive level.

## The Details

The details of the OVC would be developed over the initial three months. In particular:-

### *The Partners/ Collaborators*

Finding both corporate and other organisations to collaborate/ partner with on the OVC would give it a wider audience and provide the expertise and networks that NCVO is less well-equipped for.

Suggestions are: NESTA for its innovation expertise; UnLtd for its experience with social enterprises and innovators; RSA, Innovation Exchange and School for Social Entrepreneurs for their networks of social innovators/ entrepreneurs.

### *The challenge*

The exact nature of the challenge would be developed through working with partners and front line organisations. One suggestion is 'New funding ideas or ventures that will increase your organisation's revenue by 20% or more annually'. It would need universal appeal but would still need to be specific. The CRUK challenge worked in part because there are many people who want to benefit that particular charity. Framing that challenge to appeal to a wider audience willing to give up their time to develop ideas for social good would be an important part of the development stage.

#### *The reward*

One way to generate interest is to offer a significant and desirable reward. This could simply be a cash prize as seed funding. However, for many, business support would be valuable. There are some disadvantages to a cash prize in that it does not encourage from the outset that the idea should be sustainable. An alternative is a loan or staged funding dependent on success.

#### *The software*

The software developed from CRUK has been used in a subsequent challenge by ordinance survey. There are plans for it to be open source i.e. free but it would never-the-less need refining for this challenge and the site would need network support.

#### *Driving participants to the site*

The organiser could use its network to market the idea but experience from CRUK shows that focussed off-line meet-ups are essential if ideas good enough to be developed are to be put on the site. Engaging with a partner with a network of social innovators would be desirable. The detail of the off-line events would be worked out during the development phase.

#### *Criteria*

Detailed criteria for success would need to be developed with business professionals.

#### *Awards*

To encourage collaboration between social enterprises/ private companies and charities, more than one award is suggested for example award for most successful collaboration as well as award for best individual charity venture, best team venture. The details of what would work best would need to be developed with partners.

## Cost

The main costs would be a project manager full-time; a part-time assistant; marketing; software; network support. Current budgeting for that is approx £110K.

## Funding

BLF; Partners; Loan?

## Benefits

Not only would this be a new way of working for NCVO meeting SFP outcomes, but it would potentially generate a sustainable income for NCVO through an agreement with winners that a percentage of their surplus is paid to NCVO for first 5 years. It would also give NCVO (and partners) a profile for raising the innovative potential of the sector by taking the lead in being innovative and taking risks itself. It would also create a network interested in new fundraising ideas that could be consulted in the future; build relationships outside sector for mutual benefit and, the model, if successful, could be used in other parts of NCVO e.g. campaigning.

## Risks

No new idea can be implemented without risk. Initial time would need to be spent investigating the feasibility of the idea working with others who have experience of it, sounding out the audience and potential sponsors.

| Risk   | Steps to alleviate  |
|--|---|
| Unable to find sponsor for the prize   | Offer alternative prize of support, free training etc.  |
| Not enough ideas put forward   | Headline initiative with lots of press around it and some initial ideas up on the site before the launch. Work with the right partners and warming up audiences before launch. High profile launch. Intensive off-line program of free workshops for ideas development  |
| Sector would not engage with the process because they are unwilling to share and be open with their ideas for fear of others stealing them | This did not seem to be a problem with the challenge done by CRUK – exploration of this would be part of feasibility investigations. The CRUK OVC software included the possibility of submitting ideas secretly to protect IP, however not many took advantage of this. Getting the prize right would encourage participation. |
| Unable to find right partners  | Sound out potential partners in advance   |

## Future

It would take 12 to 18 months to get the first OVC off the ground. The model could then be replicated for other challenges within the sector or the expertise developed to run specific challenges for other charities.

## Awards and Prizes

Awards (or 'prizes') are a long-standing way of stimulating research and new product development in the science and technology sectors (e.g. X prize, Ansari prize). NCVO's Funding Commission could work with other partners to apply the 'prize' model to stimulate new approaches to funding for the third sector. The mechanism would be to offer one or more prizes for individuals or organisations who devised a successful new funding idea. However, setting up any such scheme would not be a 'quick win' as it would require considerable research and scoping, particularly:

- Evidence: what would count as a 'successful' funding initiative? Would it be an ideas competition or would applicants need to demonstrate evidence of impact? Would success be rated on amount raised, sustainability of funding stream or on spillover benefit – or a combination of all three?
- Eligibility: is anyone eligible? Only 3<sup>rd</sup> sector organisations?
- Spending the prize: does it need to be spent on the funding idea? Or can it be spent on anything?
- Marketing: can NCVO reach all of the possible sources of good ideas? Who else would be useful as a media/promotional partner?

One way of simplifying the process, particularly given the one-year lifetime allotted to the Funding Commission, would be to add a category to an existing competition. NCVO is already involved in the Guardian Charity awards so there might be an opportunity to link with that scheme. Alternatively, NCVO might prefer to use the in-house expertise that has been developed in running the Guardian Charity awards scheme (short-listing, selection, marketing, etc) to develop a new 'Innovations in Funding' competition.

Another option would be to suggest that a prize model is recommended by the Funding Commission in their final output paper as a way of stimulating innovation rates around funding. NCVO would be well placed to deliver such a scheme given its experience in running awards and its good communication links with the third sector. A group of third sector representatives would be convened to act as a judging panel, effectively making the scheme a peer-reviewed one (which will help to ensure buy-in from the sector).

The requirement for prize money (along with the costs of running and marketing such a scheme) means that external sponsorship will be needed. It would be an attractive offer for a corporate sponsor as it would position it as a responsible business, contributing to the community sector, on a 'trendy' topic and might offer development opportunities for staff. NCVO has some initial leads into businesses in the financial services sector who might be interested in a sponsorship relationship (although the sector is in considerable flux at the current time which is likely to reduce the chances of finding a sponsor).

Business in the Community, one of the Prince's Charities, has a remit to support and develop the relationship between business and community organisations. Business in the Community runs a long-standing awards scheme called "Awards for Excellence". The aim is to recognise and reward good practice in Corporate and Social Responsibility (CSR) and categories range from Impact on Society to Active Communities and Rural Action. The scheme has a strong, positive reputation in the corporate sector so might offer valuable pointers for any new competition designed to appeal to corporate sponsors.

[http://www.bitc.org.uk/awards\\_for\\_excellence/categories/index.html](http://www.bitc.org.uk/awards_for_excellence/categories/index.html)

One possible sponsor may be Ariadne Capital which is an investment consultancy founded and staffed by entrepreneurs. It specialises in IT and media and focuses on investing in and advising start-up companies. The founder and current chief exec, Julie Meyer, is the founder of First Tuesday, the successful business network. Julie or her colleagues might be a useful contact for the Funding Commission as Julie et al may have an interesting take on the capacity of new technologies to stimulate new funding mechanisms. They have worked with the Charity Technology Trust, a charity which helps other charities to understand and deliver ICT services, to devise new services that take advantage of the capabilities of new technologies.

<http://www.ariadnecapital.com/>

Case study about the Charity Technology Trust on Ariadne Investment website:

[www.ariadnecapital.com/journal/v5e4/comment/CTT.htm](http://www.ariadnecapital.com/journal/v5e4/comment/CTT.htm)

The Social Enterprise Coalition runs an awards scheme to recognise social enterprise. The scheme was originally founded by the Royal Bank of Scotland which is now a sponsor along with the Office of the Third Sector, the Department for Communities and Local Government, BT, The Times and Social Enterprise magazine. First prize is £10,000 and runners up (including a prize for a new enterprise) receive £5,000 each. The Department for Children, Schools and Families sponsors a specific prize category for social enterprise in schools (which attracts a £1,000 prize).

[www.enterprisingsolutions.org](http://www.enterprisingsolutions.org) (address not working on 27.03.09)