

CONTENTS

FOREWORD	vii	PART 1			
BACKGROUND TO THE DEVELOPMENT OF THIS GUIDE	viii	INTRODUCTION	10	statement	41
About the Sustainable Funding Project at NCVO	viii	1.1		Balance sheet	41
About the Centre for Charity Effectiveness at CASS Business School	viii	HOW TO USE THIS GUIDE	11	Cashflow forecast	41
About the guide	viii	Who is the guide for?	11	Financial independence	45
THE AUTHORS	ix	What the guide covers	12	Funding mix	45
		Making the most of the guide	12	Financial management systems	47
		1.2		Full cost recovery	48
		WHY THINK ABOUT TRADING?	16	2.5	
		An important source of income	17	ORGANISATIONAL CAPACITY	52
		Towards sustainable funding	19	Organisational culture	53
		A valued source of income	21	Staff capacity	54
		Trading can develop valuable skills and organisational capacity	21	Risk management	55
		PART 2		PART 3	
		HIGH-LEVEL ASSESSMENT OF READINESS	22	HOW TO IDENTIFY A SPECIFIC TRADING IDEA	56
		2.1		3.1	
		FIRST STEPS	23	WHAT IS THE PURPOSE OF YOUR TRADING?	57
		Setting up an enterprise team	24	Clarify why you want to trade	58
		How ready is your organisation to trade?	26	What will success look like?	60
		2.2		Mission related	60
		IMPLICATIONS OF TRADING FOR MISSION AND VALUES	27	Financial	60
		The ethical dilemmas of trading	32	Organisational	61
		2.3		3.2	
		BUILDING STAKEHOLDER SUPPORT FOR TRADING	35	GENERATING IDEAS	62
		2.4		What do you do already?	64
		ASSESSING FINANCIAL CAPACITY	39	Can you build on what you do?	65
		Financial stability	41	Understand the market	68
		Income and expenditure		Get creative	72
				Create the conditions for creativity	72
				3.3	
				ASSESS YOUR IDEA	76
				Initial sift	77
				Create a summary of each shortlisted idea	77

Agree your assessment criteria	79	Advice	114	3.7	
Market factors	79	Packages of support	114	GOING FORWARD	140
Competitive advantage	79	What is...		Ongoing monitoring and review	141
Assess and compare the shortlisted ideas	80	Loan financing	114	Evaluation	141
		Equity capital	114	Account for performance	142
				Anticipate future developments	144
3.4		3.5		Access advice and support	147
CREATING A DEVELOPMENT PLAN	82	CHANGE MANAGEMENT	118		
The role of a business plan	83	Forces helping and hindering change	119		
Marketing	85	Levers of change	120	PART 4	
Segmentation: grouping customers according to their needs and preferences		Change curve	122	FURTHER RESOURCES AND SOURCES OF HELP	148
Decide on which segment to target	86	Building commitment	124		
The marketing mix: finding the best way to meet customers' needs.		A change management approach	125	4.1	
Financial analysis	87			WHERE TO GO FOR HELP	149
Costs	92	3.6		Further reading	150
Start-up costs	92	LEGAL ASPECTS	126	Useful websites	150
Ongoing costs	93	Primary purpose and non-primary purpose trading	127	Regulatory bodies	151
Income	93	Is there power to trade?	128	Professional skills support	152
Projecting sales	94	The consequences of trading without appropriate powers	128	National networks and agencies	153
Getting the price right	94	Does charity law allow the activity?	128	Regional and local agency support	154
Financial analysis	96	Tax	130	National and regional loan finance providers	156
Break-even analysis	98	Exemptions from tax	132		
What-if analysis	98	Primary purpose trading	132	4.2	
Operations	100	Ancillary trading	132	GLOSSARY OF TERMS	158
People	103	Fundraising events	132		
Skills planning matrix	103	Donated goods	132	4.3	
Risks	104	Annual payments	132	FEEDBACK	161
Identify your risks	105	Small-scale trading	132		
Prioritise and map your risks	105	Use of a trading subsidiary	134		
Manage the risks	105	Investment in a trading subsidiary	134		
Risk avoidance	106	The board of a trading subsidiary	135		
Risk reduction	106	VAT	136		
Transfer the risk	106	The charity SORP	136		
Accept the risk	107	Legal structures for trading at a glance	137		
Raising finance	107				
Grants	113				
Loans	113				