

Network Fundraising

Document Purpose

This document is designed to help a network develop a viable funding model that is both effective and flexible. It can be used by emerging networks to identify funding requirements and cultivate a solid funding base, or by existing networks to reassess funding needs and find new ways to address funding issues.

It contains: Best Practice, Guidance, Worksheet Template, and an Appendix with examples.

Best Practice

Fundraising can be a daunting task for networks, whether they are newly established or mature. Value must be consistently and compellingly shown to funders, so they can watch their investments grow and understand the point of what they are helping to build. Documenting member impact, developing an annual strategic plan, and having members involved in this process are all very important before approaching a potential investor.

There is no single fundraising business model for a network to follow. Instead, a network must be opportunistic and creative when assessing how to meet financial needs. With no clear track record, it can be difficult for a new network to persuade funders to get on board. The first task a network needs to address is creating a clear budget that outlines specific fixed operational costs and variable project costs. The three main categories of operational costs outlined in the book [*Connecting to Change the World: Harnessing the Power of Networks for Social Impact*](#)¹ are described below:

1. **Convening** includes the travel expenses, meeting space, food and lodging, meeting facilitation, and materials involved in bringing members together. These costs can be shouldered to some extent by members, but can be prohibitive especially in new networks.
2. **Staffing** involves the coordination of network logistics and, ultimately, the more difficult, higher-skill operational and strategic management tasks, as well as accounting and other necessary services. While new networks can function without official staffing, it is important to plan for these costs as the network grows.
3. **Communicating** includes the various conference calls, websites, software, and one on one communication that enable members to engage with each other. As with staffing, communication costs can be minimized with free communication services when a network is new, but will need to be addressed as an investment needs as the network becomes more established.

Once these operational and project costs have been assessed, a network can start the process of developing a funding plan.

¹ Plastrik, P., Taylor, M., & Cleveland, J. (2014). [*Connecting to Change the World: Harnessing the Power of Networks for Social Impact*](#). Island Press.

Guidance

Developing a solid financial base is vital for the continuation of a network’s ongoing collaborative activity. While new networks often depend on the volunteer efforts of its members, a long term funding plan is necessary to sustain network health. Networks have to be flexible and creative when building a fundraising model. The following factors should be considered when developing a funding plan:

- **Mix Funding Sources.** Network funding sources will likely evolve over time, so the funding plan needs to be flexible enough to accommodate shifts in funding sources. It’s OK to ask a funder what their typical investment period is; this opens the conversation early and lets the funder know the network will benefit but not depend solely on their investment.
- **Show Examples.** Funders will likely be less willing to invest in a new network with no impact history. If a network is fundraising for the first time, when presenting anticipated impacts, stress what the network members can achieve as a collective that is beyond the reach of a single organization or individual.² Show examples of what other regional networks have been able to do with their resources, and reference USDN as an example of what a network can accomplish over time.
- **Anticipate Questions.** What will funders want to know after having read your strategic plan, budget, and other supporting documents that go with your request? Having answers ready will serve to develop funder confidence in the network.
- **Showcase Volunteers.** Show funders the value of members’ voluntary efforts. By doing the math and monetizing the time donated by network members on paper, funders will have a clearer picture of the investment by members and the subsequent value of the network.

See the appendix for a description of different funding sources and their application within networks.

Worksheet Template

1. What are the operational costs of the network?

Convening Costs		Staffing Costs		Communicating Costs	
Type of Expense	Cost	Type of Expense	Cost	Type of Expense	Cost

2. What are potential project costs of the network?

Type of Project	Cost

² Plastrik, P., Taylor, M., & Cleveland, J. (2014). *Connecting to Change the World: Harnessing the Power of Networks for Social Impact*. Island Press.

3. What are the potential impacts of the network itself (not just the network building processes)?

4. What are the member investments in the network (i.e., volunteer hours, out of pocket costs such as travel and lodging)?

5. What revenue sources should the network pursue (i.e, regional funders, funders with common mission statements and programs, funding sources from member contacts)?

6. What are the potential questions that funders will want answered?

7. Who should represent the network on the Fundraising Team (i.e., chairs, steering committee members, member volunteers, staff)?

8. Who will follow up with funders should they express interest (i.e., who will turn the request into a written proposal, etc.)?

9. What are the funding tiers the network is shooting for (i.e., basic funding for operations, then funding for the annual meeting, then funding for project implementation, etc.)?

Appendix

The following table adapted from [Connecting to Change the World: Harnessing the Power of Networks for Social Impact](#) describes different funding sources that can be utilized to finance network expenses.

Sources of Social-Impact Network Revenue	
Revenue Source	Application Within a Network
Philanthropic funders— individual donors, corporate foundations, private foundations, family foundations, and community foundations	Much has been written about how to raise money from foundations. In general, it's easier to obtain funding from philanthropists for projects rather than operations, because they want to have impact, not just build capacity. However, more and more foundations are looking to networks to produce a collective impact that cannot be matched by the single organizations they traditionally fund. This makes them more willing to pay for operations.
Member dues or fees	Asking members to pay dues tests how much importance they place on being in the network. This can be a high hurdle in the beginning, when it's not yet obvious to members that being in the network will generate value for them or their organization. It makes sense, though, that at least a small portion of a network's budget should come from its members - instead of relying entirely on outside funding. (USDN targeted 25 percent of its annual operational budget to come from dues.) Having member dues also shows potential funders that the members "have some skin in the game." Some networks start off with dues (sometimes on a sliding scale), while others introduce dues only after the network's value has been established.
Sponsorships	Some networks turn to outside entities, particularly corporations, to sponsor some of their activities, such as annual meetings, websites, and publications. A potential sponsor is interested in obtaining favorable visibility with network members or enhancing its public brand by associating with the network. For some networks, sponsorships may be problematic because of the potential perception that the network has been "bought" by the sponsor.
Partnering	Developing projects with outside entities allows a network to tap their expertise and in-kind services. Networks and partners can generate proposals together, often bringing in enough resource for both parties.
Government grants or contracts	Some government agencies will fund network development or projects if the network's efforts are aligned with the agency's goals and programs. As with foundations, most agencies will want their funding to achieve impact, not just build capacity.
Crowdfunding	Fundraising websites such as Kickstarter.com or NationBuilder.com can be used to promote your cause and raise donations from online communities. These new tools are drawing more and more attention, but using social media channels alone for fundraising will not be as effective as making them a part of a strategy that includes the traditional fundraising techniques. (Kanter and Fine, <i>The Networked Nonprofit</i> , 140)
Earned income for services and products	In theory, a social-impact network can produce value for customers and collect revenue, though not many examples of this exist.