HOW TO SUCCESSFULLY MANAGE A NON-PROFIT ORGANISATION!

Management Handbook
87 Hints

FONDATION ARCANUM (ÉD.)
Written by Sonya Martin Pfister, Booster Bridge, Geneva

Foreword

Associations, charities and foundations are the backbone of society in Switzerland. Without the many diverse organisations working in the field of culture, social wellbeing and sports, areas of the public sector would struggle to function. We owe it to these associations to show our gratitude and support. In recent years, non-profit organisations have undergone a radical evolution in how they are run and regulated. All associations feel the strain of competition as they are forced to compete for funds and find new ways of coping in the face of stagnant and declining public subsidies. At the same time, the all-seeing public eye is now watching to ensure organisations operate transparently and efficiently.

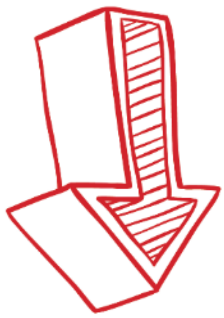
As a response to these developments, this guide has been produced to assist small and medium sized organisations to overcome the challenges they face in today's climate. This guide should be made available to anyone holding a position of responsibility within the charitable sector to support their role and the important work they do.

This publication was made possible thanks to a group of Swiss foundations and donors who had the courage and foresight to invest in strengthening the capacity of the non-profit sector. We extend our warmest thanks and gratitude to the Avina Stiftung, the Centre for Philanthropy Studies, the Ernst Göhner Foundation, the Fidel Götz Stiftung, the Lombard Olivier Foundation, the Romande Lottery and the Migros Culture Percentage.

This document is designed as a practical guide rather than a scientific report. However, it is important that current discussions around modern day approaches should be accurately represented. For this reason, we are pleased to have had the support of the Scientific Council and we thank Professor François Courvoisier from the Haute École Arc (HE-Arc) in Neuchâtel, and Professor Georg Von Schurbein of the University of Basel for their cooperation.

While working towards the successful completion of this project, we were surprised to discover there was no comprehensive and practical guide to management available for French language associations in Switzerland. Therefore, it was necessary, both at a conceptual and editorial level, to research and cover entirely new ground. We are very happy to have had Sonya Martin Pfister on board, an author who took on this challenge with an admirable commitment, sensitivity and expertise.

Finally, we would like to thank all of you who are involved in charitable projects within the non-profit sector, whether it is in the capacity of employee, volunteer or supporter. This guide is dedicated to you.



Pour l'éditeur

Dr Karsten Timmer
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Scientific Advice / Preface

In Switzerland, the non-profit sector (NPO) is made up of millions of associations, foundations and social enterprises. They represent a significant share of the gross national product, not only through employee salaries but also the involvement of thousands of volunteers. In the field of social services and protection alone, which has the largest representation in the non-profit sector, the Swiss Federal Statistical Office counted 1400 institutions active in 2010 with an overall budget of almost 3 billion Swiss francs annually.

Therefore, it is not surprising that today, the terms "management" and "non-profit" have come together. In the USA, a sound conceptual framework for NPO management has been in place since the 1970s, thanks largely to the work of teachers and researchers including Kotler, Levy, Rados and Connors, amongst others.

Towards the end of the 1970s, Professor Ernst-Bernd Blümle created the Verband Management Institute (VMI), also known as the Institute for Associations, Foundations and Cooperative Management, at the University of Fribourg in Switzerland. When the university made a linguistic shift towards Swiss German, it offered a series of training courses, seminars, consultancy opportunities and publications in German under the "Fribourg Model".

Up until now there has been a distinct lack of resources in French about NPO management for the Swiss French community. Curiously, VMI released a manual partially translated in French in the same year this guide was produced, written and coordinated by Sonya Martin Pfister. This book is the product of the author's long experience managing several NPOs and her post as a teacher at several training institutes (SAWI, ESM and SPRI) and high schools (Haute École Arc and the Haute école de musique in Geneva)

Rather than being an academic thesis laden with theory, this guide aims to introduce the basic framework for NPO management and translate the information into concrete and practical step-by-step guidelines. The guide includes a "red thread" at the end of each chapter which ties the ideas and tasks discussed in the chapter to the activities and context of an active and functioning organisation. Throughout the chapter there are also stories and examples relevant to people working "on the ground" including employees, volunteers, committee and board members, and the situations they may encounter through the management of their social, cultural, sport or environmental organisation.

This guide is an important reference point for any student or person working or volunteering within the non-profit sector who would like to expand their knowledge of management practice in what is often referred to as the "third sector", following the private and public sectors. But unlike the "Third Estate" which segregated the common people from the clergy and aristocracy before the French Revolution, the non-profit sector is held in high regard for the value it adds to the community, even if its contribution to gross national product is not accurately taken into account and the considerable number of productive hours generated by volunteers are not appropriately valued.

Through this book, readers will uncover many different paths to developing their skills in leadership and organisation within the non-profit sector, which will help them become effective and trustworthy managers who inspire confidence when dealing with donors, the media and the organisation's partners.

Francis H. Courvoisier
Dr Economic Science
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Introduction

Dear Reader,

What a pleasure it is to welcome you with these opening words. It is so wonderful to see an idea develop, take shape and finally become a reality. Since its inception, Booster Bridge's raison d'être, it's entire reason for being, has been to produce a guide with comprehensive and practical advice for managing NPOs and to make it available to anyone engaged in the non-profit sector. Finally, a meeting with the managing directors of the Arcanum Foundation has made all of this possible. Bringing together our competencies, knowledge and resources, is the reason why we are now able to offer you the document before your eyes: "How to Manage your Social or Cultural Organisation - a Practical Guide with 87 Handy Hints for Success"

This guide is designed to make a direct link between strategic thinking and practical action. It also aims to empower all organisations to operate at their optimum capacity in order to ensure their sustainability.

Some advice for getting the most of this guide:

Read the table of contents and become familiar with the subjects discussed within the document. Then either:

- Read from start to finish, chapter after chapter, in an organised manner
- Target subjects which are of particular interest or are relevant to your work today; or
- Use the document as a tool box which can be distributed to all members of your organisation.

We have decided to make this document available online in the hope it will encourage a valuable interaction and exchange of ideas with our readers. It is with great pleasure we invite you to comment or discuss any of the content within this document by contacting us on: guide@fondation-arcanum.ch.

All of the following chapters were written in the spirit of raising awareness of the various aspects that are fundamental to managing an NPO. It is not designed as a training manual for accounting, human resource management etc. We encourage you to explore the countless other publications providing more specialised and detailed information on these subjects if you are looking to expand your learning in that area. Some useful links and references are listed at the end of each chapter to assist you in further research.

I would like to extend my warmest thanks to Mrs Laurence Levrat-Pictet, the editor of Donors and Project Evaluation, whose reflections and contributions throughout the writing process were extremely helpful. Without her, this document would probably not have seen the light of day.

I wish you all the best as you read and discover!

P.S. Throughout the guide you will notice the acronym NPO is used. It stands for Non-Profit Organisation and refers to all associations, foundations, clubs and initiatives which are not operating for the gain of their individual members. This term encompasses all the various entities who will benefit from reading this document.

Sonya Martin Pfister

Project Coordinator and Author

President and Co-Founder of Booster Bridge: providing a wealth of expertise, advice and training in the project and organisational management of the cultural, social and sports sector.

www.booster-bridge.com

Chapter 1

The Strategy of the Organisation

Some Basic Principles for Managing a Non-Profit Organisation

You've decided to create an association, take a management role within a foundation or maybe you just want to rethink the practices and habits of an organisation you're already working with. This first chapter will help you uncover or revisit the fundamental basics of managing a non-profit organisation (NPO). The following principles are the basic foundations on which you can start to build your organisation.

Managing an association or foundation requires a knowledge and understanding of some key concepts necessary for creating, developing and sustaining an organisation. These concepts are designed to ensure consistency: consistency in the organisation's operations and decision making processes; consistency in its approach to managing programs; and consistency in the organisation's commitments. Consistency is important because everything within the organisation is connected. Nothing exists in isolation.

To address these key concepts, you need to be able to answer the following questions:

What is our vision?

What is our mission?

What are our values?

If these ideas are never really discussed or defined, the organisation will have difficulty establishing its identity and credibility. These concepts are not only the roots of the organisation, but a map for its future.

In this chapter we will discuss:

- The definition of the key concepts of vision, mission and values
- The organisation's institutional charter
- The definition of a strategy
- How to conduct an evaluation of internal and external factors which impact on the organisation's environment
- Defining the organisation's objectives
- The basic legal principles you should know before creating an association or foundation

1.1 Vision, Mission and Values

Hint 1: Define the vision, mission and values of the organisation

The Vision

The vision should:

- Demonstrate in a few sentences the ideal the organisation is striving towards
- Provide direction and perspective for the future and long term commitments of the organisation
- Introduce "The Star" around which the organisation's work revolves.

The vision should be motivating and inspiring.

The following questions may help the organisation to refine or develop the best way to express their vision:

What need does your organisation address?

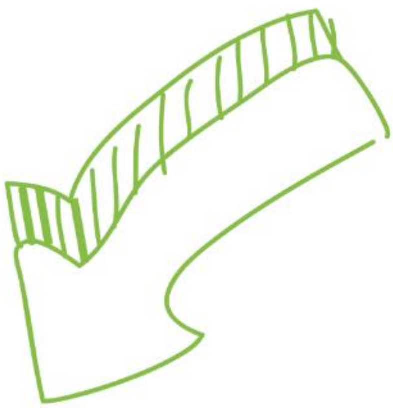
What kind of problems do you hope to solve?

Who will benefit from this work?

What kind of legacy do you hope to leave? Where?

Are there already organisations out there working towards a similar goal or solving the same problems? What will be your point of difference with those organisations?

Developing a framework for your vision may seem like a demanding process, but it is an essential step for ensuring the future sustainability of the organisation.



Examples of some "Visions"

World YWCA

"The vision of the World YWCA is a fully inclusive world where justice, peace, health, human dignity, freedom and care for the environment are promoted and sustained by women's leadership."

(Source: YWCA).

Caritas (Neuchâtel)

"Constantly seeking a just, tolerant and unified society through service of those facing poverty"

(Source: Caritas Neuchâtel).

The Mission

The mission represents the organisation's reason for existing; it is the heart of its activities, its core business. It should provide a concrete response to the questions "Why was your organisation established?" and "What direction does it want to take?" The mission defines the role the association or foundation plans to take on in order to achieve its vision.

Once a mission has been clearly identified, it is much easier to generate support and motivation for your cause, both within and outside the organisation. Supporters will rally when they can associate their involvement and the organisation's activities as a contribution towards the mission - a mission that speaks to them, touches them, and moves them to action. People are more likely to get involved with the organisation when they have a good understanding of the cause they are working towards. Now the next step is to define the organisation's objectives. This is critical for ensuring the organisation's mission is first pursued, then accomplished.

Looking at the example of Caritas (Neuchâtel), obviously the organisation cannot develop a just, tolerant and unified society all on its own. However, in striving towards their mission they can make a large contribution to their cause alongside other organisations working towards a similar goal.

Examples of some "Missions"

World YWCA

"The World YWCA mission is to develop women's leadership in order to find local solutions to the global inequalities women face and promote justice, peace, health, human rights, freedom and a sustainable environment for the world's people"

(Source: YWCA).

Caritas (Neuchâtel)

"Promote a just, tolerant and unified society where all people are welcome and treated with respect regardless of their beliefs and background, and empowering those facing social and economic hardship to lift themselves out of poverty and regain their independence."

(Source: Caritas Neuchâtel).

Values

Values provide a common framework for the various activities and commitments of the organisation, as well as its approach to achieving their mission and goals. Without clearly identifying your values, how will the organisation move forward? How will it develop its image, reputation and identity? Values provide a context for the organisation's actions.

Examples of some "Values"

World YWCA

Inspired by the Preamble in the World YWCA Constitution, these are the key values and principles that guide the work of YWCAs around the world towards our common vision and purpose:

- Placing women, young women and girls' empowerment at the centre of our work
- Honouring our Christian foundation and being inclusive of women of all faiths and backgrounds
- Respecting diversity and upholding the human rights principles of participation, non-discrimination and accountability
- Modelling intergenerational and shared leadership
- Promoting volunteerism and effective, mutually respectful partnerships
- Operating with integrity and ensuring good governance and accountability at all levels
- Valuing the history and ongoing work of the YWCA movement in its diversity of contexts and regions

(Source: YWCA).

Caritas (Neuchâtel)

Dignity: Respect for the intrinsic dignity of every human being

Tolerance: Making no distinction between gender, race, religious affiliation or political beliefs.

Autonomy: Respecting each person as an actor in their own development

Unity: Participating in the development of a just, tolerant and unified society

(Source: Caritas Neuchâtel).

Hint 2: Draft an Institutional Charter

To gain the most benefit out of the reflections and research you've undertaken to define your vision, mission and values, it is highly recommended to collate the information in a document called "The Institutional Charter". This document will prove useful in the future for both internal and external communication, and whenever the organisation approaches potential partners for support. See Chapter 5: Communication for more details.

The Institutional Charter is THE document which represents your organisation and outlines the foundations on which it is built. It represents a sort of official glossary for the organisation's structure; the guidelines for your common vocabulary. The Institutional Charter can be quite simple and does not necessarily require a large investment. The words, terms and concepts it contains are the document's only real value

The Institutional Charter must be approved by the directors of the NPO and communicated as much as possible to the public and interested stakeholders, both internally and externally.

1.2 The Development Strategy

After establishing the organisation's vision, mission and values it is important to move to the second phase. You now need to flesh out the mission and bring it to life by developing more concrete themes and ideas about how you're going to achieve it. Establishing a vision to strive towards is very important, but after the initial stage of reflection the organisation needs to be able to translate their ideals into action.

It is in this phase that many organisations lose their way, either because they have too much enthusiasm or they are trying to progress too fast or do too much. At this point, some organisations lose sight of what is realistic and/or possible. This may relate to the organisation's finances, human resources, logistics, available time or all of the above!

This step calls for further reflection and the creation of a development strategy. This will help ensure things are done in a logical order so that thoughts are organised, priorities are established, and any strengths, weaknesses and/or threats are considered.

In order to effectively develop an organisation, each board member, committee member and manager must have a good sense of awareness of their responsibilities and accountability to the organisation's:

- Beneficiaries
- Donors
- Employees and volunteers
- Members; and
- Partners.

No development strategy will be set in stone or designed and planned only once. Quite the opposite, actually! Once established, a strategy must be regularly re-evaluated, redesigned, critiqued, adjusted and adapted to any new issues or circumstances as they arise. This is particularly the case if it is identified there is the risk of a potential threat or major impact to the development and sustainability of the organisation.

Hint 3: Conduct a SWOT Analysis

Every organisation develops within an ever changing environment. It is therefore necessary to evaluate periodically, and with the emergence of any new ideas:

- The organisation's strengths and weaknesses (an internal analysis of the organisation)
- Any external opportunities which could or should be pursued
- Any potential threats the organisation should try to avoid.

Analysing and gaining a better understanding of the environment in which the organisation operates will leave you better equipped to successfully plan and implement your development strategy.

Conducting this analysis also creates reassurance for certain partners of the organisation. These days, many donors actually demand that NPOs incorporate strategic management tools into their operations. It is not unusual for a company, foundation or sponsor to request a copy of the organisation's strategic plan before making a decision to pledge their support. It is therefore recommended to use a common tool which is both simple and complex: a SWOT analysis. SWOT is an acronym for Strengths, Weaknesses, Opportunities and Threats.

Conducting a SWOT analysis allows the organisation to bring together the reflections, knowledge, motivation and collective intelligence of the directors and management team. This process cannot and must not be undertaken in a disorganised manner or by one or two individuals in the organisation. The exchange of ideas and conflicts of opinion that will inevitably arise are essential to the success of the end result. This task needs to be approached in a serious, objective, rational and methodical manner. The SWOT model was developed during the 1960s by the professors of Harvard Business School. Undertaking this analysis will provide reassurance to all those involved with the organisation that its activities have been well thought out and evaluated according to recognised standards which are widely used in the management of social, humanitarian, cultural, sportive and other associations.

Conducting this kind of analysis requires a significant investment of time and energy for those responsible for the organisation and its projects. It is not a trivial matter. All those involved need to be willing, present and active participants. However, before getting lost in reflections about the overall importance of taking the SWOT approach, it may be better to provide some structure and guidance for the themes of the analysis.

Phase 1: Conduct an internal analysis

Outline the main strengths and weaknesses of the organisation.

Some examples for internal analysis:

- Financial situation: Strength or Weakness?
- Human resources: Strength or Weakness?
- Internal communication: Strength or Weakness?
- External communication: Strength or Weakness?
- Geographical location: Strength or Weakness?
- Quality of the program and its advantage for beneficiaries: Strength or Weakness?

Phase 2: Conduct an external analysis

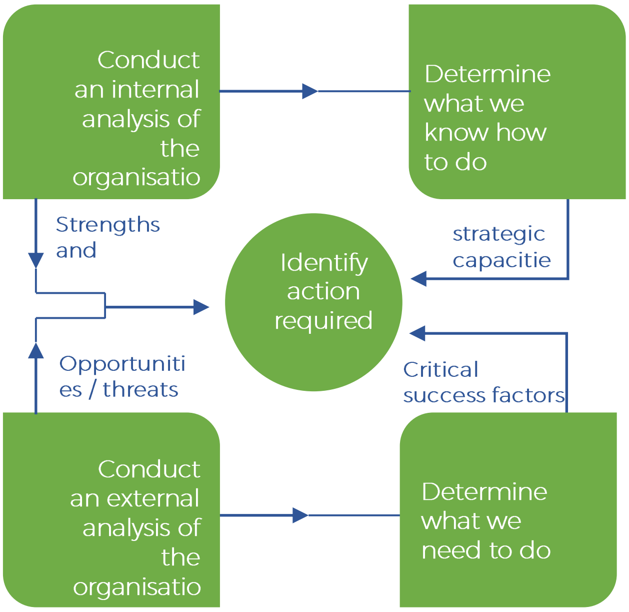
Outline the main opportunities and threats the organisation could face. Some examples to consider for the external analysis are:

- Changes in the political situation at the canton, national or international level: Opportunity or Threat?
- Changes in the local or global marketplace: Opportunity or Threat?
- Changes to the economic situation: Opportunity or Threat?
- Changes to the number of beneficiaries or their situation: Opportunity or Threat?

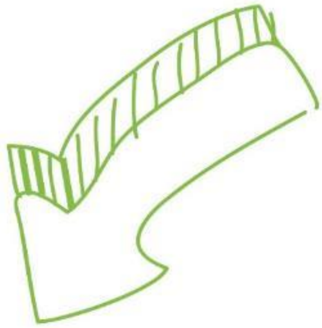
These reflections are usually collated and presented in the form of a graph or image which creates a quick visual of the SWOT analysis results.

This study allows us to clearly identify what the organisation can do – its core competencies (CC) – and what it needs to do – its critical success factors (CSF). By recognising and bringing together the core competencies and critical success factors the organisation will have a clear view of the strategic choices they need to make.

The diagram below provides a list of actions the organisation can take to develop all or part of the strategy they have put in place.



Source: Institute Joaquin Fernandez – Geneva



Some examples of questions relevant to the axes of the SWOT analysis:

Axis: Strengths/Opportunities

Do our strengths (for example, the foundation's financial resources) allow us to take advantage of new opportunities available in the marketplace? (For example, developing a new program identified as important for our beneficiaries or future beneficiaries)

Axis: Weaknesses/Threats

Can our weaknesses put us at a disadvantage compared with our "competitors" or other organisations working in the same field?

Axis: Strengths/Threats

Can our strengths really overcome the threats we have identified? How could we avoid these threats?

Axis: Weaknesses/Opportunities

Should we seize an opportunity presented to us which compensates for an area of weakness?

Phase 3: Put the results of the SWOT Analysis to good use

Once the initial SWOT analysis is done it will need to be reviewed regularly. If there are any major internal or external changes, or a new idea or project is put forward for the organisation, the SWOT analysis should be revisited and adapted immediately. The SWOT analysis should be revised at least twice a year and always conducted and referred to at the time of year when the budgets are established.

You should immediately take advantage of any strengths which have been identified. For example, the SWOT may have highlighted that there is a particularly engaged and motivated volunteer workforce within your organisation who are passionate about the cause. If you do not recognise and capitalise on this strength quickly, you will probably find the subject of volunteer retention appears on your next SWOT analysis as a weakness. A lack of recognition or internal training for volunteers will probably lead to their resignation and a resulting weakness for the organisation.

When managing an organisation, you have to assume that there are no guarantees. With this in mind, you must constantly self-evaluate and adapt the direction of the organisation whenever you feel it is necessary. Whatever weaknesses you are able to objectively identify through this process will need be addressed. All attempts should be made to systematically correct weaknesses so that the external environment does not become such a threat that it puts the organisation's survival at risk. Using the same example: let's say you have identified that you do not do enough to recognise your volunteers and don't praise them enough. You may lose your volunteer workforce to "competing" organisations (threats) who might develop a dynamic strategy for recruiting volunteers by offering high-quality training. This would put your projects and the overall operation of the organisation in danger.

Hint 4: Make strategic choices

To maximise the impact of their actions, every organisation needs to address the following questions:

1) Are we going to focus our work on beneficiaries who are rarely or never considered by other organisations? Or are we going to be very active in an area which already has a number of other organisations working towards similar goals?

Every choice you make needs to be justified. Focusing your work on a "niche population" brings a number of advantages as it:

- Provides maximum return on investment
- Makes communicating about the cause more interesting and convincing
- Allows you to work "without competition" and facilitates partnerships with other organisations active in the region
- Allows you to develop a specialised "savoir-faire" which will be highly valued and perhaps sought after by certain donors
- Creates a point of difference
- Creates new opportunities and concepts for specific and targeted training.

Nevertheless, working in a field where there are a number of other "competitors" engaged in similar work can present some advantages as well as it:

- Enables the organisation to be built on the knowledge, expertise and experiences of others working in the field
- Allows you to work in a market which is already established
- Provides access to a much larger number of donors compared to targeting a niche market
- Creates healthy competition

2) Another fundamental and strategic question to consider: is it better to focus our activities on one program, or rather work on a diverse mix of projects which may appeal to a wider audience?

Some organisations, like Caritas, manage and monitor several projects at the same time, while others prefer to focus on one key activity which dominates the organisation entirely. An example of this is the Theodora Foundation which organises clown visits for children's hospitals. Their primary activity has only ever been to send "dream doctors" to entertain sick children in hospital. Whether to focus on one or several projects is a strategic decision the organisation will need to make, taking the following advantages and disadvantages into consideration:

Concentrating on one project or activity:

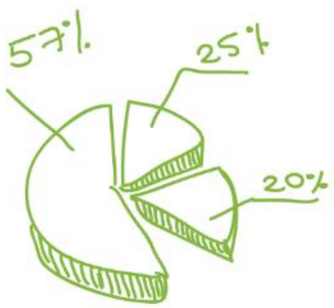
- Facilitates the creation of a "brand" for the organisation which is clearly identified by its core activity, like the Theodora Foundation.
- Facilitates the management of financial and human resources
- Risks becoming dependent on a limited number of donors

On the other hand, diversifying the organisation's activities:

- Allows you to attack a problem from different angles and take advantage of different synergies
- Mitigates some risk, because if one project doesn't work then another can be developed in its place.
- To be able to answer the two preceding questions, the organisation will need to conduct an analysis of their "competition".

This study allows an NPO to:

- Identify any other organisations working towards a similar goal, and
- Find a point of difference.



INTERVIEW WITH PASCAL DAUVIN
MASTER OF POLITICAL SCIENCE AT THE UNIVERSITY OF VERSAILLES-SAINT-QUENTIN, France

Keep things in perspective.

"In the process of professionalising an NGO it is important to ensure that the social or charitable reason the organisation has been established does not get lost in the sea of managerial and administrative practices and policies. Complying with management practices should not become the goal of the organisation. It's important to avoid becoming too strict or technical about practices and policies to the point where we forget that the people who need to master these skills are human beings. We should reintegrate these managerial practices into the organisation by focusing on the reasons why we are doing these things in the first place. Becoming too routine or strict about managerial logic is, thankfully, not irreversible. It's not the end of the world. It is up to the people within the institution to find methods which work for them, depending on their capacities, so that they are always conscious of the reasons why we are doing things, and why they are done in a certain way. There may be many different ways to achieve the same goal and how things are done will evolve over time. However, there needs to be a minimum consensus within the organisation about how things are going to be managed. If not, there is a chance that rifts and conflicts may occur within the team and that, unfortunately, *is* quite irreversible."

Is the organisation's purpose non-profit?

The purpose of an organisation is considered economic if the activities it undertakes are aimed at generating profits which can be shared entirely or partially between its members. The purpose will not be considered profitable if, on the other hand, the organisation's activities are not aimed at making a profit. However, identifying as a non-profit organisation does not mean that the association or foundation should not make a profit at all; rather that they have an obligation to reinvest the money they make as an organisation in achieving its goal and mission.

See Chapter 3 and 4 for more specific financial guidance.

1.3 The Legal Framework

Hint 5: Choose a legal structure: are we an association or foundation?

Every social, cultural and sporting organisation must choose the legal structure which is most appropriate for their purpose, credibility and operations. The two legal structures most commonly adopted are the association and the foundation.

The Association (art. 60 Swiss Civil Code/CCS)

An association is an agreement between several people who share a common goal and bring together their knowledge and resources for a non-profit purpose. An association is a kind of cooperative which forms to gain recognition as a legal entity. Membership of an association is entirely voluntary.

To form an association, you need a minimum of three people, a non-profit goal, a written constitution (otherwise article 63 and the following articles of the CCS apply), a social or charitable purpose, a name and a constituent assembly. The primary legal obligations for an association are a General Assembly, the committee and an auditor for the accounts.

The General Assembly brings together the most senior members of the association. It is required for the admission and exclusion of members, electing the committee members, selecting auditors and making decisions regarding all matters and affairs pertaining to the organisation according to its constitution.

The committee is the group of members who act as the leaders of the association and manage all of its affairs. They are the face of the organisation and are legally responsible for acting on its behalf. See Chapter 3 for more information about human resources and good governance. In very small associations there may not be a committee. Instead, all the decisions are made by the organisation's members.

The auditor must review and audit the accounts once every year. It is their responsibility to produce a financial report to present at the General Assembly. Based on the findings in the report, the General Assembly signs off on the accounts and elects the committee.

When creating a new association, the following steps are recommended:

- Make sure the members have a common goal
- Draft a constitution
- Organise a General Assembly. Adopt the Constitution, elect a committee and decide on the amount for the annual membership fee.
- Sign the Constitution
- Record the meeting minutes
- Register the organisation on the Commercial Registry (compulsory if the annual revenue is more than Fr.100,000 per year)
- Open a postal or bank account
- Seek out new members
- Promote the association and develop activities which will overcome areas of weakness

The Foundation (art. 80SS Swiss Civil Code)
While an association is formed by its members, a foundation is formed by its fortune. A foundation has no members as such, but rather a certain amount of capital allocated towards achieving a specific goal.
Foundations are required to maintain the assets entrusted to them, and only the return on their investments can be used to finance the goals which are defined in their constitution. A foundation is generally engaged in its project for the long term, sometimes for an unlimited period. An example of this is The Inselspital Foundation of the University Hospital of Berne which dates back to 1354.

Under Articles 80SS CC, a foundation is defined by its allocation of assets towards a particular purpose. The collective assets of the organisation should ensure its continued existence. This relates to material support which must be contributed by the foundation in order for it to remain viable. According to the federal authority for the monitoring of foundations, the minimum capital initially required to start a foundation is Fr.50,000.

The foundation is formed by a deed, a will or an inheritance agreement. Registration with the Commercial Register is compulsory in order to become a legal entity. Other than the goal, the starting capital and the name, the institutional charter will determine how it is organised and its methods for administration. A foundation must have two mandatory bodies: the foundation board and the auditors.

The foundation board is the governing body of the foundation. It is responsible for the general direction and management of the organisation. In practice, the foundation board should consist of three physical or legal members.

The auditors must conduct an annual audit of the foundation's accounts and submit a detailed report outlining the results and suggested recommendations moving forward.

The Supervisory Authority
All foundations are placed under surveillance by the public administration (either federal, canton or local community) depending on their purpose. The supervisory authority monitors foundations to ensure that the contributions made are used for the purpose for which they were intended.

Foundation or Association?

Here are some points to keep in mind when making a decision about which legal structure to choose for your organisation:

A foundation is the right legal structure for your project if:

- There is a significant amount of capital which can be maintained over the long term
- The project requires moderate but sustainable financial support
- You would like to develop the organisation's cause over an extended period
- You would like to limit decision-making powers to a small number of people

An association is the right legal framework if you:

- Would like to involve a large number of people in the organisation's activities
- Prefer to work in a more participatory environment
- Are looking for a legal framework which is flexible, simple and easy to create
- Would like to invest all of the available resources in financing the organisation's activities.

In summary, to create a sustainable organisation it is essential to start by:

- Defining the organisation's vision, mission and values
- Creating an institutional charter which brings the goals, terms, and actions of the organisation together in one document
- Conducting SWOT analyses at regular, scheduled intervals as well as whenever there are changes of the need arises
- Clearly defining the objectives, the organisation aims to achieve
- Understanding the basic differences between an association and a foundation in order to make the right choice about the organisation's legal structure.

Useful Links

For creating an association

- Benevolat-Vaud, The Competency Centre for Associations, offers a selection of resources with guidelines about how to create and manage an association: www.benevolat-vaud.ch
- Sport Clic offers various practical examples with concepts, checklists, questionnaires, directives, regulations, etc. for the management of a sporting association: www.sportclic.ch
- The Welcome Centre – Geneva International (CAGI) provides advice for establishing a non-profit organization, including legal and tax advice: www.cagi.ch
- The Swiss Civil Code, Chapter 2, Article 60 and the following pages ("Associations") www.admin.ch

For creating a foundation

- The Federal Authority of Foundations in Bern offers a "Guide for Foundations" available for any person or organisation wishing to establish a foundation: www.edi.admin.ch
- The Swiss Civil Code, Chapter 3, Articles 80 and the following pages ("Foundations") www.admin.ch

Strategic thinking and planning

- The marketing strategy blog: www.marketing-strategie.fr
- The guide, "Create a social enterprise", published by APRES GE presents detailed information on the approach, limitations and possibilities that any person creating a social business should consider: www.apres-ge.ch

Recommended Reading

Thuderoz C., *The history and sociology of management*, Presses polytechniques et universitaires romandes, 2006 (In French)

Lichtsteiner H., M. Gmür, Giroud C., R. Schauer, *The Fribourg Model for Managing Non-Profit Organizations*, Presses polytechniques et universitaires romandes, 2015 (In French)

Gallopel-Morvan K. Birambeau P., F. Larceneux, Rieunier S., *Marketing & Communication for Associations*, Dunod, 2013 (In French)

Colbert F., J. Brunet, *Marketing for the Arts and Culture*, Chenelière Education, 2014 (In French)

Bourgeon-Renault D., *Marketing of Art and Culture*, Dunod, 2009 (In French)

To make this document as practical as possible, the main advice in each section will be summarised with a case study, or a "red thread", at the end of the chapter.

Chapter 1: Organisational Strategy

The Swiss association "Youth Futures" was created in Neuchâtel in 2010.

For several years, a group of people including parents and politicians wanted to develop a structure which would raise awareness amongst teenagers of the dangers of contracting HIV/AIDS. After several meetings and many dynamic exchanges of ideas, the group reached an agreement about the basic foundation of the organisation they wished to develop.

First step: They agreed on the vision, mission and values of the association.

The vision they all shared was as follows: "The vision of Youth Futures is a society in which AIDS has been completely eradicated; a society within which teenagers and young adults can enjoy their youth in peace and serenity without fear of contracting HIV/AIDS"

The mission they established to highlight how they would achieve their vision was as follows: "The mission of Youth Futures is to create a dynamic and interactive dialogue with teenagers and young adults to raise their awareness about the risks of contracting HIV/AIDS"

To achieve this mission, the group reached an agreement about their values: "Tolerance, respect, listening to others, open mindedness and goodwill" represent the heart of their philosophy and would be present in all actions developed by the association, whether it relates to media communication or exchanging in dialogue on the blog etc.

Once all these ideas have been exchanged and the reflections recorded over several weeks of discussions and development, the organisation decides to collate all of this information for the institutional charter. This document will enable them to communicate in an effective, coherent and coordinated manner with the various people who will be associated with the organisation, including representatives, supporters,

Chapter 2

Human Resource Management

Managing the most precious resource in your organisation

> Human Resources Management (HRM) is a set of practices aimed at mobilizing and developing your human resources (HR) in order to effectively support your organisational strategy. HRM encompasses both administrative and operational functions within the organisation.
>
> (www.valorisationcapitalhumain.ca).

As indicated previously, managing an organisation requires not only a strong strategy but also a little touch of magic. Among the many qualities required of someone managing an NPO, one of the most important is the ability to coordinate and lead the combined human resources who are working together to achieve the organisation's mission.

Looking at humans as something to be managed maybe considered paradoxical. How is it actually possible to "manage" humans? And how do we set rules around managing people within the unique framework of a non-profit organisation? Because of this paradox, the importance of developing a strategy for human resource management only becomes all the more significant.

In addition to human resources, time is another resource which is extremely precious and should never be wasted. This is widely accepted as true within commercial and corporate structures and is considered even more important in the management of an NPO.

In this chapter we will discuss the importance of:

- Developing a clearly defined internal human resource management policy
- Sharing a common language amongst all staff, whether they are paid employees or volunteers
- Having clearly defined roles for everyone within the organisation
- Creating management tools which outline rules, regulations and procedures
- Possessing a solid understanding of the unique nature of volunteering and how it impacts on non-profit organisations
- The committee members and their role in the organisation
- Respecting the fundamental principles of good governance.

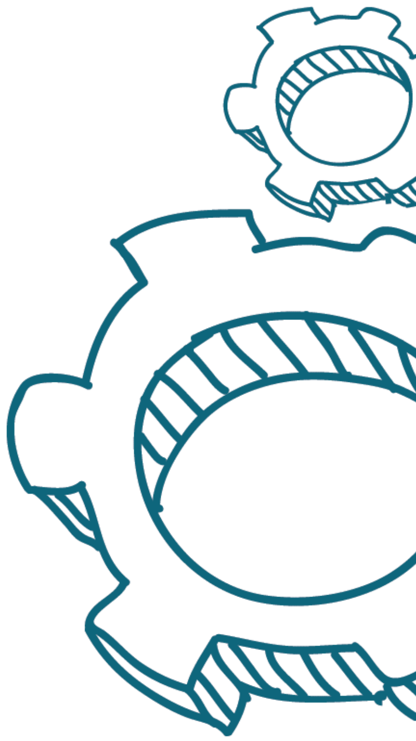
2.1 The basics of human resource management

Discussions around human resources with internal staff or external partners inevitably raise a number of pressing questions. This chapter aims to uncover the path you will need to take to find the right answers.

Hint 1: Establish a human resource management policy which is aligned with the organisation's core values

There are some questions you will definitely be asked which require a fast, relevant and consistent response in order to reassure your financial supporters, the public administration and the general public. The most common questions you will be faced with are:

- Does the NPO employ paid staff?
- How much to their salaries cost?
- How are salaries funded?
- How do you justify to your donors the amount allocated for salaries?
- Couldn't the organisation function with just a volunteer workforce?
- Are there volunteers working with the organisation?
- Are those running the organisation really competent enough to achieve its mission?
- Are they trained and qualified?
- Is it really possible for paid and unpaid staff to work together?
- What motivates the volunteers to get involved?
- What do they expect in return from the organisation?
- Will the paid staff continue working for the organisation when they can get much higher salaries working for a corporate enterprise?



Creating a clear internal HRM policy enables the organisation to find the answers to these questions and concerns *before* they are raised. Striving to answer these questions also serves to reaffirm the organisation's identity, values and credibility. Obviously it is not possible to find one blanket response to these questions to fit every organisation's needs, as each has their own different circumstances, structure and complexities. Therefore, it is important to take time to find the specific responses relevant to your own organisation.

It is not possible to develop an HRM policy until the organisation has clearly defined their vision, mission, values and objectives. Without these four pillars of their identity it is extremely difficult, if not impossible, for the organisation's management to develop a common language that brings everyone together to work towards a common goal. These four pillars are the foundation on which a cohesive and cooperative team is built. Once they have been established, the organisation will have the clarity and resources to answer the important questions outlined previously.

Hint 2: Clearly define each person's role within the organisation

It is always wise to keep a few basic principles in mind regarding the sense of importance people need to feel when working for an organisation – whether they receive financial compensation or not. Always remember that in order to ensure people feel necessary to the organisation, every individual (paid or unpaid) must be able to:

- Understand their position in the organisation in relation to everyone else (this will depend on the extent of their engagement)
- Understand the organisation's objectives and the collective impact of their individual involvement
- Envisage their future with the organisation
- Feel reassured that they are genuinely useful, not fearful they might lose their place; and
- Feel recognised and appreciated

Hint 3: Be aware of the unique dynamic of paid and unpaid employees working together

What makes NPOs stand out in the field of HRM is the idea that many different kinds of people collaborate within the organisation in order to achieve its goals. The organisation may be made up of:

- 100% employees
- 100% volunteers
- 80% employees and 20% volunteers
- Any other variation on this balance of distribution

There is no miraculous secret recipe for determining what percentage of employees and volunteers makes the most efficient and effective combination for an NPO. However, there is a financial consideration to keep in mind as engaging paid staff means there is a need to secure funding for salaries. Of course, if an NPO had the resources and support to employee as many paid staff members as they wished, they would not need as many volunteers.

Something to Think About:

Managing people means having to integrate the complexities of the outside world with the demands of the organisation.

Integrating people into an NPO has its own unique set of challenges. The organisation needs to consider: Is there still, and will there always be, room for volunteers who are motivated purely by the spirit of philanthropy? Or is it better to hire staff who have more specific and relevant skills and abilities? Is it smarter to hire someone who has the right qualifications but whose values are not necessarily aligned with the organisation and its mission? Or is it better to hire people who share similar core beliefs and values but need to be trained to perform their role?

The deciding factor is often financial, which is why most organisations are asked to explain how they fund their human resources. It should be noted that while cost may be the most important consideration for many NPOs, there are certain organisations which engage volunteers because volunteerism is incorporated in their core values and principles. For these organisations, the financial aspect is not the only deciding factor.

The most important thing is that your organisation has the capacity to anticipate what and who you will need to fulfil your future needs. Having this foresight reassures all stakeholders that the organisation has engaged people who are competent, informed and trained enough to achieve your mission.

Managing an environment where people are compensated differently for their work can be a daily challenge. The key is encouraging staff to really understand and take pride in their role within the organisation so they maintain the primary motivation which inspired them to get involved in the first place.

An example of the workforce paradox:

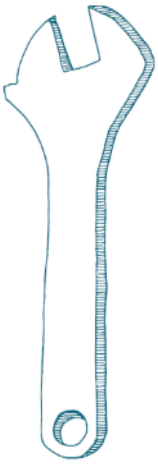
A foundation's board members are volunteers and are responsible for the organisational strategy. They are usually professionals who work in a similar or complementary industry as the NPO and are responsible for employing the organisation's paid staff.

Paradox #1: the volunteers hire the paid staff

Paradox #2: those responsible for the organisational strategy might not necessarily have the practical industry knowledge to run the organisation.

2.2 Management Tools

Hint 4: Develop effective human resource management tools



To be able to respond to the questions outlined previously, it is strongly recommended that every NPO manager invests some time and thought in creating specific tools to help manage human resources. The most strategic documents are:

Job Descriptions

Whether a person is paid or not, they should each have a job description so they understand their role and what the organisation expects of them. This applies for every role within the organisation – even temporary and short term contracts, although the content may be less complex and extensive.

The job description allows the employee or volunteer access to a clear and concise document which outlines their position, the organisation's expectations for the role, the activities the person should carry out as well as their responsibilities. This is an indispensable HRM tool. However, before employees and volunteers are issued with their job description, they must first be informed of the organisation's mission – its fundamental purpose; it *raison d'être*.

The key information covered in the job description should be:

- The job title and department the post falls under eg. Fundraising.
- The aim of the role, eg. For a finance manager the aim would be to ensure correct financial management of the organisation, while a less senior member of the finance team's aim might be to contribute towards the correct financial management of the organisation.
- The name of the person responsible for filling the role in case of absence.
- Their tasks and responsibilities: A detailed, factual description of the role's diverse activities and responsibilities and its contribution to the overall mission of the organisation.

Example of a job description for a financial manager:

While this staff member is responsible for managing the budget, you do not call the role "Budget manager". Their title needs to be kept quite general.

General aim of the role:

Coordinate and direct all financial activities, including but not limited to:

1. Establishing the organisation's budget and having it approved by management
2. Ensuring all deadlines and timelines are respected and finances are appropriately monitored
3. Organising and delegating financial tasks as required within the organisation

Qualifications Required:

Basic training: specify which level of education is required or desired

Additional training: specify any other certification which is required or desired.

Team and responsibilities:

Provide details of the role's direct supervisor and any direct reports, including both employees and volunteers.

Annual Review:

Indicate if there will be an annual review of job performance and during what month it will take place.

Penalty rates and benefits:

For example, extra pay for working nights or being on call.

Signatures of both parties:

By signing the document, the volunteer or employee confirms they have read and understood the job description.

(Source: the job description guide www.unil.ch)

Other essential documents include the employment contract and the volunteer agreement. These documents outline all procedures and benefits in order to avoid any future confusion in regards to remuneration, reimbursement of expenses, work hours, insurance coverage etc.

(see: www.benevolatvaud.hp)

Drafting an organisational chart is also essential for the correct management of an organisation. While you may not wish to place too much emphasis on hierarchy, it is still important to have the lines of responsibility clearly identified and communicated to the organisation's workforce.

The role of an organisational chart is to answer the following questions:

Who depends on whom?

Who is expected to take what kind of responsibility?

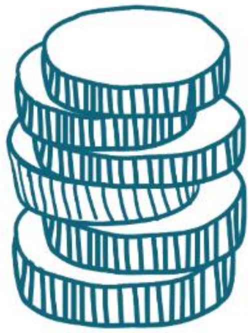
The organisational chart may also be used to clearly define the limits of financial responsibility. To do this, a specific policy should be created and linked to the organisational chart. This policy answers the following questions:

- Can the organisation be hired by a third party? By whom, for example?
- If so, up to what amount can they charge?
- With just a signature, is it possible to hire the entire organisation?

All personnel should refer systematically to policies which present the limitations of the organisation's financial commitment and the powers of their individual and collective signatures. There may be other policies and procedures your organisation wishes to put in place to define and limit the responsibilities each person has to each other.

Hint 5: Understand the benefits and disadvantages of formalising human resource policies

Despite all of this, every human resource manager must make sure that formalising HRM policies in writing does not result in the organisation losing its flexibility, personality and soul. This is often a difficult problem to resolve and finding the right balance can be a challenge. Without people who are engaged, motivated and conscious of their responsibilities it is impossible for the organisation to achieve its mission. However, remember to remain flexible and formalise policies around job descriptions, contracts, training and remuneration in the simplest possible manner. This is important advice to remember.



A fair and transparent pay scale:

While the employees of a non-profit organisation are often motivated by the core values and mission of the organisation, that does not mean salary is not a consideration.

In fact, a salary considered "unfair" can be a particularly demotivating factor even within the non-profit industry. Employees might consider a salary "unfair" if there is a large discrepancy between their pay and their colleagues within the same organisation. A pay scale which defines the minimum and maximum salaries for the different staff roles and functions is considered a very useful tool for managing the issue of fair and transparent remuneration.

However, it is also important to note that formalising agreements and policies can save time later when the organisation's managers or board members are tasked with presenting (often on numerous occasions!) how they manage human resources. Having these policies in place means time and resources are not wasted reproducing this information for whoever might ask for it. It enables the organisation to really take care of the organisation's mission and not lose valuable time.

In HRM's strategic framework there are several other matters which need to be considered. Here are just a few:

What are the organisation's policies in relation to:

Part-time employment – is the organisation open to the idea of employing people part time? At what percentage and for what role?

Introductory and Ongoing Training – what training programs are available to employees and volunteers to ensure they are as efficient and effective in their roles as possible?

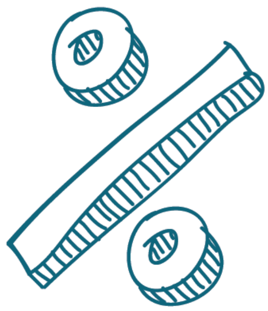
How are teams supervised?

How are employees and volunteers evaluated? Are annual reviews conducted? If so, when?

Hint 6: Set objectives for part-time employees

Part-time roles are common due to financial limitations, but if not managed correctly they can lead to a breakdown of the organisation's global vision and activities. The more the organisation's tasks are broken down into smaller roles by different people, the greater the risk that the link and cohesion between staff and roles is lost.

The relevance of the percentage assigned to the organisation's objectives is very important. For example, is it really reasonable to assign someone 20-30% of their workload for the development of a fundraising strategy which needs to collect several hundred thousand Swiss francs each year?



2.3 Volunteering with an NPO

Hint 7: Respect the basic principles for volunteer welcome and orientation

To be able to count on the donation of another person's time, skills and knowledge is, without a doubt, the greatest and most precious gift an NPO manager can receive. To accept this valuable gift, volunteer managers need to keep a few important things in mind:

Welcome. Every volunteer should be welcomed by the management of the organisation. The welcome is a social and communication tool crucial for volunteer retention. For a volunteer, this simple act speaks volumes about the NPO because it demonstrates they understand the sacrifice of their time and recognise how important they are to the success of the organisation's operations.

Set goals. As previously discussed, a job description should be established for every person working for the organisation. In this job description there should be a list not only of the role and its activities, but the objectives the person should try to meet. If this information is outlined in a formal and transparent manner, it will help avoid future problems which may arise if the volunteer hasn't understood the individual role they play in achieving the organisation's goals. As an organisation you need to ask yourself: Are we expecting too much? What a person is capable of achieving depends largely on their personality, skills and available time. Setting expectations too high is a big mistake. Establishing and sharing clearly defined objectives from the start will help make sure this doesn't happen.

Accompany them. A volunteer should never be left to their own devices without being "lightly" accompanied along the way. The volunteer is giving the organisation time, and the organisation needs to return the favour – at least in the beginning. This ensures the volunteer does not find themselves in a situation beyond their capabilities; situations which may have a wider impact on the volunteer beyond their work for the organisation. Accompanying a volunteer should also be a sort of "audit" for the organisation, to ensure that everything is happening the way it should and no mistakes are being made.

Train. There is a saying that "Everything is business!" Being a volunteer is not a career as such, but the role they are filling can be and often is a dedicated career path. For example, being a confident public speaker who is able to introduce the organisation and accept a cheque at an event is not something that can be improvised last minute. Preparing the volunteer for such a task not only assures the organisation they will be appropriately represented in accordance with their communication strategy, but it reassures the volunteer so they feel comfortable and confident taking on the job. Training may seem like modest compensation for a job well done, but if the job goes badly and the volunteer has a negative experience, this could impact on the volunteer's role within the organisation as well as their personal life. This is just one small example. There are many volunteers engaged to carry out far more complex tasks and in those cases, training is all the more critical.

Value them. In general, any gift received should be accepted and appreciated fairly according to its value. If this is true of any kind of gift, it should be recognised even more when it relates to a person making a conscious decision to give their time. Valuing volunteers means recognising them publicly, communicating the value of every gesture and every task taken on by volunteers. This may be done through a publication, like a newsletter or annual report, on the organisation's website or during events, such as a prize for volunteer of the year.

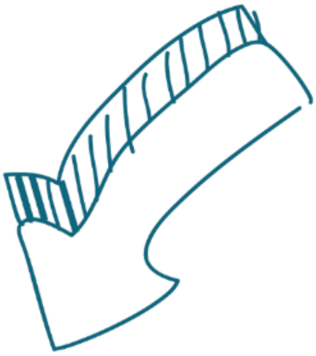
Loyalty. Any manager of an NPO knows only too well how difficult it is to engage people who are caring and generous with their time. It may seem obvious that you should make an effort to be loyal to volunteers so they will remain loyal to the organisation, but unfortunately this basic principle is often forgotten.

Understand the volunteer's motivations. What does it mean to a person to give their time? Is there such a thing as a selfless gift, where the person receives nothing in return? What might be a volunteer's motivation for getting involved? Don't be afraid to ask these questions; the response does not devalue that person's engagement. Quite the opposite, in fact! It actually helps ensure the volunteer is not disappointed with their volunteering experience. The principal motivations of a volunteer might be: to be useful, to take action for a cause they believe in, personal fulfilment, being part of a team, not being alone, and to feel a sense of responsibility.

> Various organisations have formed a "volunteer network" and are available to assist in the recruitment and training of volunteers for NPOs seeking help. Each organisation works towards different goals. Don't hesitate to contact them for more information:
>
> www.genevebenevolat.ch
> www.benevolat-vaud.ch
> www.benevolat-fr.ch
> www.benevoles-vs.ch
> www.benevolat-ne.ch

Foster healthy relationships between employees and volunteers. In order to optimize the performance of the organisation in the pursuit of its overall vision and mission, it is crucial to foster a good and compassionate working relationship between all personnel. An organisation's workforce will only evolve in harmony if it is connected by the common threads of quality, compassion and trust.

Communicate regularly. Always remember that internal communication is the foundation and heart of the organisation. It is because of this internal communication that relationships and links are maintained and personnel remain motivated. Shared communication is a sign of shared professional knowledge and mutual recognition. This basic philosophy is true for employees but even more so for unpaid volunteers. Communication strengthens their link to the organisation and recognises their generous contribution.

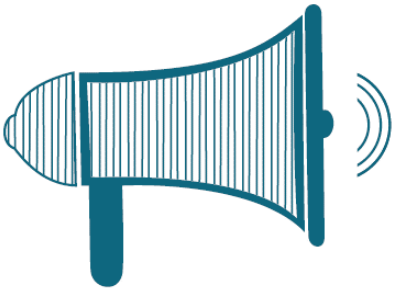


Fri [ ] Sante

Volunteers are indispensable to achieving the organisation's mission; an association committed to working alongside volunteers.

The Fri-Santé Association in Fribourg works towards the goal of facilitating and guaranteeing healthcare for anyone who is unable to access the public health system. The key strength of the organisation is notably its "Health Centre" program and its network of doctors, dentists, laboratories, therapists and pharmacists who offer their services free of charge to people in need. Given the volunteer workforce is the driving factor behind the organisation, the managers of the organisation spend a great deal of energy and time maintaining and developing this network. At the same time, Fri-Santé collaborates with the Fribourg Volunteer Network which frequently refers new volunteers to take on the organisation's administrative tasks. This takes the load off the permanent employees and allows them to direct their resources towards other projects. The activities volunteers have been involved with throughout the last few years are:

- Fundraising support by a student completing their training
- Support from a retiree in managing the organisation's financial accounts
- An intern assuming the burden of logistical and administrative tasks for the program's beneficiaries.



Hint 8: Develop a specific internal communication strategy

One simple regulation (8c) encourages the organisation to consider the importance of internal communication at every level, for all personnel, for every situation and every project. Communication is a tool for ensuring the individual and collective objectives off the organisation are perfectly understood. When communication is made a priority you will find almost immediately that there is a much greater circulation of information which helps to avoid misunderstandings, withholding of documents etc. The organisation's communication efforts demonstrate its willingness to present their point of view, ideas and projects. Be brave enough to communicate and collaborate without being afraid of losing your power.

Communication channels are a wonderful expression of the valuable and complementary nature of the organisation's people, whether they are committee members, volunteers, employees or the original founders. Frequent and high quality exchanges between an organisation's people leads to a marked increase in the knowledge and skills of each individual and, as a result, greater coordination and cohesion between the entire team.

"By demonstrating the consistency and professionalism of personnel, both internally and externally, the NPO manages to build an image and reputation as a legitimate and effective actor in the non-profit field. There is a great incentive to promote their good governance to the public, other NGOs and the government because it can translate to greater support and building better partnerships and relationships"

"NGOs rely on their image as legitimate actors in order to be recognised as necessary and efficient in the non-profit field. By highlighting their consistency and professionalism at every turn, they strengthen their relationships with the public and other external actors.

This requires great coordination of the organisation's human capital and dedicated professionalism in everything they do. Emerging challenges and increasing competition between NGOs has led to a need for better governance at every level of the organisation."

**Jeanne Planche – Author of "Supporting the emergence and reinforcement of civil society in order to better understand the issues we face today" (In French)*

2.4 The Organisation’s Committee

Hint 9: Recognise the value of the organisation’s committee

It is frequently observed that the committee members of an organisation provide a valuable but often underutilised resource. There are a few different reasons for this. Are you afraid of asking for help from people who will need to offer their services voluntarily? Do really understand why they want to get involved? Do you have a tendency to take on everything yourself without delegating? Here are some tips for best managing the strengths of people who ask nothing more of the organisation than simply to be involved.

The size of the committee

Make sure the association’s committee or the foundation’s board is neither too big nor too small. The ideal size is somewhere between 5 and 8 members. If the committee is too big their engagement, sense of responsibility and motivation might become diluted. If the committee is too small, the opposite may become true: there will be too many tasks and responsibilities weighing on too few people.

What is the role, function and activity for each committee member?

In order to avoid the committee members feeling like they are useless or wasting their time, it is important to select people for the committee who fit a certain profile and have a willingness and desire to invest in the organisation by bringing their relevant knowledge and skills. Whatever capacities each member brings will be recognised and appreciated by the organisation. Once upon a time committees were formed by calling on our most caring but not necessarily skilled friends. However, this is no longer the case. This doesn’t mean only specialists and skilled professionals can be committee members. However, it is important not to lose sight of the many large and complex themes and subjects which committee members need to juggle for the organisation. Bringing on people with a specific set of relevant skills can have an enormous impact on the sustainability of the organisation. For this reason, it would be preferable and useful if each committee member is assigned a specific role with a job description so they know exactly what they should be doing and what their responsibilities are.

Some legal and statutory principles governing the relationship between committee members and management.

The General Assembly (GA) is the legislative body of the association. It is responsible for the admission and exclusion of members, to select the committee members and make all decisions relevant to the activities of the organisation which other departments of the association are not qualified to make. (Art. 64-68 cc).

The GA is convened by the committee as the executive body of the organisation. The committee will have the responsibility, amongst other things, to nominate a director for the organisation whose principle mission will be to execute and implement all decisions made during the GA.

The constitution determines who will chair the GA. Usually this task is the responsibility of the president of the organisation. This person must oversee the meeting to ensure it meets its legal requirements and is engaging, dynamic and interesting. It is also their role to ensure all members are actively participating in the decision making process and discussions.

A foundation operates on much the same principles. The only real difference is there is no general assembly members – only the board are brought together to make strategic decisions which are then implemented and executed by the directors of the operation.

Preparing for meetings

In order to get the most out of your meetings, keep these basic principles in mind:

- Set a yearly schedule for meetings
- Establish the priorities for the year in accordance with reporting, the GA, introducing new projects etc.
- Reserve the meeting venue a year in advance
- Schedule the meetings with a maximum length of four hours
- Plan the agenda, allowing time for both short items and longer and more complex themes and conversations
- The committee members should submit to the president any changes or additions for the agenda at least 14 days before the meeting
- Create the agenda so you can be sure that the committee are skilled and prepared enough to act on all agenda items. If not, invite a speaker who can discuss and clarify these themes with the committee
- Summarize the objectives and present the agenda at the beginning of the meeting
- Moderate the session. The president should not dominate the discussion but must ensure the group stays on topic and all members participate actively in the discussion and decision making
- Encourage decision making and note these decisions in the meeting minutes
- At the end of the meeting, recap all the decisions made and the issues that remain unresolved
- Check the secretary has recorded all the necessary information
- Wherever possible, the decisions that have been made should be implemented as quickly as possible after the meeting and members informed of the outcome
- Remember to keep track of all the discussions, activities and decisions arising from the meeting.

Source: www.sportclic.ch

The organisation and planning of the GA agenda should take place three or four months beforehand to guarantee it is well prepared. It is essential to select, book, prepare and set up the meeting venue well in advance to make sure all the audio visual equipment functions correctly and the meeting runs smoothly on the day. To avoid the meeting becoming monotonous or boring, it is a good idea to invite a speaker who is interesting and engaging. For example, invite a sponsor or partner to speak. The preparation of the GA should also include a reflection on the vote and election of new committee members.

Optimising communication with the committee

As already mentioned, for all personnel and especially volunteers, the fluidity and consistency of communication between different members of the organisation is crucial to its success. It is important to always be conscious of the unique dynamic which exists between the management and the committee.

The more transparent, open and participatory everyone involved in the organisation is, the more the organisation can capitalise on the multiple talents which not only exist within the organisation but actually *make* and *are* the organisation.

2.5 Governance of the Organisation

Hint 10: Clarify your strategy for good governance

The term "Governance" comes from the Old French term meaning "government" which dates back to the 18th century. Although the term fell into the abyss for a few decades, it has enjoyed a significant resurgence in the development sphere over recent years. Now it is used in a number of contexts throughout the world, in discussions about classic economy, politics and in non-profit organisations.

"Governance can be understood as the manner in which power is exercised in the management of economic and social resources within an organisation." Source: www.institut-gouvernance.org

Clear governance is essential for any company, but even more so for an NPO which needs to demonstrate exemplary behaviour in the eyes of its various partners and supporters.

The position the NPO takes on good governance is an important and indispensable topic of discussion for the development of future projects. Broaching this subject requires a willingness to ask certain questions about the organisation's function, operation and more specifically its independence and decision making abilities, both within and outside the organisation.

Due to the proliferation of non-profit organisations of various structures (foundations, associations, clubs), the economic and political demands placed on them are becoming increasingly strict. For that reason alone, associations and foundations can no longer avoid broaching this subject. Good governance can – in some instances and for certain donors — make the difference between whether a supporter decides to donate or not.

Every organisation must conduct a self-assessment according to their specific situation:

What interdependent links (whether they place any pressure on the organisation or not) does the NPO have with:

- The state media?
- Different political or economic environments (eg. through a sponsor or donor)?
- Any authority figures (eg. President)

Transparency in the allocation of decision making powers is compulsory for any company and even more so for an NPO. For that reason, governance needs to be well defined and supported with official documentation. Ensuring good communication around governance helps to avoid any ambiguity on the subject. The organisation should communicate this via different internal documents which are reproduced each year. This may be in the annual report, on the website, through the newsletter etc.

Hint 11: Learn or revise the standards and guidelines for good governance from the Swiss NPO Code and Zewo

In Switzerland there are two major institutions concerned with the issue of good governance for non-profit organisations. They have collaborated to establish a code which outlines the precise criteria and regulations for NPOs to follow.

The Swiss NPO-Code

The Swiss NPO Code is a publication providing institutional guidelines for Swiss non-profit organisations.

This code was established in 2003 by the conference of presidents of major aid organisations in Switzerland KPGH (Konferenz der Grossen Hilswerke der Schweiz). According to the code, these are the principles of good governance which are in the public's best interest:

- Separation of roles and responsibilities: In the context of charters and bylaws, the governing bodies ensure a clear separation of responsibilities concerning leadership, management and control. They provide the necessary checks and balances between strategic management, operative leadership, and overall supervision.

- Responsibility and efficiency: The governing bodies run the organisation in a responsible, efficient and sustainable manner; in particular, they are mindful of the organisation's underlying values.

- Transparency: The governing bodies define the organisation's information and disclosure policy, providing timely internal and external information about the structure and activities of the organisation as well as financial information concerning the use and flow of funds in the organisation

- Safeguarding the interests of members, donors and volunteers: The governing bodies safeguard members' and donors' interests, while ensuring efficient co-operation of honorary, voluntary and full-time staff.

- Safeguarding donors' interests: The governing bodies safeguard the donors' interests, in particular the fair acquisition of funds and their appropriate, dedicated use.

Zewo Regulations

The Zewo Foundation is a Swiss entity working to establish standards of transparency and fairness for charitable organisations. Zewo audits the organisation's benefit to the public and verifies the donations are used for the charitable purpose for which they were intended. They issue certification to those organisations who they are confident are respecting these regulations.

As such, Zewo published an article which is specifically directed at this regulation:

Zewo Regulations - Article 6: Relevant criteria for the organisational structure (excerpt)

- Members of the governing body (committee, board, foundation etc.) work in a voluntary capacity with no remuneration up to 100 hours per year.

- Members of the governing body cannot be linked to the organization through employment subject to labour laws (employment contract)

- The governing body must be composed of at least 5 members who have no personal connection to each other (through marriage, kinship, in-laws).

- A member of the governing body cannot simultaneously perform the duties of the organisation's director or manager. Similarly, the director cannot serve with the governing body in any capacity other than as a consultant. A paid staff member other than the director can be member of the governing body as an

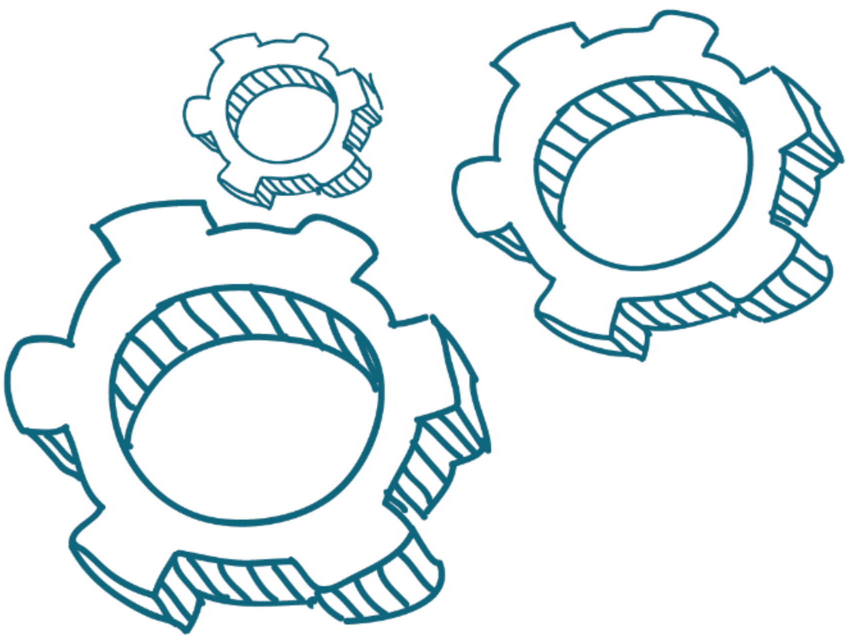
- Other staff working full time or part time cannot be part of the governing body.

- Members of the governing body will resign if they or someone they are related to through family, marriage or kinship are personally implicated in a damaging situation.

- At all levels of the organization there is a two-signature rule. An appropriate internal audit must guarantee all internal affairs are well managed within the organisation. A prevision must be put in place in case of the separation of any person from the governing body or management of the organisation, in accordance with the internal audit and considering the clear definition of competencies. The director of the governing body will determine in advance, and issue in writing, the remuneration of those performing operational tasks.

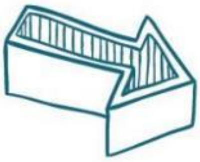
- The wages of those employed by the organisation must be adapted to the current circumstances. They should not exceed the industry award rates for similar roles performing the same duties within other entities.

By now, it should be clear that the concept of good governance is carefully monitored and increasingly analysed by NPO's partners and other stakeholders. Because of this, every organisation must adopt good governance in order to ensure harmonious, coherent, transparent and ethical development, free from ambiguity.



In summary, to manage the human resources of an organisation and to develop good governance it is essential that:

- You are aware that even within an NPO, a clear, relevant and coherent strategy for human resources is required
- Every individual – whether they are paid, volunteer, member of the general assembly, member of a committee, director or manager – has an important role to play and must be recognised and appreciated
- To manage an organisation and ensure a good relationship between its people, it is useful to create and develop simple and effective tools such as the job description, organisational chart and other policies.
- The independence of the organisation in its decision making, internally and externally, is a measure of its sustainability.



Useful Links

For developing relationships with volunteers

In addition to the volunteer network resources already cited, there are a number of other organisations offering advice and training:

Innovage is an association bringing together qualified seniors who wish to stay active in their retirement. They offer their skills and experiences voluntarily to groups and collectives working towards charitable goals. http://www.innovage.ch/html/networks/Swiss-Romande/netzwerk-Swiss-Romande

Bénévolat-Vaud, The Competency Centre for Associations, offers advice and technical handouts on how to mobilize and manage volunteers: www.benevolat-vaud.ch or http://www.benevolat-vaud.ch/benevole/aller-a-lessentiel

The Foundation for Skilled Volunteers, located in Nyon and Sion, provides assistance to non-profit organizations and carries out its activities throughout the entire French speaking territory www.competencesbenevoles.ch

For various practical human resource management tools

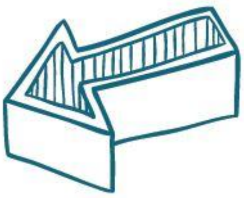
The human resources department at the University of Lausanne offers a number of useful training materials including "A guide to job descriptions"

http://www.unil.ch/srh/home/menuinst/formulaires.html

Sportclic.ch provides numerous checklists, questionnaires, instructions and regulations etc. for the management of human resources for both paid and unpaid staff: www.sportclic.ch

For more information about good governance:

- www.sgs.com
- www.institut-gouvernance.org
- www.zewo.ch
- www.swiss-npocode.ch
- www.valorisationcapitalhumain.ca



Reading

Schwaller V., *Our Club – Active as a Member and President*, Beobachter-Buchverlag 2009 (In German)

D'Almeida N., T. Libaert, *Internal Communication for Companies*, Dunod, 2014 (In French)

Libaert T., JM Pierlot, *Communication for Associations*, Wiley, 2014 (In French)

Libaert T., Westphalen M.-H., *Communicator: The Guide to Corporate Communication*, Wiley, 2012 (In French)

Mr. Hilb, *New Corporate Governance – Good Principles and Practices*, polytechnics and French-speaking university Press, 2014 (In French)

J. Plank, *A historical actor of governance*, Charles Editions Léopold Mayer, 2007 (In French)

Creating an association is often a very inspiring and exciting endeavour and often the first step towards bringing an idea to life. It is an opportunity to share a vision and goal with other people interested in working towards the same cause. Within the framework of this shared vision the question will often arise: Who will have the skills and knowledge to help the organisation achieve its mission? Raising awareness amongst teenagers about the risks of contracting HIV is not an easy task. The person most likely to be successful in this endeavour would have scientific and social credibility so they are respected.

Taking its available funds into consideration, the association decided in the very beginning to employee a paid staff member with a professional background in health to communicate with teenagers.

The association made a strategic choice: when tackling the subject of "youth and health", only a professional could take the effective and serious approach required. Clearly, this decision meant there needed to be enough funding allocated in the budget to pay the health professional's salary, starting part-time at 50%. All other activities and roles would be conducted voluntarily by the founders of the organisation and other volunteers.

This critical decision allowed the association, right from their first action "on the ground", to establish their identity as thorough and knowledgeable in their field. The founding members wanted to fight against the negative image that often tarnished associations. Just because it is an association, it does not mean it can't be run professionally! They wanted to show the opposite could be true. The association quickly became recognised for the sustainability of its activities as it strived towards its objectives.

Recruiting someone to work on the organisation's publicity, newsletters, press releases, blogs etc. was an important next step. However, they had to wait until the association had become more organised and established a well-developed and effective fundraising strategy before they could develop these complementary activities over the short, medium and long term.

There was another important milestone: the organisation realised very quickly it needed to create job descriptions which outlined the tasks and responsibilities for all personnel, whether they were paid staff, volunteers, committee members or management. This initiative was well received by all those concerned as it avoided all confusion, redundancy, rumour and potential conflict.

The association did not want to formalise policies too much, but the creation of an organisational chart and documents outlining simple procedures for their main activities helped to improve operations and efficiency. With that in place, everyone could easily identify their position, the position of their colleagues and anyone else working within the organisation. The responsibilities of each person were not only defined but clearly displayed for their colleagues. Who can we speak to finance a new publication? Who takes care of fundraising? This procedure enabled people to locate who performs what task so they could work together and ensure they were never reinventing the wheel.

Chapter 3

Financial Strategy

Financial planning and strategy for NPOs is a demanding and creative process

Managing the finances of a humanitarian, cultural, social or sportive organization is an incredible challenge.

These days, the environment and structures around us are in a constant state of flux. In order for an organization to meet its long term commitments, it must have the capacity to anticipate and react to change. These are just a few examples of disruptive elements in today's economic climate:

A turbulent economic environment

Costs are rising incessantly (transport, rent etc.) while income can suddenly plummet to staggering lows (public grants are significantly decreasing; company sponsors facing bankruptcy)

With the invaluable collaboration of Nathalie Renaud, Cultural Engineer and Service Director of Thonon les Bains (F).

In this chapter we will discuss:

- The importance of establishing a strategy for financial planning in your organisation
- The necessary steps for effective financial planning
- The fundamental difference between budgeting and accounting
- The importance of financial communication for NPOs
- The responsibility of the board and committee members in managing the NPO's finances
- Some basic principles of tax and finance for NPOs
- The Swiss GAAP RPC21 – its definition and how it is put into practice

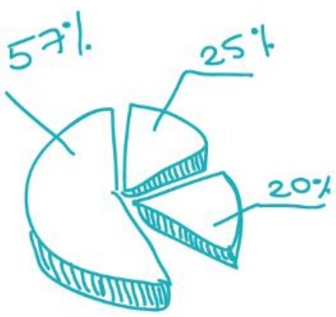
A tax climate undergoing a revolution

In today's economic climate, tax rules and regulations can have a significant impact on if and how contributions are made by an NPO's supporters. Governing bodies are demanding increasing transparency and traceability of funding sources, which can prompt changes in how donors choose to allocate funds.

Changes in national and international politics

Changes in national and international politics can, sometimes within days, create a major impact on the activities of an organisation (e.g. a humanitarian aid organisation may face a massive arrival of new refugees when a new conflict erupts. This means a drastic and immediate rise in unforeseen costs).

For all these reasons, it can be difficult to anticipate accurately the exact costs and revenue that need to be outlined in your organisation's budget. While it may be helpful to refer to financial figures and results from previous years, managing an organisation's finances requires the ability to look forward and forecast its development over the medium and long term. It also requires a continued enthusiasm and dedication for communicating financial information to your internal and external partners. Through this communication you are constantly required to assess the relevance of your decisions and sometimes (or actually quite often!) you will see entirely new possibilities for the organisation's evolution as you move forward. The chief financial officer (CFO) needs to be strict, thorough and creative in their approach to ensure the effective development and sustainability of the organisation.



3.1 Establishing a strategic financial plan

Hint 1: Work closely with the committee

A strict financial plan empowers the organisation to effectively manage its daily finances and helps to avoid taking large financial risks that may jeopardise the organisation's operations. It is crucial for the organisation's committee to be present and actively involved in the financial planning phase.

If well thought out, the following elements should emerge from the planning phase:

What does the organisation hope to do over the following one, three, and five years?
(= What are the organisation's core activities?)
What objectives do we hope to achieve?
(= What is the purpose of these activities?)
Who are the beneficiaries?
(= Who will benefit from these activities?), and finally
Whereabouts?
(= Where will our programs take place?)

By examining the organisation's strategic plan and overall mission, the committee will gain a better understanding of the costs and revenue involved in reaching their goals. Just as an airline pilot is much wiser to examine and plan the route of their journey *before* the plane takes off.

Hint 2: Develop a strategic budget and financing mix for the organisation

Before going full steam ahead on a fundraising campaign to cover the costs of the organisation or a project, it is important to follow these steps:

Set a budget for the next 1, 3 and 5 years

Conduct an **investment appraisal**. Also known as capital budgeting, this process outlines your annual investments. Included within this budget are all goods and property which will be used over several years. These are the assets which, if need be, can eventually be sold. This budget is put in place before the NPO's first year of operation. An example of an item appearing on this budget might be the construction of a building designed to provide accommodation for people with disabilities. Finances will be secured and the building constructed before it can be used for the organisation's activities therefore it appears on the investment appraisal. The next step is to draft an operating budget to oversee the day-to-day running of the organisation. The activities taking place in the newly constructed building will be covered in this second budget.

Set an operating budget. This second budget outlines the financial needs of the organisation for its day-to-day operations each year. Unlike the investment appraisal, it takes into account the perishable goods which can only be used once. The overall operating budget encompasses various smaller budgets. These budgets represent different programs or activities, different costs and different sources of income.

Some examples of operating expenditure:

Salaries and benefits, rent and leasing costs, general and administrative costs (telephone, etc.), purchase of stationary and equipment (paper, etc.), travel and promotional expenses, marketing and advertising costs, etc.

Some examples of operating revenue:

Tickets and subscription fees, sales revenues, donations, grants.

Set a cash flow budget. The cash flow budget represents the total cash required to cover the organisation's annual financial needs as outlined in the first two budgets (capital and operating). It demonstrates the organisation's greatest needs and costs over a certain time period and can be used as a tool for negotiating funding with various financial institutes and donors.

These three budgets provide a very clear vision of the organisation's actual needs. This leads to much greater clarity and precision when it comes time to approach potential supporters, both public and private, to request funding. Some supporters will never cover operating costs, while others are not interested in covering investment costs. The key to success when approaching potential funders for the first time is to be professional, upfront and clear about your needs.

2. Estimate the projected costs and revenue (low, medium and high)

It is important to be realistic and objective when planning and implementing a budget. Enthusiasm and optimism can be a good thing, but not if they put the organisation's sustainability at risk.

It is a very good idea to consider and prepare for every possible scenario.

Some examples of capital expenditure:

Purchase of real estate, patents, furniture, equipment, vehicles etc.; constitutional fees etc.

Some examples of revenue:

Founder contributions, project sponsors, donations of cash or goods in kind (against an estimated value), donor contributions (capital income, grants, etc.)

Example of a budget

A community association running various activities: Raising awareness about HIV/AIDS amongst young people.

Example 3: Budget by scenario

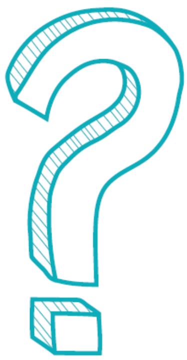
Revenue	Low	Medium	High
Mandate Income	2000	5000	7000
General Sales	0	2000	2000
Merchandise Sales	100	1500	2000
Grants	15000	15000	15000
Allocated Donations	4000	10000	12000
Corporate Sponsorship	100	5000	8000
TOTAL	23000	38500	46000

Costs	Low	Medium	High
Salaries and benefits	20000	20000	20000
Rent	7500	7500	7500
Teaching materials	5000	6000	6000
General Administration	2500	3000	3000
Leasing Vehicles	0	1000	1000
Depreciation	500	500	500
Fees and Interest	100	100	100
TOTAL	35600	38100	38100

Expected Profit/Loss	-12600	400	7900

3. Establish a diverse financing mix

This third step allows the organisation to examine its philosophy in regards to its relationship with the private sector (its dependence on donors or companies) and the public sector (for example, a foundation may choose not to receive money allocated by the public sector in order to avoid government bureaucracy and interference). The organization may also prefer to be completely self- reliant (selling products or tickets to events etc.) in order to be as autonomous and financially independent as possible. Obviously it is not possible to rely on irregular incomes streams to cover all the costs of running an organization, but the following advice may help avoid disappointment.



Think strategically about the organization's income sources:

What percentage of your income comes from:

- Government grants
- Donations (including donor foundations, individuals, businesses and service clubs)
- Donations in-kind
- Corporate sponsorship and partnership
- The organisation's own resources.

Hint 3: Don't be afraid to say "No"

Managing the finances of an organization or project is a constant balancing act between rising costs and falling revenue. Although it may seem counterintuitive, sometimes the best thing you can do is say "No" to potential partners who propose funding for new projects. You may need to suggest working with them in a different way or perhaps put them off until later. Do not accept everything offered to you. It is the managing director's role to make sure offers for developing new projects are not accepted while the organization's basic finances are not in order and the strategic plan is not in place.

3.2 Budgeting and Accounting: Two Complimentary Tools.

Hint 4: Understand the relationship and interdependence between budgeting and accounting.

As we have already discussed, managing the finances of a non-profit organization is highly specialized and requires careful strategy.

It is quite common for errors in financial planning to be made due to a lack of understanding around the fundamental differences between budgeting and accounting. Here are the basic principles of these two important tools, an explanation of their purpose and how they are used within an NPO.

A **budget** is a strategic tool designed to plan, coordinate, communicate, motivate, monitor and evaluate. It is a strategic decision making tool which assists anyone involved in the management of the project to make financial forecasts and ensure sustainability.

Chapter 6 (Project Management) will provide more guidance and information on developing a budget for projects.

Accounting is a tool for synthesising and analysing all financial activities in the past. It provides a visual snapshot which allows you to analyse the financial results and performance of the previous year. This overview is then useful for making adjustments to the future developments of the project or organization.

Accounting can be summarised as:

- An essential tool to measure your achievements and record all financial fluctuations in the organization over a certain period.
- A visual snapshot of the organization's financial health on any given day. This also helps highlight the achievements made in the organisation, which is particularly important for reporting to external partners and supporters as well as employees, board members and volunteers.

Accounting, even while meeting all legal obligations, has certain limitations. By illustrating the past, it only allows the organization to react, rather than be proactive, within the limitations of official accounting standards. Another limitation is time. Quite often the time required to balance the accounts and publish the results means the information is out of date by the time it is shared with the relevant stakeholders. It is extremely important to set a timetable for the transmission of financial information so it can be analysed and distributed before the data becomes obsolete.

Simply put, budgets forecast the future while accounting represents the past. It is therefore very important not to just copy and paste financial figures from one year to the next. In that case, the budget won't take into consideration the needs of future projects.

Hint 5: Respect the differences between budgeting and accounting.

In order for both tools to be used effectively, it is important to respect the different roles budgeting and accounting play in the organisation:

A budget's key role is to forecast.

Accounting's key role is to measure achievements by creating and maintaining balance sheets, income statements and the monitoring of cash flow.

Conduct a variance analysis and create comparison tables at regular intervals

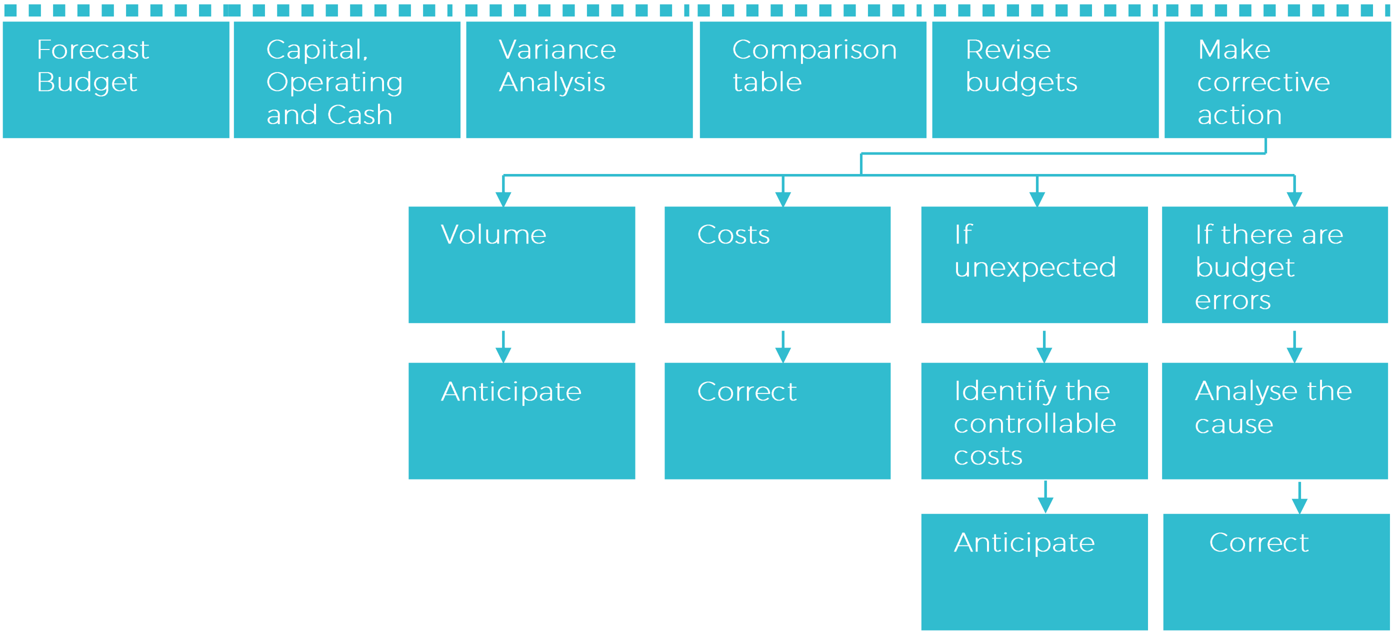
The reconciliation process to compare the budget and accounting figures should not only be done at the end of the financial year, but at regular intervals over the 12 months. Continually evaluating the differences between the budget and accounts is a vital yet often overlooked step. Balancing accounts and comparing revenue versus expenditure should be performed at least quarterly. This ensures discrepancies are identified as soon as possible, allowing a quick and effective response.

Taking corrective action

Depending on the results of the variance analysis, it may be necessary to revise the budget for the organisation's activities throughout the rest of the year.

Budgeting and accounting are entirely interdependent. The management must be aware of these processes to ensure they are undertaken regularly and with great care. Keep in mind that the criteria for establishing a budget must be compatible with the accounting policies of the organization. This ensures the balancing and comparisons are accurate and will lead to appropriate corrective action.

The Variance Analysis



Hint 6: **Be strict and rigid with the methodology for setting the budget.**

It is worth emphasising that you cannot be too strict when it comes to choosing and applying the methodology for setting the organisation's budget and general financial planning. It is absolutely critical that you have a structure in place which is able to forecast the organisation's needs and measure its achievements.

Step-by-step you must:

1. Define the exact scope of the project and/or organization
2. Be clear on who you are communicating with and what information they need. Some recipients, such as committee members, donors, journalists etc., don't necessarily need all the organization's financial information. You should assess this on a case by case basis.
3. Detail all revenue and expenditure in the most realistic and objective manner possible
4. Separate the durable goods (covered in the investment appraisal) and the perishable goods (covered in the operating budget)
5. Evaluate finances using historical data or quotes
6. Ensure financial documents are legible and well presented
7. Balance the variances between the budgets and accounts.

This last step is critical. The variance analysis allows you to get a clearer picture of how the project is managed in its finest detail. This may bring both positive and/or negative aspects to light which can sometimes prompt the making of some difficult decisions. For example, you may discover poorly negotiated contracts, that irresponsible or unrealistic commitments have been made, or revenue forecasts have been overly optimistic etc. For that reason, it is crucial to regularly conduct a variance analysis between the budget and the accounts. Sometimes a small difference can hide a much bigger problem! Nothing should be left to chance.

That said, remember that a budget should always remain flexible. It is always possible, and sometimes necessary, to adjust it according to the changes in the programs and activities of the project and organization.

The budget is a very useful tool which, if reviewed regularly and thoroughly, can ensure corrective action is taken whenever it is required.

Hint 7: Don't be afraid to make a profit

There is often great confusion around the term NPO: "non-profit organization". For some people the concept of "non-profit" means the organization does not have the right and should not aim to turn a profit. This is fundamentally incorrect. Let's go over some basic principles:

An entity, such as an association or foundation, which has generated more revenue than expenditure across the fiscal year may use this profit as they see fit. The funds should be reassigned to:

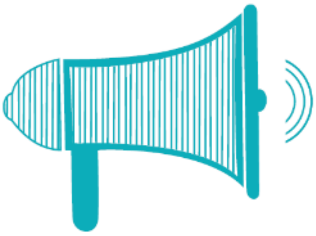
- Accomplishing the mission of the organization
- Programs developed by the organization
- A cash reserve
- Investments deemed necessary for the future running of the organisation.

The directors of the entity are not entitled to any bonuses or premiums from the excess revenue. However, the organization can and even *should* make a profit. This money, if managed well, can ideally be placed into a reserve as a safety net. Cash reserves allow the organization to maintain their responsibilities to their beneficiaries if, for some reason, they experience a more difficult year than they anticipate. An example of this is a decrease in donations or the withdrawal of a funding partner.

Actually, many private donors now consider it almost an *obligation* for an NPO to have money in reserves so it can survive in a challenging and competitive environment. Good management and cash reserves help equip an organisation with the resources they need to face an ever changing economic, political and sociological climate.

3.3 Disclosure of financial statements

As we have already noted, NPOs are anchored into society and the communities they exist to support so they are not free to operate without accountability. In order to maintain this link with society and operate successfully, it is becoming increasingly important for organisations to demonstrate they are effective in communicating about their finances, both internally and externally. They must be able to respond in a timely and adaptable manner to any demands or changes in their environment.



There are two key words which summarise what an NPO should aim to achieve through its financial communication strategy:

Confidence: Transparency demonstrates that the organization has nothing to hide. Transparency is essential for creating the trust necessary for the evolution of an organization.

Understanding: To reach the desired level of trust, the information being distributed needs to be understood and interpreted by various stakeholders. The organisation needs to know how to adapt and customize information so it is meaningful for the different audiences they are targeting.

Not only does the organization need to be able to imagine its future, it must be able to anticipate the questions that may be put forward to them by donors, employees, volunteers and partners. It is the organization's responsibility to develop a strategy for internal and external financial reporting which not only reassures, motivates and encourages supporters to stay engaged in their work, but to increase their support. Being financially transparent and forging a dynamic and personal relationship with stakeholders should be the priority of any project manager or director of an organisation.

Hint 8: **Present your budget in a clear, easy to read, precise and concise manner.**

In most cases, a budget is presented as a spreadsheet; its structure should be similar to the organisation's profit and loss statement. This method of presentation greatly enhances the ability to compare data between the budget as it evolves, and the budget originally forecast.

Budget Presentation Example

A community association running various activities: Raising awareness about HIV/AIDS amongst young people.

Example 2: Presentation in spreadsheet format

COSTS		REVENUE	
Salaries and wages	20000	Mandate income	5000
Rent	7500	Sales	2000
Purchase of teaching materials	6000	Sale of supporting products	1500
General administration costs	3000	Grants	15000
Vehicle leasing	1000	Allocated donations	10000
Depreciation	500	Corporate sponsorship	5000
Interest and fees	100		
TOTAL	38500	TOTAL	38500
Projected profit	400	Projected loss	

It is important to pay careful attention to the budget's presentation in order to increase its visual impact. It must be clear, legible, accurate and concise and should use colour to highlight important information. The budget presentation could also, particularly in the case of a more complex project, include a short explanatory text.

Hint 9: **Ensure board and committee members understand the budget and their responsibilities**

The importance of communicating the financial statements to the board and committee members can not be underestimated. The financial statements should raise a lot of interesting and pertinent questions that the organisation will then need to address. Being a member of a committee does not necessarily mean having a capacity to fully understand the complexities of all the organisation's commitments and structures. Does the committee really have the skills and competencies required to make financial decisions? Do they have an in depth understanding of the challenges present in this project, or indeed the entire organisation, and the legal liabilities involved?

Unfortunately, it is not uncommon for committee or board members to discover far too late that the organisation has been poorly managed. This is one of the many reasons why it is crucial for everyone responsible for managing, overseeing and advising the organisation to collaborate on these important matters and ensure its survival. Once again, nothing should be left to chance. A committee member cannot hold a position without being fully involved or understanding their individual roles and responsibilities.

It is highly recommended to create or change the composition of the board or committee so it includes the participation of people who have the skills necessary to effectively manage the organisation's operations and finances.

Try to avoid any personal conflicts of interest or anything that might raise speculation around the funds contributed by donors. Being able to prove your diligence is essential to the sustainability of the organisation.

There are three parties responsible for the financial management of the organisation: the management, board members and external auditors. Every party builds on the work of the other two parties in order to ensure each fulfil their own obligations.

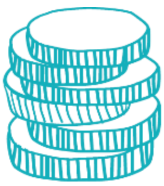
- **Management** is responsible for the preparation of financial reports
- **The board/committee members** are responsible for overseeing the managers, the financial processes, and the financial reports destined for external distribution
- **The auditor** (or trust company) is responsible for conducting an independent assessment of the financial statements and offering a professional evaluation of whether they provide an honest representation of the organisation's financial position and activities.

Reviewing the accounts - Source: www.cagi.ch

Within the association framework:

The committee must maintain their accounts regularly. The accounting books (inventory, operating account, annual balance sheet etc.) must be complete, clear and easy to access so that any interested person could, at any stage, examine the exact financial position of the organisation (art. 959 CO). The accounts must be kept for at least ten years so it is important to retain all receipts during that time. The Swiss Code of Obligations will apply mutatis mutandis to the provisions of the Code of Obligations in relation to public companies.

Associations are usually subject to a limited audit of their accounts, either by an auditor or a delegated member of the association. In other cases, the committee members can request or arrange an audit at a general meeting whenever they deem it is necessary. The association will be subject to a general audit of their accounts if, over the course of two successive financial years, two of the following amounts have been exceeded:



Total assets	> 10 million
Revenue	> 20 million
Staff	> a yearly average of 50 full-time employees

As part of a regular audit, the auditors will check not only for legal and statutory compliance, but that there is an internal system for financial management in place.

Within the foundation framework:

It is compulsory for foundations to designate an auditor to evaluate the accounts who is registered with the Federal Commercial Registry Office. Most foundations submit their accounts for a limited audit. However, there are exceptions for very small or particularly large foundations.

Smaller foundations may be exempt from auditing obligations if the following situation applies:

- The total revenue of two successive financial years is less than CHF200,000, and
- The foundation does not solicit donations from the general public

However, a regular audit is required and compulsory if the following amounts are exceeded:

Total assets	> 20 million francs
Revenue	> 40 million francs
Staff	> A yearly average of 250 full-time jobs

For more information, consult the Swiss auditing manual (Swiss Auditing Standards - "nas") of the Swiss Institute of Certified Accountants and Tax Accountants.

Hint 10: Establish a clear timetable for transmitting the organisation's financial information

Providing a clear timetable for the transmission of the organization's financial information ensures all financial commitments are met in a timely manner. It is much easier to plan and produce financial statements to a high standard, whether they are compulsory documents or not, if there are clear deadlines. If you pull together a rushed job it will probably be reflected in the quality of your work, which is not exactly the most professional approach.

Keep the following guidelines in mind:

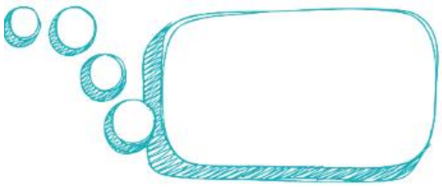
The budget must be drafted in Autumn and the financial statements should ideally be finalised in the first trimester of the year. Internal financial reports should also be produced at least every three months, if not more frequently depending on the size of the organisation. Distribute the annual report as soon as it is published. NPOs have numerous stakeholders and most want to be reassured it has sound financial management. Stakeholders are now extremely concerned with the correct safeguarding of assets and efficient and effective management of donated funds.

The organisation's annual report including the audited financial accounts must address these concerns. Nevertheless, in some cases, the annual report will not be sufficient. Certain stakeholders may request an additional report addressing more specific questions. For example, a donor foundation may wish to better understand how their donation has been managed – was it within the guidelines and conditions agreed upon by both parties?

Hint 11: Promote a solid understanding of the organisation's financial statements

Assuming the organization is now aware of the importance of developing trust and understanding within their economic, political and social relationships, the next step is ensuring that all those who access the organisation's financial information are able to interpret them through the lens of the organisation's vision and mission.

Being technically correct, precise and thorough when transmitting financial information is important, but it's not enough on its own. The financial reports are also an opportunity for the organisation to tell the story of their projects; a strategy which creates an important emotional link with supporters and partners. Never forget the people behind the numbers; never forget that every number is the result of a specific achievement. So what is the real price and value of each of those achievements?



You can tell a meaningful story through the organisation's accounting history. Do not present your achievements with insipid spreadsheets, which are cold and lacking humanity. Highlight the most important information that will touch the heart of the organisation's donors and partners.

Be aware that donors are not generally interested in funding administrative expenses. But are those administrative costs incurred through the implementation of the project? Then in that case, are they costs associated with accomplishing the organisation's mission? If so, be creative! Emphasize the value of these administrative fees to your program. Of course administration costs remain administration costs – that will never change. But you can change the way these costs are perceived by being creative in how you present this information to your supporters.

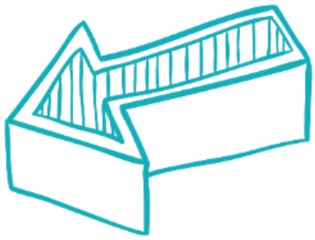
For example, it is customary for 70% of costs to cover the payment of salaries and social security for employees. But are donors going to be interested or enthusiastic about paying salaries? Absolutely not! However, if it is presented that 70% of costs were allocated to the fulfilment of the organisation's mission, the information will be interpreted and understood in a completely different way. The aim of this approach is to promote a solid understanding of financial documents by using simple statements which have a positive impact.

Do not drown readers in too many facts and figures that mean nothing to them. Is it important for a donor (existing or potential) to know the organisation spent CHF 300 on photocopy paper? Or CHF 125 to buy a new coffee machine?

The challenge is deciding exactly what message the organisation wants to convey to its supporters.

Browsing through the results of MSF, we can see in a few clicks that 89% of funds are allocated to their social mission and 11% are spent on administration and management (Source: MSF Annual Report 2013).

These two figures alone create a genuine impact on the reader who immediately understands that almost 90% of the funds collected are allocated directly to their projects on the ground. As soon as the reader understands this, they are likely to continue their support and involvement with the organisation. If this is the case, the reader could also look at a second piece of information which has been highlighted: 87% of donations received are private and come from Switzerland or other departments of MSF, and only 13% comes from public funds.

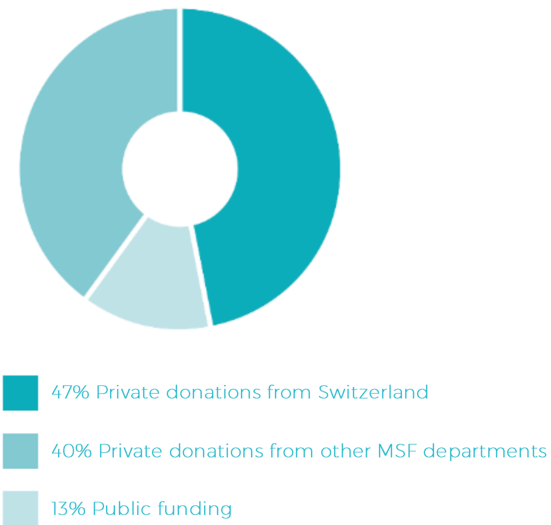


The ZEWO Foundation published a manual called "the methodology for calculating administrative costs" which presents a "demarcation guide"" for determining the difference between administrative and project costs. The manual can be downloaded at"

www.zewo.ch/fr/Dokumente/methodik_f.pdf

Allocation of donations

Origin of resources (% in 2013)



Source: MSF website

Through these images, the reader doesn't get lost in dull and complicated pages full of nonsensical figures. The financial picture presented of MSF demonstrates two key points: 87% of funds are sourced privately and 90% is spent on achieving the organisation's mission! Any person or organisation who needs to know more than that can consult the organisation's financial statements online. This method of creating an impact is not only reserved for larger organisations – on the contrary! The organisation needs to analyze which costs are genuinely associated with the mission of the organisation, and which costs are strictly administrative. In presenting a simplistic view of the organisation's financial health, each individual reader can decide how they wish to interpret the information. The reader will decide for themselves: Is that enough for me? Do I need to know more? Am I reassured?

This basic financial information should also be used during any oral presentation of financial statements in general meetings or with the management of donor foundations, sponsors etc. Ensuring you don't lose your audience's attention by presenting complex, confusing and dry information is a key challenge for effectively communicating the organisation's finances. Financial information should be used as a tool for positive and dynamic communication which creates an emotional link with supporters and partners.

3.4 Some Tax Basics

Hint 12: Master the basic principles of taxation for both NPOs and donors

As we've mentioned earlier, managing an NPO requires a special set of skills. Managing the administration and tax regulations of an NPO is not like managing a conventional business.

There are a few things you should keep in mind in regards to tax. There are two levels of taxation: 1) the taxation of the organisation, and 2) the taxation of donors.

Taxation for the NPO

Indirect taxes (VAT, etc.):

In principle, any entity, even those operating as a non-profit, is subject to paying indirect taxes. However, non-profit and charitable organisations who generate a revenue of less than CHF 150 000.- are provided certain tax benefits and are free from income tax (art. 10 para. 2 (c) of the VAT Act)

Direct taxes:

Associations and foundations can request tax exemption. This exemption is associated with the organisation's pursuit of objectives which are for a charitable or social good and may result in benefits relating to income and capital gains tax.

To benefit from a tax exemption, the organization must demonstrate that:

- Their mission and objectives strive towards a charitable purpose
- They engage in activities which are not for financial benefit or profit.

The organisation can submit a proposal for tax exemption at the tax administration office of your local council. You will need to present a proposal introducing the organisation, its activities, financial statements and constitution, as well as a list of committee members over previous years.

The constitution must contain a clause outlining the procedure in case of dissolution of the organisation which states the funds will not be redistributed to the founders, but directed towards an institution working towards a similar aim which also benefits from tax exemption. The governing authorities reserve the right to audit the NPO and revoke its tax exempt status if it is determined the organisation is not adequately striving towards its social or charitable mission.

Taxation for Donors

Direct federal taxes:

Donations paid to an association or foundation which has been granted tax exemption due to its charitable or non-profit status AND whose head office is based in Switzerland, are deductible from direct federal tax. The donations must be a minimum of CHF 100.- but not exceeding 20% of the donor's income over the financial year.

Direct taxes for cantons and communities:

Donations to non-profit and charitable associations or foundations are tax deductible up to a certain limit which is legally determined by the canton. It is imperative the organisation issues a document confirming receipt of the donation.

Inheritance tax

A legacy donation issued to a non-profit and charitable organisation is either entirely or partially exempt from inheritance tax.

3.5 Additional notes on accounting standards

As discussed previously, an NPO in Switzerland must respect different legal requirements in regards to financial communication, specifically the distribution of an annual report and the holding of an annual general meeting.

Hint 13: **Learn or revise the Swiss GAAP FER 21**

These standards, which have been relatively relaxed in the past, will become increasingly enforced and consolidated by the introduction of the Swiss GAAP FER 21 which governs the establishment of financial statements for non-profit organisations with charitable or social objectives.

But what are these recommendations?

The Swiss GAAP FER 21 outlines standards for the presentation of financial statements, which are produced by a specialist accounting association, the Foundation for Accounting and Reporting Recommendations.

The term "Swiss GAAP" refers to the international method of establishing accounting standards. GAAP stands for "Generally Accepted Accounting Principles". The term RPC stands for Recommendation for the Presentation of Financial Statements, which comes from the acronym for this term in French: "recommandations pour la présentation des comptes". FER stands for its equivalent in German: Fachempfehlungen zur Rechnungslegung. Amongst other recommendations in the RPC, Standard 21 relates specifically to the establishment of financial statements for non-profit organisations with a social or charitable aim whose actions benefit the public.

These standards ensure associations and foundations present transparent, thorough and comparable financial statements. These new standards are now largely recognized in Switzerland. In fact, these standards are now expected by a growing number of organisms, including Zewo which certifies trustworthy charitable organisations. The recommendation for the presentation of financial statements in Switzerland is not a legal obligation for NPOs or NGOs. However, many choose to conform to these standards because it aligns the organisation with those who provide a true and fair overview of their financial position. This results in, amongst other things, improved communication with donors. (Source: AFC - brochure No. 540-21)

The adoption of these accounting standards is therefore intended to create financial credibility and accountability for associations.

Testimony

The Swallow Foundation and the Swiss GAPP RPC 21 (Source: Foundation Hirondelle)

By increasing their professionalism, NGOs also learn to practice good governance. Transparency reinforces their credibility and confidence with donors, the public and other stakeholders. The presentation of financial statements is one of the most effective tools for achieving this transparency.

The Swallow Foundation (Fondation Hirondelle) has adopted the Swiss GAAP FER 21 for accounting practices. Issuing a performance report is also part of this RPC 21 standard.

Each year, the Swallow Foundation's accounts are professionally audited in accordance with terms of the RPC 21. The auditors also verify if there is an internal auditing system in place relating to the presentation of annual financial statements.

Institutional donors have their own demands and expectations about accounting standards for the Swallow Foundation and may request specific audits. In 2013, no less than six individual and specific audits were carried out in addition to the standard RPC 21.

Useful Links

The ZEWO Foundation (Swiss certification service for charitable organizations who receive donations) provides standards and guidance for transparent financial management www.zewo.ch

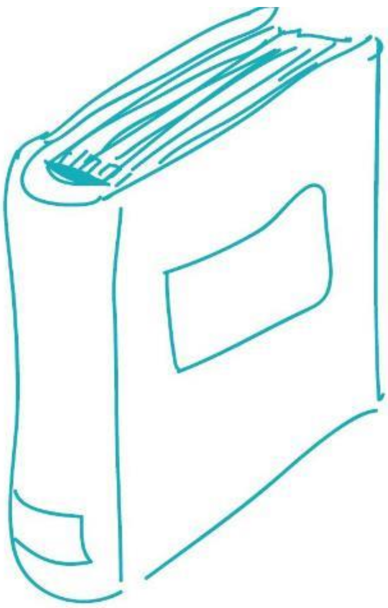
The RPC Foundation has developed resources for presenting financial statements for NPOs with recommendations for the SWISS GAAP FER 21 http://www.fer.ch/fr/inhalt/recommandations/-swiss-gaap-rpc/swiss-gaap-rpc%20-21.html

Bénévolat-Vaud offers technical reference sheets aimed at optimizing the management of financial resources for associations http://www.benevolat-vaud.ch

Recommended Reading

Libaert T., Westphalen M.-H., *Communicator, the corporate communications guide*, Wiley, 2012 (In French)

Light JY, *Financial communication*, Dunod, 2008 (In French)



In summary, to create and maintain a sustainable organisation, it is important to:

- Work from an up-to-date budget – this is the #1 priority for every organisation
- Understand that the budget is a tool which helps with decision making, forecasting and strategic planning and it should always be a work in progress
- Customize the presentation of the budget according to its target audience (whether it is internal, external, etc.) in order to achieve the desired objectives.
- Remain objective and realistic
- Communicate transparently
- Standardize the budgeting process by designing spreadsheets which are easy to maintain
- Understand the organisation's rights to different tax deductions and exemptions and communicate this information with your partners

Chapter 3: Financial Strategy

Within the first few weeks of establishing the association, a small injection of funds was made by a generous donor who was particularly concerned with youth health issues. A founding member had spoken with the donor about the basic idea and mission behind the association and made it clear that without financial support it would not be able to get off the ground. The donor was aware that in order for the association to develop as they hoped, they needed to engage a health professional to act as a health advisor for young people in the community. From the outset, this step was considered crucial. In order to launch a project like this, they knew they had to first assess the association's responsibilities. They needed to exude credibility from the start. The generous donor, a retired entrepreneur who had sold his successful business, asked the founding members to present a budget for the next year, three years and five years.

Some members of the committee were surprised by this request from a potential donor. Why was he insisting on so many numbers and figures? If he was passionate about the cause, why did he need so much information? Luckily, the other committee members understood and were able to convince them that establishing a budget over one, three and five years was a basic requirement for any association starting out. The donor was not being cold or trying to intervene, they just wanted to make sure their funds would be used in the best and most appropriate way.

The budgets established for this purpose were also useful for developing the fundraising strategy they were working on. They understood that it wasn't possible for an organisation or project to be sustainable with just one donor alone, no matter how generous they were. Their future depended on their ability to diversify their resources.

Chapter 4

Fundraising

With the invaluable contribution of Laurence Levrat-Pictet, Vice President of Booster Bridge

Why do we need a fundraising strategy?

Non-profit organisations, such as associations, foundations and clubs, rely on external funding to support their activities. Today, the not-for-profit sector is getting more and more competitive with donors solicited by a growing number of NPOs and funding applications. As a result, donors are becoming increasingly concerned with transparency, demanding more information about the allocation of funds and the management structure of the organisations they support. To be competitive, NPOs must establish a professional, diverse and effective fundraising strategy for the short and long term to ensure the financial sustainability of their organisation.

In this chapter we will address the following questions:

- What are the five key steps to developing a fundraising strategy?
- What are the different kinds of donors?
- What are the basic principles for drafting a funding proposal?
- How do we approach private donors?
- What is corporate philanthropy and sponsorship?
- What possibilities do we have for partnering with companies and what kind of agreements should we enter into?
- What kind of support can we request from businesses? What is the objective of partnering with businesses and how do we go about it?
- What information do we need to provide in fundraising proposals to have our best chance at success?

4.1 Developing a diverse fundraising strategy

Developing a fundraising strategy will help clarify your organisation's financial objectives from the start. From there, you can identify how much money you need to achieve your goals and what other material and human resources are required. A fundraising strategy will also ensure you don't miss any important opportunities for support, or approach potential donors before performing the necessary research to see if they are a good fit.

Developing a fundraising strategy also enables you to diversify your operations so your organisation can seek funding from various sources. This helps prevent the instability of becoming dependent on one donor, government subsidy or corporate sponsorship.

Before making contact with donors for the first time, your organisation needs to follow the following basic steps.

Five Steps for Developing a Fundraising Strategy

Set a specific budget	How much do we need?
Identify potential funding sources	Where will the money come from?
Develop a communication strategy adapted to your target audience	How can we reach our supporters?
Plan fundraising activities	How and when to do we seek funding?
Identify the human resources required	Who will drive fundraising activities?

Source Booster Bridge

4.1a: Step 1 Establish a precise and professional budget that identifies exactly how much money is needed to fund the organisation's projects.

How much money do we need to raise?

The first priority when drafting a fundraising strategy is to make sure the organisation has created a budget and has a clear understanding of what is required to support their work and structure. The organisation needs to have a good idea of how much money they need and over what period they will need it.

It is important to take into account the costs involved with fundraising itself. These may include, but are not limited to, employing staff and volunteers to coordinate fundraising efforts, costs for communication such as direct mailing and reporting, and the eventual purchase of a database to collect information about potential donors.

This first step is crucial in the fundraising process because it sets a specific monetary goal the organisation needs to reach. This also allows the organisation to evaluate the results of fundraising efforts down the track and adapt its strategy for greater success moving forward.

An organisation’s ability to present a clear budget and demonstrate efficient financial management to potential donors can be a determining factor for foundations and businesses when they are considering your application for support. It provides them with a window into your organisation's operations.

Checklist for Step #1

- Analyse, plan and budget for all programs, projects and activities projected for the next two years.
- Prioritize activities based on the following framework:
    - Basic operating costs such as administration
    - Active programs
    - Investments
    - New projects
- Determine available finances for all activities
- Identify funding requirements

4.1b: Step 2 Conduct thorough, qualitative and well-planned research to identify who can help your organisation and when.

Where will the money come from?

Conduct thorough, qualitative and well-planned research in order to determine who might have the capacity to support the project your organisation is putting forward, as well as why and when they might get involved. Once the budget has been estimated, you need to decide who to approach to make a request for all or part of the sum required to support the organisation or project. The organisation needs to establish a "financial mix", a fundraising strategy that draws on support from various financial sources to avoid overreliance on a single donor.

Primary Sources of Funding

Donations	Grants	Sponsorship	Income and Resources
Donor foundations	Public sector	Companies	Membership fees
Individual donors	Community Funding		Interest
Companies	Cantons		Sale of products
Service Clubs	Federal		
	European		

Source Booster Bridge

Some donors will be more suitable than others depending on the different financial needs of your organisation. For example:

Donor foundations

- Generally, provide medium to large donations to support a specific project over a period of 1-3 years
- Demand a lot of attention, effort and follow-up in regards to communication, monitoring and evaluation.

Individual donors require two different but complementary strategies:

- The "en masse" strategy involves raising smaller sums of money from a larger group of people. If the organisation manages to engage a solid base of loyal supporters, like members for example, their contributions can be a source of stable and continuous unassigned funding.
- The "big donor" strategy is aimed at building personalised relationships with a few key donors who make substantial contributions to the organisation.

Service Clubs (such as Rotary, Lions etc.)

- Donate modest sums in a more prompt and immediate manner
- Are frequently solicited by different organisations
- A personal connection or contact within the organisation is sometimes a prerequisite for making a funding proposal

Companies

- Prefer financing "visible" and public campaigns
- Give short-term support to non-controversial activities that can be used to raise their profile when communicating with their customers and employees.
- It is possible to develop partnerships over the long term

Once you have identified your target sources for funding, the question your organisation needs to ask itself is what is the return on investment? What kind of donor promises the best and most likely return on investment in regards to the time, energy and money spent by your organisation?

Regardless of the kind of donor you approach, the preparation, execution and follow-up on fundraising proposals requires significant time, diligence and hard work. It is crucial to evaluate your priorities before you launch. Narrow your search and do not approach too many potential funders at the same time.

4.1c: Step 3 Identify the most appropriate methods for communication.

Once target funders have been identified, you will need to develop various communication channels in order to meet their expectations for transparency and accountability.

Examples of different communication channels for different donors

Target	Communication Methods
Private donors	Email, direct mail, telemarketing, events, bequests and legacy requests
Donor foundations	Funding proposals
Public sector/Government departments	Funding proposals
Companies	Partnership, sponsorship contracts
Service clubs	Funding proposals and oral presentations

Source Booster Bridge

To develop effective donor relations you need a solid understanding of who your donor is, what their expectations will be, their funding criteria and their motivations for getting involved. You have to be able to put yourself in the shoes of the donors you are approaching and develop a communication strategy that will best meet their needs and expectations.

Your organisation needs to adapt its communication depending on the desired outcome. The organisation will need to use different methods of communication for soliciting support from or sending updates to the local council than they would for a company or private donor. While a funding proposal is an appropriate method for communicating with a foundation or government body, a private donor would respond better to an email or an invitation to a fundraising event.

4.1d Step 4 Decide when and how to plan and implement your fundraising activities.

Effective fundraising takes time!

It takes time to research your target donors, develop a communication strategy and set up meetings with potential supporters. You might find a year or more passes by between your first communication with a donor and a decision finally being made. For that reason, your plan needs to be realistic, taking into consideration the possibility of lengthy delays between making the initial request and receiving a final response. Your plan needs to be developed over several years with financial goals clearly defined for each key period and milestone. In doing so, the organisation can plan activities over the medium to long term, while constantly evaluating and re-evaluating the success of your fundraising campaigns.

4.1e Step 5 Determine what human resources are required to implement the fundraising strategy

Developing an effective fundraising strategy takes time and it is important to have a clear and realistic understanding of what internal and external human resources are available for your campaigns. Fundraising is not the responsibility of one individual person, one employee or one volunteer. Activating the organisation's networks to enlist help is central to the fundraising process. It is important to involve committee and board members as well as staff and volunteers where appropriate.

A clear fundraising strategy rolled out over time allows everyone involved to understand what is expected of them, ensure good financial and organisational records are maintained, and avoid having donors approached more than once.

It is possible to outsource these activities to consultants or companies who specialise in fundraising. However, it is important to be clear from the beginning who will be the eventual "owner" of the contacts and connections obtained throughout the fundraising process — your organisation or the consultant?

By following these five simple steps to developing a fundraising strategy it is possible to:

- Plan and implement various fundraising campaigns and activities
- Improve internal communication
- Obtain the necessary resources, both human and material, to achieve your goals
- Project your growth and achievements for the years ahead

4.2 Donors: Who are they and how do we approach them?

When an organisation needs funding there are several options available for finding support. Seeking donations and sponsorship are two different but complementary approaches that require distinct strategies as outlined below.

4.2a: Definition of donors

Donors can contribute time, money and/or services that support the organisation and its programs. In general, these donations are provided without the expectations of any exchange or compensation offered in return.

It is interesting to observe the evolution of donor engagement and their expectations for NPOs. We are moving away from the notion of charity and heading towards a model based on strategic philanthropy. Donors no longer want to support a problem; they prefer to finance a solution. They want to know where their money is going and what impact it has had on the cause they have chosen to support. Some even prefer to engage personally with the cause and wish to become involved with the project they are supporting.

As donor requirements are changing and becoming more refined, NPOs must adapt their management and communication methods in order to demonstrate their relevance, efficiency and the impact their actions and projects are having on their beneficiaries.

Donations can come from various sources and structures:

- Donor foundations
- Companies
- Service Clubs
- Individuals

Grants do not fall under the category of donations or sponsorship and will not be discussed in this manual. Each public office, whether it is the local council or federal government, will have its own procedure to follow for funding requests. It is advisable to make direct contact with departments in the public sector and respect the procedures they have in place for requesting support.

Below you will find some questions and suggestions on how to approach donors and sponsors.

4.2b: Donor foundations

Hint 1: Identify the funding criteria and expectations of donor foundations

Switzerland has more than 13,000 foundations, of which only some provide financial support for NPO projects. While there are a few foundations that make significant donations and have staff and policies in place to manage funding requests, the majority of donor foundations are small and have limited resources, both human and financial, to respond to requests.

The activities of a foundation are strictly outlined in their constitution, which details the exact scope of themes and causes the foundation are able to support. Therefore, it is important that the funding proposal your organisation sends corresponds with the funding criteria they have established. If they do not match, the foundation cannot even consider entering into discussions with your organisation.

When an organisation approaches a potential donor they should proceed in two steps:

Step #1

Conduct an internet search to identify foundations which are more likely to finance the kind of projects you are proposing. Note the names and contact details of individuals within the organisation, such as the committee members. Also search for a list of donor organisations operating in the same region or area of interest.

The following websites may be useful in your search for information about donor organisations:

Directory of Foundations developed by the Interior Ministry for the Surveillance of Foundations both at a national and international level http://esv2000.edi.admin.ch

The Chamber of Commerce in your local district: www.zefix.ch

Interactive database of Swiss Foundations (In German and incurs a membership fee): www.stiftungschweiz.ch

The List of Swiss Foundations Members, the umbrella association for the Swiss Grantmaking Foundations: www.swissfoundations.ch

The database of activities for cultural promotion, both public and private www.promotionculturelle.ch

Step #2

Initiate contact with the prospective donor by telephone first to make more in depth enquiries about their funding criteria. This will help you draft a more targeted funding proposal. Never create a generic proposal that you send to several organisations en masse. Fundraising proposals must address the foundation's criteria specifically and they will be assessed on a case by case basis.

Checklist Make sure you understand the following information about prospective donor foundations:

- Does our project meet the criteria outlined by the foundation?
- What kind of projects or expenses are usually funded?
- What method does the foundation prefer applications to be submitted? In what language?
- What is the deadline for sending an application?
- Is there a maximum or minimum amount the foundation will consider financing?
- Should we organise co-financing or seek other forms of revenue?

Do I know any of the foundation's board members?

Hint 2: **Write a customised funding proposal**

Once you have done some initial research, you will need to prepare a funding proposal which is personalised and tailored to the foundation you are applying to. Some foundations (generally the larger funders) have a template or form you should fill out to apply for funding. This will usually be in digital format and available on their website eg. The Avina Foundation www.avinastiftung.ch

Checklist for a Funding Proposal:

Cover Letter

- Address the manager or person responsible for coordinating the program
- Provide a summary of the project and the financial support required (one page).

The Project Description

- Provide context for the project and the need it addresses
- Outline the project's objectives
- Introduce the project's beneficiaries
- Provide an estimate for how the project will be rolled out and in what stages
- Outline the financial and human resources required to complete the project
- Introduce any partner organisations you will be working with
- Provide a proposed schedule for implementation and completion
- Clearly discuss the anticipated results of the project
- Outline how the project will be monitored and evaluated to assess its impact

The Budget

- Provide a spreadsheet detailing the projected cost of the project
- The application should provide a list of available funding, promised funding and details of any other organisations approached for funding and the amount requested.

The Appendix: The NPO's constitution, list of committee or board members, the most recent annual report (if requested by the foundation)

The application should not exceed 10 pages.

The website of the Swiss Donor Foundations Association, SwissFoundations, offers a "Quick Reference Guide for Preparing a Funding Proposal". The guide can be downloaded from their website: www.swissfondations.ch

If the foundation has not developed a specific form or template to complete your funding proposal, your application can draw on the elements detailed below.

A common question is: "How much funding should we request on our initial application?". Is it better to state the required amount clearly and risk over or underestimating the support the foundation can provide? Or is it better to be ambiguous and let the foundation decide how much funding they would like to offer? There is no standard answer to this question. It is a good idea to discuss this with a representative of the association to seek clarification before submitting your application.

Hint 3: The Follow-Up – a vital step for building good donor relations

Once the foundation has made their initial donation, it is imperative to provide regular follow up on the project's progress so the donor may consider continuing their support in the future. It is crucial to respect the reporting conditions and media promotion agreed upon with the foundation when your proposal was accepted.

If the response to your proposal is not favourable, it is a good idea to seek feedback from the foundation. For example:

- Can they advise you on how you might improve your proposal/project to have a better chance of securing funding next time?
- Do they know of any other foundations who might be interested in funding the proposal?

Hint 4: Keep your donor database up to date

Keep your donor database up to date and your research on file so you can refer to the database for future funding proposals. (See "donor segmentation" below)

4.2c: Private and individual donors

There are several methods for approaching individual donors.

Hint 5: Analyse the different categories of private donors

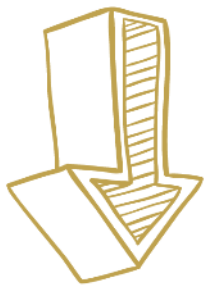
Swiss households are among the most generous in Europe. They give 1.2% of their annual disposable income to charity and make a total average annual donation of CHF 380 (as of 2012). Private donors do not generally have strict criteria like donor foundations. Usually their donations are not destined for a specific project unless otherwise stipulated. When an NPO decides to launch a fundraising campaign targeting individual donors, they must first determine the kind of donor they wish to address. There are, in fact, several kinds of donors willing to support NPOs. It is important to analyse the differences between these donors to ensure the information they are presented with is appropriate for the target audience.

Different Categories of Private Donors

Prospective Donors	Donors
People who have never donated to your organisation before	New donor (1 donation)
	Regular donor
	Donor who no longer makes contributions
	Major donor

Source Booster Bridge

For example, the information sent to a new donor will be very different to information you might send to a regular donor who has been contributing for several years. Similarly, the relationship and communication will be tailored according to whether they are a major donor contributing a substantial sum or a new donor giving Fr. 10 for the first time.



Categorising Donors

In order to effectively categorise donors, you need to analyse their donor profiles.

- How long have they been supporting the organisation?
- Do they support a particular project?
- Has the amount they give changed over time?
- Which fundraising campaign generated their most notable contribution?

The better you know your donors, the more accurate your message and the more powerful your fundraising campaigns will be.

Hint 6: Understand Your Donor's Expectations and Motivations

In general, donors will support a project because they are moved by a particular cause. When we reach out to donors, we need to create a strong emotional pull that encourages them to give.

General Expectations and Motivations for Donors:

Administrative costs are kept low

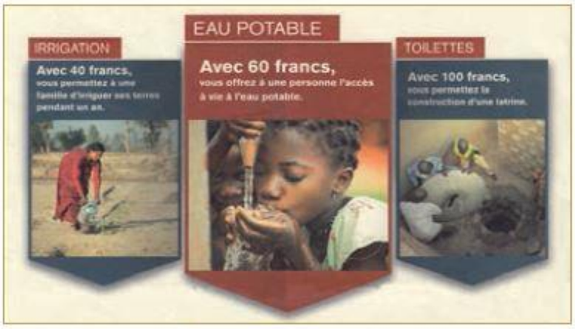
Complete transparency in regards to financial management

On-time reporting and regular monitoring and evaluation

The ability to make tax deductible donations (see tax exemption)

Feeling as if they're making a difference on a key issue so the amount they have contributed seems justified

This example illustrates the impact a private donor has when they give CHF 40, CHF 60.- or CHF 100.- to projects working to improve access to clean water.



Source: Helvetas

Hint 7: Personalise the Relationship with Your Donors

A donor needs to feel like they are "unique" and not just a number among thousands of other donors. Individual donors can be engaged to help in three different ways.

Some advice for personalising your donor relations

- Send progress reports on projects at appropriate intervals
- Develop a relationship which is as personal as possible
- Organise an event
- Allow donors to visit the project
- Invite donors to become ambassadors of the organisation
- Create an exclusive club they can join as a member.

MEMBERSHIP Becoming a member of an association	GENERAL DONATIONS Contributing money, skills, goods or services	PURCHASING GOODS AND SERVICES
Different tariffs according to category such as general membership, benefactors etc. These donations are directed towards a specific need. REMEMBER: These amounts are not tax deductible.	Direct mail-outs Telemarketing Email campaigns Crowdfunding Street marketing Website SMS Legacies Etc.	T-shirts Books Media Events Etc.

Source Booster Bridge

Depending on the category the donor falls into, they will choose their most appropriate method for contributing to your cause.

Hint 8: Use communication methods adapted to your target audience

Examples of communication methods:

- Direct mail-outs
- Events
- E-mailing
- Telemarketing
- Crowdfunding
- Bequests and legacies

Hint 9: Before organising a mail-out, identify your target audience and objectives

Avoid sending the same letter to all donors without previously considering the following points:

Which donor category are you targeting? Are they:

- Prospective donors?
- New donors?
- Regular donors?
- Major donors?
- Former contributors who stopped giving?

What do you hope to achieve with the mail-out?

- Attract new donors?
- Draw on the loyalty of regular donors?
- Re-engage former donors who stopped giving?

The message will usually be different depending on who you are addressing, the category of donor and your objectives. Ask yourself: What information should the message contain? When should I send the request? How much should I ask for? This decision should be based on the donor's previous contributions.

Develop a communication strategy which is staggered over the year and includes:

- A call out for donations twice a year
- Sending the annual activity report (March)
- Three newsletters
- A Christmas greeting card.

Format and Contents of the Mail-out

Keep it short - 1-page maximum

Use a layout which has an inspiring title and a first sentence that makes you want to keep reading

Make sure it evokes an emotional response

Highlight the financial need and its potential impact

Outline the difference the donor will make through their contribution

Include a testimony or case study with photos

Show credibility by citing notable people who are involved, or by including a signature of a representative of the organisation

Include a signature

Add a PS

Provide payment details for donations

Include any other complementary documents such as a newsletter or gift

The envelope should be handwritten with a stamp and no donor number listed.

An example of a personalised mail-out


5 ans: un anniversaire impossible pour des millions d'enfants.
Ensemble, aidons les plus jeunes de nos patients!

Source: MSF Suisse

It is important to communicate regularly with donors, alternating requests for financial support with updates about the projects they're supporting, newsletters, activity reports, Christmas card, etc.

Hint 10: Your website can provide information for every target

When an organization is developing their communication and fundraising strategies, their website will be their most powerful and fundamental tool as it provides a platform to reach their many and varied target audiences.

Image Source: Helvetas Website

In the example shown above, Helvetas uses the same tool to address individual donors, companies, communities and foundations (see the chapter on "Communication" on their website). The website also allows supporters to make donations online.

Hint 11: Crowdfunding: Fundraising 2.0

The idea of crowdfunding is to connect artists, inventors, creatives, humanitarians and entrepreneurs from all backgrounds with supporters who will invest directly in their project. These supporters usually receive compensation in return for their contribution with gifts such as invitations, autographed books, limited edition prints and photos etc. In humanitarian crowdfunding campaigns, the reward is generally symbolic. Often if the fundraising target is not met, the money donated by supporters is returned to them. Wemakeit.com is a Swiss crowdfunding platform for financing creative, innovative and artistic community projects.

Other platforms include:
www.kisskissbankbank.com
www.100-days.net
www.globalgiving.org
www.mymajorcompagny.org
www.kickstarter.com

An example of wemakeit.com
Image Source: www.wemakeit.com

Crowdfunding can be effectively introduced into your fundraising strategy if your organisation is extremely active on social networks such as blogs, Facebook, Twitter, websites etc. and if you have a large number of followers in your community.

Hint 12: Event Management – first clarify your organisation's objectives before holding fundraising events

Before organizing an event you must clearly identify what you hope to achieve. If the main objective is to raise funds, then you need to engage a large network of volunteers, sponsors and large donors to turn a decent profit. Unfortunately for most organisations, this is a challenge. Often the event monopolises a large majority of your time and resources during the lengthy planning stages and, at the end of the day, returns a disappointing result. On the other hand, if your objective for holding the event is to thank donors, raise awareness about a certain issue or engage new supporters, a fundraising event can be a huge success regardless of how much money is raised.

Therefore, you need to able to answer these three questions before launching yourself into organising an event:

What goal do we hope to achieve by holding the event?
Who is the target audience?
What kind of event do we want to organise?

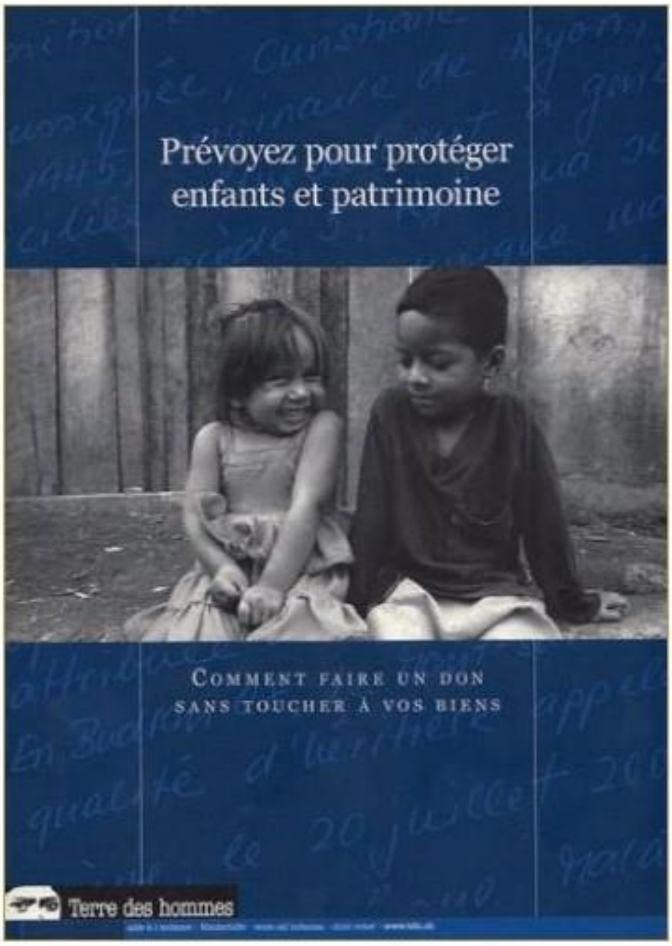
Hint 13: The Legacy Strategy - a fundraising source which is no longer taboo

In recent years, several non-profit organizations have started communication with their donors about legacies and inheritances. While it is impossible to estimate the exact sum these donations might bring to an organisation, there is enormous potential to receive significant contributions. As an example, Terre des Hommes received 4.7 million Swiss francs for their child welfare programs in 2010 through legacies and inheritances alone.

There are different approaches possible:

- Make direct contact with donors and introduce them to the idea of considering the organisation in their will.
- Approach notaries, lawyers, trustees and other intermediaries who will be advising their clients on how to prepare their wills and can suggest they bequeath a certain amount to a cause.

An example of a brochure explaining legacy donations to supporters.



Source: Terre des Hommes Suisse

Possible communication methods for a "Legacy Strategy"

- Direct mailing existing donors and intermediaries
- Offering personal advice
- A brochure explaining legacy donations
- Videos such as "my happy ending" (www.myhappyend.ch)
- Advertisements in the media
- Awareness raising campaigns coinciding with International Day of the Will
- Conferences
- Articles in newspapers aimed at the target audience such as "Generation Plus" whose readership consists of 90,000 readers aged between 60 and 70 years
- Internet websites and advertising

An example from the Caritas Geneva website

Source: Terre des Hommes Suisse

Websites are a relatively neutral tool for providing detailed information about the possibility of supporters leaving a donation in their will, without being insensitive or forceful.

4.2d: Corporate Sponsors and Partnership

Hint 14: Offer various different options for sponsorship and partnership

The concept of **corporate social responsibility** (CSR) has created an environment where the development of partnerships between non-profit organizations and businesses is enthusiastically encouraged.

The European Commission states that enterprises "should have in place a process to integrate social, environmental, ethical human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders"

Engaging companies in actions which benefit your organisation, but also work in their favour, is one of the practical applications of corporate social responsibility. There is an understanding that it is mutually beneficial for companies to play an active and social role in the communities around them. There is also a mutual recognition of the need for collaboration between businesses and NPOs in order to strive towards sustainable development. Companies usually get involved by donating to charitable organisations or through partnerships, often involving employees and stakeholders.

While the concept of CSR has been well and truly adopted by large international companies, this is not yet the case for small and medium size businesses in Switzerland. Smaller businesses do not generally have experience establishing these kinds of partnerships with local organisations and it may take some effort to convince them to get involved. However, these companies hold enormous potential to provide support for charities and are a largely untapped market at a time when donors are more and more frequently solicited.

The term "partnership" can encompass many different types of relationships between companies and NPOs.

Depending on the needs of the organisation, there are various opportunities for partnerships you can propose:

Financial sponsorship: Companies can support a cause through a financial contribution to an NPO or sponsor an educational, scientific, social, humanitarian or cultural event.

Sponsorship in kind: Similar to a donation, however rather than providing financial support they donate a product or service such as free equipment or food.

Skilled sponsorship: Involves the company providing an exchange of skills and competences by making employees or other volunteers available to work for the NPO during business hours. This is not just to encourage employee volunteering, but to promote the value of the company's business.

Hint 15: Understand the company culture and environment

As is the case for foundations, it is imperative to understand the company and its culture and values before making contact or entering into any agreements.

Checklist for Analysing the Company Environment.

- Is the company well run? Is it successful?
- Does the company have a strategy for corporate social responsibility?
- What causes do they usually support?
- Is there already a relationship or link between the company and the organization – ie. same client demographic, same region, projects run by the organisation which impact positively on the business?
- Has the business got their own foundation branch?
- What is their philanthropic budget?
- Do you know anyone working for or involved with the business?
- Do you have similar values and ethical structure?

Hint 16: Prepare a funding application which is personalised and tailored to the business

For companies, you will need to send a funding proposal which is less detailed but more touching than the application you would send to a foundation. Assessing funding proposals is not generally part of the company's business so they will not give your application a lot of time. For that reason, it is important to present your project in a precise, professional and emotional manner.

Making a distinction between *en masse* campaigns and those targeted specifically at large organisations also applies when making contact with businesses. If you would like to approach small to medium size businesses in your local area, a mail-out to 100 or so addresses is probably adequate. A mail-out like that has the potential to generate a large number of donations and, while they are modest, there is generally a fast response. On the other hand, if you wish to establish more reliable and consistent partnerships with larger enterprises, or international corporations in particular, you will need to make a tailored application which corresponds more to the needs and criteria of the foundations mentioned earlier.

4.3 Sponsorship

As part of their development and fundraising strategy, an NPO may consider engaging businesses through a method which is slightly different to donations and partnerships. To employ this strategy, the NPO will need to take a big step and associate its image with a commercial enterprise and, in doing so, present themselves to the public alongside brands which are relatively well known.

Over recent years, sponsorship has become an institution in the field of communications and marketing. Many companies and, as a result, many NPOs have had to develop a sponsorship charter; the guidelines that define and formulate their policies around the agreements they can enter into. The charter outlines what conditions they are willing to accept or prepared to reject, and which kinds of projects they are willing to associate themselves with.

a) Definition

Sponsorship is essentially the support a company provides an NPO, whether it is to an individual or group of people. This support can be provided in the form of financial payment, logistical support such as products or infrastructure, or in the provision of services or professional advice. The company hopes their support will reflect favourably on their reputation and image. To achieve this, they negotiate conditions which requires the NPO to promote their image, something donors and partners generally do not require.

Source: Booster Bridge

b) The Corporate sponsor and their commitments

Both parties need to reflect carefully on the impact of such a commitment. Their sponsorship charters allow both sides to present their policies in a written form so they can each reflect on the possibilities and limitations of such an agreement. For those companies prepared to embark on the path of sponsorship, many questions are raised. The following chapter should help you find some of the answers.

Hint 1: Be prepared to associate your organisation with a company

Are we, as an association, foundation, club, etc., ready to partner with a commercial enterprise and accept their use of our image and expertise for the purpose of internal and commercial communication?

It is important to remember that when a corporation sponsors a project, they purchase the right to use the images, stories, name and reputation of the organisation they sponsor. It is therefore strongly advised that your organisation assesses the impact this association could have on your organisation.

- Does partnership with a company have the potential to damage the NPO's credibility?
- Would the partnership be at risk of dissolving if certain requirements or goals are not met by the NPO? For example, if the organisation makes a controversial political statement?
- Is there a risk that partnering with this particular company might discourage other donors from supporting our cause?

Source :
Archives de la Fondation Théodora - Suisse

Hint 2: Approach companies who have the potential to become sponsors

When embarking on the research phase, start by thinking which companies you can visualise the NPO being associated with. What kinds of businesses might not be appropriate, perhaps for ethical or philosophical reasons? For example, can you imagine a sports club accepting sponsorship from a business who are actively engaged in the tobacco or alcohol industries?

Taking some time to conduct thorough research and reflect on potential sponsors is a fundamental part of your fundraising strategy. This allows the organization to identify any conflicts of interest by considering questions they had not previously asked themselves. By initiating this process, it creates a dialogue within the organisation and generates a very enriching exchange. All key members of the organisation should contribute and be free to express their own view and ideas for possible future partnerships. You need to be brave enough to have that conversation, be brave enough to face confrontation around ideas, and be brave enough to genuinely think about the future of the organisation rather than hiding behind things which are always left unsaid.

Hint 3: Set quantitative goals. How much do you need?

Depending on the outcome of the previous conversation, the question the organisation needs to ask itself is what is the limit of financial support the organisation is prepared to receive in the form of company sponsorship? Has the NPO anticipated changes to the budget over the short, medium and long term?

An entity needs to reflect on these questions by setting a clear and quantitative target for the objectives they aim to achieve though the sponsorship agreement. The second step is to identify the means required to achieve this objective. Arranging sponsorship requires time, patience and expertise. Negotiate the conditions of the sponsorship agreement at a fair price. The members who are negotiating must be trained, prepared and should not improvise when trying to reach an agreement. Make sure they have the communication and human resources to achieve their objective.

Hint 4: Establish the conditions and benefits that could be made available to the sponsoring company.

Depending on the answers to the questions outlined in Hint #3, another question arises: What benefit can we provide companies without betraying our own vision, mission and stakeholders?

Start brainstorming. Don't hold back. Compile the most comprehensive, imaginative and creative list you can full of ideas which might attract the interest of sponsoring companies. Do not censor ideas at this stage. Holding a team brainstorming session not only generates new ideas, it also brings members of the team and management together to strengthen ties within the organisation. In the second phase of this brainstorming, the ideas should be analysed more carefully and fine-tuned to ensure they do not put the reputation and professionalism of the organisation at risk.

Below are some examples of benefits you can offer and factors to consider. This list is by no means exhaustive. It should always be adapted to the culture, vision, mission, objectives and projected development of the NPO.

A visual presence of the sponsor on the organisation's communications.

Yes? No? How? For example, would that involve including the company logo on all communication?

Regular distribution of photos of the sponsored activities to the sponsor.

For marketing and communication purposes?

Yes? No? To what extent? For example, is it possible to associate a national publicity campaign with the sale of mobile phone contracts?

Transfer the rights to use the organisation's photographs, project logo etc. In a short term or indefinite manner?

Yes? No?

The provision of space dedicated to the sponsor (in m2) for promotion at the office or events etc.

Either temporarily or on an annual basis?

Yes? No?

Visual presence, such as a company logo, on the sponsored organisation's member uniforms or promotional clothing?

Yes? No?

Provision of entry tickets or VIP access to certain events?

Yes? No?

The provision of "human time"? For example, a sports star making himself available for two days each year for promotion?

Yes? No?

A guarantee of sectoral exclusivity?
Yes? No?

A specific and respectful title given to the sponsor? Such as main sponsor? Co-sponsor? Partner?

Yes? No? Etc.

The responsibility of the sponsored organisation is to provide a benefit the sponsor can exploit. The sponsored organisation can never be held responsible for a negative return on investment if the corporate sponsor has not efficiently utilised their association with the project in their communication strategy.

In this example, the WWF has agreed to offer the benefit of (among other options) using their panda logo on the bread packaging for the company Edeka. By aligning themselves with the WWF, Edeka asserts its practice of corporate social responsibility.

Hint 5: Put yourself in the sponsor's position so you can better understand their motivations.

To understand the interests and motivations a sponsor might have for supporting a project, the organisation should look at the different objectives a company might be trying to achieve by aligning itself with a cultural, social or sports association.

In the research phase, those responsible for fundraising must be able to put themselves in the place of the companies they are approaching for support. Failing to recognise that potential sponsors will have a specific motivation for supporting an organisation is a grave error and will only result in precious time being lost for both parties. Any company in the market today must ensure, now more than ever before, that its choices and decisions are relevant. This basic principle also applies to sponsorship.

The basic institutional and commercial objectives of a company are:

- The enhancement of its reputation at a regional, national and international level
- The improvement or reinforcement of their brand and image
- The morale and motivation of employees and customers, which is strengthened by a sense of belonging
- The development and promotion of a product and the positioning of the brand within a particular market.

Hint 6: Consider the commitments you can ask of your sponsor.

When approaching a company for support, what can they give you? How can they become involved in a project?

Remember to refer back to the budget to obtain a clear idea of the organisation's real needs and priorities. Doing this may reveal different perspectives on the matter. The most important thing is to ensure the organisation can present a clear, comprehensive and explicit overview of what is needed and what their expectations are when negotiating with the sponsoring company.

Some possible options for contributing you can present to corporate sponsors include:

- Cash – either a once off or regular payment of a predetermined sum
- Durable Goods - such as IT software or computers
- Perishable Goods – such as food items for an event
- Services – such as insurance coverage
- Advice – such as advertising or legal assistance
- Logistics – such as use of a hall or event venue
- Coverage of a financial deficit

The most important part of this step is the financial evaluation to determine which elements can and will be supported by the sponsor. Without this step, it is impossible to negotiate fair conditions and benefits for both parties. What could we afford to buy if we had no idea how much money was in our wallets?

Source: Archives de la Fondation Théodora - Suisse

c) Checklist for approaching potential corporate sponsors

Any application for sponsorship submitted by the organisation should specify:

- What is the project they will be supporting?
- What is the program about?
- Who benefits from it?
- What is the overall budget?
- What finances are already available?
- Who are the other sponsors?
- What are your expectations of the sponsor?
- What can you offer the sponsor in real terms?
- How long is the project?
- What geographical zone is covered by the project? Is it local? National? Overseas?
- What is the communication strategy for the organisation and the project?
- To you have a case study which might interest the sponsoring company?
- Do you have a press folder detailing media coverage in recent years?
- Do you have images available which illustrate the projects you're working on?

d) Philanthropy, sponsoring and taxes

In principle, donations are not subject to VAT. Legally, when a donation is made by a supporter they should expect nothing in return. However, the motivations which drive supporters to donate are not in conflict with civil law. Mentioning a foundation, a service club or a company on your website or wearing their logo on a uniform does not constitute an economic return.

While donations are not subject to VAT, sponsorship is.

Unlike a donation, sponsorship involves an exchange: the sponsor provides payments of cash, goods or service in exchange for the NPO's participation in public relations activities. Sponsorship is characterized by the NPO providing the company with publicity designed to boost their image and reputation.

Supporting a cultural or sporting event, for example, increases brand awareness, recognition and fame; all of which will improve the company's public image. The sponsor hopes that the financial support they have provided will translate to strengthening their position in the market and a positive image for their brand. All of these exchanges are taken into consideration by the tax office when making their calculations.

The Federal Court estimates that the financial treatment of the money received depends on the nature of the contributing entity. If it is a commercial enterprise, the mere mention of their name in an organisations lists of sponsors may be considered a public relations activity which is therefore taxable. The fact that commercial companies leverage these amounts through their advertising budget and submit contributions as deductible expenses on their tax declarations provides information to the Tribunal which assists in their assessment.

Source: Extract: Analysis Oberson Study and Associates, Geneva

The tax regulations implicated in a sponsorship agreement are complex and depend on several factors. It cannot be estimated or evaluated systematically without considering the current economic climate, the activities of both parties and the ultimate objective they are both aiming to achieve. Seeking out the services of an expert such as an accountant or a trustee is essential for ensuring these issues are addressed sooner rather than later in order to avoid financial problems appearing in the future.

In summary, developing a fundraising strategy requires:

- Respecting the five key steps for establishing a fundraising strategy
- Qualitative and quantitative considerations, such as ethics, budget etc.
- Proceeding in a thorough and organised manner, with clear planning and producing quality documentation
- Thinking how it impacts on staff and management, avoiding doubling up on work, and improving internal communication
- Communicating regularly and in a professional and impactful manner with supporters and stakeholders
- Understanding tax regulations and how they impact on your supporters and beneficiaries.

Useful Links

For Fundraising

The Swiss Donor Foundation Association offers a checklist for the preparation of funding proposals: www.swissfoundations.ch

http://www.swissfoundations.ch/sites/default/files/demande_aidememoire.pdf

The "My Happy Ending" initiative has developed communication tools to raise public awareness around the possibility of donating a portion of a person's estate to an organisation working towards social good.

www.myhappyend.ch

The Fundraising Specialists Association aims to educate the public on themes relating to fundraising www.swissfundraising.org

For more information on corporate social responsibility, The PHILIAS Foundation provides practical tools for businesses and NPOs seeking partnerships within the framework of social responsibility:

www.philias.org

Recommended Reading

C. Colombat, *The Guide to Philanthropy and Solidarity*, Dunod 1994

T Libaert and M. Westphalen, *Communicator, The Guide to Business Communication*, Wiley, 2012

(Chapter on Sponsoring)

Once the budget has been established, the committee members can undergo a process of reflection before bringing their fundraising strategy to life for the association Youth Futures.

Youth Futures was conscious of the fact they needed to work together as a team, including the members of the association's committee. Fundraising is far more complicated than just sending a simple email. It requires critical thinking, customised appeals, networking and building contacts, researching, giving presentations for potential donors, and you need to know who to contact, why and how.

They were confident that each of the committee members could bring their own special something to the fundraising effort. Once they had realised this, they decided to put procedures into place to ensure there was no confusion about what needed to happen and who did what. This helps to avoid too many people contacting the same donors and ensured that their approach to soliciting funds was consistent across the board. They invested time in planning, appointed a leader to guide the group forward and began the process of "attacking" their fundraising strategy.

For personal reasons, members of the committee needed to develop a strategy which did not involve soliciting donations from public bodies.

Their initial plan was to create a funding mix by sourcing financial support from various sectors: 70% from corporate sponsorship, 20% from their own income generating activities and 10% from donations.

For donations, the plan was to solicit support from both small and large donors including donor foundations.

For corporate sponsorships, they chose to target companies based in Western Switzerland who had no links to alcohol or tobacco. The 20% source from their own income streams would come from selling products at a reasonable price, ticket sales, book publications etc.

Chapter 5

Developing a Communication Strategy

What are the challenges of developing a communication strategy and how do we go about it?

The development of a communication strategy for NPOs can be an exciting but sometimes demanding task. The messages an NPO needs to communicate to the world can be delicate, engaging, sensitive and emotional. The organisation's objectives are sometimes difficult to define and express in a simple message, the budget is often restrictive and there are sometimes few communication tools available to support the organisation's goals.

In order to overcome these challenges, it is important to optimise the organisation's communication efforts as best you can. In doing so, the organisation will be able to establish and promote its identity, develop its reputation and image, and create practical and efficient tools for improving internal and external communication.

Of course, it should be noted that a communication strategy, no matter how effective, is not a replacement but rather a support tool for the high quality and consistent day-to-day work each institution must perform in order to achieve their goals. It is these day-to-day activities which provide the inspiration and content of an organisation's entire communications strategy.

In this chapter, the following questions will be addressed:

- What are the most important steps for developing and implementing a communication strategy?
- What are the organisation's assets and how can they be used as a communication platform?
- What are the key groups and target audiences for communication?
- What are the most important guidelines to keep in mind for publishing an annual report?
- What are the best methods an NPO can use to communicate with the media?
- Is it essential for every NPO to create a website and be active on social networks?

5.1 The Challenges of Developing a Communication Strategy

Public relations (PR) is "the conscious and combined efforts that are organised and monitored in order to maintain and develop an environment of understanding and confidence, aimed at both internal and external targets" (Source: Swiss Association for Public Relations).

ALTERNATIVE:

"Public Relations is about reputation - the result of what you do, what you say and what others say about you. Public Relations is the discipline which looks after reputation, with the aim of earning understanding and support and influencing opinion and behaviour. It is the planned and sustained effort to establish and maintain goodwill and mutual understanding between an organisation and its publics"

(Source: Chartered Institute of Public Relations.)

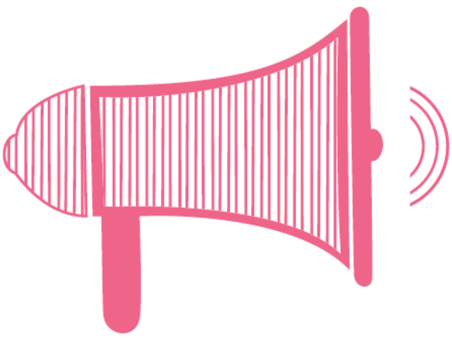
PR is particularly important for non-profit organisations. NPOs are faced with a challenging task, needing to attract diverse groups of people to support the organisation's objectives while operating with limited resources. The key elements people are looking for when assessing an NPO are credibility and commitment.

Depending on their objectives, NPOs are generally looking to inform, raise awareness and actively engage their audience. They may also be aiming to transform the attitudes and behaviours of the audience they are targeting. The NPO must be responsive, able to act quickly and appropriately and adapt to an ever changing environment.

Hint 1: Focus your communication efforts

Identifying an NPO's communication needs requires an in depth and detailed reflection from the very beginning. Developing a communication strategy before launching your communication efforts is an important first step as it helps you hone in on which areas of communication should be your focus and why. Creating support tools for communication based on the theory "but we've always done it like this!" can potentially have a negative and damaging impact on the organisation. The NPO is investing time and money in communications activities and staff and volunteers are being mobilised to act; so it is absolutely critical your actions are relevant and well thought out.

Here are some tips for ensuring your communication strategy is useful and effective:



Hint 2: Develop a communications strategy in four steps

There are four steps an organisation can take to develop their communication strategy.

Analysis

To start with, the NPO must conduct an analysis aimed at answering the following questions:

- What topic do we need to communicate?
- What is the current status of that topic?
- What is the desired status of that topic?

Here is an example of this method in practice:

What is the context? An NPO is facing a crisis situation. An employee is found to have misused funds for their own personal gain. This has a serious impact on donor confidence and the relationship with partners of the organisation.

What is the current status? There is a crisis of confidence amongst supporters which may result in less funding being channelled into the organisation.

What is the desired status? Stabilise the NPO's financial situation and retain the support of all current donors and partners.

What is the subject that needs to be communicated? Explain to supporters the core of the problem, what happened, the measures that have been taken to ensure it doesn't happen again, the consequences and impact this has had on the daily operations of the organisation, etc.

Strategy

This method helps clarify the strategic questions essential to the development of a strong communication plan. By following this method, you are able to define your:

- Objectives
- Target audience
- Best method for communication

In the case of the example:

Objectives: Reassure supporters and maintain confidence

Target Audience: Donors, partners and other supporters (depending on the situation)

Method: Phone call, personalized letter, e-mail or a meeting.

Implementation

Implementing this method allows the organisation to:

- Calculate the overall cost of the strategy
- Plan and implement the communication strategy
- Outline who is responsible for what.

In the case of the example:

The Cost: Insignificant in light of the serious nature of the situation

The Plan: When should we take action?

Responsibilities: Who is taking care of internal and external communications, making phone calls, arranging meetings, sending a letter or email etc.?

Evaluation

Afterwards, an evaluation must be conducted to ensure the organisation has reached its objectives. Audit the qualitative and quantitative results of the analysis and move forward from there.

Using the example as a guide:

Audit and Evaluate:

- Have we retained the support and confidence of our donors and supporters?
- Has there been any change in the number and amount of donations coming into the organisation?

In summary, the key questions for all communication initiatives are:

- What message do you want to communicate and who is your target audience?
- What is the best method of communication for achieving this goal?
- What result are you hoping to obtain following this initiative? For example, is your goal to raise awareness, increase understanding, mobilise people to act?

A Communication Strategy in Practice

The Tile Association in Fribourg – Night Emergency Shelter

The Tile and the Emergency Pen

"The Emergency Pen – by The Tile Association. Better than a life vest! 10 Fr. Support our actions by purchasing an Emergency Pen and help someone in need. 1 Emergency Pen = One free welcome at our emergency shelter. Rechargeable, Swiss Made, www.la-tuile.ch"

Among the many goals of the Tile Association, their aim to raise public awareness about the situations faced by today's homeless population is achieved in a number of different ways. Most of their communication happens via their regular channels: the annual report, press releases, media appearances etc. However, the Tile Association also uses less conventional communication methods. An excellent example is a recent fundraising campaign. At the end of 2012, all of their regular donors were sent a greeting card with a pen enclosed. While the main purpose was to express the organisation's holiday greetings and gratitude for the donor's support, it also had a more symbolic and social function aimed at creating a longer term impact. Presented to the donor as an "emergency pen", the recipient is told to entrust it to someone in need of a free place to sleep for one night. Better than a message in a bottle tossed into the ocean, this pen not only carries a message, it opens the shelter's door to people in need. A universal communication tool, the emergency pen speaks to everyone. It also provides a touch of humour to remind people of The Tile's institutional values which maintain that respecting, welcoming and having an awareness of other people is best achieved with a smile! (Source: The Tile Fribourg)

Hint 3: Highlight the value of the organisation's assets in your communication strategy.

Before the organisation throws itself into developing a multitude of different ways to communicate, it is important that the principal actors in the organisation have an understanding and awareness of the real value of the organisation's "assets". Remember that an NPO's assets are more than just financial! The organisation's assets include some of its fundamental building blocks:

The Constitution: How have the co-founders expressed the organisation's mission and actions? Are these outlined effectively in the organisation's communication supports?

The vision, mission, values and objectives of the organisation: Are they all clearly defined? Are they written and presented as a strategic and official document?

The organisation's core activity: What is it? What genuine value does it hold for the beneficiaries?

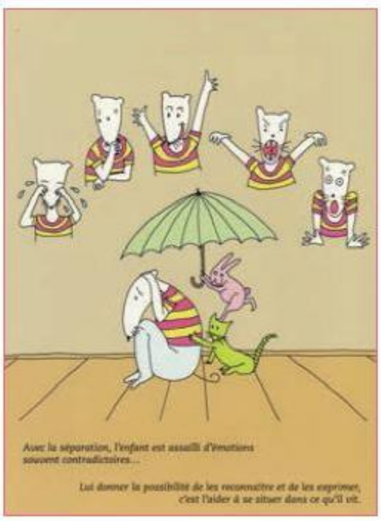
The qualities and roles of the committee, employees and volunteers: Who are they? What training and qualifications do they have? What capacities and skills do they have to assist the beneficiaries? What is their motivation for getting involved and working towards this cause?

The organisation's history: What is the organisation's story? How can you leverage past successes to create a better future?

The Ethical Framework: How are ethics defined within the organisation? Who

It is not advisable to launch a new communication strategy without first stopping to reflect on these important points. These are the roots of the organisation: its foundation. They are the elements that can guarantee the stable evolution of the organisation and its institutional identity.

Each organisation is built around its own frame of reference. The communication strategy must therefore take into consideration the environment within which it operates and integrate that frame of reference.



Source: Archives de la Fondation Astrame - Lausanne
Illustration réalisée par Anita Casal

5.2 Environments and Public Targets

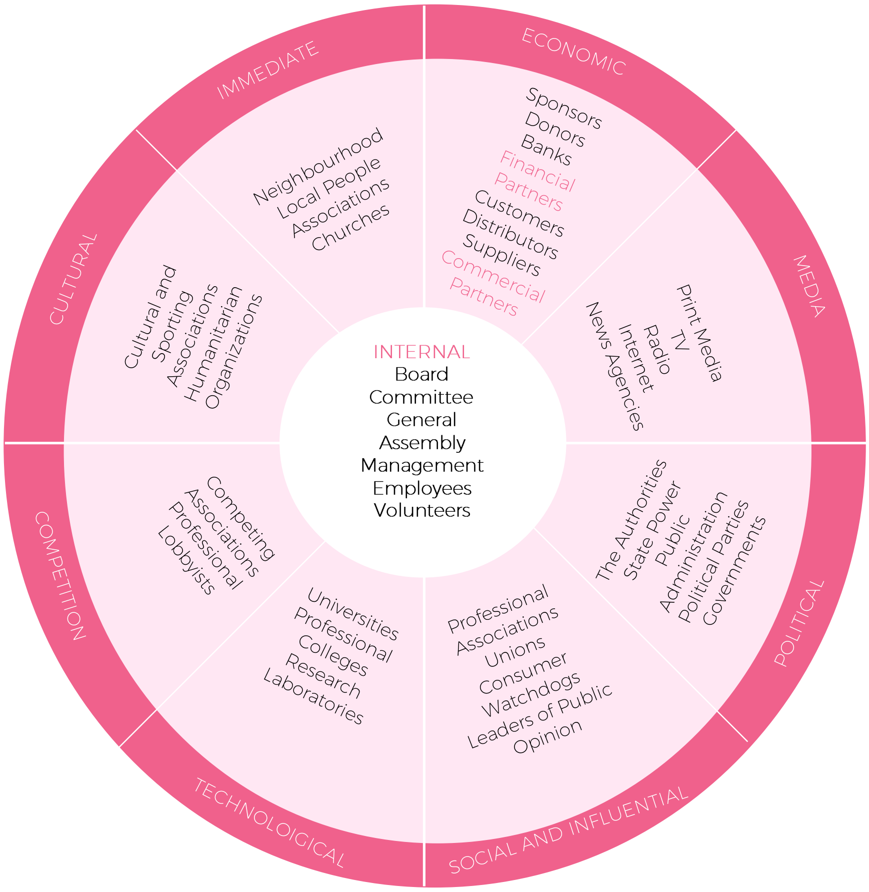
Hint 4: Define which environments and public targets are key priorities for your organisation

Organisations are, by nature, active participants in society and life and are therefore confronted daily by other people's and organisations' value systems. This includes their beneficiaries, clients, donors, journalists, political representatives etc. The organisation must understand "the market" within which they operate and be able to anticipate the reactions of their diverse environments and the public. They must also maintain good relationships with those who are considered strategic links for the proper management and development of the organisation.

Identifying these links allows the organisation to adapt its communication tools and messages so they are targeted and personalised for their intended audience. It is a good idea to remember there is not one blanket communication solution for every organisation and not every communication method will be appropriate for every audience. First you need decide who your priority target audience is based on the objectives you're aiming to achieve, and then decide which communication tool is most effective and efficient for reaching them.

You can refer to the following list to cross check if any of these communication efforts were initiated and strategically targeted towards certain audiences in your organisation over the last few months. Have any situations arisen recently where this analysis might have been useful? Carrying out this evaluation regularly is essential to making sure you are not losing time and energy, and ensuring what you end up achieving is the result of clearly defined objectives.

The primary environments and targets are:



5.3 Creating a Logo and a Brand Identity

After an NPO has been set up and a name and mission have been decided, the organisation needs to have a logo. The logo needs to be a very simple but immediately recognisable representation of the organisation. It should be an image of the organisation's mission and the message it wants to convey. Making your organisation's logo stand out next to other associations working in the same field should be a priority.

Significant research and careful reflection is required when creating a logo to ensure all its components – including colour, font, symbols and pictures – are consistent and capable of creating an impact. While the organisation may have some concept of how they want the logo to look, it is strongly recommended that you work with a professional graphic designer to achieve the final result. The designer must be given a full briefing about the organisation's vision, mission and objectives so they can create something which reflects what you are striving to achieve.

Hint 5: Create a Brand Identity Design for the Organisation

The logo is the starting point for creating a brand identity design for the organisation (colours, fonts etc.) which should be used throughout all communication channels including:

- Website
- Annual Report
- Brochures
- Business Cards
- Letterheads
- Etc.

Using the same graphic style across all communication materials creates strong brand recognition throughout all the organisation's communication initiatives.

Examples of Logos

A good logo is:

- Unique and easily recognisable
- Representative of the organisation's values
- Simple, creative, original and cannot be confused with something else
- Still recognisable in black and white (for photocopies etc.)
- Able to be used in different formats

5.4 Communication Tools

The annual report is an information tool which is primarily, but not exclusively, aimed at the organisation's members and donors. It can also be used to create, maintain or develop relationships with other partners such as the media, political figures or the local community.

5.4a The Activity Report

Hint 6: Select a publication date that ensures the annual report will actually be useful.

The annual report is published once each year which gives it a huge advantage over other communication tools used by NPOs. To get the most value out of it, the organisation must pay careful attention to the annual report's publication date. Not being able to distribute it in the first four months of the year following the finalisation of the annual accounting procedures can prove highly problematic.

The more time passes, the more out of date the annual report becomes and the less effective it is as a support tool for reaching the organisational goals. For example, if an annual report is published in September 2014 for the year 2013, there will be a discrepancy of 19 months in the information provided.

Hint 7: Ensure the organisation's objectives and message is clearly outlined.

It is recommended for organisations to dedicate some time to ensuring the goals they are hoping to achieve by producing the annual report are still relevant. You must be realistic and clear on why you are using this communication tool. It is not simply a brochure or an internal working document.

Does the organisation hope to secure funding as a result of publishing the annual report? Does the annual report state that clearly? Does the publication present the organisation's actual needs? Does it mobilise readers to act, donate or get involved?

Does the organisation hope to use the report as a tool for thanking staff and volunteers for their engagement and commitment throughout the year? Does the annual report state that clearly? How? Hopefully not just by mentioning the cost of salaries in the financial statements!

Does the organisation want to use the annual report to rally political support around its mission? Is the annual report the best tool to use for that aim?

Hint 8: Respect some basic principles for publishing the annual report

A Common Theme: "The Red Thread"

It is a strongly recommended that there is a common theme which is developed throughout the annual report. This theme should start with an image on the cover page and appear consistently throughout the text and messages in the report. The common theme should bring together the biggest achievement of the year in review and the most valuable news the organisation wants to highlight through the publication. Choosing a common theme also allows the organisation to make choices. It will never be possible to say everything or to reveal all the benefits and challenges of an entire year's work. Many reports are too detailed and exhaustive which means they are frequently filed away or discarded without being read because the information is too long, too boring and fails to create any impact.

Using different formats for presentation

Wherever possible, try to offer a variety of editing styles to make the content more interesting. For example, include:

- Reports from the board, committee or management
- Articles by guest contributors, eg. a scientist, a politician etc.
- Interviews, eg. with a beneficiary or a donor
- Statistical and financial information presented in graphs and tables, eg. yearly results, number of services provided, people helped etc.

Layout

Always remember that what attracts a reader's interest is often not the content itself but the professionalism of its layout. To make a good first impression which leaves the reader curious to learn more, it is a good idea to engage the services of a graphic designer. Even though the annual report is a standard, regulatory document, it should be decorated with attractive and professional graphic design and imbued with a certain element of emotion.

Say Thank You

An annual report is a perfect opportunity to say thank you to all your volunteers, donors, partners, members and employees.

Hint 9: Think carefully about how you use photographs

If you are using images, it is important to verify you have the legal right to use and reproduce all photos, illustrations, drawings etc. This is true for all communication tools, especially your website.

Does the organisation have signed authorisation by the people who appear in the photographs? Do they have a clear understanding of what the photographs are going to be used for?

What about the rights of the photographer? Is s/he aware of how the images are going to be used in their various forms? Over which period and within which region have the rights been transferred to the organisation? It is strongly advised in this situation to draft a contract (which can be kept very simple) which releases the photographer's rights to the image indefinitely through time and space (ie. Covering all time periods and geographical locations)

It is also important to reflect on the ethical issues which may arise from using photographs of the organisation's beneficiaries or clients. Today, more than at any other time in history, a photograph can be copied, reproduced and remediated without limitations on the internet. Is it the responsibility of every organisation to protect its beneficiaries, clients etc. rather than using their image in communication tools where it cannot be guaranteed they won't be taken and used unlawfully.

There are several ways to avoid the risk of photos being misused: Make sure those featured in photos are unrecognisable, or create illustrations which represent the organisation's activities with a touch of magic, subtlety and emotion. Family Education at Fribourg have clearly understood and implemented this approach.

Illustration Education Familiale – source EF

Source: Fondation Astrame – Lausanne
Photographe / Aline Paley

5.4b The Website

Simply put, a website is an absolute must-have for any organisation. It is the central point of reference for any person interested in finding out more information about your organisation, whether they are a donor, a member, a politician or a partner etc. The website is a communication tool which is appropriate for all target audiences and brings together all the communication activities of the organisation: fundraising, communicating with beneficiaries, introducing projects to the media, looking for volunteers etc. The possibilities of a website are endless. The issue, of course, is that with such a wide variety of messages and target audiences, the communication strategy can lack focus and consistency. It is therefore important when creating the site that the communication strategy has been well thought out. You need to be able to answer questions like:

Why build a website?

For who?

What message do we hope to transmit? Etc.

Hint 10: Build a website which is easy to manage

In the nineties, building and managing a website was a job reserved for professional web designers. Today, CMS (Content Management Systems) make it easy for anyone to manage a website without needing any technical background or training. CMS are software systems designed to build and update websites or multimedia applications. While your first thought might be to outsource the maintenance of the website, it is actually very important that those managing the organisation can update it regularly themselves so the information is always current. This also helps to keep costs down and gives the NPO more independence and flexibility.

Hint 11: Make sure the website is widely promoted and easy to find

A website is only going to be useful if people know it's there. Therefore, it is important to systematically communicate the website address on all communication materials, including brochures, annual reports, press releases etc. Also, the company hosting the website usually provides a certain number of email addresses matching the website's URL. Take advantage of this offer because it makes the organisation's communication seem far more professional when emails are sent from the official address (eg. jeandurant@fondationdusoleil.ch rather than fondationdusoleil@bluewin.ch) Every time you use your email address for communication you are advertising the web address to the recipient!

A website alone cannot guarantee the organisation will receive attention in the digital world. Most website visitors will find the address via a search engine like Google, Yahoo etc. Therefore, it is important that the website is configured so it can easily be found by search engines. The key term here is SEO: Search Engine Optimisation. Consult your webhost to engage the services of someone who can help develop your digital presence.

Hint 12: Keep the website up to date

The challenge of updating a website is not really technical – it is the actual act of remembering and planning to update the information so it remains current. To ensure the website is kept up to date, it is a good idea to establish a routine (maybe once a month or every three months) of visiting the website and verifying all the published information is still up to date: eg. the list of committee members, opening hours, most recent annual report, press releases etc. This role could easily be performed by a volunteer.

In any case, the key to maintaining a website is to publish information that has a long shelf life and will not go out of date quickly. This makes keeping the site up to date a much simpler task. Avoid including a heading titled "News" if you do not have regular news to report.

5.4c Twitter, Facebook, YouTube and Web 2.0

Hint 13: Only become active on social networks if it makes sense for the organisation

Social networks like Facebook, Twitter, LinkedIn, blogs, forums etc. are so accessible for NPOs and, in the eyes of many organisations, are also indispensable. The key advice we give in this chapter is that it is important to always evaluate which communication methods are useful for whom and for what. Although it may be easy to get set up and started on social media, the organisation needs to think long and hard about what message they want to transmit via social media, the speed they're hoping for a response, the time it will take and the costs involved as well as the effectiveness of reaching their supporters. Having a professional presence on social media is not something which can be improvised! Being on Facebook simply because every other organisation is on Facebook is not a good enough reason. Being on Facebook because your target audience is also on Facebook can be considered strategic! It is the same for uploading videos to YouTube to demonstrate that the NPO is vibrant and dynamic – this is only an effective strategy if the organisation has something interesting and original to present.

Communicating with Web 2.0 has its own set of rules. You have to provide information which is current and up to date at regular intervals with the understanding that communication is a two-way street. Blogs, Twitter, Facebook etc. give "amateurs" the opportunity to enter into direct dialogue on an equal footing with the provider of the information who first initiated the online conversation. If your organisation cannot or does not want to respect these fundamental rules of Web 2.0, it is better to avoid social networking at all.

5.4d The "Classic" Communication Tools

Hint 14: **Conduct an analysis of your "classic" communication tools and make sure they are still relevant.**

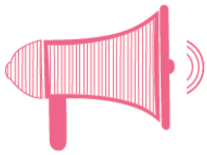
Every organization can develop a communication strategy which incorporates many diverse and varied tools. Before embarking on any new communication initiative it is always useful to assess the relevance of the decisions made in the past to ensure that the communication tools you have used were successful in realising your goals. Compiling a list with every communication tool and method employed by the organisation in the past can be very interesting and extremely useful for assessing which ones made the most impact in transmitting their message.

NPOs have at their disposal:

Written materials: Brochures introducing the NPO, flyers with the institutional charter, customized emails for various target audiences, advertisements (free and paid) in the media, newsletters, mail outs, etc. //For all communication methods relevant to fundraising please see Chapter 4 which provides dedicated information on the subject//

Audio Visual tools: Videos, photography and painting exhibitions (by and of the beneficiaries), recorded sounds and voices, bulletin boards (internal and external) etc.

Oral Tools and Events: Inauguration of new premises, information sessions, the General Assembly, open days, anniversaries, etc.



5.5 Developing relationships

The media provides the opportunity to transmit information to a wider audience – much larger than the number of people an NPO would be able to reach directly. Although relationships with journalists can be difficult at times, it is worth dedicating the time and energy to developing these networks so it becomes a mutually beneficial cooperation. To do this, it is important not to rush things and make sure you are well prepared for their intervention.

Hint 15: **Write customised press releases and maintain regular contact with journalists.**

Communicating with representatives from the media requires insider knowledge into which journalists are likely to be interested in the organisation, its mission and current projects. The creation of an up-to-date database where you can compile these contacts is indispensable. This will avoid contacting the wrong people or journalists who are no longer working for a publication or in the industry. It may seem like a simple task, but it is actually quite challenging as these details constantly change. A list of ten relevant and current contacts is far more useful that a database with hundreds of obsolete email addresses and phone numbers.

In order to maintain quality contacts within the media, it is essential to be proactive in fostering strong relationships. Try to maintain a personal relationship with competent journalists across the three most important media outlets for your organisation – local print, radio etc.

Hint 16: **Be aware of the expectations and logistical constraints of journalists.**

It is best not to hassle journalists by contacting them too frequently or sending banal information that has nothing to do with current events. A journalist is seeking a press release with information which is:

- Objective
- Verified and verifiable
- Current

In order to be as effective as possible in your communications with the media, it is important to keep the following logistical points in mind:

- Do not organise a press conference or meeting on a weekend unless there is a crisis
- Do not favour one media channel over another
- Do not summon the press, but invite them
- Pay attention to the times when you are inviting the media (the afternoon can be a "stressful" period for some media people because of deadlines etc.)
- Never demand that an article is published
- Never demand that an article be edited.

Hint 17: Establish communication tools specifically for the media.

The primary communication tools used for the media are:

The Press Release: This is a quick and appropriate method for publishing information which does not require further explanation. It should discuss a current or upcoming event and not be longer than one A4 page.

A press release does not allow for immediate "question and response" so remember to include contact details as well as the name and title of any people cited in the article. Try to not use unfamiliar abbreviations.

Distributing a press release to the media is free but there is no guarantee it will be picked up. It is not a communication method adapted to complex or difficult subject matters and can be sent by post, email or at a press conference. **Note:** submitting a high resolution photograph with your press release significantly increases the chance the media will run your story!

The recommended structure and order for formatting a press release is:

- Date
- Reason for making contact
- Title: it should make an impact but be objective.
- "The Hat" – the most important information in 4-5 lines
- Expand on the information and provide more details
- The name of a representative who can be contacted for information and their contact details

The Press Kit: This is a reference document which complements the information provided in a press release. It may be presented at a press conference or sent to journalists who cannot attend and should contain:

- 5 – 10 pages expanding on information about the organisation
- Photographs with captions which are legally authorised for redistribution
- Diagrams or graphs to highlight statistics or financials if necessary
- CD or USB with documents if necessary
- Any other supplementary document deemed to add value to the press kit.

The Press Conference: This allows the organisation to distribute information to a group of journalists all at once. The advantage of a press conference is having direct contact with the media and allows real relationships to develop between the organisation and journalists. It also creates an immediate dialogue and allows for questions to be asked and answered in real time. However, be aware of the costs and time associated with organising such an event and make sure you are well prepared to answer any of the journalists' questions. A press conference can only be justified in the case of a major event.

5.6 Planning and Evaluation

Hint 18: Conduct thorough planning and evaluation of all communications measures.

It is the management's responsibility to ensure that all communication measures are planned in accordance with the organisation's objectives and the resources it has at its disposal.

In order to better manage the organisation's internal and external communication, it is strongly recommended to establish a plan which details as precisely as possible the communication requirements envisaged for the next 12 months. This enables communication activities to be rolled out smoothly throughout the year and helps avoid being either overactive or inactive at any given time period. You will keep the organisation in the sights and thoughts of supporters and different target audiences if you maintain regular written, visual, audio and oral contact. This also creates a more interesting and dynamic work environment for employees and volunteers who are working on the organisation's communication strategy.

Planning and prioritising key communication activities throughout the year ensures a streamlined approach in which every piece of information transmitted carries a real and relevant message and is not just an "empty shell".

January
Update the website
Start planning the annual report

February
Preparing the annual report
Prepare the General Assembly

March
Prepare the annual report
Update the Press Kit

April
Publish the annual report
Update the website
Prepare press release

May
Mail out to members and invitations sent for the General Assembly

June
General Assembly
Press conference
Publish newsletter for employees and volunteers

July
Update all communication templates
Update the website

August
Closed for the summer holidays

September
Event celebrating the organisation's anniversary
Press conference
Prepare content for a mail out to donors

October
Open day
Update the website
Send mail-out to donors

November
Arrange meetings with donors
Arrange meeting with commercial partners

December
Send "thank you" message to donors and partners
Send season's greetings to all organisations working in the same sector

Hint 19: Regularly evaluate the impact of your communication efforts

As communication can often be a costly process, it is important to regularly evaluate the relevance of your efforts. The NPO cannot afford to waste any of the money that has been so painstakingly collected for the organisation. Keeping that in mind, you have to constantly evaluate and re-evaluate: Why was this communication method chosen and what was the objective of transmitting the message? If the objective has been well defined from the beginning, there is a much greater chance of achieving it. Without understanding the objective behind the communication, the organisation will never be able to evaluate whether its communication strategy is effective or not. Every objective needs to be assessed against the results of a communications campaign and then, if necessary, the campaign should be adapted for maximum success. It is highly recommended to formulate objectives in the following manner:

For example:

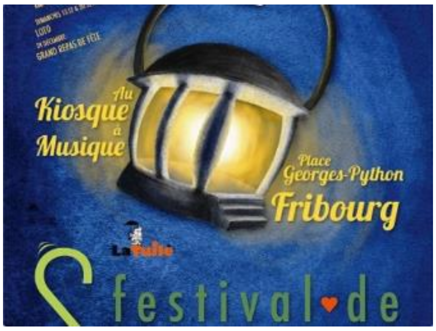
If an organisation has a fixed objective, a conative objective (in other words, an objective which may drive the thoughts and feelings of an individual in order to modify their behaviour) such as a communications campaign aimed at reducing the number of smokers in a certain region, they need to set a definitive target which takes into account:

- The area/region targeted eg. Geneva suburbs? Geneva city?
- The amount you are aiming for eg. How many individual smokers? Or what percentage of smokers do you hope to impact?
- The demographic eg. How old are the smokers? What is their socio economic situation? Or are you targeting the general public?
- A time period eg. When should the target be reached? Over six months? Or two years?

This example highlights that there are certain objectives which need to be given a lot of thought in the beginning so the impact of the communication campaign on achieving the desired outcome can be measured. There are other objectives which are far simpler.

For example, an organisation wishes to develop their relationship with the media and have set a goal of appearing in the media in a "positive or neutral context" five times over a period of one year. Depending on the communication tools utilised, it will be relatively easy to assess whether five articles or news stories have been generated and whether their content corresponds with the message the organisation hoped to transmit.

Goal:
What are we aiming to achieve?
Scope / Depth:
How will we achieve it?
Target audience:
Who is it aimed at?
Geographical location:
In which area?
Timeframe:
Over what period?



"A Communication Triangle"

(Extract from the article *Freedom* by Charly Veuthey. December 2013. In French)

Since the organisation's inception, the Tile Association brings people together for the Soup Festival. In the middle of winter, it offers everyone an opportunity to come together to share ideas, joy and soup. "It is a popular festival, free for all the locals in Fribourg" explains Eric Mullener, the director of The Tile Association.

The association, with a budget of just over a million francs, is largely supported by the canton and the Swiss French Lottery, however whether they face a good year or a bad year, they have to fundraise 250,000 francs. "We are extremely well supported by our public donors" says Eric Mullener "but we have to meet our budget. It is a very good situation because it forces us to innovate and stay dynamic".

In this context, the soup kitchen allows the Tile Association to have a privileged connection with the local community "The aim of the festival is not to make money because we only cover our costs, nothing more. But it provides us the opportunity to participate in the heart of Fribourg community life. We don't want and can't afford to be an institution operating outside of society" The head of the Tile Association, Eric Mullener, has extensive experience and has developed what he calls, with a touch of humour and modesty, "the Mullener triangle"

"All charitable organisations aim to raise awareness (the first side of the triangle) which supports their fundraising campaign (the second side of the triangle). I am convinced that these actions must make their own social contribution which is the third side of the triangle. In this case, it is soup. Our third side of the triangle is this popular festival where people are free to participate and everyone in the community benefits."

The Tile is also a business.

"The Tile is a business and we are subject to the same rules as the rest of the economy. From the management's perspective, the challenge is to find harmony with our mission, the values and ethics of the organisation, professional management practices and the reality of the current economy. Through all of the events we host, the Tile builds its image, brand and reputation just like any business. "Being reliant on public fundraising forces us to be good communicators. We absolutely need to bring our work to the public and we can only do this successfully if our ideas are innovative and original. We had proof of this with the film we worked on with the Guillaume brothers 'Night of the Bears' which received numerous awards. We have also decided to present our annual report in the format of a newspaper and printed 5000 copies"

In summary, developing a communication strategy requires:

- Following some basic principles to ensure the organisation does not act without first identifying its objectives
- Being aware of all the components and assets that make up the organisation
- Having a clear and in depth understanding of the different environments the organisation operates within, and the target audiences it is trying to reach
- Carefully and thoroughly selecting communication tools and methods
- Not overestimating the value of communication tools which may not be appropriate (such as social media)

Useful Links

Benevolat-Vaud provides a selection of information sheets about communication for associations

http://www.benevolat-vaud.ch/associations/conduire-une-association

The Gloriamundi Foundation has created and designed communication tools for those working in humanitarian or social organisations who have limited resources: www.fondationgloriamundi.org

Recommended Reading

D'Almeida N., T. Libaert, *Internal Corporate Communication.* Dunod, 2014 (In French)

Lzbaert T., JM Pierlot, Communication for Associations, Wiley, 2014 (In French)

Libaert T., Westphalen M.-H., *Communicator: A Guide for Corporate Communication*, Dunod, 2012 (In French)

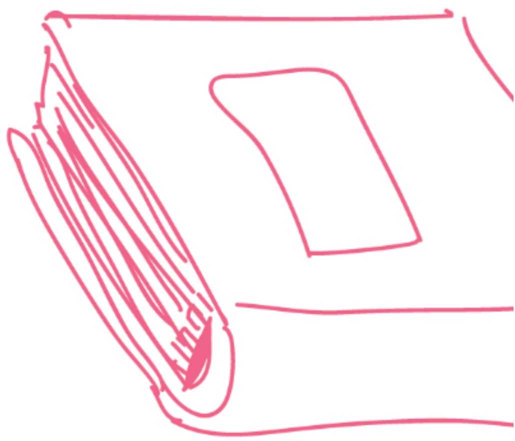
P. Morel, *Public Relations in Practice*, Wiley, 2008 (In French)

Libaert T. *The Communication Plan*, Dunod, 2013 (In French)

Johannes K., T. Libaert, *Corporate Communication*, Dunod, 2010 (In French)

Collet H., F. Ball, *Communicating: Why and How? The Guide to Social Communication*, Cridec 2004 (In French)

Gallopel-Morvan K. Birambeau P., F. Larceneux, Rieunier S., *Marketing and Communication for Associations*, Dunod, 2013 (In French)



An effective fundraising strategy needs to work in tandem with an efficient communications strategy.

Chapter 5: Communication

They were well aware that even if the cause they wished to support was noble and important, they still had to make both the project and the association known to the community so they would be recognised as a quality, serious, credible and ethical organisation.

They knew this could not be achieved in a day and that they needed patience and perseverance to achieve this goal. However, they were convinced that the first communication action they were putting in place would be developed with and for young people. Working together in a way which produces quality results in a dynamic and creative environment is without a doubt the most beautiful way to bring a communication strategy to life. The decision to operate in this manner was a foundation stone, one of the first constitutional elements which became an asset to the association.

Obviously there was a desire to communicate, but the question was with who? Why? And how do we do it? Embarking on a number of different paths can be dangerous. If we try to do too much, we often lose time and find the results disappointing. For that reason, they decided that they would come together to brainstorm all the different paths they could take, just as they do when making all other important decisions. Is it useful to communicate internally? Yes or No? What do we want to say to whom? Who are the external audiences we want to communicate with? Politicians? The media? Other organisations working in the industry? Donors? But what do we want to tell them? What do we want to ask them? When do we need to do it? How are we going to fund all these communication initiatives?

Their working philosophy was to move forward step by step, asking themselves the right questions and not rushing into anything so they would not become overwhelmed by all the communication possibilities the could take on.

They managed to roll out their communication strategy in a focused and organised manner and, they were pleased to report, maintained their sense of humour! What good will it do and what awareness will they be able to raise if the people behind the communication are not moving forward in a way which is dynamic, dedicated and well thought out? Working in a responsible manner also means taking care of the people at the heart of the organisation. Without them, nothing is possible. They are the magic wand that allows the mission of the association to be achieved.

Chapter 6

Project Management

Project Management: An Everyday Task for NPOs

For most staff working in NPOs, project management is an everyday activity. At first glance, project management appears to be a basic task, a simple activity that can be managed with little more than good common sense. However, it is often far more complex than it seems so it can be very useful to review some key principles of project management. Doing this may impact positively on the organisation's chances of seeing the project through to successful completion. This chapter is designed as a toolbox in which you will find advice for project management; some of which is general and can be applied to most projects, while other tips are more useful for more complex initiatives.

This preamble should also highlight a misunderstanding that often occurs in reference to the term "project". Today, everything seems to be a project but that is not actually the case. A project is a journey, not a destination; but it is a journey with a specific goal and a limited timeframe. Therefore, it is not possible to apply the advice in this chapter to activities and programs which are more permanent and ongoing.

In this chapter you will find:

- An overview of the fundamental basics for creating a project
- Criteria for setting objectives
- And introduction to the lifecycle of a project and the planning process.

/// Project evaluation is covered separately in Chapter 7 ///

By creating new projects, NPOs play an important role in stimulating innovation and research within our society. The era of organisations focusing their efforts on one single activity have well and truly passed. Today, every organisation needs to strive towards innovation within their operations and have the capacity to adapt to changing needs, new challenges and shifting targets. Finding the right balance between stability, reliability, sustainability and innovation is an everyday challenge for NPOs. Managing projects requires the ability to ask the right questions, to prepare meticulously for the development of new projects, and establish a detailed, original and well thought out plan.

An NPO's resources are often precarious and uncertain. It is the responsibility of every NPO manager to take the utmost care in ensuring these limited funds are never placed at any risk. In other words, it is their responsibility to manage projects as effectively as possible to ensure the continued sustainability of the organisation.

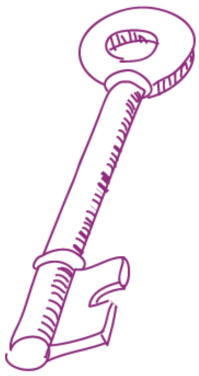
6.1 A Definition and Some Thoughts on Projects

The Larousse dictionary defines a project as "an idea of something to do which has an outline" or "the study and conception of something with a view to realizing a goal"

From this simple definition you can quickly extract the key concepts associated with project management: An idea and an outline. Although the definition is straightforward, the steps leading to successful completion of a project are likely to be far more complex.

Hint 1: **Identify the key words in the original project idea so it can be presented naturally and devoid of analytical thinking.**

It is important that the original idea of the project doesn't become distorted. The idea often has an important and worthwhile aim that is felt, imagined and supported by the principle actors of the organisation. However, it will never see the light of day if certain basic steps and processes for effective project management are not respected. Making time to reflect on this before taking action is the basic foundation of effective project management.



Identifying the key words and terms behind the idea allows you to not only save a lot of time in the planning stages, but avoids ever needing to question the idea which is behind the project and essentially driving it forward. In fact, this should be the "standard" approach to the preparation, research and implementation of any project.

This step also allows you to bring together all the people who are involved in the conceptual stage of the project so they become active participants in bringing the idea to life. Overlooking this step in the beginning may create confusion amongst the participants down the track which could result in the project terminating prematurely. It is not uncommon to hear people saying "But I never imagined things would be like this when we started out!" If the original idea has not been presented, written and held up to scrutiny in the beginning, the motivations, emotions, goals and desires of each person involved are never made clear. For that reason, this first step is critical.

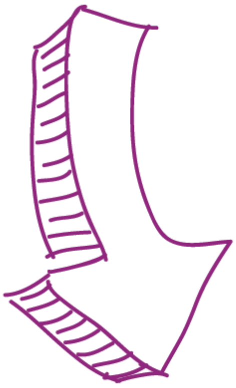
Hint 2: Make sure the original idea is relevant to the mission and constitutional framework of the organisation

The project: If it is ever going to become a reality, it must be congruent with the organisation's mission. It is important to ensure from the very beginning that the idea aligns with the core values and constitutional documents of the organisation and in no way betrays its vision. It is quite common to find too much enthusiasm, or too many interesting and tempting proposals, can get in the way of good judgement. When that happens, we only realise when it's too late, and after funding has been secured, that the project does not fall within the authorized spectrum of activities approved in the constitution. If this conflict of interest only comes to light once the idea reaches the project phase, it exposes serious flaws in the organisation's strategy.

This does not mean it is impossible to modify the constitution or to adapt it as the organisation evolves. However, this should be the exception rather than the rule. It isn't possible to rewrite the mission of the organisation every time a new and better idea emerges! The organisation's directors and managers must always be mindful of maintaining focus, strengthening policy, reinforcing credibility and operating ethically. For that reason, effectively managing projects also means knowing when to say "No", "Let's try it another way", and "Let's set a different pace".

Hint 3: Avoid systematically taking on new projects

It is becoming more and more common for financial partners (donors, sponsors, local communities) to approach NPOs to propose the development of new projects. If these projects are aligned with the organisation's constitution, there is no issue and the idea can be pursued. However if the project is based on an idea which is not in line with organisation's core mission, the project should not be considered by the NPO except under very rare circumstances. There are certain risks involved in taking on a project proposed by a financial partner, in particular the temporary nature of their engagement. If they sign up to support the project for two or three years, how will the organisation ensure sustainability of the project once their commitment has expired? Ideally, a project should be integrated gradually into the regular activities of the organizational structure and be considered and covered in the annual budget without putting the financial stability of the NPO at risk.



Three levels of results can be identified:

- Short term, direct results related to tangible activities. For example, in a fundraising campaign the goal is to collect a total of CHF 50 000.-
- Medium term results related to specific objectives. For example, changing driver behaviour following a campaign to raise awareness about road safety.
- Long term results related to general aims and outcomes. For example, reducing the number of road fatalities over an extended period.

//Chapter 7 provides more in depth information about the evaluation of projects//

Taking on too many projects can also lead to the organisation's identity becoming lost or diluted. It is important to maintain a structural and financial link between the project donor and the organisation's project managers. Unfortunately, it is not uncommon that the directors and managers of associations and foundation are no longer able to effectively manage the diverse projects they are responsible for once they have lost that link.

To effectively manage an organisation those responsible must have a global vision of the organisation's mission and an understanding of how each action within every project contributes to that vision. Transparency starts within the organisation. In order to avoid the multiplication of projects, it is a good idea to establish a selection criteria which can be used for deciding on future projects. This will help ensure you select projects which have a strong link to the organisation's core activities.

6.2 A Defining the Project Objectives

Determining why the organisation should accept and take on the development of a new project.

Hint 4: Set SMART goals

The objectives must identify an ideal outcome which is specific, strategic and measurable. Project managers need to outline the desired result of the project in the short, medium and long term. The objectives must be expressed in a definite and determined manner so that it is possible to measure and evaluate the effectiveness of the outcome.

What objectives does the project hope to achieve?

What need will the project address?

What are the problems the project aims to find solutions for?

To make sure you have the right formula for setting your objectives, it is a good idea to adhere to the principles of SMART: setting goals which are Specific, Measurable, Attainable, Realistic and Timely.

When formulating your goals, it is also important to integrate the following criteria:

Define the content: What objective are we trying to achieve? Why?

Define the scope: What is the level, standard or value of the objective we are trying to reach? How much?

Define the target: Which target group or audience is it aimed at? Who?

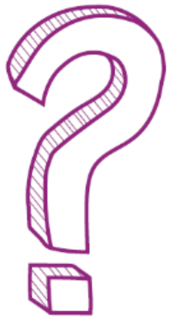
Define the location: In which geographical location should the objective be reached? Where?

Define the period: When does this objective need to be met? When?

No association or foundation should be satisfied with doing something a certain way simply because "that's the way it has always been done", and without taking time to really understand what the end goal is and why it needs to be achieved. Every action needs to have a purpose. Donors today are already more concerned than ever about the proper use of their funds and the ability of project managers to appreciate and understand the donor's financial commitment. Wasting time and energy because no one realized the importance of defining clear objectives demonstrates a serious deficiency in the organisation's strategy.

6.3 The Lifecycle of a Project

A project should be broken down into four major segments and steps during the planning stages. This allows the project manager to get an overall view of how the plan is going to roll out. Then each step must be analysed and planned individually in as precise and detailed manner as possible. A date should be decided on for both the launch and completion of the project so that there is a set timeframe in which the project should be brought to successful completion. Both the general plan and the more detailed plan should be reviewed and approved by the key managers and directors of the organisation to ensure that all those involved or impacted by the project are on the same page. Even better, bringing the team and key players together to plan the project is a fantastic way to encourage team moral and generate feelings of ownership and responsibility amongst the group.

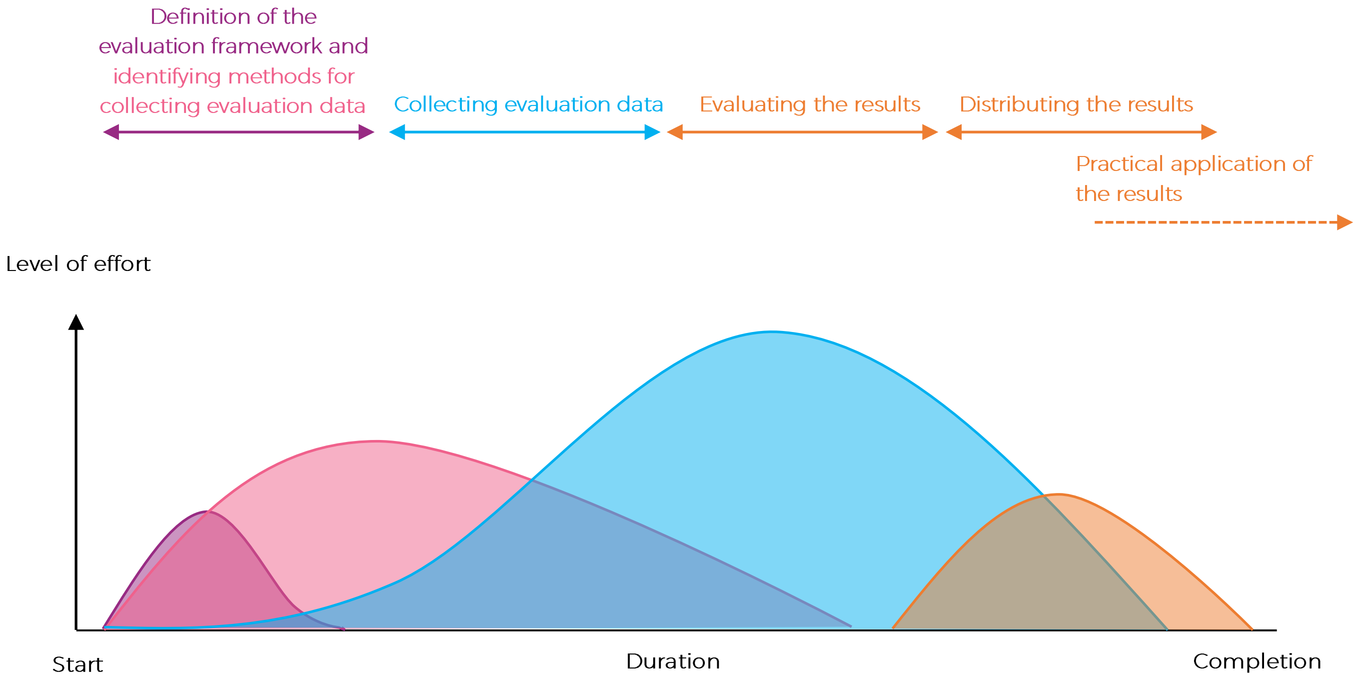


Formulating SMART goals is not a "punishing" task but demands that the project manager has a certain level of common sense and a willingness to set goals which are measurable and transparent.

Examples of SMART goals:

- The unemployment rate for young people aged 16 – 20 years in Vaud Canton will decrease by 10% between the 1st of January 2015 and the 1st of January 2018
- The number of illiterate adults in Fribourg will be reduced by 15% between the 1st of January 2015 and the 1st of January 2016
- Enrolment in music courses offered by our association needs to increase by 50% on all programs across the board in Geneva throughout the school year of 2015.

The 4 Phases of a Project's Lifecycle



Definition

1. Objectives
2. Targets
3. Costs and Revenue
4. Risks
5. Defining the evaluation framework

Planning

1. Activities
2. Timeframe
3. Resources
4. Costs and Revenue
5. Identifying methods for collecting evaluation data

Execution

1. Progress report
2. Collecting evaluation data

Completion

1. Evaluating the results
2. Distributing the results
3. Putting the results into practice.

Figure 1. Adapted from "A guide to project management body of knowledge"

Hint 5: Respect the key principles and stages of project management

The four major steps to bring your project from an idea to successful completion are:

1. Define the project
2. Plan the project
3. Execute the plan
4. Complete the project

6.3a Step 1 – Defining the Project

The very first step is defining the project. This requires formulating and bringing structure to the original idea:

- What are the objectives?
- What are our needs?
- What problem is the project going to solve or improve upon?
- What is the main concept of the project?
- How does it fit in with our mission and constitution?

After this initial analysis, a decision can be made about whether or not the organisation should pursue the idea. If the response is positive and the project is approved, you can move on to a more in depth analysis which evaluates:

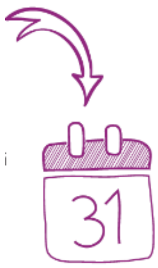
- The organisation's strengths and weaknesses as well as the potential opportunities and threats in its external environment. The SWOT analysis outlined in Chapter 1 is a useful tool for conducting this analysis at the start of a project.
- The organisation's financial situation and needs
- The human resources required for the project, including paid full time and part time staff as well as volunteers
- The logistical needs and requirements
- The criteria for success and the evaluation framework used to assess the project when it comes to an end. /// See Chapter 7 which is dedicated to project evaluation ///

As soon as the project has been discussed and defined, it needs to be recorded in writing in order to avoid any misunderstanding about the project's goals. This document will be a useful tool you can use to inform all interested parties about the project, including the committee, beneficiaries, donors etc.

With this second in depth analysis a decision can then be made about whether the project goes ahead or not. If the response is positive, it is possible to move to the planning stage where the finer and more complex details of the project can be discussed and mapped out.

6.3b Step 2: Planning and Scheduling the Project

After the project has been defined and approved, the next phase is planning. Once all the points in phase one have been covered and the decision has been made to move ahead with the project, it is important to list the specific activities which are required in order to meet the project's objectives. This should be organized by topic and/or department in order to assess what needs to be done, when and by whom. The list needs to be as thorough and detailed as possible and should be clear and easy to understand.



For all the proposed activities listed, it is strongly recommended to:

- Establish timeframes
- Plot activities on a schedule
- Assess how the activities might interact or interfere with each other
- Set deadlines approved by management.

With this second in depth analysis a decision can then be made about whether the project goes ahead or not. If the response is positive, it is possible to move to the planning stage where the finer and more complex details of the project can be discussed and mapped out.

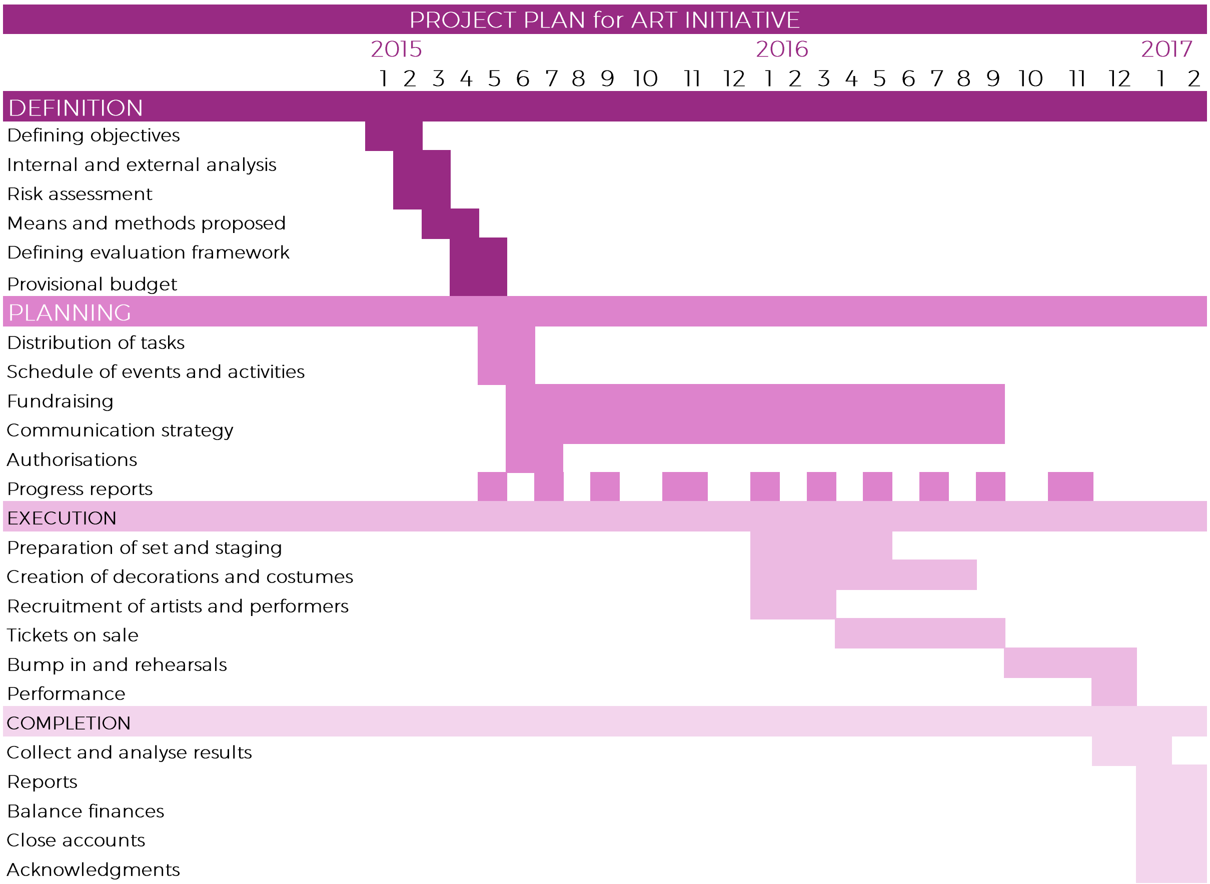
It is recommended that project managers document their plans and progress on an Excel spreadsheet (see example below) or by using a GANTT diagram. This is a project management tool which creates a real-time visual of the diverse tasks which make up the project.

This tool helps to outline the important dates and deadlines of the project, monitor all important tasks, and visualize at a glance the progress and any delays in the project.

Once the project completion date is set, it is customary to establish a plan in reverse chronological order. This involves organizing the project's activities by working backwards from the completion date.

To draft a plan, all critical tasks must first be identified. If there are activities or actions which have not been well identified in the beginning, this oversight could impact negatively on the success of the entire project.

There are various options available for those looking for free software to assist with project management. For more information see: www.diagramme-de-gantt.fr



The Budget

Conduct a cost estimation to evaluate the resources necessary to complete the project. Like the project plan and schedule, the budget needs to be well planned and managed internally as well as being communicated with external partners such as donors. It is important to proceed with the analysis and establishment of the budget with a certain finesse and objectivity.

Expenditure

The starting point for setting an accurate and relevant budget is to create an inventory of all the activities planned for the project, determine the resources required for each activity and estimate their associated cost. This might involve goods which need to be purchased, salaries to cover the staff and time required, hiring an expert or consultant, postage or transport fees, rent, food etc.

In this second step, an actual figure needs to be placed on all necessary resources so it is possible to get a clear overview of estimated costs. It is not uncommon for organisation's to purposely underestimate the costs involved with certain activities in the hope that they may have a better chance of "selling" the project to potential donors. However, donors are not looking to fund the cheapest projects possible; they're looking to fund projects which are well planned and have the best chance of making an impact. Therefore it is important to make a realistic and well researched estimation of the project costs. Thorough investigations should be made into how much everything is likely to cost and, wherever possible, several quotes should be acquired from different vendors providing the same products and services. Conducting thorough research into the market price of the costs you believe you will incur is a basic requirement of effective project management.

In the case of projects developed abroad, it is important to indicate the local prices, the exchange rate and the equivalent amount in CHF (or EUR) at the time of writing.

Among the necessary resources required for the project, don't forget to include the operating costs for coordinating the project: accounting, management, hiring staff, communication with supporters (presentation of the project in the annual report) etc. According to the criteria set by donors, you can present these costs as a lump sum (eg. 8% of project costs cover operational expenses) or you can list the expenses separately (eg. 10% is allocated to management, 20% for accounting etc.)

It goes without saying that the budget should cover the entire lifecycle of the project and not just the first year.

Revenue

After listing and estimating the costs of the project, a second column should be added which details where the funding for each item is coming from. Here is some advice for the presentation of revenue:

- Be realistic and honest – a promise of funding should not be considered a guaranteed and reliable financial source
- Some donors (particularly for development projects) require the budget to outline exactly who is funding what. Therefore it is a good idea to present the financial information line by line, step by step. Otherwise, for the majority of donors, it is sufficient to list the costs and revenue of the overall project without necessarily making a distinction or association between one and the other

- Resources provided free of charge, such as volunteer hours or donated goods and services, must be mentioned in the budget. Although they do not incur any costs, they are still resources necessary to complete the project. However, it is not common or advisable to place a "theoretical" value on these resources for the project and they should generally be listed in the budget as CHF 0.

In order for management, accountants and donors to have enough information to assess the relevance and value of the project, the budget must clearly highlight:

- The resources currently available: the organisation's capital, unallocated funds, financial support already secured and deposited in the accounts
- Revenue generating products (if applicable): participant registration fees, ticket sales, merchandise etc.
- Resources which have been promised: public and private funding which have been offered and agreed upon contractually but are not yet deposited.
- Funds which will need to be raised over and above the amounts listed above.

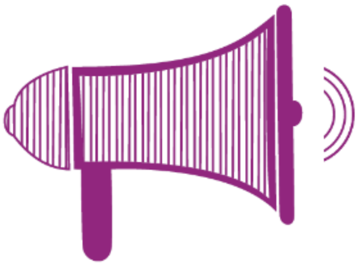
Example of Budget

Costs		
Salaries and benefits		
Social worker (80%)	74,000	
Management (10%)	10,000	
Accompanying children (volunteers)	0	
Operating costs		
Educational material	15,000	
Transport	2,000	
Rent (contribution)	4,000	
Project communications (flyers etc.)	3,000	
	108,000	
Income		
Organisation funds		
Family participation	2,500	
Brochure sales	3,500	
Public contributions		
Secretary of State for Migration	15,000	Confirmed
Director of Security and Justice	5,500	Confirmed
Director of Health and Social Welfare	30,000	Request submitted
Private donors		
Foundation A	5,000	Request submitted
Foundation B	24,000	Confirmed
Service Club C	3,000	Promised
Parish D	2,500	Confirmed
Company E	15,000	Request submitted
Various donations	2,000	Fundraising required
	108,000	

6.3c Step 3: Execution and Implementation

By the stage, the project has been approved and the activities required to bring it to successful completion have been planned and scheduled. Now it is time to move into action and bring the project to life. Whether the project has a specific deadline (like an event being coordinated) or is ongoing (like the launch of a new, regular activity) the implementation phase can be quite delicate. All of the work and effort which has been put into coordinating the project might come to absolutely nothing if the plan and schedule are not followed and respected. The execution of the project must be monitored at every step. Even when we think we have thought of everything necessary for implementing the project, there will almost always been unexpected challenges and situations which must be managed. How much attention and care the project manager invests in the outcome of the project could make all the difference. The spreadsheet created in the planning stage will be of considerable help to the project manager. However, it is worth noting that no project will ever run exactly according to the plans laid out in this initial phase. The successful completion of a project often depends on various external actors which are out of the project manager's control. Therefore, it is completely normal if you find the project is delayed, that the activities will need to be adapted or modified to changing circumstances, and the budget will need to be revised etc. The spreadsheet and planning documents are there to guide the project in the right direction, not to be followed strictly to the letter. The best advice is the try to find a good balance between following the project plan and being flexible according to the project needs.

While trying to strike this balance, a key aspect of successful project management is the ability to communicate the reality of the project's progress with all the relevant stakeholders. At this point, it is a good idea to develop a communication strategy specific to the project.



Some basic advice about communication in the context of project management:

Create and distribute progress reports

Whoever is responsible for driving a particular aspect of the project forward should report back on their progress. This is essential for the good overall management of the project and efficient coordination between the different sectors and departments involved in the activity. These reports should include information about how the project is progressing, what has been achieved since the last report, and the problems and challenges which have arisen.

This information will be collated and used to develop the project evaluation upon its completion.

Organise Evaluation Meetings

- Evaluation meetings should be conducted throughout the lifecycle of the project to monitor the progress being made, the results achieved and to celebrate the milestones.
- Those responsible for the project's implementation should verify regularly (every month, trimester or six months for example, depending on the complexity of the project) if the progress being made corresponds with the original plan, schedule and budget. It is important that a project team who can take responsibility for this is established from the very beginning of the project and a leader is assigned to coordinate the ongoing assessment.
- Meetings should also be organised according to the important milestones of the project. These meetings bring together the partners and stakeholders to mark the occasion.
- During these meetings the key area of interest will be the project's objectives. The meetings can be useful for verifying that the project continues to meet certain criteria. If these criteria are not being met, the project might be under threat. The aim of these meetings is that all interested parties are up to date with the progress of the project and understand what is going on.

Successfully implementing a project and meetings its objectives also requires:

- Continually making sure that within your human capital you have the competencies to achieve the project's individual tasks. If you become concerned about successfully completing a particular task which may have been overlooked or underestimated in the preliminary planning phase, do not hesitate to seek out a professional – either paid or voluntary depending on the organisation's budget – who can help move things along.
- Regular updating of the schedule and plan according to the project's progress
- Never signing contracts or agreements under pressure without first examining them with a fine tooth comb
- Meticulous record keeping of all contracts between stakeholders and the organisation. All agreements must be signed and promises between the two parties kept.

6.3d Step 4: Completing the Project

The fourth step involves the results of the project being evaluated, distributed and put it into practice wherever necessary. The interesting thing about the evaluation at the end of the project is that it cannot and will not exist if it has not been well thought out and integrated at the beginning of the project. The evaluation process is far more complex than simply assessing whether the original objectives of the project have been met. Many things need to be decided, such as when the evaluation will take place and the methodology that will be used to analyse the outcomes of the project. These questions must all be addressed in the definition and planning stages of the project's lifecycle.

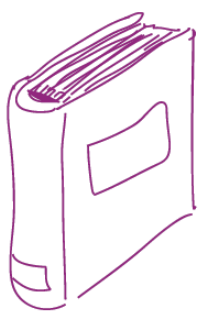
/// Due to the importance of the evaluation phase in project management, an entire chapter has been dedicated to this subject ///

In summary, project management requires:

- Being able to clearly describe the original idea of the project and the original concepts around which it is based
- Making sure there is an obvious link between the organisation’s mission and the project
- Ensuring the project adds value to existing projects
- Knowing how to establish a provisional budget
- First identifying the strengths and weaknesses of both the organisation and project as well as the potential external threats and opportunities
- Being able to identify the core competencies and success factors
- Clearly establishing the objectives of the project
- Drafting a thorough and detailed plan
- Ensuring the project is implemented in an effective and professional manner
- Two kinds of evaluation – during the project and upon completion – to ensure the project’s objectives are met.

Useful Links

The initiative “Desire to Act” which is support by the French Ministry of Youth has published the “Methodology Guide for Project Management” (2004. In French) which offers a number of different tools and advice for effective project management. http://www.jeunes.gouv.fr/IMG/pdf/NDI_guidemethodo.pdf



Recommended Reading

Cohen, R. *Planning and launching a project*, Editions d'Organisation, 2006 (In French)

Cousty J.J., Hougron T., *Project Management*, Dunod, 2009 (In French)

Buttrick R., *Project Management*, Pearson, 2012 (In French)

In the context of the association Youth Futures, several ideas were put forward and projects suggested in the pursuit of their mission to raise awareness about the risk of HIV/AIDS. The enthusiasm of the founding team was inspiring, but it simply was not possible or realistic to pursue every idea and project proposal, regardless of how beneficial they might be.

Therefore, the committee decided that a procedure needed to be put in place so each idea and proposal would be assessed on its relevance and appropriateness. This procedure would also help ensure that once a project had been decided, it would not stray from its intended path and the ideals, values and mission of the organisation wouldn't get lost along the way.

Different criteria and questions were also raised: What are our actual objectives? Are our goals SMART? Are they specific, measurable, attainable, realistic and timely? How much will all of this cost? How will we go about planning such a large initiative?

From then on, any person putting forward an idea had to be able to answer these questions. The committee could then make the decision to transform the idea into an actual project or not take it any further. A red light would then be justifiable if it cannot be shown that the project has the best chance of succeeding.

Chapter 7

Project Monitoring and Evaluation

With the invaluable collaboration of Nathalie Renaud, Cultural Engineer and Service Director of Thonon les Bains (F).

Project Evaluation: a Culture of Learning

“Organisations which are focused on learning from their experiences are organisations where people are empowered to continuously increase their capacity to achieve their desired results, where they can develop new and expanded ways of thinking, where collective aspirations are given free reign and where people are constantly learning to work together towards a common vision”” Peter Senge.

This definition by Peter Senge refers to project evaluation as a constant learning and improvement process as it reveals not only the obstacles but also the key elements contributing to the project’s success.

Approaching project evaluations from this perspective makes the process constructive and participatory, rather than it feeling like an audit or performance review. It is interesting to note it is often donors who are responsible for initiating the evaluation process for organisations in an effort to determine the impact their financial support has had on the beneficiaries, to find out how their action has “made a difference” in their lives, uncover some of the unexpected outcomes of the initiative and what measures can be taken to better manage resources etc. These are legitimate questions donors will ask of organisations to ensure the professionalism and effectiveness of their project management and to develop the tools which will help them measure the results of their achievements.

In this chapter you will find:

- The definition of project evaluation
- The different levels and methods of evaluation
- The reasons why evaluation is so important
- Where evaluation fits into the project lifecycle
- The logical model for evaluation – tools which enable you to extract the desired results
- The five stages of project evaluation

Beyond the obligation you will have to your donors, the ability to evaluate the relevance, effectiveness and efficiency of the organisation's projects is a key element for any organisation concerned with conducting their operations professionally and optimizing the impact of their actions for their beneficiaries.

It is important to emphasise that while project evaluation is sometimes perceived as a long, expensive and bureaucratic process, in practice, if project managers exercise good common sense and the ability to ask the right questions then these are the most important resources you will need for a successful evaluation process.

This chapter will first introduce some basic concepts for project evaluation to provide a foundation for the five key stages necessary for effectively evaluating a project.

7.1 Basic Concepts for Project Evaluation

"The project evaluation is a targeted and time-restricted review designed to assess or reflect on a current or completed project, including its design, implementation and results. The assessment or reflection is conducted according to systematic methods, an objective criteria and it seeks to explain if a process has or has not occurred as expected.

Source: "Evaluation in Culture, how and why to evaluate"

This definition highlights several important elements specific to project evaluation. Firstly, the evaluation discussed in this chapter refers to a project – not an evaluation of an institution or individual person. Secondly, projects have a clearly identified start and finish. The assessment can be used to evaluate different stages of the project: its design and planning, implementation and execution, and the outcome and results. This all depends on what the organisation wishes to evaluate. The evaluation needs to be conducted according to an established methodology in order to be considered credible, coherent and useful for all interested parties and stakeholders. Finally, the evaluation must be approached so the results are transformed into a tangible improvement in practices or initiatives which will help the beneficiaries.

In other words, the evaluation must allow the organisation to determine:

- What progress has been made?
- Have the desired results been obtained? Why?
- How can we improve the project and/or activities in the future in order to achieve better results?
- Were the results obtained worth the effort of running the project? Was there a recognisable return on investment?

7.1a Different Levels/Categories of Evaluation

There are different levels of evaluation which require different degrees of effort for the organisation. For example, an impact assessment requires a long and complex process of scientific research while an evaluation of the project's outputs – looking at the short term project results — is a day-to-day job for project managers.

At this point, it is useful to explain the distinction between monitoring the project's progress and evaluating the project over the medium and long term.

Hint 1: Understand the distinction between the outputs, outcomes and impacts of the project

1. Monitoring project progress and outputs

Monitoring the project progress and outputs is the first level of evaluation. These are short-term, direct and immediate results related to the project's activities.

For example: a project aiming to raise awareness about HIV/AIDS (a specific goal) amongst French-Speaking Swiss high school students using a video (the activity).

The immediate results related to this activity (the output) may be: the number of secondary schools who have ordered the video, or the number of students who have viewed the film etc.

The difference with other levels of evaluation is that monitoring the outputs is a routine and compulsory task used for accountability purposes, reflecting the organisation's work to the committee, donors and partners.

This kind of follow up is easy to carry out. The results are obtained thanks to regular and continuous monitoring of the organisation's progress. This monitoring provides the reports, statistics and narratives which reflect the organisation's work. The important thing at this level of evaluation is to be consistent.

2. An evaluation of the medium and long term results or an evaluation of outcomes and impact.

While the monitoring and progress reports of activities is all part of the expected day-to-day management of a well-run organisation, the evaluation of medium and long-term projects requires a bit more effort than might be expected in other situations. For example, this kind of evaluation might be used by an organisation if they are faced with financial problems that are forcing them to abandon one or more of their activities. At this stage, the organisation needs the evaluation to make a selection based on which project promises to make the most positive impact in term of results and the actual difference made in the lives of the beneficiaries.

The evaluation of medium-term results or the outcome evaluation

The outcomes are related to the specific objectives the project is aiming to achieve. These are the outcomes expected in the medium-term, including a change in behaviour, attitudes and knowledge amongst the target group. These results generate the most interest for donors and supporters. An example of this is the Foundation Pro Victimis, who asks organisations to highlight in their funding proposals what the outputs and outcomes will be for the project. See www.provictimis.org - project submissions.

In the example cited earlier, the specific objective is to raise awareness about the risks of contracting HIV/AIDS within the target group of French-speaking Swiss high school students. One of the anticipated results might be: the number of young people who have changed their sexual behaviour and attitudes since viewing the film.

This evaluation does not require extensive scientific research. In the case of the example, a simple online survey of the participants six months after the awareness raising initiative will be sufficient.

The evaluation of long-term results or the impact evaluation

The impact evaluation is related to the overall objectives of the project and the long term-changes the project will create in the lives of its target group.

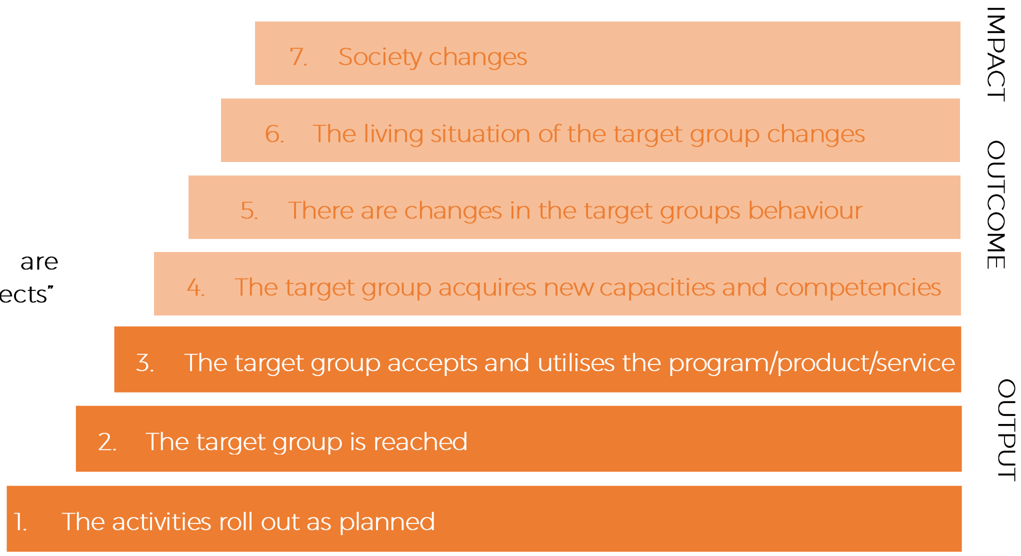
In the example cited, one of the overall objectives is to reduce the number of French-speaking Swiss infected with HIV/AIDS. The impact, the final expected result, is to see a marked reduction in young people in their twenties newly infected with the virus.

Being able to conduct such a thorough study over the long term is rare and would require significant human and financial resources.

The diagram below is called the “Impact Scale”, which clearly identifies the different level of results a project can reach, and the different level of evaluation that can take place.

The Impact Scale

From level four we are starting to see actual “effects”



Source: PHINEO (www.phineo.org)

Hint 2: Makes sure the motivations behind the evaluation are well defined

Evaluating means to take a step back and see things as others might see them. This process allows the organization to overcome any tendencies they might have towards bias. The evaluation process should not be considered trivial and requires a certain level of humility. In fact, the evaluation is likely to raise a number of fundamental questions and there is a chance that the answer might shake things up within the organization. Therefore, it is important to explain the reason and motivations behind the evaluation process so the assessment and its outcomes are understood by all involved.

There may be several internal and external motivating factors behind the evaluation.

Internal Motivations

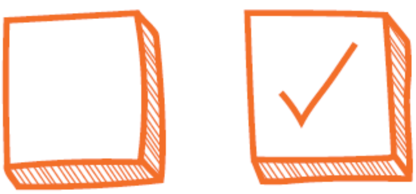
- Reinforce the knowledge and skills of the organization in terms of effectiveness
- Measure the effects of an action and shine a light on decision making processes
- Ensure the desired results were achieved
- Using it as a communication tool for donors

External Motivations

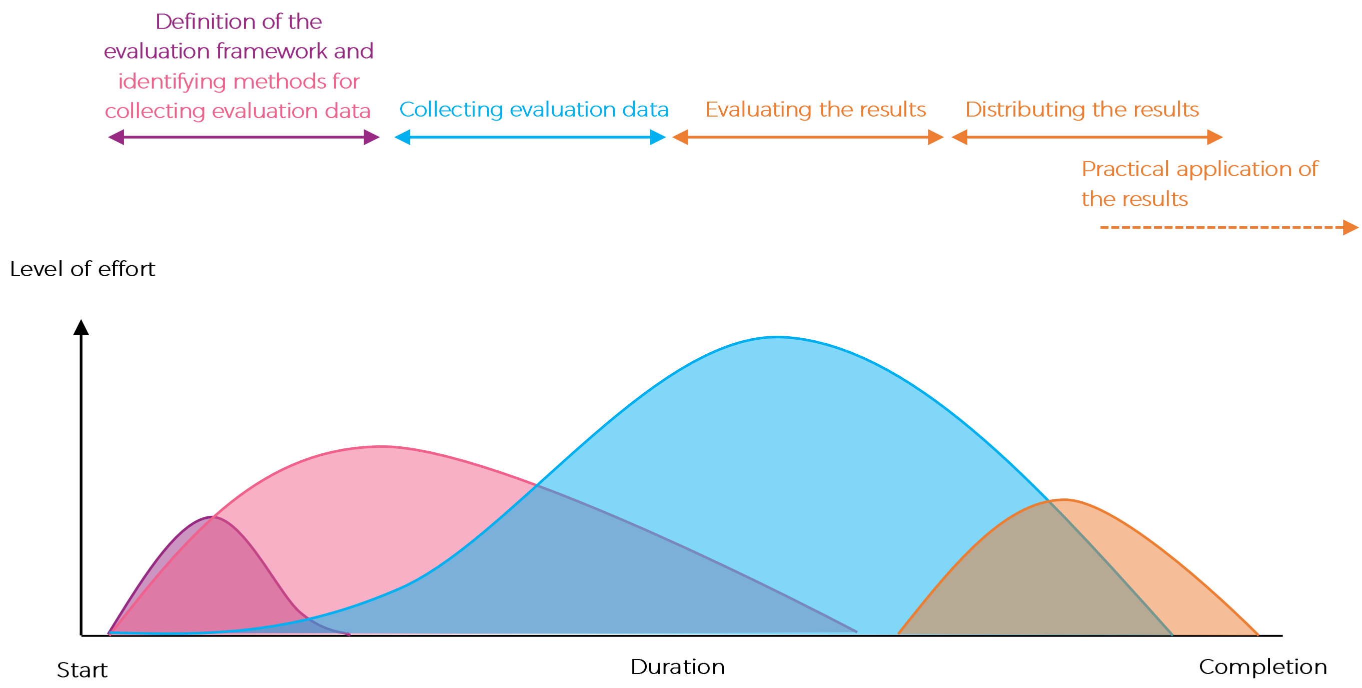
- Provide an opportunity for communicating with other institutions and partners in regards to their practices
- Accountability for members and beneficiaries of the project
- Meet the requirements of donors who increasingly wish to measure the impact of the projects they support

7.1b Where evaluation comes into the project lifecycle

It is important to highlight that project evaluation is a process that starts right from the definition of the project in the beginning and not just at the end. In fact, the majority of the work for the evaluation stages is put into place during the initial phase of the project.



The place of evaluation in the cycle of the project



Definition

6. Objectives
7. Targets
8. Costs and Revenue
9. Risks
10. Defining the evaluation framework

Planning

6. Activities
7. Timeframe
8. Resources
9. Costs and Revenue
10. Identifying methods for collecting evaluation data

Execution

3. Progress report
4. Collecting evaluation data

Completion

4. Evaluating the results
5. Distributing the results
6. Putting the results into practice.

Figure 1. Adapted from "A guide to project management body of knowledge" (PMOK guide

The definition and planning phases of the project are designed to decide on and outline the overall objectives of the project, develop strategies for the implementation, and allocate the necessary resources to the achievement of these objectives. /// See Project Management, p 135 ///

The evaluation framework is established during the definition and planning of the project, as this is the ideal moment to identify what the desired outcomes will be and the best way to evaluate them.

A thorough and focused plan articulating the desired results allows the organization to clearly define what needs to be monitored throughout the project and by what method. With careful monitoring, the data necessary for the evaluation phase will be collected during the implementation phase of the project and the evaluation can then be completed efficiently and effectively at the end of the project.

Every phase of the evaluation will be discussed in more details in Chapter 7.2 (The five steps to evaluating a project)

Hint 3: Create a logic model, a tool allowing you to find the results you are looking for

The model presented below is a particularly useful project management tool for the evaluation stage as it illustrates the relationship between the objectives, the activities and the expected results of the project. It has the advantage of providing all stakeholders with the same vision of the project's needs and the results they are collectively aiming to achieve. A certain amount of time needs to be invested to create this model and it is not necessarily useful for the evaluation of all projects.

The Logic Model

General Objectives	Specific Objectives	Activities	Outputs	Outcomes and Results	Impacts
Statement of the overall vision and mission of the organization	Statement of the specific objectives the organization wishes to accomplish	Precise tasks to carry out for the implementation of the project	Results in the short term (the product of the project activities)	Results in the medium term (1-3 years)	Long-term results (3-10 years after the project started)
What is the key challenge facing the organization? The objectives stated here must not start with verbs like: - Elaborate - Reduce - Develop This is where you outline the long term vision.	More specific than general objectives, this outlines the tangible difference the project aims to make. Approx. 3-5 objectives. Fix the timeframe for each (1-3 years). Objectives must be specific and measurable.	Focus on the key stages of the project. Identify the participants and beneficiaries for each activity. Audit each activity to determine if logically it will return a result. Respect the budget.	What are the deliverable products and concrete results of your activities? Are they qualitative or quantitative? Normally assessed every trimester.	Appearance of success. What are the changes in behaviour, attitudes, practices, politics etc. that are the result of the project? Timeframe: 1 – 3 years after the project has started.	What are the long-term changes occurring as a result of the project? Measured 3-10 years after the project. The impact describes the overall changes the NPO aimed to achieve in a community or society.
The general and specific objectives represent the strategic direction of the organisation	SMART goals	The activities are part of the organisation's action plan which addresses the following questions: Who? When? Where? How? Why?	The outputs are directly linked to the activities of the project. The activities represent what is done. The outputs represent the expected results.	The outcomes or results are related to the specific objectives desired. The outcomes are the results expected in the medium-term.	The impact is related to the general objectives. There is a general objective desired and the impact is the final expected result.

Figure 2. Adapted from the guide "Improved performance" developed by the Ministry of Ontario.

This spreadsheet is developed during the definition and planning stages of the project, when the objectives and activities are decided. For every objective (both overall and specific) and activity, the project managers must determine the short, medium and long-term results they wish to achieve.

This results-oriented process facilitates the work carried out during the planning stage, focuses energy and resources, establishes common priorities and helps the project concentrate on results rather than activities.

7.2 The five necessary steps for evaluating a project

While the basic concepts of project evaluation have been outlined in the previous chapter, this second section will provide more concrete details about the five necessary steps for evaluating a project.

Step 1 Establishment of the evaluation framework

Step 2 Collection of evaluation data

Step 3 Evaluation of results

Step 4 Distributing results

Step 5 Applying the results in practice

7.2a Step 1: Defining the evaluation framework for the project

This first step is probably the most important for ensuring a project is evaluated successfully. It is developed during the initial definition and planning phases of the project and addresses the following matters:

Hint 4: **During this initial stage, clearly define the desired results in the short, medium and long term.**

For this results-orientated approach, it is absolutely essential to identify the results you are aiming to achieve in pursuit of the set objectives over the short, medium and long term. The logic model will make it easier to reflect on this.

It is important to involve all the relevant stakeholders engaged in the project in order to develop the logic model outlining the evaluation framework. Working in a group allows each individual to share a common vision for the project. It also allows everyone involved to better understand why they will be tasked with asking questions and collecting information and data during the project phase, as this information will assist with the evaluation upon completion of the project.

Some questions for project managers:

- Are the short, medium and long term results clearly defined? (Using the logic model, figure 2)
- Has the goal and evaluation framework been established? (Optimise procedures, fix accountability etc.)
- Are the criteria and indicators of the goals SMART?
- Have the evaluation methods and plan for monitoring progress been chosen?
- Have the human and financial resources been identified?
- Are the terms of reference comprehensive?

Hint 5: Determine the aim of the evaluation and what it should contain.

Once the logic model has been created, the next step is to determine what the aim of the evaluation will be. What is the evaluation supposed to bring the organization? What will it do with the results? Will the evaluation be used to redirect or modify the project? Or abandon it completely? Is the evaluation designed to justify an activity and to prove its impact? Perhaps for donors? Or does the organization think they may wish to replicate the project, in which case they want to know what were the key factors driving success?

Once the goal has been identified, the key questions which the evaluation aims to answer need to be defined.

The evaluation can cover a multitude of different project aspects. The questions the evaluation aims to answer will depend on the project's context and the objective of the evaluation. It is important not to try to evaluate every possible facet of a project at the same time.

SEVERAL ASPECTS OF THE PROJECT CAN BE EVALUATED.

Do we want to evaluate the efficiency of the project?

This involves measuring the results (outputs and outcomes) of the project in relation to the human, financial and material resources invested.

For example:

- What is the relationship between the results and associated costs?
- Could we have achieved the same results using less or alternative resources which may be less expensive?
- How do we assess the costs to the organization and the execution of the project?
- How do we assess the management of the project?
- Did we take a results-oriented approach to the project?
- Are the proposed solutions achievable?
- Is there a monitoring system in place which is able to bring any eventual problems or challenges to light?
- Etc.

According to the guide "The evaluation in culture, why and how to evaluate"

Do we want to evaluate the effectiveness of the project?

This involves assessing to what extent the project has reached its desired objectives.

For example:

- Has the project returned the expected results?
- What have the benefits been for the target group?
- What aspects of the project were positive and/or supported the smooth running of the project, and what aspects were negative and/or obstacles?
- Is there a monitoring system in place capable of providing relevant information about the project's objectives?
- Etc.

Do we want to analyse the relevance of the project?

This involves determining the degree or extent to which the project corresponds to the needs and priorities of the target group.

For example:

- Is the project topic still relevant?
- Are the strategies appropriate?
- Are the current partners the most suitable for the project?
- Etc.

Do we want to measure the impact of the project?

For example:

- What effect does the project have in the context of the target group and their environment?
- What important changes have taken place?
- How do the actual effects of the project compare to the desired effects?
- Where there any significant and/or unforeseen impacts?
- Etc.

Do we want to measure the sustainability of the project?

This involves measuring the likelihood that the effects and financial support will continue over the long term.

For example:

- Is the project viable and sustainable over the long term?
- Are the partners in a financial position to continue supporting the project over the long term?
- Can we hope that in the medium term the project will finance itself or that we will be able to find external funding?
- Is the project well integrated into its target environment?
- What measures could be taken to enhance the sustainability of the project?
- Etc.

Example: An association offering language courses for migrants wishes to evaluate their programs. There are several possible approaches:

Monitoring the outputs

Key question: Has the project delivered the program as planned and expected?

Indicators: The number of hours courses have run, the number and profile of participants.

Methodology: Evaluating the enrolment and participant lists

Evaluation of the outcomes

Key question: Has the offer had the desired effect of improving migrants' ability to speak French in order to empower them to participate more actively in public life?

Indicators: The level of French obtained by participants (an improvement of 30% for example)

Methodology: Small exams at the beginning and end of the course.

Evaluation of the impact

Key question: Has the project had its desired impact? Has it facilitated the integration of participants into society?

Indicators: The average salaries of the group 20 years later, the nationality of their partners 20 years later, etc.

Methodology: Scientific research comparing the evaluation of the participants of the course by following a control group over a period of 20 years.

Hint 6: Ask the right questions.

The criteria and evaluation indicators must have a direct correlation to the project objectives in order for it to be possible to measure whether the objectives have been obtained. To avoid having project managers become preoccupied with collecting information and data which is of little or no use, the challenge is to select just a few relevant indicators which allow the assessor to answer the key questions upon which the evaluation is based.

It is therefore recommended to choose indicators related to the key question: "What do we need to know in order to assess whether the project has achieved its desired outcome?" Often, just two or three key performance indicators are required to return a valid response.

As long as the project's objectives have been well defined from the beginning using the SMART method (See Chapter 6.2: Defining the project objectives) it is relatively easy to highlight the purpose of the project and choose relevant questions for the evaluations.

Once the key issues have been identified, the evaluation indicators need to be defined. These may be qualitative or quantitative.

- The quantitative indicators are expressed through statistics, such as the number of X, the percentage of Y or the average of Z etc.
- The qualitative indicators reflect the perceptions, opinions, attitudes and behaviours of the target group.

Hint 7: Prepare the evaluation method as well as the follow up plan for collecting evaluation data.

Once the results, indicators and measures are defined, it is time to reflect and plan how and what information will need to be extracted for each indicator.

Any and all research methods and information should be considered. Examples of these might include interviews, questionnaires, studying documents, collecting data and statistics, online surveys, discussion groups etc. However, it is important to be realistic when choosing which methods to use to ensure the team has the competency, time and budget necessary to put them into practice. The golden rule is: Choose the simplest method possible!

Hint 8: Identify the human and financial resources.

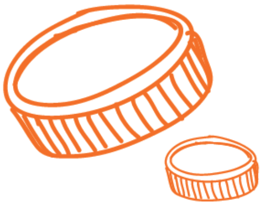
Should we conduct an internal or external evaluation?

Depending on the purpose of the evaluation, the context within which it will be conducted, the skills and expertise available within the organization, and the budget, a decision needs to be made about who will be responsible for evaluating the project.

The monitoring of the project, which is the first level of evaluation, is a task that must be integrated into the day-to-day running of the organization. This should be the responsibility of the project manager or those coordinating the activities internally.

However, the impact evaluation, the third level of evaluation, requires more in depth and scientific research and might therefore be better handled by an academic institute or paid consultant.

For more complex evaluations, it is worth contacting a local university or secondary school to explore the possibility of cooperating with them and taking advantage of a free evaluation by offering it as a subject for a student's bachelor, masters or thesis project. If an external assessor is brought in, it is essential to first clarify their role and responsibilities in a detailed document (see below).



What is the budget for the evaluation?

The question of the financial resources available for the evaluation needs to be outlined in the very first phase when the project is defined. The cost of the evaluation must be factored into the overall budget and usually comprises about 3-10%.

There are several possible financial sources for the evaluation:

- The donor who finances the project funds the evaluation. The organisation includes the cost of the evaluation in the funding request outlined in the original project proposal. Maximum 5% of the overall budget.
- A donor interested in capacity building for non-profit organisations. The organisation makes a request specifically for the funding to cover an evaluation.
- The organization considers the evaluation of particular importance and significance that they make the decision to invest their own human and financial resources for the assessment.

Hint 9: Prepare the terms of reference for the evaluation.

After this initial phase, the organization is ready to prepare the terms of reference which describes the purpose and structure of the project and summarises the evaluation scope and strategy developed so far. This document covers the following points:

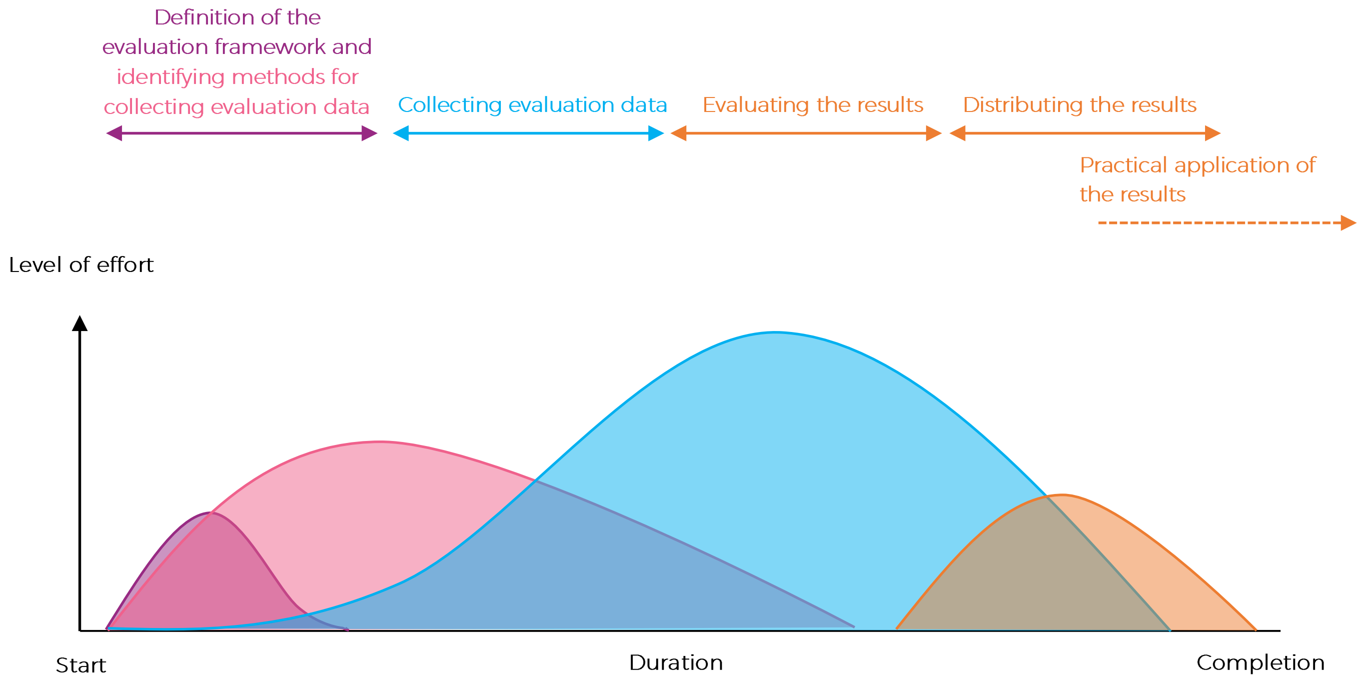
Terms of Reference

- The facts and key information about the project
- The aim of the evaluation
- The key questions for the evaluation
- The methods used to answer the key questions
- The team conducting the evaluation (internal or external)
- The benefits and capacities of the evaluation team and/or consultant
- The schedule/timeframe
- The communication of results
- The budget

This first step of the evaluation might seem quite extensive and intense, but it is an essential part of the process because it defines the fundamental questions that the evaluation seeks to answer. The second stage will put into practice everything that has been planned and decided in the first phase.

7.2b Step 2: Collecting the Evaluation Data

This second stage occurs during the project execution phase



Definition

11. Objectives
12. Targets
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14. Risks
15. Defining the evaluation framework

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Execution

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7. Evaluating the results
8. Distributing the results
9. Putting the results into practice.

Figure 1. Adapted from "A guide to project management body of knowledge" (PMOK guide

Hint 10: Decide who is going to capture what information and when.

It is important to establish a system for monitoring right from the outset in order to collect and capture all the data during the project rather than having to do it in hindsight. This is not necessarily a complicated task; it just needs to be decided what kind of information is needed, who can extract it and at what moment. For example, the language project for migrants: one of the key tasks during the project will be to ensure someone is responsible for collecting and analysing the list of migrants participating in the language course.

In order to track and demonstrate the results of a program for a target group, it is essential to establish what their situation and circumstances are right from the beginning of the project. This provides a reference framework which guides the monitoring and evaluating all throughout – and ideally after – the project.

Collecting data does not usually require specialized software and can often be done using a simple Excel spreadsheet.

An organized system for monitoring outputs enables the organization to:

- Monitor the activities and interventions within the project framework
- Be accountable to sponsors, donors and other stakeholders
- Communicate and update progress in order to raise awareness and garner support for the project
- Collate information about lessons learnt along the way in order to make projects more effective in the future
- Gather information which will make a valuable contribution to the evaluation at the completion of the project.

7.2c Step 3: Evaluating the results

At the end of the project, those responsible for the evaluation will proceed with an analysis of the data collected during the project.

Hint 11: Prepare an evaluation report highlighting the expected and unexpected results, as well as the key positive and negative factors contributing to the project's outcome.

Based on the findings, the evaluation report must include both conclusions and recommendations for the direction this project or similar projects should take in the future.

The final evaluation report can be used as a resource for preparing other communication documents, such as the annual report, in order to distribute the results of the project to the public.

7.2d Step 4: Distributing the results

/// See Chapter 5: Communication for more information ///

In this fourth step, the organization will develop a communication plan detailing how the results of the evaluation will be distributed according to the objectives, the target group, and any timeframes or schedules which need to be considered for the target group.

The common structure for an evaluation report:

- Table of contents
- Abstract
- Evaluation objectives
- Explanation of evaluation methodology, its constraints and limitations
- Results and analysis
- Conclusions
- Recommendations
- Appendices
- Glossary
- References and sources
- Contact details

The following four questions will help the organization to make the most out of the evaluation results.

Who are the target groups and/or individuals?

- The beneficiaries, clients or participants
- Donors and investors
- Committee members or advisory board
- Management
- Staff and volunteers
- Partners
- The media
- The community

What is the message?

What is the schedule?

What communication tools are available?

- Annual report including the results of the evaluation
- Publications presenting the evaluation results summarising the key findings (for example, on the internet)
- Running workshops on similar projects, organized with the assistance of partners and aimed at exchanging ideas and experiences to improve future projects
- Thematic reports
- Press releases

7.2e Step 5: Implementing the Results

The project evaluation phase should not be taken lightly; the results can produce unexpected and sometimes challenging conclusions and highlight flaws and failings that may create disagreements or discord within the organisation. Therefore, it is strongly advised to take some time and reflection before implementing changes based on the results in order to allow the participants and stakeholders time to express their opinions.

If the evaluation is conducted in the spirit of learning and improvement, and the key people involved in managing and overseeing the project are involved in the evaluation process from the start, the practical application of the results will be much easier.

Hint 12: Make the most of the results and use them to take action.

Unread evaluation reports fill the shelves and hold up the walls of every foundation, association and administration office. The truth is, a lot of evaluations do not lead to any change or transformation – what a waste of time, effort and money!

Every evaluation – whether it is monitoring program delivery or assessing a project's impact – provides an opportunity to act. In other words:

- Hire project managers to do the work required
- Make the most of the hours employees and volunteers invest in the project
- Adapt the project plan in terms of duration, human resources or budget
- Modify or change the project direction to increase its impact and/or facilitate its management and coordination
- Present the information to the committee which empowers them to make a decision about whether they want to continue, replicate or abandon the project
- Attract more donors and supporters
- Communicate the strengths and justify the benefits to the public

Useful Links

Migros Culture Percentage and Pro Helvetia have published a guide for evaluating projects, programs, strategies and cultural institutions: Evaluation in Culture, how and why do we evaluate?" http://www.pour-cent-culturel-migros.ch/Media/Medien/Leitfaden_Evaluieren_fr.pdf

The ZEWO Foundation offers a practical guide to measuring the effectiveness of projects (in development): www.zewo.ch; http://impact.zewo.ch/fr/mesure_de_lefficacite

The Swiss Evaluation Society (SEVAL) has developed evaluation standards and offers extensive information and resources on the subject www.seval.ch

The United Nations Development Programme (UNDP) provides a detailed guide to project evaluation (in English): Handbook on Planning, Monitoring and Evaluating for Development Results. United Nations Development Programme.
http://web.undp.org/evaluation/handbook/documents/english/pmehandbook.pdf

Recommended Reading

Senge, P., The Fifth Discipline. *The art and practice of learning organisations*, First Editions, Paris, 1991

Since they started implementing their diverse projects in the very beginning, the committee for the association Youth Futures has been concerned with how and what to evaluate in order to ensure their efforts are actually useful for society. Wanting to assist young people by raising their awareness around HIV/AIDS was a noble idea, but a thorough evaluation needed to be put in place to ensure the idea was working in practice.

Chapter 7: Project Evaluation

The committee members put forward various possible areas of assessment for their project aimed at raising awareness amongst French-speaking Swiss students about the risk of contracting HIV/AIDS. These included:

- The immediate results related to their actions, such as the number of schools who ordered the video, or the number of students who had seen the video etc.
- Another expected result with a specific objective could be the number of young people who have changed their sexual behaviours after viewing the film
- Another form of evaluation is to look at the overall objectives of the project and assess whether there has been a decrease in the number of young people in their 20s newly infected with the virus in Western Switzerland. This would be the impact evaluation for the project.

The entire team was aware that the evaluation of the overall objectives and the analysis of their impact required the participation of researchers and partners external to the organization. They could themselves, in the early stages, measure the relevance of their activities and approach by conducting the first two evaluations on this list.

These first two evaluations will be appreciated by donors and supporters who will then have the tools and information at their disposal to better understand the results the organization has achieved; this provides enormous reassurance for donors that their contribution is making a difference so they are happy to continue their engagement and support of the organization and its mission.

Afterword

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