



Delivering financial sustainability

Jonathan Orchard
25 November 2020



Where are we now?

Macmillan expects 'staggering' £20m drop in money raised via Coffee Morning event

07 Sep 2020 News

Posted on Friday 4 September 2020 *in Press releases*

CLIC SARGENT ANNOUNCES PROPOSED RESTRUCTURE

St John Ambulance responds to financial challenges of COVID-19

Health and first aid charity reducing its estate to save £20 million and invest in volunteers

'The charity sector is in serious trouble,' warns NCVO chief executive

13 Oct 2020 News

Financial sustainability – agenda



Income diversification



Five point plan:

- 1 Diversify for the right reasons
- 2 Evolution not revolution
- 3 Look inside first
- 4 Manage risks of innovation
- 5 Is a merger the best strategy?



Diversify for the right reasons



- Manage risk
- Exploit opportunities
- Meet demand
- Deliver greater social impact



- Prop up a failing business model
- Subsidise loss-making contract



 EVOLUTION



Evolution

- Reaching out to major donors – high net worth individuals
- Restricted to unrestricted giving
- Corporate partnerships
- Commercial income
- Financing options
- Digital channels

Look inside first



What do you have that could generate income?

- Expertise
- Training
- Property
- Brand

Manage risks of innovation

- Portfolio of innovations
- Flexible business models
- Pilots
- Feedback mechanisms
- Multi-disciplinary teams
- Finance engagement





Five point plan

- 1 Diversify for the right reasons
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- 4 Manage risks of innovation
- 5 Is a merger the best strategy?***

Business models

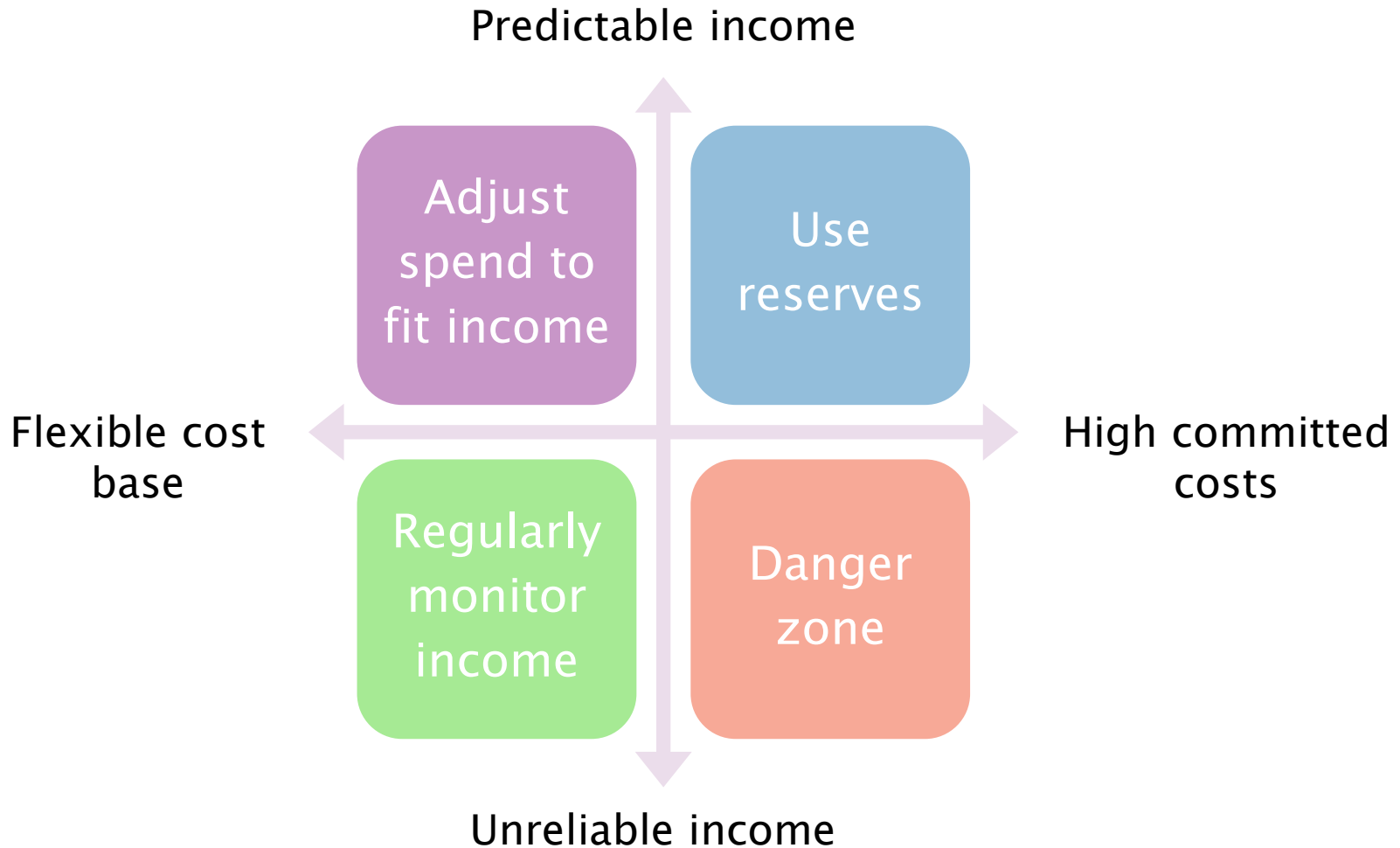


Golden rules:

- Relationship between income & cost
- Understand balance sheet
- Flexible is lower risk
- Know the costs

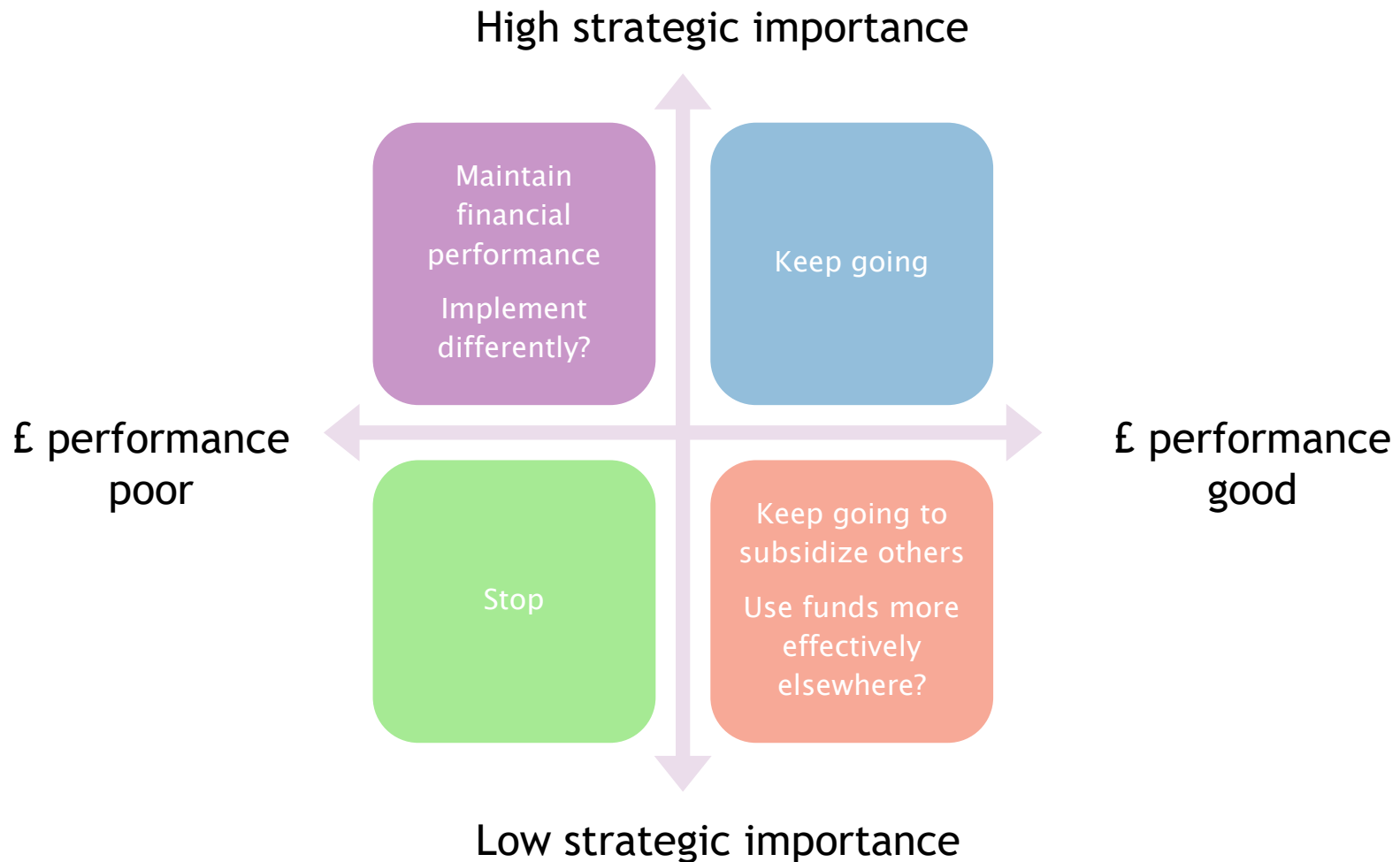


Financial risk





Impact v financial performance



Full cost recovery



Clicks: State of Sector Report

Why are full costs not recovered?

Charity perspective

- Understanding of costs
- Making the case
- Accepting less

Donor perspective

- Reluctance
- Overheads are 'extra'
- Arbitrary %

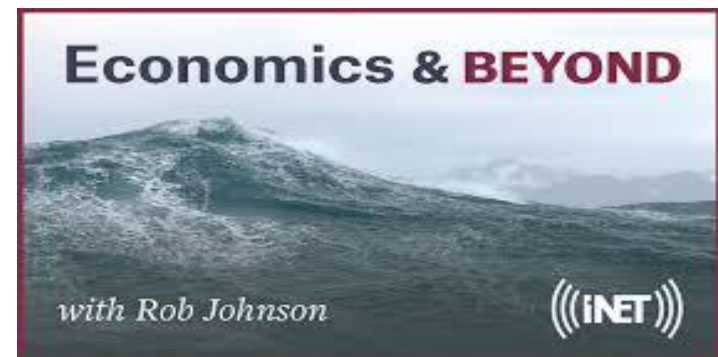
Who pays for the costs of resilience



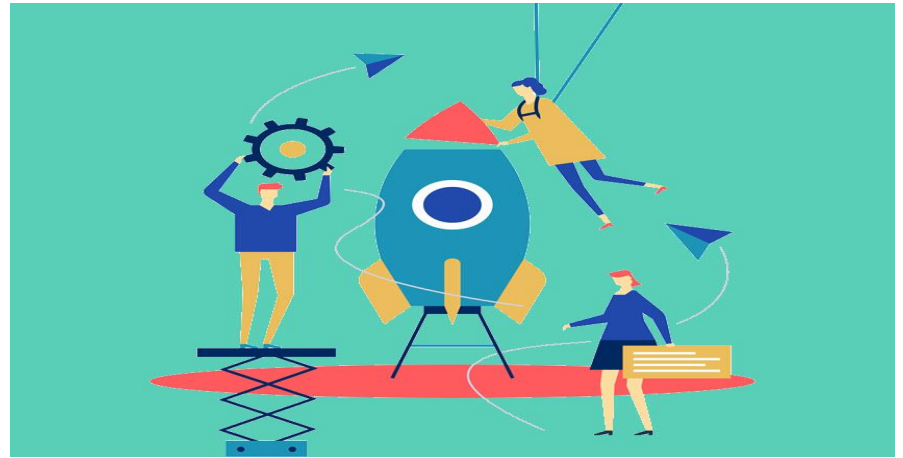
Coping with uncertainty

- Can we plan and forecast effectively?
- Planning v preparing
- Preparing for something real but uncertain
- Scenario planning
- Costs of resilience

Margaret Heffernan –



Financial sustainability – conclusion





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