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Funding Masterclass Part I : Applying for Funding – Where to Begin?

So you have got a great idea for your business or community and want to find some funding to make it happen. How do you get started? Here are the initial steps that successful applicants need to follow.

Firstly, write out your idea in your own words, before looking at any funding opportunities. Try asking yourself Why? What? Where? When? and How much? This should be quite brief (no more than one side of A4), and very clear. If you are struggling to explain your idea now, it will be very difficult to communicate it effectively to potential funders. It is critical that you never lose sight of why you are doing it – it will help you to stay motivated and avoid wasting time. You also need to estimate approximately how much it will cost so you know how much funding to look for.

Secondly, look at the funding streams that are available. There are dedicated funding websites for this purpose, or try web searches using the terms "funding, "grants" or "loans" along with some words to describe your location or the type of idea. Prepare a shortlist which includes details of the amount of funding you can apply for and any deadlines for applications. Your list should provide funding options that exceed that amount of money you need. That way, if one application is unsuccessful you have a fallback position.

Thirdly, review the funders' requirements carefully. Make sure you meet their criteria – the closer your idea matches onto their objectives, the more likely your application is to succeed. Then prioritise your list according to how well it matches onto what you plan to do and make applications in that order.

Finally, when writing your applications always follow these golden rules:

1. If there is the opportunity to speak to a funding advisor first, then do so. Most advisors are

friendly, knowledgeable and helpful so listen to their advice.

2. Read all the rules about the fund. If you spot anything that concerns you or presents a problem, talk to your advisor. It is better to find out any issues in advance rather than wasting time on an application that is not suited to your idea.

3. Answer all the questions on the application carefully, referring to any guidance notes and examples. Most funding applications are scored based on your responses and so you need to make sure you provide the details the funders need.

By following these basic rules, you are setting off in the right direction to get the funding you need. The next few articles in this series will go through the main parts of an application, and how to make yours stand out from the crowd to maximise your chances of success.

If you need help to draw up your prioritised list of funding options, our team can help you. We have extensive knowledge of what is available so can prepare an accurate list matched onto your requirements promptly.

Funding Masterclass Part II: The Most Common Mistake on Funding Applications…and How to Avoid it

Having managed a series of multi-million pound funding streams, and reviewed hundreds of applications, there is one thing that we often see which leads to applications being rejected: Not being clear about what you want to do.

For example, we often see descriptions such as “We want to help our community by setting up local provision of important education and training services that will help people to gain more skills and have a better chance of getting work.”

And that gets us thinking, “That’s lovely, but what are you actually thinking of doing?” It could be anything from that description – building a new classroom, employing a trainer, purchasing a minibus to transport people to a local college, setting up an online course with a local mentor, etc.

It is much better to describe clearly what you plan to do, such as “We plan to build a single room extension to our existing village shop which will act as a training room and meeting place for local people. The room will be furnished with tables that can be set out as a cafe to help make the shop more financially viable, or joined together into a training layout that can accommodate 10 people. We will employ qualified trainers on a part time basis and link to the local community college to provide accredited business skills courses.”

And that gets us thinking “That’s lovely, and we completely understand what your project is about, so we can start to get behind it”.

Remember when your application reaches the funder, it is likely to be one of many. The sooner someone assessing it can grasp what you are thinking of doing, the better your chances of success as they will read everything else within that context.

If you are finding it difficult to write your application clearly or haven't enough time to dedicate to it, and would like some help, our team of experts are available to help.

Funding Masterclass Part III: How to Show You Are the Right People for the Job

Most funding application forms include questions about your organization, your staff and their skills. Sometimes, you will specifically be asked why **you** are the best organization to do the work.

This can be very challenging to respond to, as you came up with the idea, and of course you want to implement it. It might also provide valuable employment for your staff, or help your organization become more profitable, both perfectly valid reasons.

However, when a funder is looking at an application, there are three other considerations. Firstly, and this is particularly for community or business support type projects, is there another organization who could do it better? Secondly, particularly for business development ideas, will this have a negative impact on other businesses? Thirdly, if another organization has submitted a similar application (and you would be surprised how often this happens), how can they choose between you?

Funders have a responsibility to use their money as wisely, efficiently and fairly as possible, so they must take all of these factors into consideration. So how do you deal with this?

The easiest way to do this is to think like a funder. You need to demonstrate in your application why you are the best people to carry out the work. Perhaps you have particularly good connections with the groups of people you plan to work with, or maybe you have lots of experience of similar work and have had positive feedback previously. Maybe you have come up with an idea that can be shared with other organizations to bring them benefits too, so there is less competition involved. Or it could be that your business idea is based on a particular product that only you supply locally. Or maybe you can do it more efficiently (in terms of cost or timing) than others because of your organizational setup. You need to make sure you include all of your relevant credentials, connections and qualifications that demonstrate why you are most suitable.

Think of it as being like a job application; make sure you tell them everything that will help to show why you are the best. Never assume they already know about your organization and what you have achieved, as most funders can only consider what is actually written on your application form.

If you are finding it difficult to write your application or haven't enough time to dedicate to it, and would like some help, our team of experts are available to help.

Funding Masterclass Part IV: Showing Your Project is Needed

This is one of the areas that applicants find hardest to complete effectively.   Sometimes it is called “evidence of need” and sometimes there is a question like “how do you know your project is needed?” on an application form.

Whatever the exact question, the funder is trying to find out what research you have done and what you found out from it. A good answer will list a range of pieces of research and what the main findings and conclusions are from each, and use this to build a picture of how your idea will usefully fill an identified gap.

For businesses, the question can be a little confusing because your idea may not be “needed” but it might still be a brilliant idea. In this case, think about it as demonstrating that you have spotted an opportunity that you are ideally placed to respond to.

So what types of research are expected?

Firstly, desk research. The internet provides a fantastic means of seeing what is out there and accessing existing research and statistics. You should check whether anyone else is already doing what you have thought of, and whether there is any evidence that your target market actually want what you are proposing to provide. Local authorities (district and county councils) often have a publications section which may include information about your area, and general statistical information can be found on the Office for National Statistics website. If there is a governing organization for your type of organization, they may publish research and information which is helpful. For businesses, a google search on relevant products and services will show an indication of what already exists.

Secondly, market research with your target market. This may be your local community, or it could be existing customers, or it might be new customers that you would like to attract. You can carry out market research in a number of ways; face to face e.g. having a stand at an event, targeted telephone interviews, or using a survey. Each has their pros and cons, but for small projects a simple survey is often easiest as it can set up online for free and then completed either online or by hand. You could leave it out for your customers to complete.

Designing a good survey is an art in itself, but three top tips are:

1. Keep it short and simple – then more people will respond
2. Make sure your questions are focused – think about what you want to find out, then ask the right question(s) to get this answer
3. Test it out on colleagues/family/friends first – they can tell you if it makes sense.

When you have completed your research, summarise the findings on your application form. If you have carried out your own market research, include details of when and how you did it and how many responses you received.

If you would like some help with your research, including professional survey services, our team of experts are available to help.

Funding Masterclass Part V: Risk Assessments

Now we start to look at the technical areas of an application form. And even if you aren't completing a form, but requesting investment from a bank for example, assessing risk should still form part of your business plan as this demonstrates that you have critically looked at what you want to do.

Risk assessments are about identifying what could go wrong, what you would do to stop this happening and how you would deal with issues if they occurred. It isn't rocket science, and for an experienced project manager risks can be obvious, but for others with less experience it can be daunting.

The detail required will depend on the intended funder. For some, only a very basic question may be asked, such as 'What risks will you face?' Other may request the information is given in a certain way – this isn't to trick you, but for the funder to be able to see the information they require in a regular format. The detail required usually concerns the risk, the impact it would have, the likelihood or probability of it occurring and the action you will take to reduce it. This may take the form of a table - see example below.

Risk	**Impact (H, M, L)**	**Likelihood** **(H, M, L)**	**Action**
New website doesn't work and orders can't be taken	*High*	*Low*	Detail Specification drawn up. Company with proven track record to be used to develop. Beta testing

			of site before launch. Staged payments.

Even in a basic risk assessment you may be asked to assess impact and likelihood of occurrence using categories (high, medium and low) but in more complex applications you may be asked to use a numbering scale which will be defined for you. Colour coding may be used so that the high risks are easily identified.

The risks you will face in developing a project or your business will be unique, but there are common themes worth considering as 'what ifs':

- People – a key person leaves or you can't recruit the right person?
- Money – grant arrives later, costs go up or you are offered less than expected?
- Buildings – works overrun or builders find something unexpected? eg asbestos
- Equipment – not fit for purpose or breaks down after purchase?
- Demand – too popular or too few orders/users?
- Goals/aims – don't achieve what you set out to do or timescale changes?
- Context – competing business opens up nearby or new legislation/policy impacts?

Even though some risks will be outside of your control, a funder will be looking to see that you are aware of the world in which you operate. Don't be tempted to say 'no risks' as there will be some for every project, neither over analyse and detail hundreds – the listing you provide should be appropriate to the size and scale of the project, and the amount of funding you are requesting.

And finally, just because a project has risks it doesn't mean it won't get supported. Any funder wants to be reassured via the risk assessment that you are aware of any pitfalls, and are ready to manage them if they occur.

If you need help to identify the risks in your project, to write or check over an application or business plan, our team can help you. As a not for profit organization, we are able to offer this service.

Funding Masterclass Part VI: Have You Chosen The Best Option for you Need?

In a previous blog we recommend you stay focused on your idea, and here we are contradicting ourselves by asking you to consider alternatives! But this isn't to confuse you, but for you to be sure that the project you have chosen and the way you intend to deliver it, is the best way to meet the need.

A technical part of an application, the options appraisal is where the funder is asking you to consider what other ways there are to achieve what you want to do. A well-thought through business plan would also contain this information.

For many, the question can appear irrelevant and unnecessary, and often appears out of context, disturbing the 'flow' of the form. The options appraisal requires you to take a journey back in time. This can be challenging, with you feeling like you are going over old ground, resurrecting the past and perhaps contentious issues that have been discounted previously.

The detail required will depend on the funder. For some, only a very basic question may be asked, such as 'What other ways of delivering the project are there?' Other funders may request the information is given in a certain format. Like the risk assessment, this isn't to trick you, but for them to have the information in a regular format. This may take the form of a table - see example below.

Option	Advantages	Disadvantages

Do nothing	*No cost*	*Business doesn't grow and achieve potential*
Refurbish and extend existing premises	*No removal or relocation costs.*	*Would disrupt production.* *Planning permission likely to be refused (see letter from planning officer)*

The options that need to be considered will depend upon the project proposed, as each is unique, but the common question to consider is 'are there better ways to achieve the objective?':

• more/less staff
• larger/smaller piece of equipment
• relocating rather than refurbishing and vice versa
• buying rather than renting and vice versa
• phasing rather than all at once
• another organization delivering

As a rule of thumb, the first option you give should be 'Do nothing'. Even though you may think that it isn't an option, for the funder it is. Don't be tempted to say 'there are no alternatives' as that is rarely, if ever, the case. Stay objective – don't be tempted to over emphasise the advantages or disadvantages, funders have great experience can sniff out weaknesses! End with the option you have chosen to deliver as arranging in this format enables the 'story' of your project to unfold, and makes the business case for the preferred option.

To summarise, an options appraisal can help you rethink your project idea and gives assurance to a funder that the way you have chosen to deliver has been thought out and is cost effective.

If you need help to assemble the options available to deliver your project, to write or check over an application or business plan, our team can help you. As a not for profit organization, we are able to offer this service.

Funding Masterclass Part VII: Policies – A Way of Demonstrating Your Professionalism

Policies are a written statement of how a business, group or organization intends to deal with certain things. As with the other technical parts of an application, policies can seem to get in the way and many applicants consider them a waste of time. But having policies in place is a way of demonstrating to the funder that your organization is professional and some will be required by law.

The funder may want to see a copy of the document, or they may be happy for it to be referred to only in the text, or you might need to 'tick a box' to confirm you have it in place. Business plans are less likely to include policies, but again, references to them shows that you aware of good management practice.

The policies required will depend upon what size your organization is, the field or sector in which you operate, and what the purpose of the proposed project is. However, the most common policies required by funders are:

- Health and Safety
- Equal opportunities or Managing diversity
- Environmental or Sustainability
- Safeguarding vulnerable people (children/elderly)
- Data Protection
- Employment policies – covering recruitment and selection, grievance, capability, disciplinary, sickness, IT use, leave, etc. Essential if you employ staff, and good practice if you have volunteers.

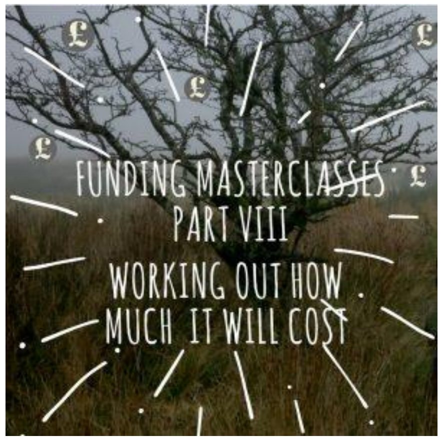
Other policies may be required occasionally, including Confidentiality, Conflict of Interest, Complaints procedure and Financial Controls.

The detail the policy contains will depend on the nature of the business – some could be just a couple of paragraphs setting out what the organization wishes to happen, others will include how the policy will happen. Any policy should state how and when it is to be reviewed, to ensure it remains current and fit for purpose.

Don't be tempted to say you have policies in place, and then fail to follow it through by not developing them – you will be found out! Also, follow any guidance notes on how to include them eg as attachments, in appendices, otherwise your application could be rejected on a technicality.

Having policies in place demonstrates to funders and others that you follow good management practices and can make or break a funding application.

If you need help to organize the policies to support your application, to write or check over an application or business plan, our team can help you. As a not for profit organization, we are able to offer this service.



Funding Masterclasses Part VIII: Working out How Much it Will Cost

Maybe this section should be subtitled 'a lesson in crystal ball gazing' as sometimes this is what it feels like! But if you are organized, and have a project plan, it can become a logical process.

When you start thinking in detail about your project you will start to gain an inkling of what you intend to spend the money on, and what the likely costs will be. At this stage, the figures will be very much estimates. Having an idea of the costs will help you work out what funding package you need to put together – will you be looking for £5k, £50k or £500k?

The cost of pieces of equipment are relatively easy to work out (one of the benefits of the internet!), as are salary ranges if you intend to employ staff as part of the project. But things like building works are much more complicated, so it may be necessary to invest in having drawings, specifications and a schedule of works drawn up at the outset. Doing research to find out what similar projects have cost can be useful, especially if you can talk to someone who has been through the process.

The cost information funders require differ enormously. Some only want broad headings perhaps split only into capital and revenue. Other will have a standard layout to complete, usually in a spreadsheet format, with headings already included, or options for you to add in your own. Some will want a budget for just whilst the project is running, others five years or more.

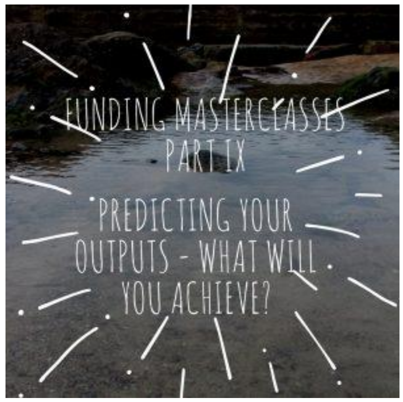
It is helpful to split the costs into capital and revenue, even if the form doesn't do this for you as it will help the funder see the costs clearly. Capital is the term for costs that covers items such as building works and equipment, revenue includes things such as salaries, office costs, travel and marketing. Many forms will have a notes section where you can include an explanation of how the figures have been worked out.

Our top tips for getting your budget right are:

1. Be organized – get all your information together before you start
2. Keeping the workings out behind the figures in the table– because the budget will evolve over time and need constant reworking!
3. Ensure you've covered everything – it is very easy to forget things.
4. Check carefully what is 'eligible' for funding – all funders will detail this in their guidance. No funder is the same as another, so you will need to check each one individually to ensure that it is possible to spend the funding on what you're proposing. This can mean you can end up with different budgets for different funders!
5. Check any detailed rules about 'procurement', or the rules you need to follow before making any purchases. These will include details of the number of quotes you need to obtain and whether or not a more formal process is required. Again, this isn't to trip you up, but as a way to justify to the funder that they are gaining the best value for their investment.

Pulling the costs together can be a complicated process, but can be achieved if you refer to the any guidance provided, and you are organized and on top of the paperwork.

If you need help to work out the costings of your project, to write or check over an application or business plan, our team can help you. As a not for profit organization, we are able to offer this service.



Funding Masterclass Part IX: Predicting Your Outputs – What will you Achieve?

Often feared by many, the outputs section is often left until well into the funding application process. But outputs should be thought about early on, as they are the way you demonstrate to a funder or investor, 'it was worth giving us the investment, just look at what we've achieved'.

To be formal outputs are usually defined as what is delivered (and you may see the awful jargon term 'deliverables' mentioned), during the life of the project. There may be a predefined list of indicators or options (detailed in any guidance notes), or up to you to come up with your own. Each output usually needs to detail:

- What they are about (eg creating a job)
- What the starting position is (eg currently (Oct 15) 2 full-time equivalent jobs)
- What the end position will be (eg 4 full-time equivalent posts)
- When it is you'll get there. (eg Oct 17)
- And how you will prove it (eg job adverts, wage slips)

Be careful as outputs can be confused with outcomes which are usually defined as the longer term consequences or impact of the project, BUT some funders have their own definitions of what each means!

For those of you who are familiar with objective setting, applying the SMART (specific, measurable, achievable, realistic, time-bound) principles can help. Outputs need to be tangible and usually include a number. Keep it simple, the number of outputs should be appropriate to the size and scale of the project proposed.

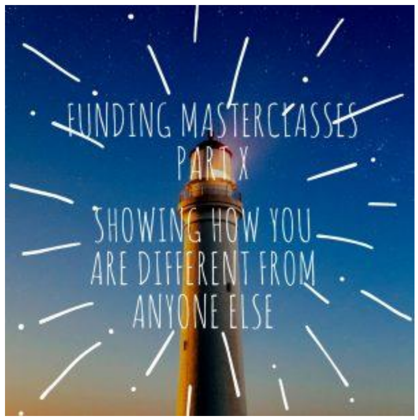
It might help to think about what information you collect already, and ask yourself, can any of this help evidence an output target? It is much easier to continue something you do already and make outputs evidence collation integral to your current way of working.

Keep details of how you arrive at the figures you put in the application as you will need to replicate the process when you come to report on achievements. And it is very unlikely you will remember how you arrived at a figure of 3,567 attendees at events unless you have written down how you got to this figure.

If you aren't collecting any information already, then you will need to establish what is known as a baseline and then start collecting the evidence.

The format to write outputs will normally be supplied by the funder – usually a table, often in excel, so that they are easy to read. Once funding is awarded, a funder will indicate when and how you should report.

To summarise, outputs are delivered during the lifetime of the project, and shouldn't be scary, but they often are.



Funding Masterclass Part X: Showing How You Are Different From Anyone Else

This is the part of the application where you get to say ‘fund us because’. You will need to be objective and say why you/your organization, and your project, is distinctive and therefore a better investment than others, which can be hard. (NB It may also help you to go back to number 3 in this masterclass series, ‘Showing you are the right people to do it’).

If you don’t make your project stand out, you won’t be competitive and funding is a competitive process. Just look at the success rates of successful grants against the number of applications received. A good tip is to give the project a memorable title.

Many businesses will be used to benchmarking themselves against competitors, and will have done their market research, and reviewed their competitors and their products and services, but for community groups this kind of activity can be unfamiliar, and help may be required.

Firstly, appeal to the heart of funder – they do have them! Bring in case studies, quotes/images – anything that brings the project to life and will make it stick in the mind of the funder. Highlight what is unique about your project – you, the strengths in the organization, the location, the target group, the focus, how it arose, the opportunities it offers. In marketing terms this is demonstrating the USP – the unique selling proposition – of the project. Be innovative, but avoid gimmicks and always be honest!

Then appeal to the head. Show the funder you mean business, that you can deliver, and are an organization worth investing in, by:

- Following the guidance supplied to ensure you match the criteria for funding exactly
- Meeting any timescales given – if applications have to be in by a certain time, don't be late
- Speaking to the funders' officers and advisors, then listening and acting on the advice and suggestions made
- Doing what you are asked to do – format, word count, attachments etc
- Having a project that stacks up, with a clear purpose which delivers the funders aims
- Demonstrating value for money and long term sustainability

Funding Masterclass Part XI: Finding Match Funding

In addition to your own funds, to make your project happen you may need support from other areas. This is known as 'match funding'. Match funding comes from a variety of sources with the mix you use dependent upon your own circumstances and the size and scale of the proposed project you want to do.

The usual options are grants, loans, mix of the two, community share issue and crowdfunding, and we will look briefly at each. A word of warning – not all funders will fund all things so, as we've mentioned before, you'll need to check eligibility.

Grants – come from numerous sources, and do not have to be repaid (unless in exceptional circumstances, where terms and conditions aren't met). Grants can come from local sources (such as councils or charities), or from national organizations, such as the Big Lottery. There are also trust funds and foundations, (eg Esmee Fairbairn and Lloyds Bank Foundation). Each with its own criteria, rules of application and timescale. Don't forget the EU grant programmes, such as LEADER programmes delivered by the DR Company.

Loans – have to be repaid. They could be from private individuals which may be an informal arrangement or from the more traditional banks and building societies. There are also peer to peer platforms, such as Folk2Folk. Formal loans will have an application process, likely requiring a business plan to be submitted, and will need to be repaid in a specific time frame with interest. You may also need some kind of security in case of default.

Grant and loans – some funders offer a grant and loan to an applicant, expecting the loan element to be repaid.

Community share issue – aimed at community organizations working co-operatively, a share offer is an excellent way of demonstrating local support. Can raise significant amounts, but needs to be managed correctly. See http://communityshares.org.uk/

Crowdfunding – a way of gaining funding and making best use of the digital world. There have been significant achievements such as £250k for a community swimming pool. Crowdfunder is perhaps the most well-known, but there are others!

Researching match funding can be complicated, and can feel like you are spinning lots of plates in the air. It is unlikely that if you are getting match funding from more than one source, that all sources will be aligned as there are likely to be differing timescales. You'll need to keep information together, and be organized.

Funding Masterclass Part XII: Working Out Your Cashflow

Essential to any application for funding is the cash flow. A cash flow statement is an projection of how the project or business works in financial terms, to demonstrate you have enough working capital to deliver the project or survive in business – picture the amount flowing in the bank account month by month.

When preparing a cash flow statement, be sure what it is you are being asked to produce – a cash flow for the project only or for the business, and for the exact time period (normally 12 months, or the lifetime of the project!) If it is a project cash flow, you will need to look back to any milestones or key stages or dates that you've put in the application, work out when expenditure will be and ensure the cash flow reflects this.

The cash flow will show the opening balance, closing balance, income including who else is making a financial contribution and any projected sales and expenditure. This is usually detailed in table format, often on a spreadsheet.

By setting the figures down on paper, you will be able to see where any issues arise eg when expenditure exceeds income. You will then be able to take corrective action (eg short term loan until grant payment arrives).

You may need to do more than one version, an 'optimistic, pessimistic and a realistic' version depending on the funder – this is where the technology can come in helpful. It is much easier to introduce 'what if' scenarios, ie if sales increase by 10% rather than 5%, grant is less than expected, without having to manually recalculate all the figures!

Profit and Loss statements are different, as this is the trading position of the business (also known as income statement, earnings statement, operating statement) – and you may also need to complete sales forecasts to complete the financial sections.

There are lots of examples to follow on the website (see startuploans.co.uk)

Funding Masterclass Part XIII: Communication

Being clear about what you want to do, why you want to do it and how, is critical when you are planning the future of your business or applying for funding. Consistent messages can reinforce who you are, what you do and why you should be supported with investment – and underpin your communication (the telling) and marketing (the selling) approach.

Once you have decided what you want to communicate, (price rise, new employee, new premises) consider who will be the audience – think internal employees, contractors, think external customers, clients, suppliers, landlords, investors, neighbours – the list could be endless! It might help to develop a generic list, or 'stakeholder' list. Then you will need to work out the most/least important, the interested etc. There are all sorts of tools to help you do this on the web.

After deciding on what to communicate to whom, you'll then need to decide on the most appropriate method to get the message across. And don't forget the medium you use will have an effect on the message sent. You may need to use different mediums with slightly different emphasis for different audiences eg sending out handwritten invites to a drop in session might show you have a lot of time on your hands whilst a generic email to a black tie fundraising dinner won't make the recipient feel important! But don't fall for gimmicks as they could back fire.

You will then need to ascertain if your message has been received and understood – as things can often get misinterpreted. This feedback could be assisted through asking follow up questions, ensuring the message is understood and the necessary actions taken.

Communications should be straightforward, but ineffective communications can cause unnecessary resources to be expended to avoid damage or loss to the business. If you require assistance to develop communications for your business, our qualified advisors can help you.

Funding Masterclass Part XIV: Marketing

Often linked with communication, marketing concerns the promotion and selling of your organization's products and services. Marketing is often defined in terms of the 4Ps – product, price, place, promotion.

For each element of the marketing mix there are implementation plans to develop, meaning questions need to be considered. This can be done as a stand-alone activity or part of a more general business planning process. Ask yourself:

- Against whom and how are you compared? (competitor analysis)
- What are your current attributes/why do your customers value you?
- How do you decide on what new products/services to develop? What market research do you do? (more on this in next blog)
- What is the current market reach of the business?
- How are you going to get your products to market?
- What distribution channels will you use?

- Are any particular customers to be targeted? (market segmentation)
- How quickly will the market take up new product/service? (diffusion of innovation curve)

The advent of new technology has opened up many opportunities for marketing a business. Some businesses now longer invest in traditional print advertising, relying solely on the businesses generated online. But online doesn't necessarily mean free – you have to pay to have a business page on Facebook, and don't underestimate the time it takes to create content for a website. That said, most people will look at a website for information about a business. So, even if you intend to market via parish magazine and or local paper, having a basic website page giving details about who you are and what you do would be useful.

But never forget, for smaller businesses the most effective source of marketing will be face to face or personal recommendation, so it is about YOU. So when deciding on a new marketing strategy a good technique is distilling the message into an 'elevator pitch' or seeing if it passes the 'pub test'.

Funding Masterclass Part XV: Market Research

In our previous blogs on communication and marketing, we've covered getting the right message, to the right people, in the right format. But how do you know who are the right people?

Market research can help you to identify the needs of your target customers, if the market is large enough and the expected demand strong enough to provide a viable business opportunity. But market research isn't all about new markets and customers – often overlooked are your existing customers. You have all the information, but you might not be exploiting it fully. Organizations often spend limited resources chasing new customers before fully exploiting their current!

Questions to ask yourself:

- Do you have a typical customer or range of customers? (customer profiling)
- How do you get feedback from customers?

- Do you know why your product/service was selected?
- How do your customers find about your organization?
- What is your customers spending profile?
- Is there a market for repeat or follow up business?

If you've decided that the current market is saturated, or decided to develop a new product or service, questions to consider include:

- Who are the competitors? Could they be partners?
- What is development time?
- What are costs of development, and how will you fund this?
- Do you have the skills to develop or do you need specialist advice?
- Who are the potential customers, and how will you reach them? (customer segmentation)
- What is the likely demand? (eg market penetration)
- What will be the return on investment (ROI)?
- What are the risks to the current business?

When applying for funding, the market research undertaken will demonstrate the need for the project ie it will identify the gap in the market. The initial stage will be desk research (known as 'secondary research') looking at what is already publicly available eg web searches, reports, articles, statistics. The next stage will be field research ('primary research') where you would do your own investigation into market eg survey, interviews.

Funding Masterclass Part XVI: Monitoring and Evaluation

Often overlooked, monitoring and evaluation can provide detailed information about how your organization is doing. Monitoring is the routine, systemic collection of information for the purpose of checking progress against plans. In business planning this would include things such as checking actual sales against forecast, reviewing cash flow and stock levels.

In a project context, monitoring is often tied into reporting on achievement of key milestones or targets – eg jobs created, people trained. This could be self-reporting through quarterly returns or by a formal monitoring visit undertaken by the funder.

Evaluation is a more formal review, using monitoring information to make judgements on how you are doing. In a business planning context this might be an annual review or a review of the introduction of a new product or development into a new market. In a project context, it is likely to be the measurement of against the initial purpose. And it shouldn't be considered a chore, as it could become an important message to impart to customers – what better good news stories are there than reporting on business success?

Questions to ask are:

- What initial resources were used? (input)
- How what it done/did we use them? (process)
- What did we want to offer? (output/target)
- What change has this made? (outcome)
- Is this change long term? (impact)
- Was it worth it? (judgment)

Evaluations can be done externally by evaluation specialists or internally, a self-evaluation. There is also 'service evaluation' by customers, think TripAdvisor or Amazon where customer ratings provide an instant evaluation on a product or service. A comprehensive project evaluation will involve talking to everyone involved at all stages, including customers and users. From the evaluation, it is possible to identify 'lessons learned' and use them to inform future developments.

Planning monitoring and evaluation is often overlooked in the project planning phase, and often left until a project has started which can complicate reporting if benchmarks and baselines. If you leave it until you've started on the project, you will always be playing catch up.

Funding Masterclass Part XVII: Record Keeping

Whether you are running a business, defining a specific project plan or preparing an application for funding, you will need to keep records. Some records you have a legal requirement to retain (and you'll face a fine if you don't), other records may help you know more about your business. And unless you are truly a solo operator relying totally on yourself, it is very likely that at some point someone else will become involved with the business, and having accurate records will help them quickly get up to speed.

- Customers – who, when, what and how, any contracts
- Suppliers – who, when, what, volume, invoices
- Sales and income, business expenses, bank statements
- Market research and competitor analysis

- Employees personal details – name, address, next of kin, job application/certificates/ references, right to work in UK, PAYE/pension, sickness and holiday records, petty cash
- Workforce equality data profiles eg age, gender, ethnicity, etc
- Press/publicity – press releases, media stories, leaflets, advertisements
- Benchmarking data to establish baseline against which to monitor progress eg sales figures, number of staff, turnover, cost of sales, unit sales (and keep the workings out so you can replicate)
- VAT records (if VAT registered) and insurances (public liability, professional indemnity)
- Applications for funding – arranged by funder
- Licenses and agreements (eg software)
- Leasing or hire records eg vans and mileage

Remember that if you are retaining any personal information then there are legal rules on what and how to store, which may include registering with the Information Commissioner as a holder of personal data.

Whilst it is sensible to keep details of your customers to help you monitor your business, these records can only help with marketing if they are current – so you may need to undertake a regular (annual?) data cleaning exercise. Ensuring records are up-to-date will take time, but will ensure that your marketing efforts aren't wasted due to out of date contacts. And there are laws governing what information can be used for direct marketing purposes, regarding opting in and opting out. So be careful. Good practice indicates that any marketing materials should include details of how to stop them being sent ie an unsubscribe button on email updates.

Once you have decided what records to keep, you will then need to give consideration to how – which is where being organized and managing the information comes in – which is in the next blog. If you require assistance on what records to keep, our qualified advisers can help you. Please contact Sophie Price on 01837 658643.

Being organized – the importance of managing information

Whether you are developing your business, defining a specific project plan or preparing an application for funding, you will be encountering lots of information.

Some you will be creating, some you will be locating and some you will be sharing – and it is very easy to become overwhelmed. When everything was done with paper, it was relatively easy to keep comprehensive records – as long as you had access to a typewriter and/or copier. The rise of computers has, on the surface, made things easier but in practice, a lot more complicated, as it offers the ability to retain everything.

The trick is to know what format is appropriate for what, and have a system that works for you. It may sound a chore to do, but being organized can demonstrate to a funder or bank manager that you are a safe pair of hands for their investments.

If you intend to only need to keep electronic records, ask yourself:

- Will any one else need to access? And how will they do it?
- What security to I have in place?
- How often should I back up?
- Do I need a bespoke or off-the shelf system?
- How will I manage version control and how will I arrange?
- How much storage capacity do I have?
- Will I be able to access when I need to? (top tip: if you are applying for EU funding it is likely you will need to keep records for seven years from project completing – so keep old versions of software!)
- When do I delete/destroy?

If you intend to keep hard copy only, ask yourself:

- Will any one else need to access? And how will they do it?
- What security to I have in place?
- Are effective printing facilities accessible?
- How should I organize?
- How much storage will I need?
- When do I delete/destroy?

If you intend to keep both electronic and hard copy, in addition to previous questions:

- Have I decided what gets filed in what format to avoid duplication?
- Am I disciplined enough to keep both systems up-to-date?

The mixed option is often the one most used, but fails if there isn't consistency and discipline in approach.