

## THE SUSTAINABLE SUN TOOL CAN

- Help you assess where you are in working towards financial sustainability.
- Give you practical ideas and support for how to move forward.
- Help you review your progress.

## WHAT FINANCIAL SUSTAINABILITY MEANS

A financially sustainable organisation, small or big, is an organisation that can consistently support and deliver its mission, making the most of changing markets and funding environments. We have identified six key aspects that contribute to financial sustainability to help you work out where you are doing well, and where you need to take action.

### THE RAYS

Each ray highlights an area that contributes to financial sustainability.

- A** A strategic approach: ensuring how you raise funds and what you raise funds for supports your mission.
- B** Income diversity: an appropriate mix of funding sources; donated and earned.
- C** Financial management: understanding and managing costs, income and risk.
- D** Communicating success: being able to show you are making a difference.
- E** External positioning: knowing where you fit, how you are different and how to tell people.
- F** Relationships: the relationships and partnerships with funders and others that you need to achieve your mission.

### TEN STEPS TO SUSTAINABILITY

No organisation achieves this in a single leap. Organisations that have systematically increased their sustainability describe a journey with ten steps:

1-2	UNAWARE	The organisation is at risk, but people in it are not aware of this and not thinking about change.
3-4	AWARE	People become aware that practice is leading to risks for the organisation and want to make changes but may not know how to and need help.
5-6	MAKING CHANGES	People in the organisation start to take action and put in place new initiatives to improve key areas, such as investing in new skills.
7-8	DELIVERING	New practices are established where needed and things are mostly good enough. Risk analysis becomes important in managing uncertainty and allowing further growth.
9-10	STRONG OR EXCELLENT	Organisations become strong; they consistently support and delivery their mission, and may lead their field through good practice and innovation.

### MOVE TO ACTION

For further information on the six areas covered in the Sun Tool, visit [www.ncvo-vol.org.uk/sfp](http://www.ncvo-vol.org.uk/sfp) where you will find a range of practical tools and resources to support you in developing and implementing a sustainable and appropriate income strategy.

### REVISITING THE SUN

After a few months, complete the Sun again, going through the same process and joining the dots on the Sun. This will show you where key areas in your organisation are developing and coming together, and help you identify areas to work on next.

The Sustainable Funding Project  
National Council for Voluntary Organisations  
Regent's Wharf, 8 All Saints Street  
London N1 9RL

T: 020 7520 2519  
F: 020 7713 6300  
E: [sfp@ncvo-vol.org.uk](mailto:sfp@ncvo-vol.org.uk)



**National Council for Voluntary Organisations**  
Regent's Wharf  
8 All Saints Street  
London N1 9RL

T: 020 7713 6161  
F: 020 7713 6300  
E: [ncvo@ncvo-vol.org.uk](mailto:ncvo@ncvo-vol.org.uk)  
[www.ncvo-vol.org.uk](http://www.ncvo-vol.org.uk)

Textphone: 0800 01 88 111

Charity Registration: 225922  
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SteersMcGillanEves Design 01225 465546

National Council for Voluntary Organisations

**Sustainable Funding Project**



# The sustainable sun tool: steps to sustainability





## A A STRATEGIC APPROACH TO FUNDING

STAGE WHAT PEOPLE IN THE ORGANISATION MIGHT SAY

- 1-2 We react to situations: if a plan exists it isn't shared or understood. We may make decisions in response to available money or personal interests, rather than mission.
- 3-4 We are frustrated by the lack of a plan or big picture of where we are heading, but are not sure how to be strategic about funding, especially within a changing context.
- 5-6 We have a clear mission and aims and are developing a planning process. We are working on how to assess and choose funding options more strategically.
- 7-8 We have a strategic plan and can identify risks and evaluate decisions strategically, but there are gaps and room for improvement. We are good at finding appropriate funding and reject funding that is not right for us.
- 9-10 Our mission is reflected in our work, values and ethos, and guides how we raise funds and what we raise funds for. We plan strategically and our plans are flexible and regularly reviewed in a clear transparent, inclusive process.

## B INCOME DIVERSITY

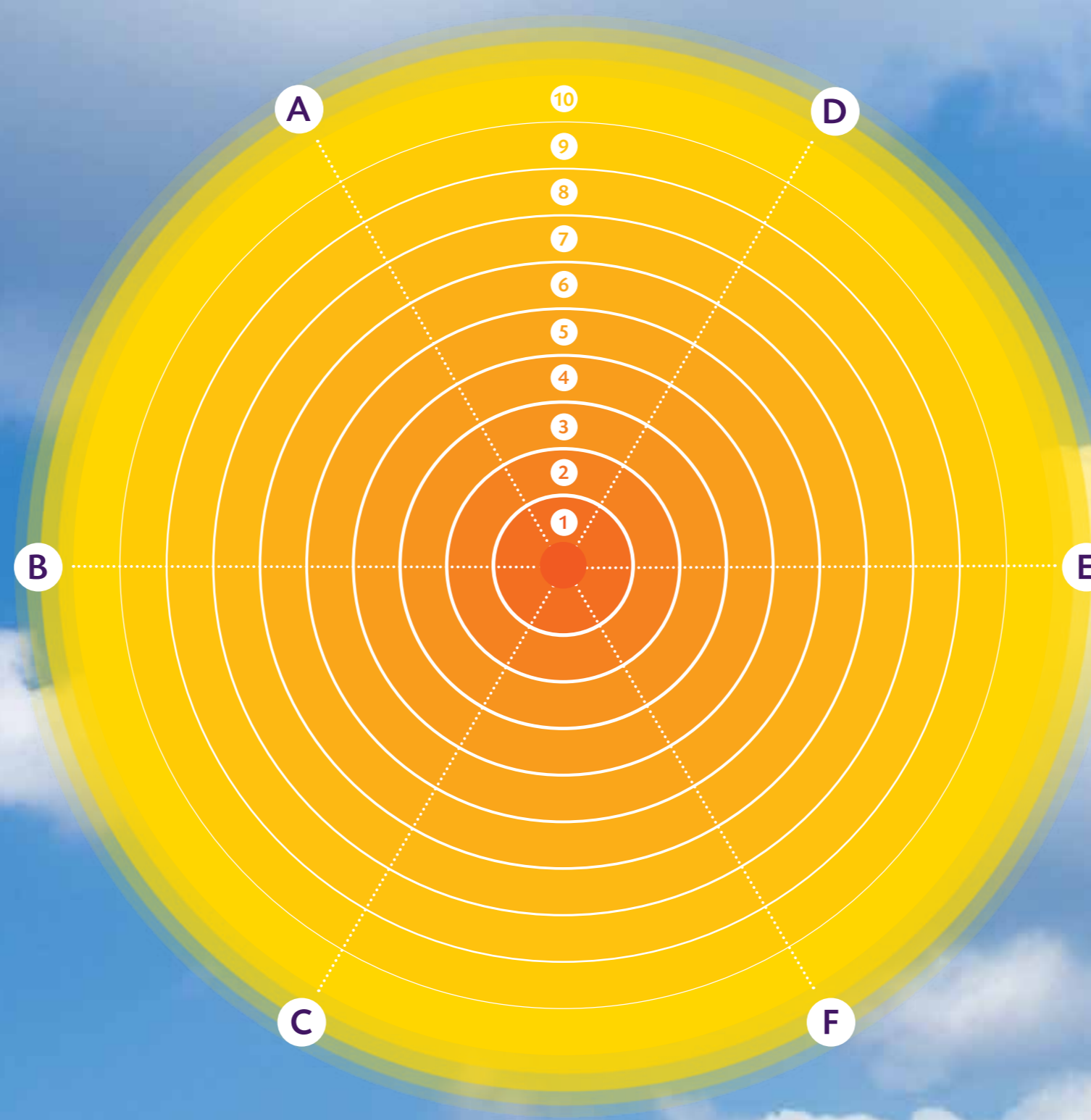
STAGE WHAT PEOPLE IN THE ORGANISATION MIGHT SAY

- 1-2 We rely on one source of income, or are dependent on inappropriate or costly income streams. We get caught off guard when funding ends, or treat repeating crises as normal.
- 3-4 We are concerned about the cost and or vulnerability of our funding. We want to find new sources but lack the skills or are not sure what to do.
- 5-6 We are actively exploring new forms of income generation and investing in the skills needed. New ventures and approaches take time to establish so our income is vulnerable.
- 7-8 We have a range of income streams that are appropriate to our mission, and vary in how they are generated, level of risk, and timing. We have or are developing the skills to support new income streams, and planning exit strategies for those streams seen to be at risk.
- 9-10 We have multiple income streams, with a range of sources of income, levels of risk, timings and costs. We are entrepreneurial, flexible and innovative in response to market changes and challenges.

## C FINANCIAL MANAGEMENT

STAGE WHAT PEOPLE IN THE ORGANISATION MIGHT SAY

- 1-2 We don't have clear records or controls for cash, income or expenditure. We may not know what assets need to be looked after, or when current funds will run out.
- 3-4 We have basic bookkeeping for income and expenditure, but need proper budgets and financial information to support our work.
- 5-6 We are in the early stages of budgeting and planning so that we can better review costs, manage expenditure alongside income, and forecast cash-flow.
- 7-8 We have up to date accounts, financial records and budgets and use them well. Improvements may be needed in some areas, e.g. costing new projects, assessing funding risks such as payment by results and lead in times for new ventures, and managing an active reserves policy.
- 9-10 We keep accurate and reliable financial records, budget and regularly review current and future risks and look after our assets securely. We use financial information effectively to plan for the future, manage risk and to inform and support income generation.



### HOW TO USE THE TOOL

This tool is designed for you to complete as a team or individually.

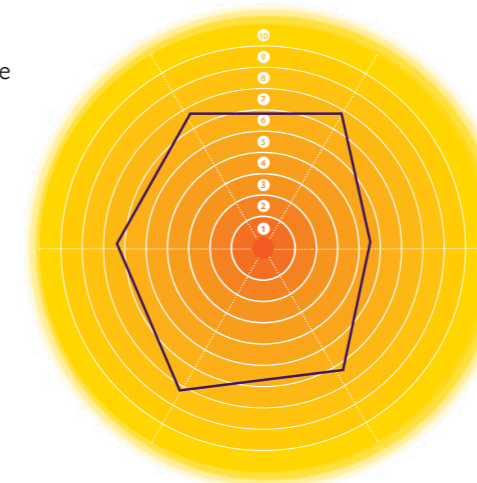
First familiarise yourself with the Ten Steps to Sustainability described on the inner circle cover. Then look at each scale and decide between you which stage of the journey fits your organisation best at the moment. Within each of the five stages the first number indicates that your organisation is just at the start of that stage and the second that it may be nearly up to the next stage.

Mark your score for each scale on the sun sheet, then join up the dots and see what shape you are in. The further your points are from the centre of sun the better – are there any areas where you are still too hot for comfort?

#### Example (Communicating Success)

*'We have just started measuring outcomes in one of our projects, but haven't got very far with it'* would be a 5.

*'We have completed a pilot project and are learning how to interpret the data we have collected'* would be a 6.



## D COMMUNICATING SUCCESS

STAGE WHAT PEOPLE IN THE ORGANISATION MIGHT SAY

- 1-2 We do not have plans to measure the results of our work: it is considered too difficult, or we do not see the need.
- 3-4 We can count what we do, and want to measure outcomes to demonstrate that we make a difference, but don't know how to or we lack the tools.
- 5-6 We gather some information about outcomes but need to improve how we do this, and may be investing in training. We are in the early stages of working out what the information tells us and our funders.
- 7-8 We mostly measure outcomes and analyse the data but need to improve how we use the information to learn internally and communicate externally. Starting to identify and address potential risks of this approach (e.g. staff wanting to work with "easier" service users).
- 9-10 We identify and plan for intended outcomes at the project development stage. We measure outcomes, use the data to review our progress, and learn and adapt what we do accordingly. We communicate how we make a difference and meet needs to those we work with and existing and potential supporters.

## E EXTERNAL POSITIONING AND MARKETING

STAGE WHAT PEOPLE IN THE ORGANISATION MIGHT SAY

- 1-2 We haven't given much thought to how we let people know about us or how we come across to the outside world.
- 3-4 We need more people to know about us or what we do, because we are missing out on funding, referrals and opportunities. But we lack the money or skills, (or marketing seems full of jargon and not right for us).
- 5-6 We are finding ways to get more people interested in our work and communicate to wider audiences. We are working out how to distinguish ourselves from other organisations that appear similar.
- 7-8 Mostly people who need to know about us do. We are good at saying what we do and how we are different, but we could be better at communicating to different audiences, forecasting external risks and adapting what we say as the context changes.
- 9-10 We clearly communicate who we are, what we do, and how we are different. We target our marketing effectively so we reach those we aim for. We regularly review how our marketing is working and adapt it as things change.

## F RELATIONSHIPS

STAGE WHAT PEOPLE IN THE ORGANISATION MIGHT SAY

- 1-2 We only really talk to funders, commissioners or supporters when we need money. We don't have much contact with others in our field.
- 3-4 We need to communicate better with funders, commissioners or supporters and organisations which might work with us but we are not sure how to do this.
- 5-6 We are trying to improve relationships with funders or commissioners and tailoring communication with supporters. We are networking more and may be beginning to find possible collaborators.
- 7-8 We are improving our relationships with funders, commissioners and/or supporters and see this as important for income generation. We are also involved in some collaboration or are actively exploring potential collaborations, for example putting together joint bids.
- 9-10 We have a strategic approach to building relationships, networks and collaborations, investing time as needed, and monitoring our effectiveness systematically, so that we have the relationships we need for financial sustainability and to achieve and sustain our mission.

