

Voluntary Action Merthyr Tydfil

Your local county voluntary council



VOLUNTARY ACTION
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7. Finding and getting money

7.11 Corporate funding

Getting support from companies

Approaching companies for money or other support is still a relatively unknown role for many voluntary and community groups. Often groups do not know how company giving works or how to approach it. Attracting money from companies does not mean that you have to change what you do or how you do it. You may just have to 'sell' yourselves in a slightly different way. However, for those groups who do work with companies there are many success stories.

Why do companies give?

Companies support voluntary and community groups for a variety of reasons. The more benefits you offer, the more creative you are, the more likely you are to succeed.

- To generate goodwill
- Valuable media coverage
- Market goods and services
- Reinforce corporate brand or image
- Employee volunteering or secondment

Companies often seek out causes that are most relevant to their business. This could be a geographical or a product link. For instance, an alarms company might support a crime reduction initiative. For local groups personal links may be important when a member of your group works for, or knows someone in, a local company.

The kind of help companies give

Gifts in kind – companies will often give away products, material or old office equipment such as computers. Some groups get free or subsidised office accommodation, photocopying or printing services from local companies.

Advice and support – you can sometimes get free specialist advice or services from local firms such as solicitors or accountants.

Contacts in the business world – the help of senior business people can be very influential in fundraising from others in the business world.

Employee secondment or volunteering – some companies will second staff to help local groups, or organise voluntary activities with their staff, including fundraising. This type of arrangement needs managing and can create extra work for your group.

Money – there are two main ways to get financial support from companies:

Donations – the company donates cash to your group as a ‘good cause’. The company can get tax relief on these donations but gets nothing else in return for its money.

Sponsorship – this is one of the means to promote a company’s brand and reputation to the public, while helping a worthy ‘cause’. It differs from a donation in that the company gets – and expects – something in return for its support.

Sponsorship can be offered as money or in kind. For example, providing equipment, offering business expertise or seconding employees, are all types of sponsorship in kind.

Large companies have a separate budget for sponsorship and they are very careful of how they spend it. It is important that the group or project they choose to sponsor has a good reputation and that the association will enhance the company’s public image through:

Increased brand awareness – the public gets to know the sponsor’s name and logo and will hopefully choose the sponsor’s product or services rather than competitors’.

Media coverage – sponsorship creates opportunities for name and/or logo of the sponsor to appear in the media.

Customer relations – sponsorship offers opportunities to invite clients to events (hospitality) and/or communicate with the customers through sponsorship publicity.

Employee relations – sponsorship programmes encourage company pride, increase loyalty and help recruit and retain quality staff. It also offers opportunities for employee involvement with the programme (secondment, attendance at events etc)
If you are seeking sponsorship, you need to be very clear about precisely what you are offering the company in return.

If you are registered for VAT, sponsorship counts as trading income for VAT purposes. The company cannot claim tax concessions on a sponsorship deal even if you are a charity.

How to approach companies?

When you approach companies, it is important to remember that their main concern is to make a profit – not to give to charity. It is therefore very important to do your homework and target companies who you think may be interested in your cause, for

example because you know someone there, or they are based in your area, or there is a link between what you do and their product.

- Be aware that companies will want to know what they are getting out of it.
- Find out whom to approach by name – do not send circular letters addressed 'Dear Sir/Madam'. Do some telephone research to find out who is responsible for charitable donations or sponsorship. This is often the corporate affairs, marketing or public relations department.
- If you write a letter it needs to be short and concise – one side of A4 preferably.
- It may take some time to get a response. Large companies or chains may have to get permission from a head office.
- If the company has a policy on giving to – or sponsoring – good causes, they may well plan ahead, often a year or more.
- Be realistic in your expectations.
- Remember to say thank you if you do get help and acknowledge their support in your annual report or newsletter.

Useful resources

www.bitc.org.uk – Business in the Community

www.companygiving.org.uk

www.companieshouse.gov.uk – check out a company

www.yell.com – find a business

The Guide to UK Company Giving 2007/08 by John Smyth and Denise Lillya, Directory of Social Change, March 2007

Corporate Fundraising edited by Valerie Morton, Charities Aid Foundation, 2002 (new edition due June 2007)

Finding Company Sponsors for Good Causes by Chris Wells, Directory of Social Change, 2001

Disclaimer

The information provided in this sheet is intended for guidance only. It is not a substitute for professional advice and we cannot accept any responsibility for loss occasioned as a result of any person acting or refraining from acting upon it.

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