

FUNDRAISING CONCEPTS

Lesson 5 – Fundraising for For-profit Organizations

**Presenter: Peter McFarren, Chief Development Officer, Habitat for Humanity-Charlottesville
MWF Institute Instructor, Presidential Precinct**

Transcript

[TEXT: Young African Leaders Initiative Online Training Series]

[TEXT: Mandela Washington Fellowship Institute Course]

[TEXT: Fundraising Concepts]

[TEXT: Funding opportunities for for-profit businesses or organizations]

If you're joining me, then you know I am Peter McFarren and this is Fundraising Concepts. I trust that you've made it through each of the lessons in this course: fundraising strategy and plan, marketing and communications plan, and funding opportunities for non-profits.

Our final stop is funding opportunities in the for-profit sector. There are a wide range of funding opportunities for profit-making institutions, depending on their financial and legal structure and line of business. These can involve equity investments by individuals, angel investors, multilateral organizations as well as business incubators.

Most financing institutions will want to see that you have made your own financial investments in your project. They'll want to see a solid business plan and a manageable debt-to-equity ratio. That means your cash flow must show that you are able to cover your debt, pay for capital and operational expenses, and have funds left over to provide a return to an investor.

Take a close look at your debt-to-equity ratios, your cash flow, the interest you will pay on a loan and the expected returns. Make sure debt is manageable. Consult with professionals like lawyers and accountants if you can. Be sure that the reality of your company is in line with the expectations of an investor. In some cases, an investor will require guarantees. Make sure they are realistic and will not suffocate your company. You must also evaluate and manage the monetary and political risks associated with your company or project. For example, if there is a devaluation and your loan is pegged to a foreign currency, will this limit your capacity to pay off your loan? Be smart about managing your risk.

Joint ventures are another useful vehicle for bringing in capital to your organization. Investments through incubators or micro-credit organizations are other options, depending on your financing requirements, size and sector. The advantage of a joint venture is that it can bring in financing, technical and managerial skills to your organizations and provide the groundwork for an eventual partnership.

Raising resources involves hard work by a committed, multidisciplinary team. It requires looking for opportunities, creativity, patience and persistence, managing risks, and knowing when a chosen path is viable and when changes need to be made.



Fundraising is not a science but a process. Stand ready to adjust that process as the reality of the project changes and new opportunities open up. Your plan should be innovative in nature and flexible in design to accommodate fresh approaches or methodologies. At the same time, recognize the limitations of the plan. The experience and the passion you feel for your work will help you overcome many obstacles so your efforts will bear fruit.

Regardless of what type of company or organization you create, knowing how fundraising, grant distribution and philanthropy have changed in recent years positions you to move forward with confidence. Keeping abreast of the latest trends in fundraising places you on the forefront of opportunity. Investing in your team members through professional development widens your net for success.

Remember, investors want to know how their resources are invested and how they will make a difference. You must demonstrate that your idea is viable, innovative and sustainable. If you reach a wall, find a way to climb over it or go around it! As more people believe in and support what you do, the greater your impact and success will be. Step by fundraising step, you can make your dream come true and make a positive impact on your community.

Thanks for joining me.

Go to www.yali.state.gov for more information and resources related to this course.

[TEXT: Test your knowledge
YALI.STATE.GOV]

[TEXT: YALI Network]

[TEXT: Produced by the U.S. Department of State]

