

How to Generate Income

Introduction

Income generation means undertaking a commercial enterprise, usually with the aim of recovering costs or making a profit. This could include:

- charging the users of a service for providing that service (eg coaching activities)
- providing a service under contract for a body (eg local authority summer schemes)
- selling items made by beneficiaries of the organisation (eg calendars with club logo)
- selling items to members, visitors and supporters (eg equipment and clothing)
- earning money through sales/training (eg coaching masterclasses)
- entering into a commercial activity completely unrelated to the work of the club, simply to make money (eg bar/room hire for social activities such as parties and weddings).
- commission from selling products (eg stocking certain beers behind the bar).

While this may sound simple, you need to ensure you have the resources to develop and manage a successful enterprise before you decide to get started.

Why Income Generation?

For a long time, clubs have relied on membership fees, grants and public fund-raising for the bulk of their income, while earning income by charging for services has traditionally been seen as more appropriate for a private sector organisation.

Income generation has many benefits:

- It reduces dependency on outside support and major grant sources, giving you much greater independence from funders and freedom to represent your members.
- You are helping to create a more robust organisation. The more you earn, the less you will have to raise, and the more viable and sustainable your organisation will become. A wider range of income streams makes you less dependent on any one source.
- You can make a better case to funders by showing the breadth of your income and your ability to turn work funded by short-term grants into longer-term income-generating activities. Income generation can also take a lot of pressure off your fund-raising.
- You can only sell services if they are needed and of sufficiently high quality, and if someone is prepared to pay. This can add an important dimension to your quality standards and strengthen the link between the service you provide and the user.
- Projects can be fun, create social bonding, improve relationships between your club and its local community, and bring greater commitment and understanding to club members.

Advantages of Income Generation

- It can provide an additional independent source of income for your work.
- It forces a more commercial approach to the management of your organisation, such that the cost and value of each area of work is known.
- It creates a livelier entrepreneurial approach.
- The more successful you are, the greater the income you will generate.
- It can increase recognition of your organisation with potential supporters.

Arguments against Income Generation

- Asking donors for money is easier.
- It's only the surplus (after meeting all costs) that is available to support your club.
- It can make the organisation too commercial, distort priorities and distract from the real agenda.
- Too often, it loses rather than makes money.
- Your club may not have the skills, commercial expertise, management capacity or organisational structure to undertake income generation successfully.

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Things to Consider

- ❖ Establish the aims and objectives of the club, and develop a business/action plan. This will help you to analyse the current situation and assess development opportunities.
- ❖ Ask your club treasurer for a list of fixed and variable income/expenditure so you know where the money comes from and goes.
- ❖ Identify what projects you need to raise money for, and what priority you are giving to the projects. Avoid trying to raise money for two or more projects at the same time.
- ❖ Some projects are more exciting to potential givers than other projects. For example, it might be better to build your reserve fund through membership fees and ask for donations towards the new kit/clubhouse/development than the other way round!
- ❖ Take time to win hearts and minds, especially when you are looking to raise a lot of money. Perhaps you need several club meetings where everyone has a chance to discuss/agree the vision, and come on board. The more people who are excited by the vision, the better they will be at fund-raising.
- ❖ Consulting with the local community will inform them of your vision and plans and may help you to gather support as you develop your plans.
- ❖ Identify the skills you need for the project, those you already have within your club, and those you will need to acquire.
- ❖ Your governing body of sport and local council leisure services department might be able to offer advice and guidance.
- ❖ If building work is required, talk to local builders and suppliers who may be prepared to donate time, expertise or materials to the project. Remember that materials 'in kind' can often be used as matched funding when applying for grants.
- ❖ Plan how you will monitor and evaluate the progress and completion of the project (this will be needed if you have to make progress reports to grant makers, donors, shareholders, banks etc). Have an answer for how you will continue (ie sustaining the project through generating revenue) when the grant/aid comes to an end.
- ❖ Keep everyone advised of progress.

Further Information

The **runningsports** website (www.runningsports.org) has useful resources including *Fund-raising, Grants and Sponsorship* and *The Role of the Treasurer* Quick Guides, along with other downloadable Top Tips, Role Outlines and information on training, including workshops and workbooks. Alternatively, telephone the **runningsports** Hotline on 0800-363 373 for further information.

Other Organisations Worth Checking Out

Name	Telephone	Website
Governing bodies of sport		See your governing body of sport's website.
Lotteries Council		http://lotteriescouncil.org.uk/public/legal/running.shtml
Gambling Commission		www.gamblingcommission.gov.uk

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