GOOD FUTURES
FROM GOOD INNOVATION

THE FUTURE OF FUNDING

PUBLISHED 8TH SEPTEMBER 2022

“We believe this is a Crucible Moment, one that will present challenges and opportunities for many of you. First and foremost, we must recognize the changing environment and shift our mindset to respond with intention rather than regret.”

Sequoia Capital

WELCOME

The Paradigm Shift is an opportunity to travel deeper down the rabbit hole to focus on a single macro trend. In each report we take a look back to look forward to see how the paradigm might change and what that means for you, your organisation, and your supporters.

All framed within the lens of income and impact.

CONTENTS

FOREWORD

The next few years are going to be tough. The cost of simply keeping the lights on has quadrupled since 2021. Inflation is the highest it's been for 40 years, and more than half of UK households are predicted to be in fuel poverty by January 2023.

So in a market where your beneficiaries need you more than ever, but your traditional fundraising products are struggling as households cut back on discretionary spending; and you're probably being pushed to slash spend, cut costs and reduce investment in order to sustain BAU and ride out the storm.

How do you make a case for continued or increased investment in innovation?

During the 1990s recession, one thing characterised almost all of the worst performing charities - disinvestment in fundraising budgets. Staying open, involved, and active in innovation is actually the less risky move than closing up and trying to weather the storm.

Because when the storm ends, the funding landscape may look a whole lot different.

Welcome to the future of funding.

Daisy O'Reilly-Weinstock
Director of Big Bets

STATE OF THE NATION

"We're rightly being told there will be a cost to all of us of the necessary sanctions on Russia & it'll exacerbate the cost of living crisis. Yet let's be watchful that the narrative doesn't change so the whole cost of living crisis is due to it. It was in place long before this."

Martin Lewis
3rd March 2022

WHAT
IS IT?

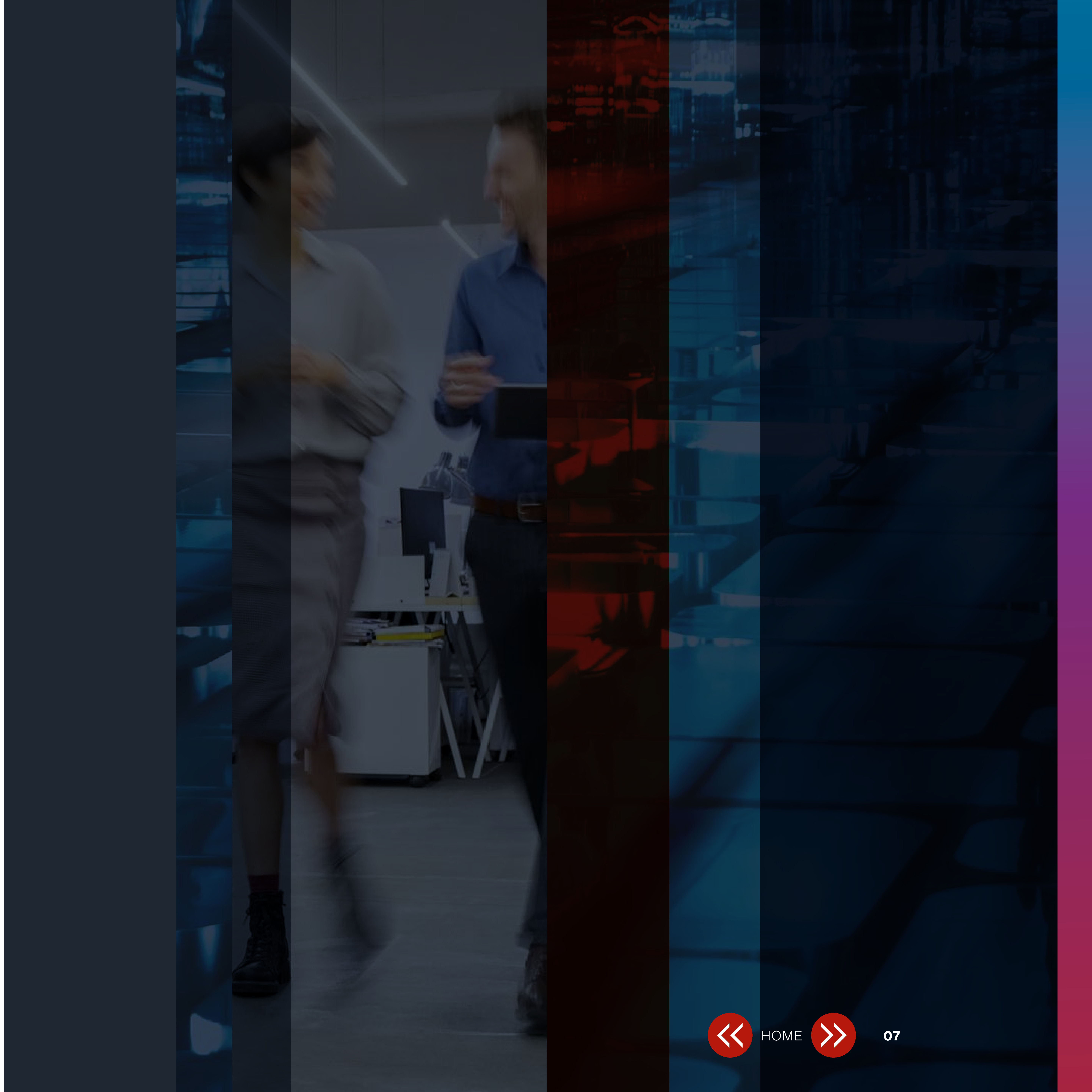
War in Ukraine, the rapidly rising cost of living, fuel poverty, Inflation skyrocketing, expected food shortages, covid on the return and crypto crashing.

You'd be forgiven for looking at that list and choosing to pull the blanket back over your head and waiting things out till 2023.

After 2 years of pandemic lockdowns and uncertainty, many embarked on 2022 with a hope that '**the roaring twenties**' would finally be upon us. As one speaker at last year's CIOF conference put it, "*A post-pandemic 'feelgood factor' could result in people being more benevolent towards charity.*"

And then reality hit. Mass participation sign ups are down, sponsorship is tanking, challenge events, gaming, lottery and community fundraising are all struggling.

According to most economic forecasters, we've not yet faced the worst of what's to come. The cost of living is going to rise further. Inflation is expected to reach 13% this year. Food shortages are going to run well into 2023 and beyond. Covid rates will continue to fluctuate, and who knows what will happen next in Ukraine.



STATE OF THE NATION **ANALYSIS**

Rather than give into the doom, we wanted to take a pragmatic view through the PESTLED lenses. This state of the nation snapshot looks at what's happening right now - a horizon scan of events and influences we think you need to be aware of, and preparing for.

We've focused on those national and global drivers of change that we believe will impact the funding environment and fundraising mechanics for the next 2 years.

Alongside our PESTLED analysis, we've also surveyed 23 charities for a snapshot of how they're performing now, and how they're preparing for further economic uncertainty.

Next week we'll consider how other sectors are responding to the economic crisis, and what we can learn from how others and the charity sector have innovated their way out of previous recessions and through the long road to recovery.

Our headline for you at the moment is now is **not the time to panic**. As Sequoia Capital put it in their '**Adapting to Endure**' report published in May this year, 'now is the time to pause and reassess'. Whilst national and global events may feel overwhelming, and some previously bankable fundraising channels may be underperforming, our sector snapshot shows a fragile but determined optimism, and a real appetite to invest in innovation now in order to come out stronger in the long run.

COST OF **LIVING**

Growth falling

The OECD forecasts **UK GDP growth of 3.6%** for 2022, down from the 4.7% forecast previously (in December), and 6.9% forecast in 2021. In 2023, GDP growth is forecast to be 0.0%, down from 2.1%.

Fuel poverty

Russia's invasion of Ukraine escalated the already rising price of energy. It's estimated that **8.5 million households** will enter fuel poverty for the first time this year, and **1.3 million people** will be pushed into absolute poverty next year.

Wages

Stalling wage growth and planned tax rises plus a freeze on the personal income tax allowance mean UK household incomes will fall at an average cost to families of £1,200 in 2022, with households facing a **£20bn hit to real disposable income** over the next 2 years. **The average UK wage falls at the fastest rate in two decades**.

Spending

Older groups are more likely to say they're spending less– 37% of baby boomers say this compared to around 30% of Gen Z and millennials, and across the board consumers are reprioritising their spending.

Inflation

The Bank of England expects inflation to reach 13% in 2022 and continue to rise in 2023, potentially hitting 18%. The current inflation rate of 11% is the highest since 1981. Britain has the highest inflation in Europe and, in an attempt to counter inflation, the Bank of England have raised interest rates to 1.75%.

Brexit

The Resolution Foundation and academics from the London School of Economics said the average worker in Britain was now on course to suffer more than **£470 in lost pay each year by 2030** after rising living costs are taken into account, compared with what would have followed a remain vote in 2016.

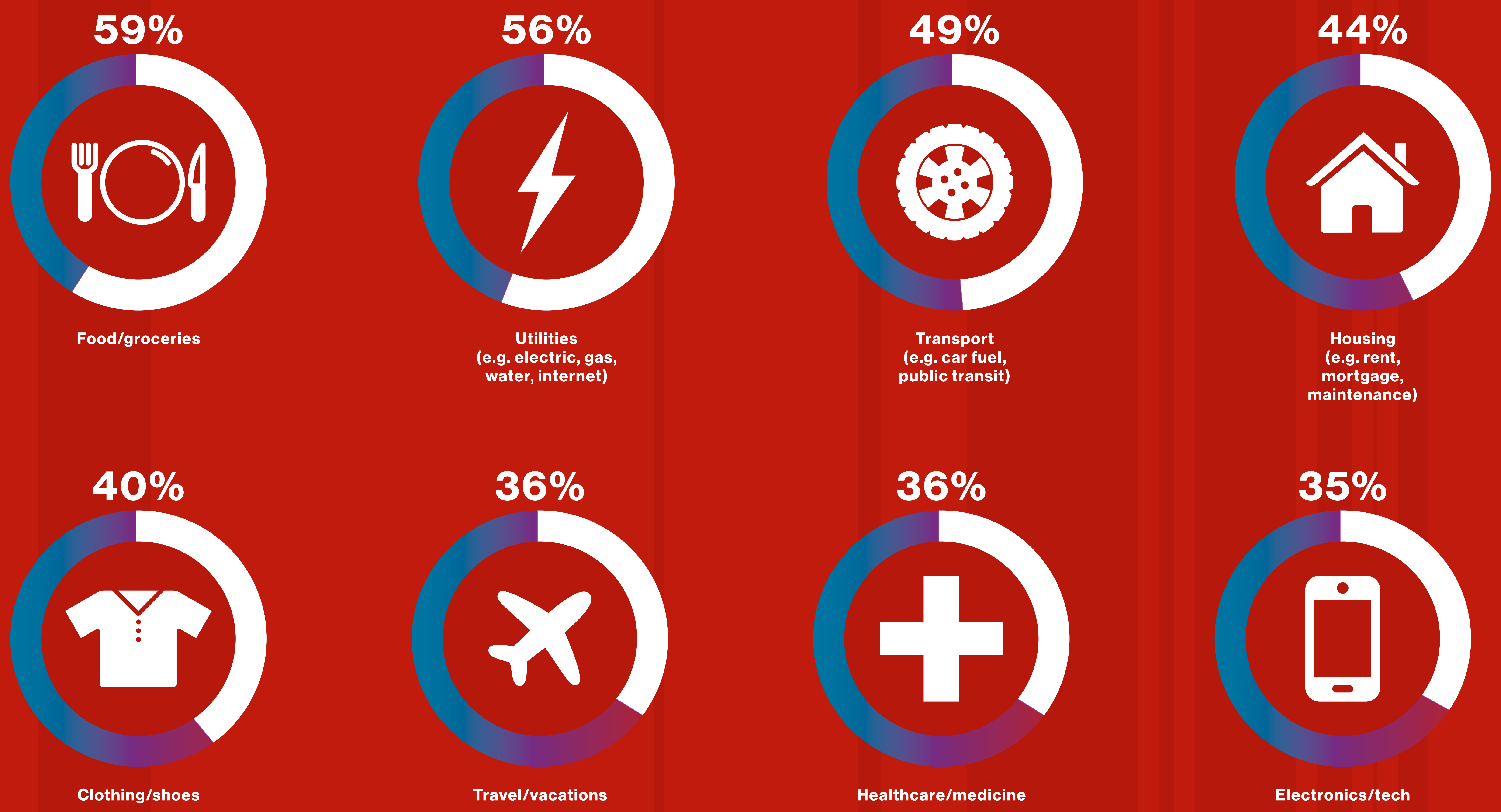
Covid Debt

On top of rising costs, we're also facing a **debt tsunami** as a result of Covid measures. **UK general government gross debt** was £2,223.0 billion at the end of March 2021, equivalent to 103.7% of gross domestic product (GDP). How the government chooses to manage this debt could have serious long term implications.

CONSUMERS ARE COST SENSITIVE **ABOUT THE BASICS**

[Source: GWI]

% who say they're the most price-conscious about the following:



Which of these are you currently most price-conscious about?

GWI Zeitgeist April 2022

12,803 internet users in 9 markets aged 16-64

SO
WHAT?

For most Millennials, Gen X and Gen Alpha, they've lived through an unprecedented period of economic certainty and stability, with historically long periods of low inflation and low interest rates.

Households who were previously getting by comfortably; switching providers, managing their budgets, are suddenly in a position where they simply can't afford to heat their homes and feed their families.

The Bank of England are taking measures to try and curb inflation, whilst Boris Johnson has warned workers against asking for bigger pay rises to prevent a 1970s-style "**wage-price spiral**" driving inflation higher.

With a **further slowdown in the economy predicted in the autumn**, the possibility of a recession is on the cards.

"Let me be clear - we're expecting the economy to be pretty much stagnant. It won't take much to tip us into a recession, and even if we don't, it will feel like one for too many people."
Tony Danker
CBI director general.

THE IMPACT OF INFLATION **ON CHARITIES**

Costs will rise, especially for staffing

Price rises will impact the costs of goods and services, which in turn could impact how much charities can deliver within their funding envelopes. The most significant increase could be in salaries.

The most recent NCVO Almanac found that staffing costs account for 37% of total charity sector expenditure, or around £20.4bn. To ensure that wages don't fall in real terms as a result of inflation, they would need to spend an additional £2bn in 2024.
[Source: Pro Bono Economics]

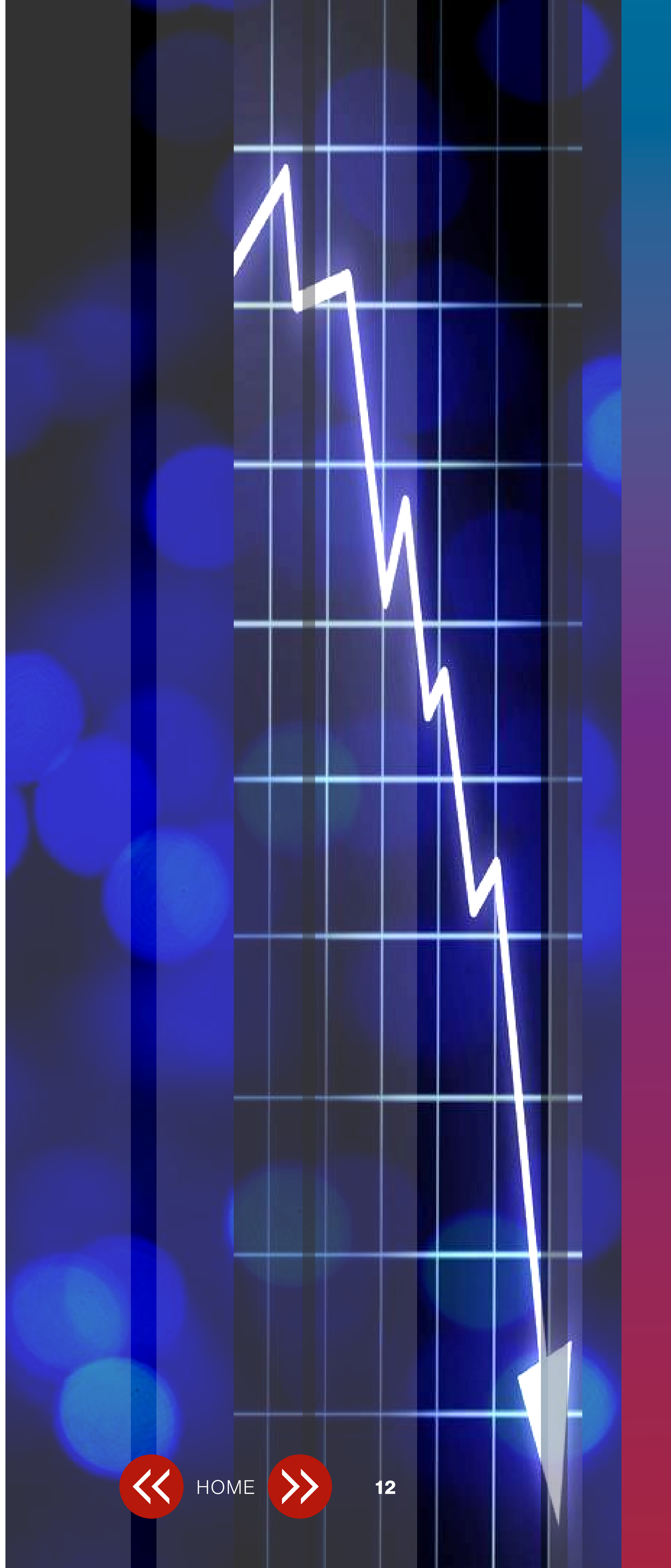
Charity income is unlikely to keep up with inflation

The cost-of-living squeeze is already impacting products like cash, lottery and mass participation, and **data from previous recessions** show that people give less to charity during these periods. **Pro Bono Economics** also estimates that the real value of the median amount donated or sponsored of £20 in 2020 will fall to £17.20 by 2026, a reduction of 14%.

Services will be in more demand

The most deprived households' budgets are already under severe stress, driving high demand for charities supporting those living in poverty. A **report by the Joseph Rowntree Foundation** outlines how inflation is pushing more people deeper into poverty.

Trussell Trust has said it's witnessing an accelerating crisis across the UK as the need for emergency food dramatically increased in the past six months. This follows the £20-a-week cut to Universal Credit and the soaring rise in living costs that people are facing.



ROCKY YEAR AHEAD FOR **UK POLITICS**

Whilst Boris Johnson survived the no-confidence vote in June, his trust and approval ratings from the general public were at record lows, with 74% of UK adults viewing him as untrustworthy according to a June YouGov poll.

Not even party-gate, by-election disasters, sexual misconduct allegations against his own MPs, and repeated instances of being accused of misleading MPs and Parliament could seem to dint Johnson's self-confidence. It took mass resignations from his cabinet (more than 50) for Johnson to finally mic drop his way out of Downing Street.

With a summer of 1970s style strikes (teachers, rail workers, post office staff, bus drivers, BT, airline ground crew, barristers, TFL and traffic wardens), plus Nicola Sturgeon's plans for another Scottish independence referendum in October 2023, and an attempt by the government to change the Brexit agreement in order to protect the Northern Ireland Protocol, the next 18 months look challenging for whomever leads the conservative party. (Government approval rating is currently on a downward trajectory at 21%).

So What?

The Conservative leadership election left the UK like a ship at sea, desperate for direction on how to combat cost of living, but with two captains fighting like squabbling children over toys rather than making concrete plans on how to batten down the hatches for the coming storm.

Liz Truss is now officially in post and we wait to see what plans she has to take action on the pressing issues of cost of living, inflation, war, poverty, health, employment and education.

COVID **FATIGUE**

Despite rising covid rates, it's unlikely the UK will enter another mass lockdown. The government's Living with Covid strategy, published in February this year, sets out the plan to move away from government restrictions, and towards a system of personal

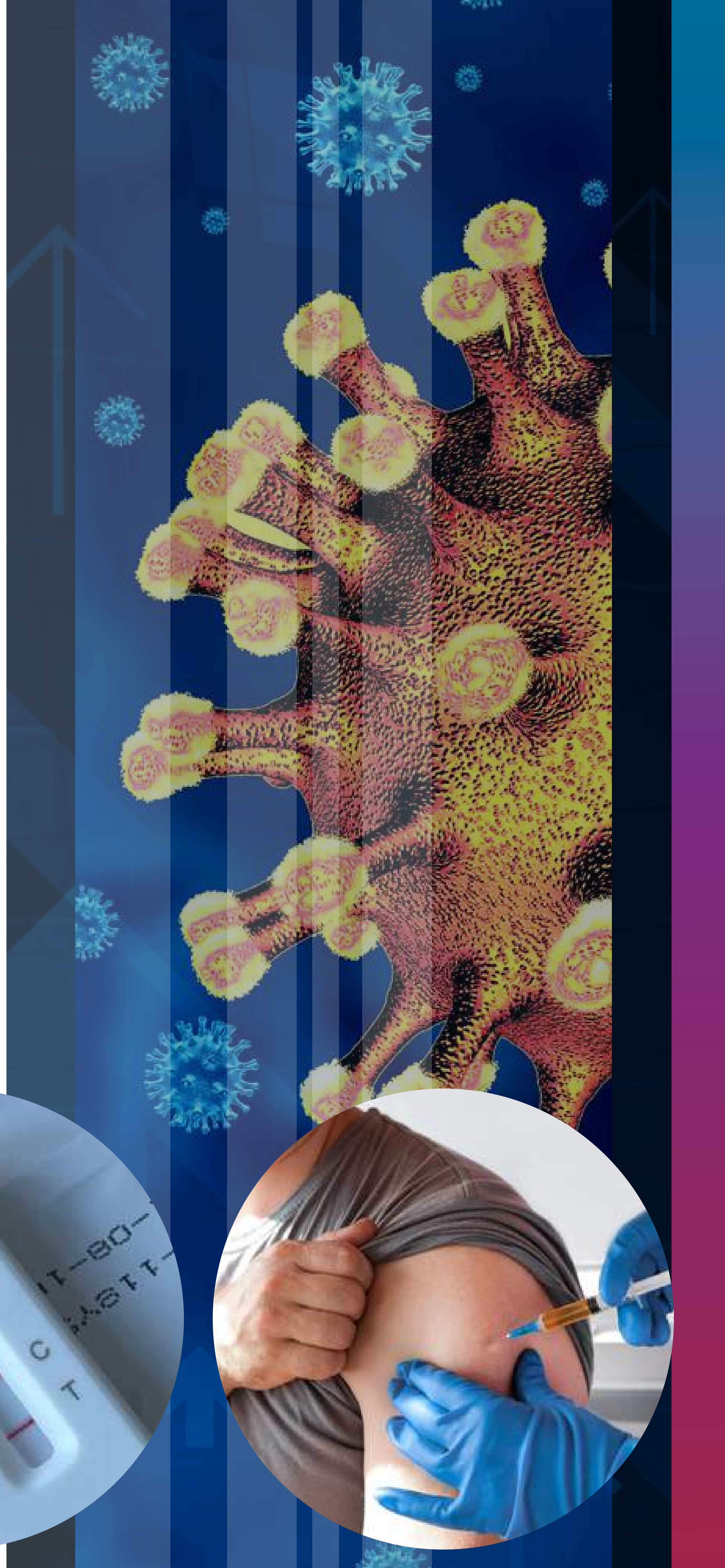
However rising infection rates will continue to contribute to the stress and uncertainty we've all lived through for the past two and a bit years.

We've only just started to unpack the long term health and social impacts of Covid-19. From the management and treatment of long Covid, to the **health implications of long term cortisol exposure**, and the social and developmental impact of isolation on **childhood development**.

At work, staff and volunteer stress has led to a 221% increase in search terms related to burnout. Leadership is fatigued from trying to maintain business strength and team morale for the past 2 years, whilst also pivoting to new ways of working and governance structures.

So What?

Whilst we may wish to be able to close the lid on Covid-19, we're going to have to live with it, and its impacts, for many decades to come. Building resilience into your operations and creating support structures for your teams are critical. Helping the squeezed generation who have been caring for children and parents whilst trying to work full or part time. Prioritising the mental health of your people and teams.



THE RETURN OF COLD(ISH) WAR

On 24th February 2022, Russia invaded Ukraine in a major escalation of the Russo-Ukrainian War that began in 2014. The invasion caused Europe's largest refugee crisis since World War II, with more than eight million Ukrainians fleeing the country and over a third of the population displaced.

The invasion and subsequent sanctions against Russia have caused massive disruption to food and fuel supply chains.

Ukraine punches far above its weight as a food exporter, contributing **42% of the sunflower oil** traded on the global market, 16% of the maize and 9% of the wheat. Whilst Russia is **actively throttling the supply of natural gas** through Europe in an effort to put pressure on European nations as they attempt to stockpile ahead of winter.

Over 1,000 international businesses and brands have either **ceased trading or pulled out of Russia** completely, including: Airbnb, McDonalds, Netflix and Spotify.

In response, the Disasters Emergency Committee Ukraine Humanitarian Appeal has raised over £350 million, setting a new Guinness World for the most money raised by an online campaign in one week - £61,997,547 was donated online between 3-10 March 2022.

For some, the geographical proximity of Ukraine has made the urgency of the ask more real, sparking deeper feelings of empathy and personal fear. Whilst for UK-born Gen Z and Gen Alpha this may be their first experience of war within Europe, brought home even more viscerally through a non-stop supply of content from the front line via TokTok.

The platform has both given a voice to Ukrainians on the ground, and become a battleground for state-sponsored propaganda and misinformation from both sides of the conflict.

So What?

Whilst we have no idea what will happen with the conflict in Ukraine, or what the outcome might be; the implications of missed harvests and sanctions will continue to impact the rising cost of living in the UK well into 2023. There are also concerns that Russia's relatively unchallenged aggression in Ukraine sets a worrying precedent for China's views on the sovereignty of Taiwan.

THE RETURN TO .....?

The ending of government enforced isolation and lockdowns has also forced employers to make some decisions about ways of working.

From the balancing act of home working, furlough and front line, to the rise of the TWATS (Tuesday, Wednesday and Thursday office workers).

As we collectively try to navigate our way to new working practices, there's a division arising between approaches.

On one side we have the approach of **Elon Musk** and **Jacob Rees- Mogg**, who are in favour of presenteeism - 'If you're not present in the office, you are not working, and can look for work elsewhere'. Whilst **DropBox and Slack** have both become 'virtual first' companies, meaning that working outside of the office would be "*the primary experience for all employees and the day-to-day default for individual work.*"

So What?

For everyone else, you're probably trying to work out how to make hybrid a functional experience wherever you're based. Add into this the start of the **UK's largest ever trial of the four-day week** and the questions real estate requirements and team culture come into sharp focus.

TALENT **TURBULENCE**

After the Great Resignation of 2021, came the year of burnout and the rise of sabbaticals. However, the truth is the great resignation didn't start with the pandemic. So what's driving this talent turbulence?

The pandemic opened up the opportunity, for some, to consider a different way of working. One no longer location-dependent. They were offered a window in which to pursue their dream job, or transition to a different working practice.

The pandemic opened up the opportunity, for some, to consider a different way of working. One no longer location-dependent. They were offered a window in which to pursue their dream job, or transition to a different working practice.

Even before the pandemic workers were reevaluating their relationship with work; seeking out employers whose values and business practices aligned more with their own. The prioritisation of impact and purpose before pure financial compensation. **Gen Z in particular** are bringing a fresh perspective and new expectations from what they want from work.

Alongside finding employers aligned to their values, people are now prioritising workplaces that offer more flexibility and valued incentives. Out are bean bags and table tennis tables. In are unlimited holidays, parental leave and support for caring responsibilities and fair compensation.

The uncertainty created by Brexit negotiations has impacted the talent pools for many industries. On the flip side, **42 countries have introduced digital nomad visas** to encourage mid-term stays for remote workers.

The third sector has an issue with low pay. **The Living Wage Foundation** found that 17% of all third sector workers earn less than the real Living Wage, which jumps to 29% of all part-time sector workers, the majority of whom are women.

So What?

Everyone is struggling to recruit. Skilled workers have their pick of roles, whilst more junior or **unskilled workers are leaving poorly paid industries** in favour of more financially lucrative sectors. As corporates start to pick up the pace on purpose and impact, there's a risk that talent that might once have been drawn to the third sector will be snapped up by corporates who can offer a higher salary and more lucrative overall package.

CRYPTO **CRASH**

Cryptocurrencies are inherently volatile, with a track record of boom and bust cycles, and in May this year crypto hit another bust cycle.

In 2022 the value of Bitcoin dropped by 80%, falling under $20,00 for the first time since November 2020 and almost $2 trillion value wiped out of the market.

A large factor in this plummet was the collapse **of the stablecoin terraUSD**. A knock on impact of the crypto crash is the stall in **NFT sales, which have hit a 12-month low**.

So What?

Don't write off crypto yet. There's a whole new potential audience to engage who are looking to share some of the profits made from their investments.

RIP
COOKIES?

Cookies track users' internet activity and allow digital publishers to target advertising.

At the start of 2020, Google announced their plans to remove third-party cookies from Chrome, On 3rd March 2021, Google shared that they will not build alternate tracking identifiers with similar cross-site tracking abilities after phasing out third-party cookies.

This change was due to be made by Google in late 2023, but in July they decided to delay the deadline for the second time to 2024. The reason for the delay is to give advertisers more time to test and implement alternatives.

Why are they doing this? In a blog post from 2021 Google said, "*Users are demanding greater privacy—including transparency, choice, and control over how their data is used — and it's clear the web ecosystem needs to evolve to meet these increasing demands.*"

So What?

When all major browsers stop supporting third-party cookies, it will become impossible to set up audience targeting and frequency capping for 99% of users. Meanwhile, **cross-site audience targeting will become a thing of the past**. One solution will be first-party user data (i.e. data you get directly from your customers). Segmentations and CRMs will become increasingly important in order to understand and market to your audiences.

THE COST OF **CLIMATE CHANGE**

As Japan swelters under the worst heatwave ever recorded, and 10% of Pakistan is under flood water, extreme climate events are becoming the norm, not the exception.

For individuals and businesses the cost of climate change is starting to bite.

From managing the physical risks of extreme weather (leading to higher insurance premiums), to green levies and taxes introduced to fund change, getting to Net Zero is not without a heavy financial cost.

So What?

Combined with the current rising cost of living, the cost of climate change is yet another factor eating into the disposable income of households and adding to the cost of doing business.

SET TO BENEFIT **THE PLANET**

[Source: GWI]

% who say they plan to do the following:

AGEING **POPULATION**

The first results from the 2021 census data show one sixth (18.6%, 11.1 million) of the population in 2021 are now over 65 - up from 16.4% (9.2 million) in 2011.

0.9% of the population, 527,900 people, are now aged 90 or over.

In 2011 that figure was 429,017, or 0.8% of the population. Combined, this means that nearly a fifth of the population are pensioners.

By 2040, a quarter of us in the UK will be over 60, and people over 55 will account for 63p spent in every £1. People over 50 will make up 40% of total earnings. And it's not just the UK.

So What?

Want to get the so what's on the future of ageing? Head over to the members area of the **Good Futures website** to access all our content and reports on ageing.

WHAT'S HAPPENING IN THE **CHARITY SPACE?**

There are more charities than ever before, competing for a share of wallet, time and audience - The number of charities has grown steadily over the last 10 years, with 170,000 charities now registered in the UK.

Fewer people are giving to charity

The percentage of people in England **giving to charity** has decreased from 83% in 2013/14 to 63% in 2021.

Recent CAF data shows the number of people giving to charity has fallen by five million since 2019. HOWEVER, a survey conducted by Human Appeal claims that **one third of donors expect to give more in 2022 despite rising costs**. (Note - we would be cautious about the claims in this survey due to sample size).

Those that give are giving proportionally less

The **most affluent are giving less** of their proportional wealth, and between 2013 and 2019 the **average donation** given to charity grew by 10% but the UK's **disposable income grew** by 25%.

Pandemic giving behaviours haven't stuck

Research commissioned by the Covid-19 Support Fund published in April 2021 found that an estimated **2.2 million givers intend to reduce the amount they donate post pandemic** and 1.6m had already cancelled at least one charity direct debit. Of those still intending to donate, 11% plan to donate to smaller charities in future.

Previously bankable products are struggling

In our survey all products were mentioned as struggling, but lottery, cash, gaming and **mass participation** were the ones that appear to be hit the hardest.

"*We're not hitting forecasted volumes on any of our products. Any products with a cash ask business model are struggling severely. CPAs have increased so much since they were first launched that ROI is taking a hit and we are having to review our ongoing strategy*"

"*Our offers to new audiences have been hit, which I think is more to do with the cost of living and potential new supporters not wanting to take on another expense.*"

Legacy income could be in for a shock

Legacies are currently shoring up in-year fundraising shortfalls, and many people believe that the **value of legacies will continue to increase** over the next 5 years. However the **generational wealth transfer**, putting the control on the hands of female Boomers, may impact those forecasts. This group in particular, wants to see the impact of their philanthropy in their lifetime.

WHAT'S HAPPENING IN THE **CHARITY SPACE?**

Not after their death. Combine this changing behaviour with the financial burdens of care and the size and value of estates left to charities could be significantly impacted.

We asked charities 'how worried are you about the impact of the cost of living crisis on your charity's performance?' No one scored less than a 5 out of 10 on the worry scale, with the average coming in at 7/10. Nearly 55% of charities have seen a drop off in some fundraising products, though another quarter aren't sure yet as there's not yet enough data available.

Investing in Innovation

We asked how organisations are responding to the crisis.

The majority of respondents are keeping a watching brief and not making any changes yet. Whilst a quarter are actively investing in fundraising to come out of the crisis stronger.

Protecting innovation

Some of the challenges we heard were: Balancing the tension between delivering forecast whilst delivering growth and innovation, and shifting from a short term in-year focus, to valuing long-term investment and returns, especially when you don't have the benchmarks to forecast income projections. How to project innovation and gather support for strategic initiatives when you're operating in a conservative culture.

Org appetite for innovation

Around 75% of respondents said that the org appetite for innovation should be around investment to build resilience.

Only 10% said they expected no focus on new innovation, with the focus being on core and existing products.

Finally, we asked charities 'What gives you hope?'

"*The continued generosity, empathy and love of the British public.*"

So What?

The sector appetite to invest in innovation in order to come out of the crisis stronger fills us with hope and energy.

Next week we'll be looking back at recessions past to see how other sectors have innovated their way through crisis, and how we can act now to come our stronger long term.

INNOVATING THROUGH A DOWNTURN

“A difficult economic environment argues for the need to innovate more, not to pull back.”

Ken Chenault
American Express CEO
2008

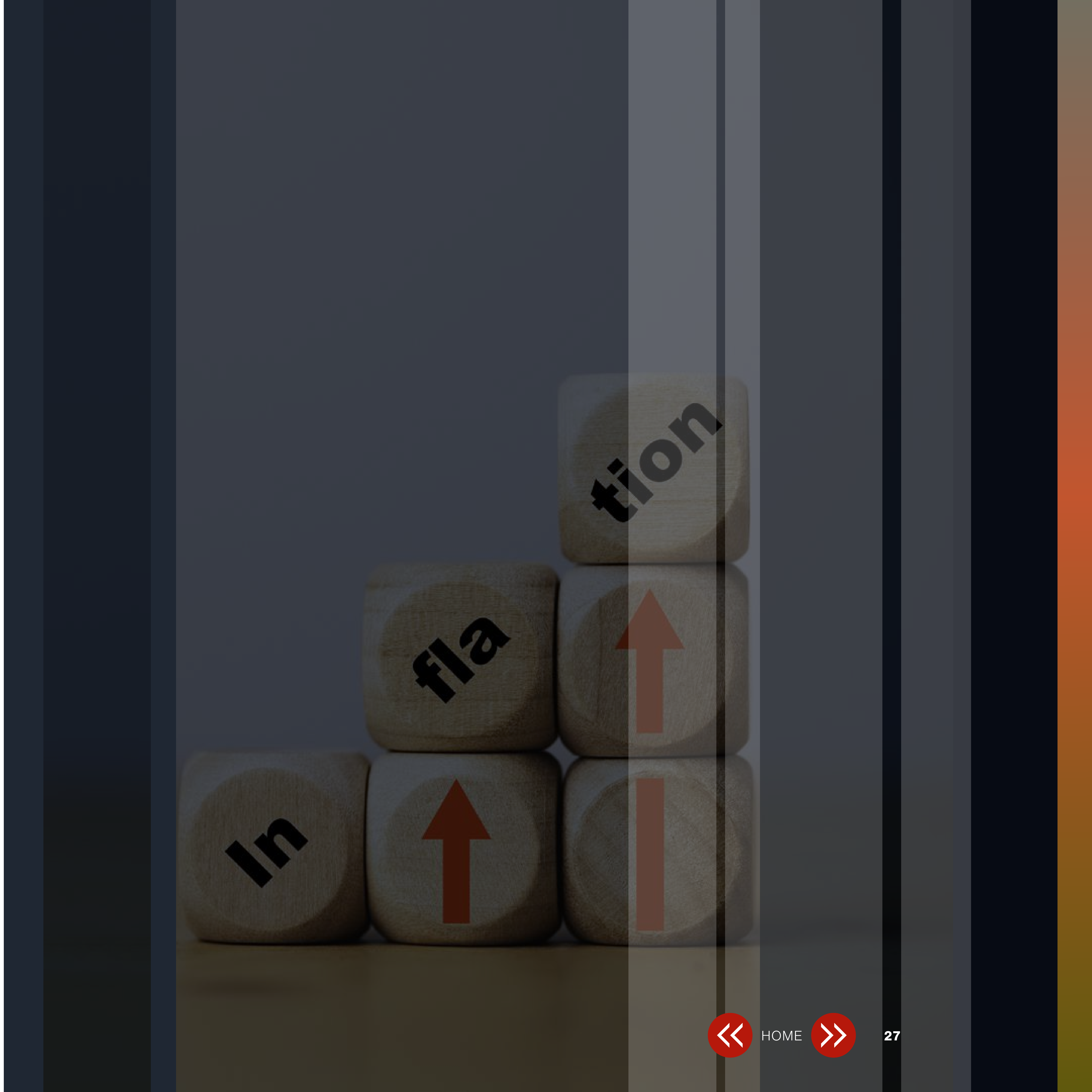
WHAT **IS IT?**

We've been here before. Inflation skyrocketing. Cost of living increasing. Volatile economic markets. Political turmoil at home. War in Europe.

The early 80s, 90s and mid 00's all experienced economic crises and/or recessionary periods.

As we teeter on the brink in 2022, waiting for 180,000 people to decide the next UK Prime Minister, and the hammer blow that is now the quarterly price cap review forcing millions more into fuel poverty.

Now seemed like the perfect time to see how others have previously ridden out crisis and uncertainty.



WHY SHOULD **I CARE?**

During the 1990s recession, one thing characterised almost all of the worst performing charities - disinvestment in fundraising budgets. These spiralling cuts led to lower income, not only during the recessionary period, but also continuing as markets started to recover.

Conversely, of the top 50 fastest growing charities coming out of the crisis, 45 increased (or at least maintained) their fundraising spend, and 7 of the fastest growing charities did this in the face of falling income at the start of the recession.

Similarly, data pooled from the early 1980s, early 1990s, and 2001 recession years shows that **companies that invested in innovation** during economic downturns improved their position relative to their competitors during the recovery period.

Responses to our recent **state of the nation** survey showed a sector appetite (75% of respondents) to invest in innovation in order to build resilience during and coming out of the crisis.

So when you're probably being pushed to slash spend, cut costs and reduce investment in order to sustain BAU and ride out the storm, how do you make a case for continued or increased investment in innovation?

We've got some helpful charity and corporate data and case studies to show the impact of not showing fear in the face of uncertainty, and other lessons to be learned from how others have innovated through a downturn.

HOW WERE CHARITIES IMPACTED **BY THE GREAT RECESSION?**

The 2008 financial crash, and subsequent recession, caused a significant dent in UK charity income. A March 2010 Charity Commission report found that 59% of charities said they'd been affected by the economic downturn. 62% had seen a reduction in investment income, and 29% in fundraising income.

Meanwhile, a third of larger charities had experienced a rise in demand for their services.

NCVO reported on **donor behaviour in 2009**. It found that the proportion of adults giving to charities in the UK remained roughly the same through the recession at 54%. However, the total amount given declined by 11% in comparison with 2007/8.

Legacy donations also decreased in value as the value of assets like properties and investments fell. Whilst 75% of major donors maintained their giving at the same level and some even reported increasing their giving.

Donations from companies crashed, but while there was a dip in trusts and grants income, it recovered quickly.

It took almost a decade for **finances to be restored to 2007/8 levels**.

COMPANIES BORN **OUT OF RECESSIONS**

Electronic Arts

During the 1979-80 US energy crisis, and the subsequent recession between 1981-82, a senior member of the Apple company – Trip Hawkins – decided to leave the company and back himself to create a new software company.

Electronic Arts soon rose to prominence as an early pioneer of the video games industry – and today it is the second largest company within the industry in the USA.

FedEx

At the end of the 1970 recession, FedEx founder Fred Smith developed a concept of a fast and reliable door-to-door delivery service as part of a university project at Yale Business School. The company now has annual revenues of more than £55bn.

HOW OTHERS **INNOVATED THROUGH A CRISIS**

Pivoting your business model – Mailchimp

Mailchimp was founded in 2001 during a recession. Their original business model focused on large corporate clients with yearly retainers. But when the Great Recession hit, Mailchimp was forced to pivot.

They flipped from yearly retainers to become a freemium business, and rapidly saw their user base and revenue balloon from 85,000 to 450,000 in just one year.

Growing through partnerships – Netflix

Whilst the latest announcements of falling subscriber numbers aren't great (they're less than they predicted forecast btw), this isn't the first recession Netflix has innovated its way through (and we doubt it will be it's last). In 2008 Netflix wasn't yet the media giant it is today. In fact, Netflix introduced a new product (the streaming service), around the time of the Great Recession as a response to dying video rental stores. Then, during 2008 and 2009, the company continued to work on partnerships with organisations like Xbox so people could stream through those devices. It was these innovations that allowed the company to continue to grow during the economic downturn. In fact, they were increasing memberships and subscriptions during the 2008 recession while other companies were struggling to maintain revenue.

Exploring new markets – Lego

During the 2008 recession, Lego took the bold move to explore and expand into under-saturated global markets. When discretionary spending was down in their main North American market, Lego concentrated its efforts on building revenue and expanding reach in Europe and Asia.

They also started to create licensing deals with big brands such as Star Wars. Partnerships which not only kept the core product fresh, but also enabled them to reach entirely new (and older) audiences of Lego enthusiasts.

These innovations delivered a 63% increase in sales in 2009 and continue to deliver growth in 2022.

Doubling down on innovation – Amazon

Whilst we now live in a world where Amazon is almost untouchable in the space of retail. Back in 2008 they were still finding their feet (having taken 14 years to finally turn a profit in 2002). Instead of disinvesting in innovation and focusing on their core retail business, Amazon decided to go all in and double down, launching a bunch of new products between 2006-2008, including: Amazon Prime, Amazon Kindle and Amazon Web Services (AWS).

(However, **not everything was a roaring success**. Anyone remember Endless.com or Amazon PayPhrase?)

CASE STUDY: **AIRBNB**

For a business built on travel and in-person experiences, the 2020 pandemic and global lockdowns should have been the death knell for Airbnb. However they have survived and weathered the storm by focusing on the core values the business was built on - community.

It's split into three strands: Innovation, Community and Focus.

1

Innovation:

Experiences were already being trialled on the as part of the proposition, but in May 2020 Airbnb went all in on offering as many of these as possible as virtual experiences.

They introduced a full refund policy for guests should they or their host need to cancel due to Covid. This policy was incredibly unpopular amongst hosts, who had previously been able to rely on guaranteed income show or now show, but very popular with guests. In May 2022 Airbnb ended the contentious clause.

As lockdowns started to ease and travellers dipped a toe in venturing back into the world, Airbnb introduced AirCover - comprehensive travel insurance included FOR FREE for every traveller. This, combined with the cancellation policy, were all designed to retain connection and brand loyalty with travellers, even when they couldn't use the service.

2

Community:

Community and connection are at the core of Airbnb's USP. Whilst the refund policy might have gone down like a lead balloon amongst hosts, they did want to ensure that their host community were also cared for.

Airbnb actively supported hosts to deliver pandemic risk mitigation and supported them to feel safe in their properties once travellers started to return.

3

Focus:

To help weather the immediate impact, Airbnb instigated a renewed focus on cost management, including a cut in marketing spend and a refocus on promoting local, non-urban destinations that didn't rely on cross-border air travel.

They also abandoned some experiments to expand the Airbnb offer, and focused on their community value - facilitating transactions between hosts and guests.

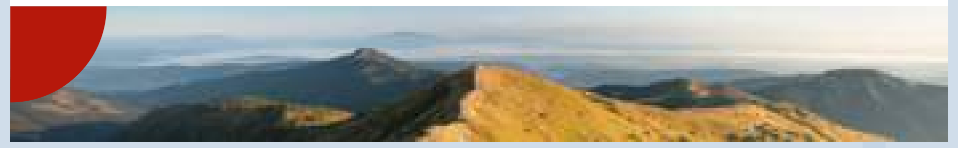
SO WHAT?

Staying open, involved, and active in innovation is actually the less risky move than closing up and trying to weather the storm. Because when the storm ends, the landscape may look a whole lot different.

6 steps on to prepare for a recession:

1. UNDERSTAND YOUR MACRO LANDSCAPE

Understand the environment you're operating within (a PESTLED analysis is a great place to start). Consider the opportunities, threats and needs that might impact your mission, your donors and your beneficiaries, and outline the changes you might need to make in order to weather these. We've got some helpful charity and corporate data and case studies to show the impact of not showing fear in the face of uncertainty, and other lessons to be learned from how others have innovated through a downturn.

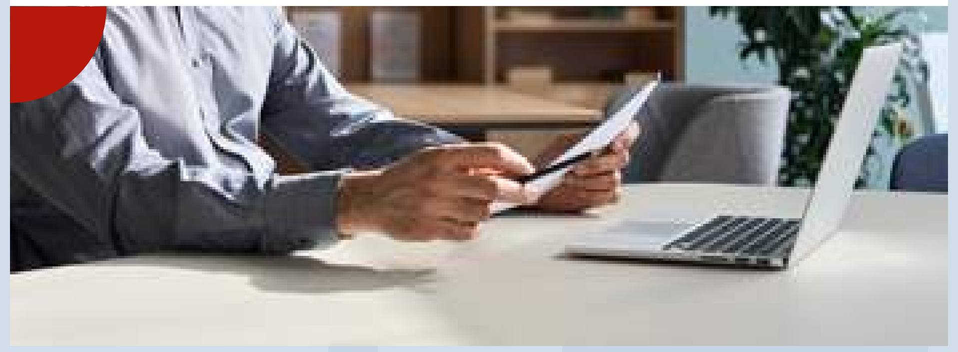


2. DATA DATA DATA

Utilise every touchpoint you have to gather insight about supporters and beneficiaries. Having as much live data as possible will help signal new patterns of behaviour.

3. REVIEW YOUR PORTFOLIO & PLANS

Review your project and innovation portfolio and re-prioritise based on your PESTLED analysis. Something that may have been a nice to have 8 months ago, could suddenly answer more pressing needs. Press pause on projects where needed to redirect funding. Pausing rather than cancelling projects will allow you to review and reinstate them if they are still relevant once recession passes.



4. INVEST IN FUNDRAISING & INNOVATION

Innovate now to diversify your income. Already seeing an increased demand for your services, or forecasting a surge in the coming months? Prepare early for new appeals. Ensure your innovation foundation is strong. Keep thinking about the future, not just firefighting what's in front of you. Because this crisis will pass. So be ready to step into the new landscape when markets recover. By building the foundation for post-crisis growth now, you'll remain competitive in recovery.

5. INVEST IN COMMUNITY

Take a leaf from Airbnb's books and invest in your supporter community. Even if they can't support you now, by maintaining those relationships, they'll come back to you as things improve.

6. FAIL FAST

Lastly, don't be afraid to fail, just fail fast and cheaply. Innovation can not exist in an environment where ideas and theory can not be tested. If you fail to innovate you will eventually fail to thrive.

IS CASH DEAD?

"More than 23 million people in the UK used virtually no cash in 2021, while notes and coins will account for just 6% of payments within a decade."

UK Finance
Source>>

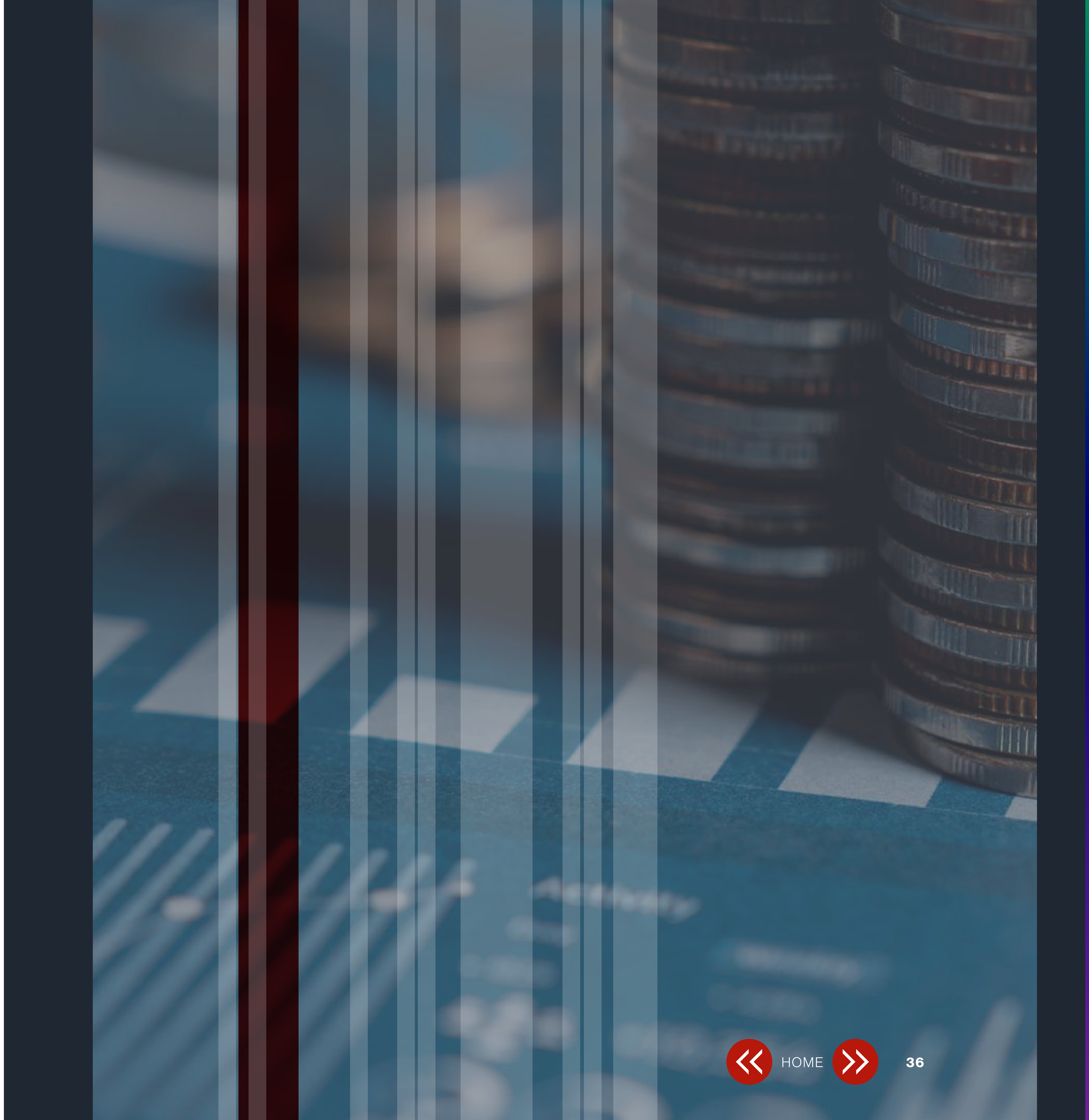
IS CASH **DEAD?**

Even before Covid-19 hit, cash was already in decline.

Come 2022, we were all encouraged to ditch the cash in favour of contactless payments as an additional safety precaution, with the limit pushed up from £30 to £45. Cash payments dropped to 17% of all payments in 2020.

Many shops, cafes and other establishments went one step further in only accepting card payments, forcing people to become more comfortable with tapping rather than rattling through a coin purse.

In 2020, 72% of Brits used online banking & 54% now used mobile banking, whilst only 0.5% of payments were made using cheque. 13.7m consumers didn't use cash at all. October 2021, and the contactless limit went up to £100, which made paying on plastic an even more convenient option. The pandemic however, cannot be wholly to blame for the rise of card and app payments. In 2019, before Covid-19 arrived in the UK, only about 2.1 million people used cash for their day-to-day spending, and cash was used for less than 30% of purchases.



WHY DID WE START CHOOSING CONTACTLESS **PAYMENT OR E-MONEY OVER CASH?**

Ease – with the introduction of facial recognition, fingerprints, handsfree and payments with our watches, paying has never been easier.

Financial management – we can track and limit what we're spending more easily and take action

Acceptance - business is accepting this as standard and preferred payment. Some have stopped using cash completely (coffee chain WatchHouse).

Security – not having to carry lots of cash and get it out in public can feel more secure.

Access – The number of working cash machines has fallen by 17% in just two years. Since 2015, nearly 5,000 bank branches have closed across the country.

Governance - plastic and digital leaves a paper trail to track fraud and other crimes, plus understand people's spending habits to influence policy.

IS IT TIME TO DITCH **CASH COMPLETELY?**

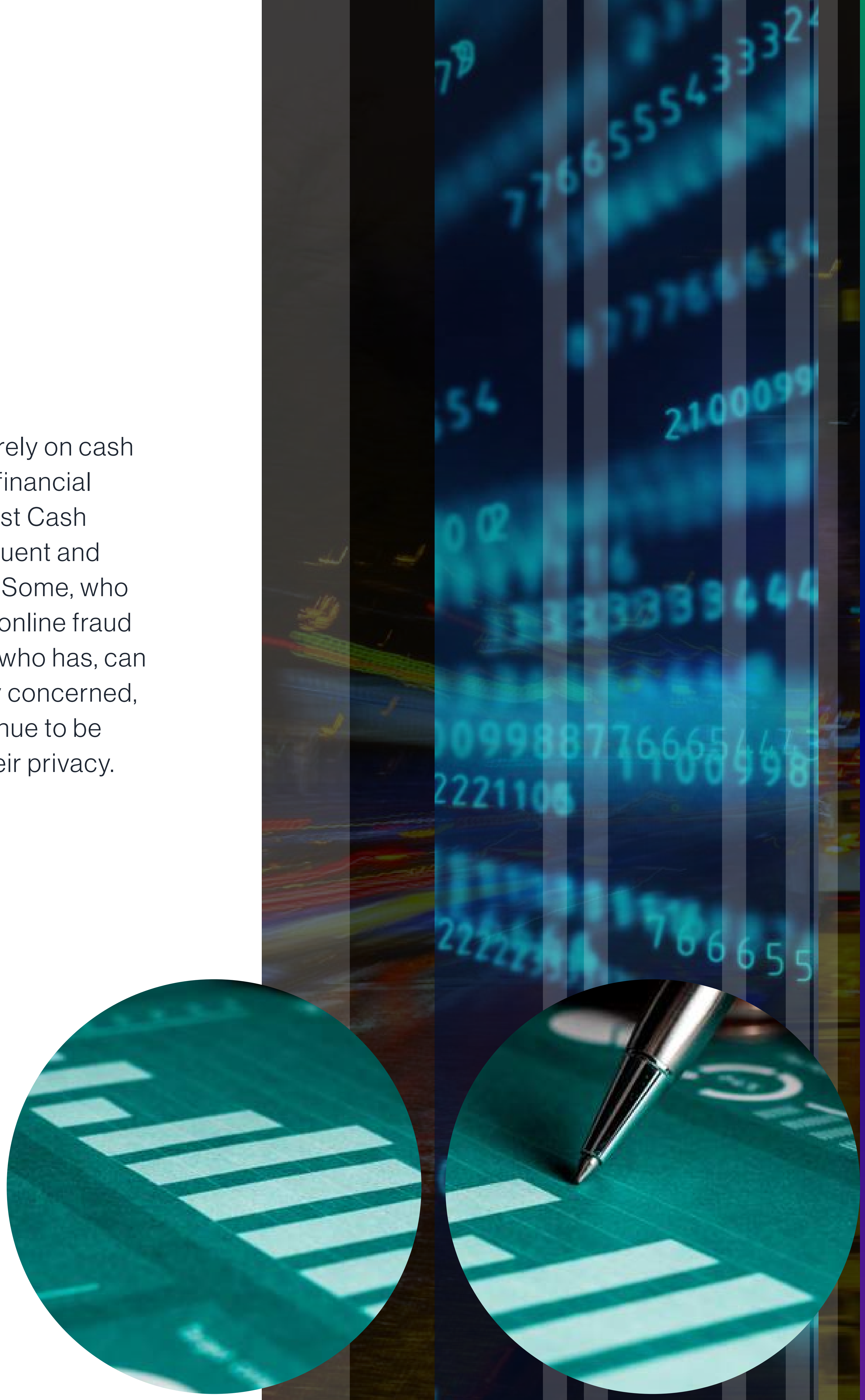
And what are the risks of cash being taken out of circulation and no longer legal tender?

Cash still offers a freedom and control that digital money and crypto can't just yet. 5% of Brits still have a piggy bank for small change - the 'rainy day fund'.

And let's not even start on the £50m in loose change that is currently circulating down the back of sofas and in the filter of washing machines.

According to the RSA, 10 million people would struggle if the UK went cashless tomorrow. 1.2 million UK adults are 'unbanked'. 18-24 year olds are the most likely to be unbanked, accounting for 23% of all unbanked adults.

Cash dependents rely on cash for budgeting and financial management. Whilst Cash keepers make frequent and small withdrawals. Some, who have experienced online fraud or know someone who has, can be understandably concerned, whilst others continue to be sceptical about their privacy.



[Source: RSA Cash Census, 2022]

THE FIVE UK SEGMENTS
CASH AND DIGITAL PAYMENTS

Cash dependents

An older segment that have a strong preference for cash.

18% of UK adult population

10 million people

5 million (51%) would struggle to cope in a cashless society

Cash keepers

A younger segment that like the security of having cash.

22% of UK adult population

12 million people

4 million (35%) would struggle to cope in a cashless society

Cashless sceptics

The oldest segment whose scepticism about a cashless society runs deep.

23% of UK adult population

12 million people

2 million (18%) would struggle to cope in a cashless society

Cash occasionals

A younger segment that prefer to manage their money digitally but use cash occasionally or in emergencies.

17% of UK adult population

9 million people

0.5 million (6%) would struggle to cope in a cashless society

Cashless converts

A segment that strongly prefers digital payments and don't see many benefits to cash.

20% of UK adult population

11 million people

0 million (0%) would struggle to cope in a cashless society

SO WHAT?
IS CASH DEAD?

Cash isn't quite dead. Yet. Cash collections have been a staple of charity fundraising for decades. But the collection tin has evolved.

Contactless technology provider GoodBox saw the number of individual contactless donations it handled increase from 32,000 in May 2019 to 78,000 in May 2021, while over the last 12 months donations through the CollecTin More have increased from around £50,000 in March 2021 to £240,000 in March 2022.

From QR codes to contactless enabled collections, fundraisers need the right tools to make the most of a cashless economy.

The new Financial Services and Markets Bill (announced in the Queen's speech this year) will ensure continued access to cash withdrawal and deposit facilities across the UK.

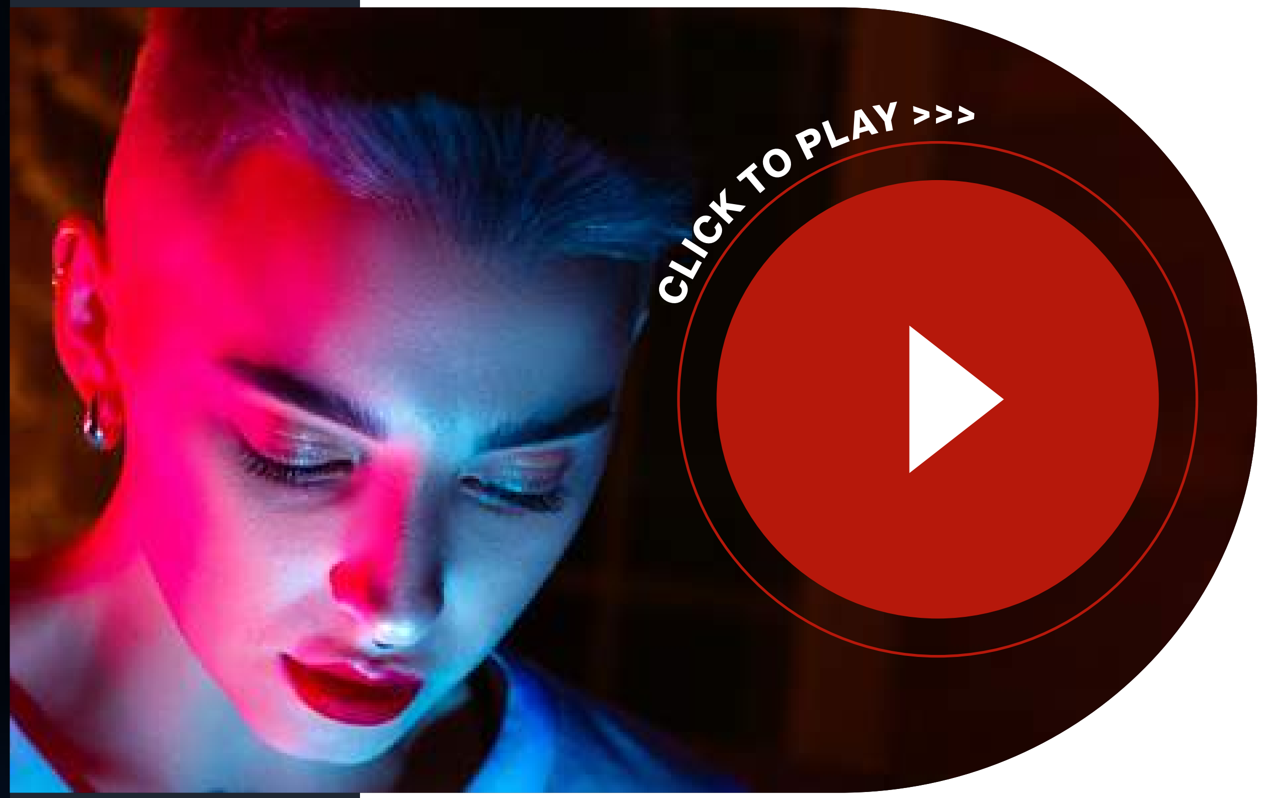
So what?

- Don't assume adoption based on demographics.
- Are you set up to accept donations online?
- How can you support and empower your fundraisers to accept contactless payments & donations, making the most of existing IRL behaviours?

IS THE FUTURE OF MONEY DIGITAL?

“It is not uncommon to hear older people say that they do not believe they can learn how to use the Internet, or that they would be too worried about breaking such expensive devices to try and get the hang of them.”

Dave Gray



IS THE FUTURE OF MONEY **DIGITAL?**

→

Before we dive in, let's acknowledge the elephant in the room - cryptocurrencies haven't had the best 2022.

There was the stablecoin Ponzi scheme that was Terra collapsing in May, which sent shockwaves through the value of currencies like Bitcoin and Ethereum.

Then Tesla and Elon threw a curveball. In their first quarter earnings this year, Tesla (a long time investor and believer in cryptocurrencies) wrote, "*We believe in the long-term potential of digital assets both as an investment and also as a liquid alternative to cash.*"

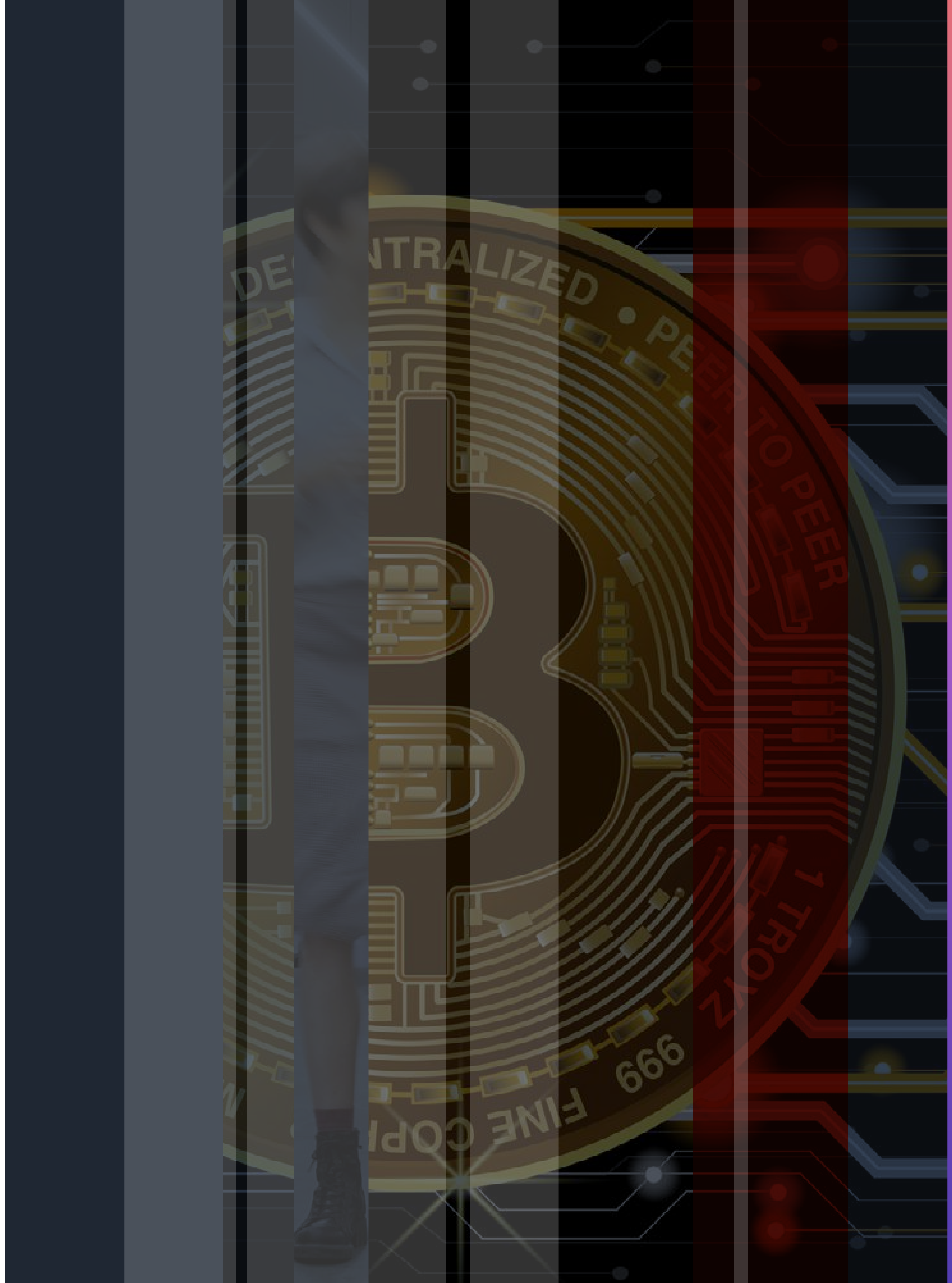
On 14th March 2022, Elon Musk tweeted "*I still own & won't sell my Bitcoin, Ethereum, or Doge fwiw.*"

Roll on 20th July 2022, and *Shock! Horror!* Elon Musk went back on his word and dumped 75% of Tesla's holdings in Bitcoin, taking a loss of $162m, throwing the market into another existential spiral.

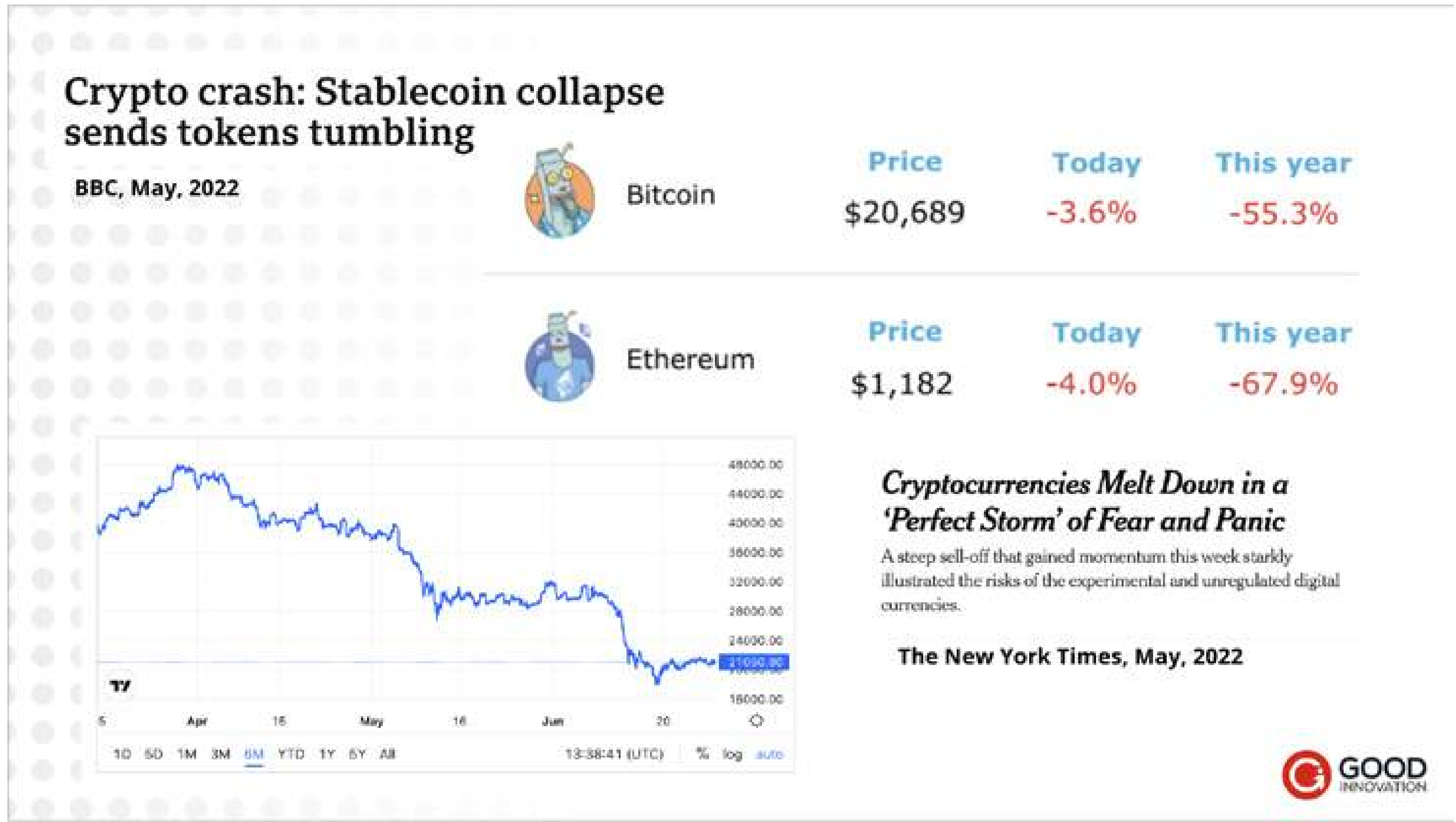
However none of this is new.

Cryptocurrencies are inherently volatile (and the market has a really short memory). They're still in their infancy (Bitcoin launched in 2008). Their price fluctuates because it's influenced by supply and demand, investor and user sentiments, government regulations, and media hype. All of these factors work together to create price volatility.

Keeping this in mind, we're going to take a dive into the emerging world of digital money and cryptocurrencies to consider the question: Is the future of money digital? And should you be accepting crypto donations?



IS THE FUTURE OF MONEY **DIGITAL?**



SOME 'HELPFUL' **JARGON**

→ **Fiat money** is a national currency that is not pegged to the price of a commodity such as gold or silver. The value of fiat money is largely based on the public's faith in the currency's issuer, which is normally that country's government or central bank.

Cryptocurrencies are digital currencies underpinned by blockchain, a technology that creates a public, immutable ledger of financial transactions.

There are lots of cryptocurrencies, but the most commonly known are Bitcoin and Ethereum as the two biggest and most widely traded.

Central Bank Digital Currency: These are like the halfway house between traditional fiat money and cryptocurrencies.

Why mention them? Because the Bank of England is currently exploring the potential of CBDC for the UK (nicknamed the digital pound or BritCoin).

They plan on launching a consultation later this year and we believe the charity sector needs a voice in these conversations.

THE BENEFITS **OF CRYPTO**

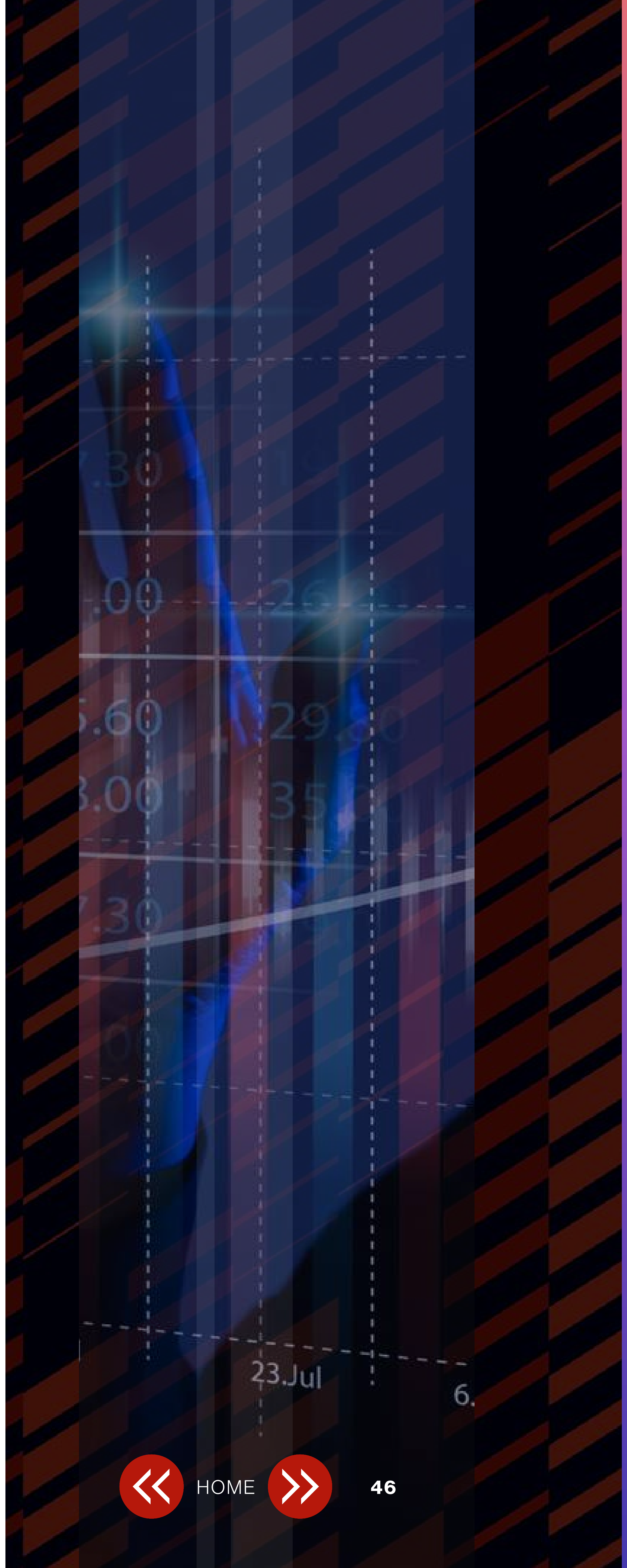
New audiences

The old view of investors is that they are young, male and childless (the crypto bro stereotype).

But 2022 data suggest investors are younger, generally 18-44, less likely to own their own home, but they are more likely to have children/dependents.

They hold investments across a range of platforms and are early adopters of smart & green tech. Their biggest motivation to hold crypto is the long term potential - they're investors.

For many, they've accrued more wealth simply through holding crypto in their wallets, and they want to share some of this wealth. However, this new audience may prefer to donate anonymously, **for many reasons**.



THE BENEFITS **OF CRYPTO**

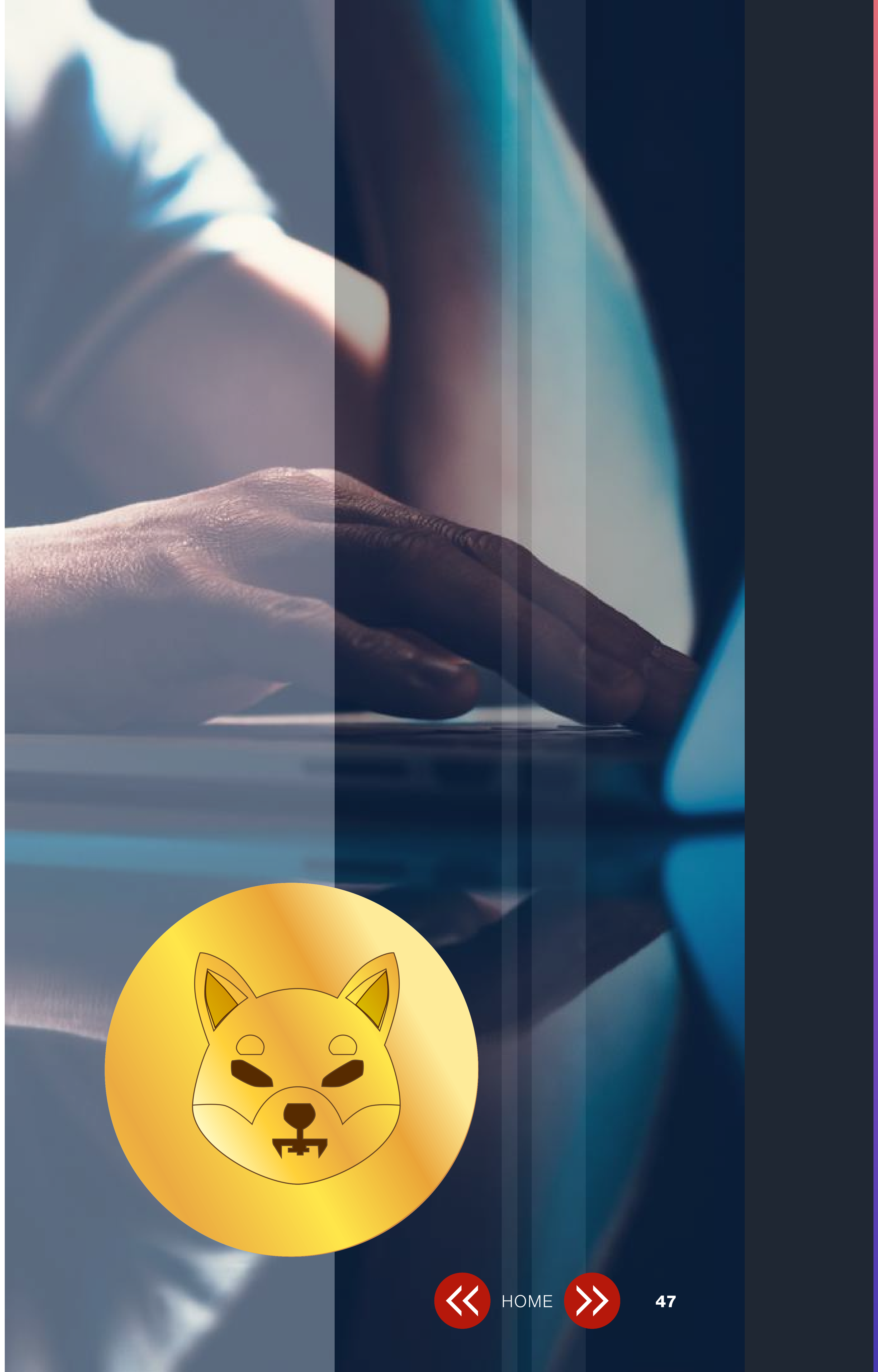
Serving the Unbanked

Today, over 1.7 billion adults worldwide are excluded from the formal financial system.

This means nearly a third of all adults—including 8% of people within advanced economies—lack access to traditional banking services, including savings accounts, credit, loans, and insurance.

Cryptocurrencies can start to resolve this issue by spreading digital commerce around the globe so that anyone with a mobile phone can start making payments.

For example, in Afghanistan where there have been almost no remittances through international bank payments since August 2021 (when the U.S imposed new restrictions). Afghans, and particularly Afghan women, have turned to crypto to receive and send funds.

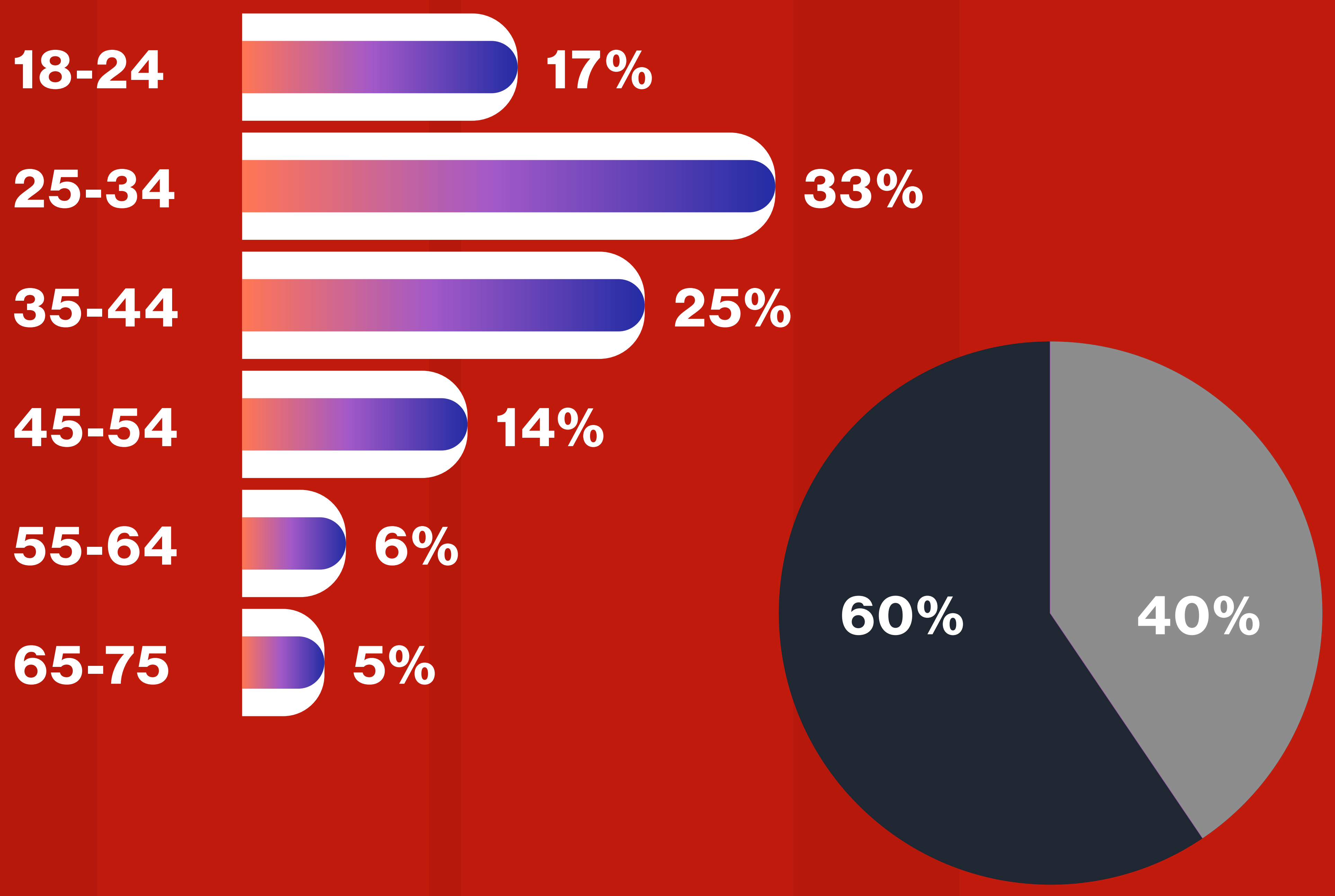


THE CHANGING PROFILE **OF CRYPTO INVESTORS**

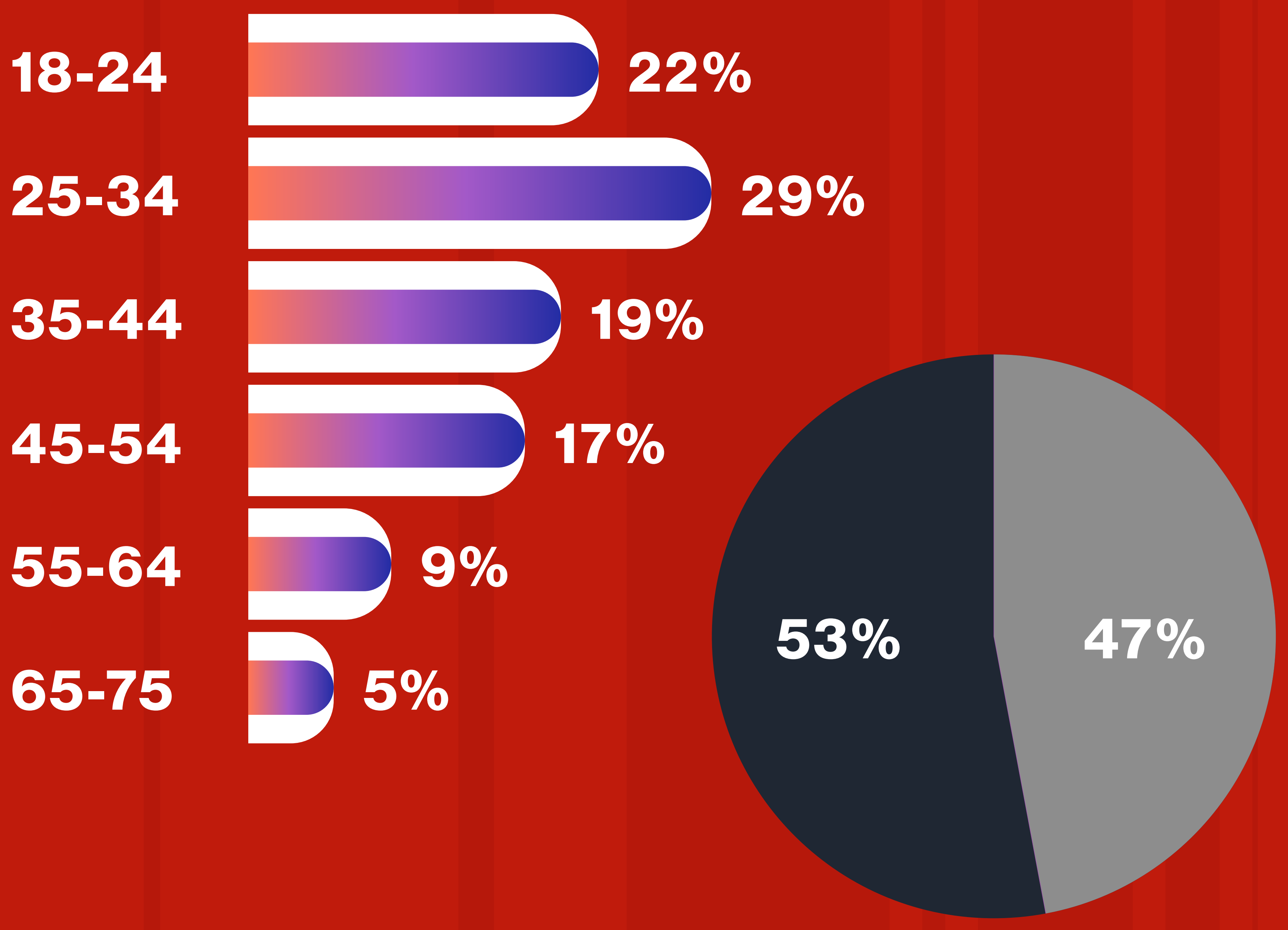
[Source: Gemini Global State of Crypto 2022]

Male
Female

2021



2022



THINGS TO CONSIDER WHEN **ACCEPTING CRYPTO DONATIONS**

When Money isn't Money

In the UK, cryptocurrency is not recognised as 'currency' or a form of legal tender, however it is now considered 'property'. English Law identifies two forms of property: things in possession (physical items), things in action (a right capable of being enforced). So when accepting a crypto donation, it's more like accepting the deed to a house than it is cash. Get you legacy teams in your innovation loop to help navigate.

Should you liquidate or hold?

Like any 'property' donation you need to decide whether to hold onto the asset or liquidate it for the cash value. And with this decision you need to factor in the volatility of the price, and the tax implications.

The Environmental impact

Old school crypto mining is energy intensive. **Proof of work consensus protocol** (used by Bitcoin and Ethereum) is particularly heinous. But there are alternatives. Ethereum is moving to proof-of-stake, whilst there are a **host of others** that are aiming to not just be carbon neutral, but carbon positive in the future.

Anonymity

In the crypto community anonymity is a big thing. When considering anonymous donations, there are probably three routes you can take:

- Just accept them as a managed risk
- Use a similar policy to cash donations based on frequency & value
- Turn off anonymous completely using something like Giving Block

Rather than jumping straight away to number 3, go back to the insight and consider **why someone might want to donate anonymously**.

Criminality

Criminality and fraud are probably the biggest concerns we hear from charities when considering whether to accept crypto donations. However, chain analysis gives transparency and can be more traceable than hard cash. Recently launched blockchain tools like **GiveTrack** and **Alice** are able to openly track the flow of donations from donor to donee.

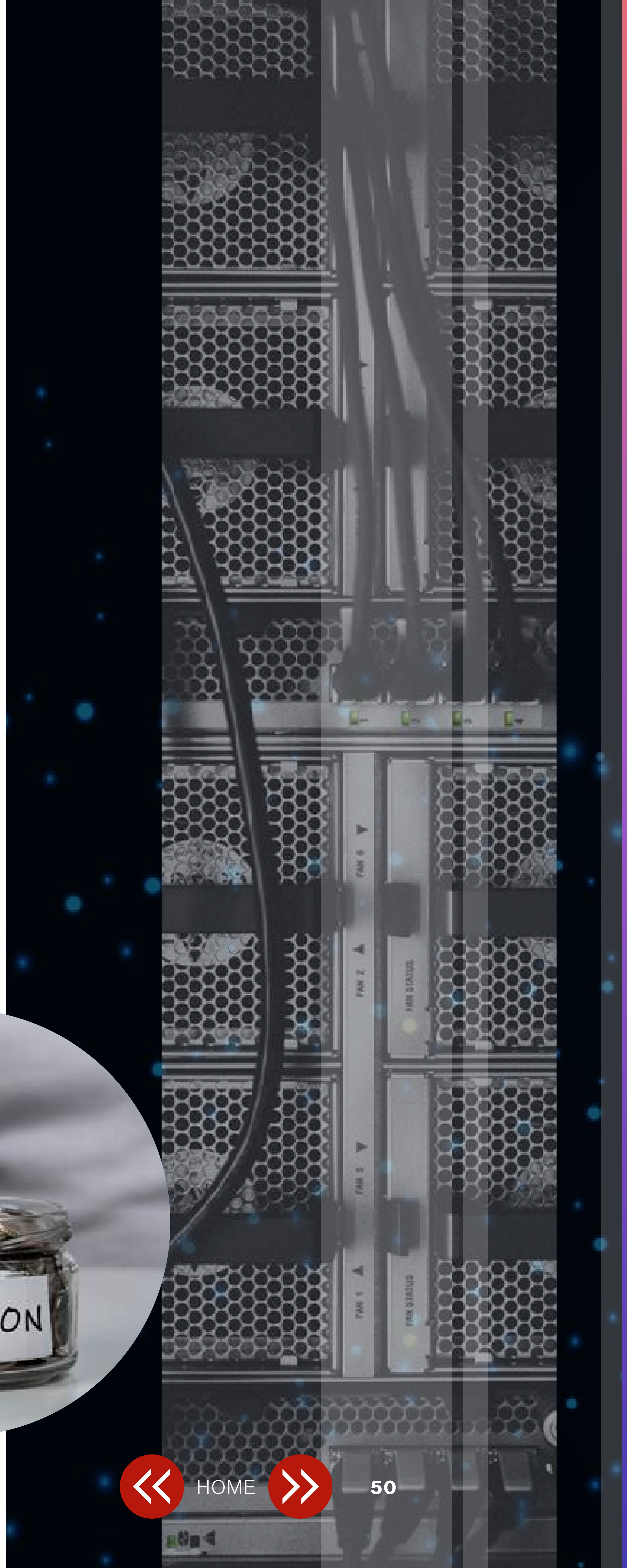
SOME INSPIRATION **FROM THE SECTOR**

2021 was a big year for crypto-philanthropy. The Giving Block, one of the most established crypto donation platforms, saw the annual volume of crypto donations jump from $4.2 million in 2020 to $69.6 million in 2021, an increase of 1,558%!!

The average crypto donation was $10,455, up 236% from $3,109 in 2020. On average, nonprofits received $69,644 in crypto donations in 2021, via The Giving Block, an increase of 66% from the average $44,000 in 2020.

That's almost $70k of income they wouldn't have otherwise received.

Closer to home, Edinburgh Dogs & Cats Home received 26 ETH — worth $121,784 in 2021 (£87k). The donation will ensure that the organisation's pet food bank service can run for the whole of 2022



A CASE STUDY:
UKRAINE

→ When Ukraine's president, Volodymyr Zelensky, declared martial law, the central bank suspended most currency trading and froze the official exchange rate. It also banned digital money transfers.

Ukrainians scrambled to withdraw cash, and the value of the Hryvnia plummeted on informal exchanges. But as the need for fast funds grew, Ukraine looked to crypto assets to help its war effort.

As of July 2022, the government has raised the equivalent of $100m in crypto. Non-government organisations are raising funds too. Come Back Alive, a Ukrainian NGO that has collected money for military equipment and training since 2014, relies on crypto after it was kicked off Patreon, a fund-raising platform that accepts donations in fiat currency but does not allow them to be spent on military apparatus.

UkraineDAO, a crypto collective, auctioned a non-fungible token (NFT) of a Ukrainian flag for $6.5m-worth of Ethereum. It is the tenth most expensive NFT ever sold according to Elliptic, an analytics firm. The proceeds will be spent on humanitarian aid.

Donations solicited in crypto pale next to those raised in fiat currencies. Governments and institutions such as the IMF have between them given billions of dollars in aid to Ukraine. It helps that Ukraine was already crypto-friendly. In 2021 the country ranked fourth in the world for crypto adoption.

SO WHAT –
IS THE FUTURE OF MONEY DIGITAL?

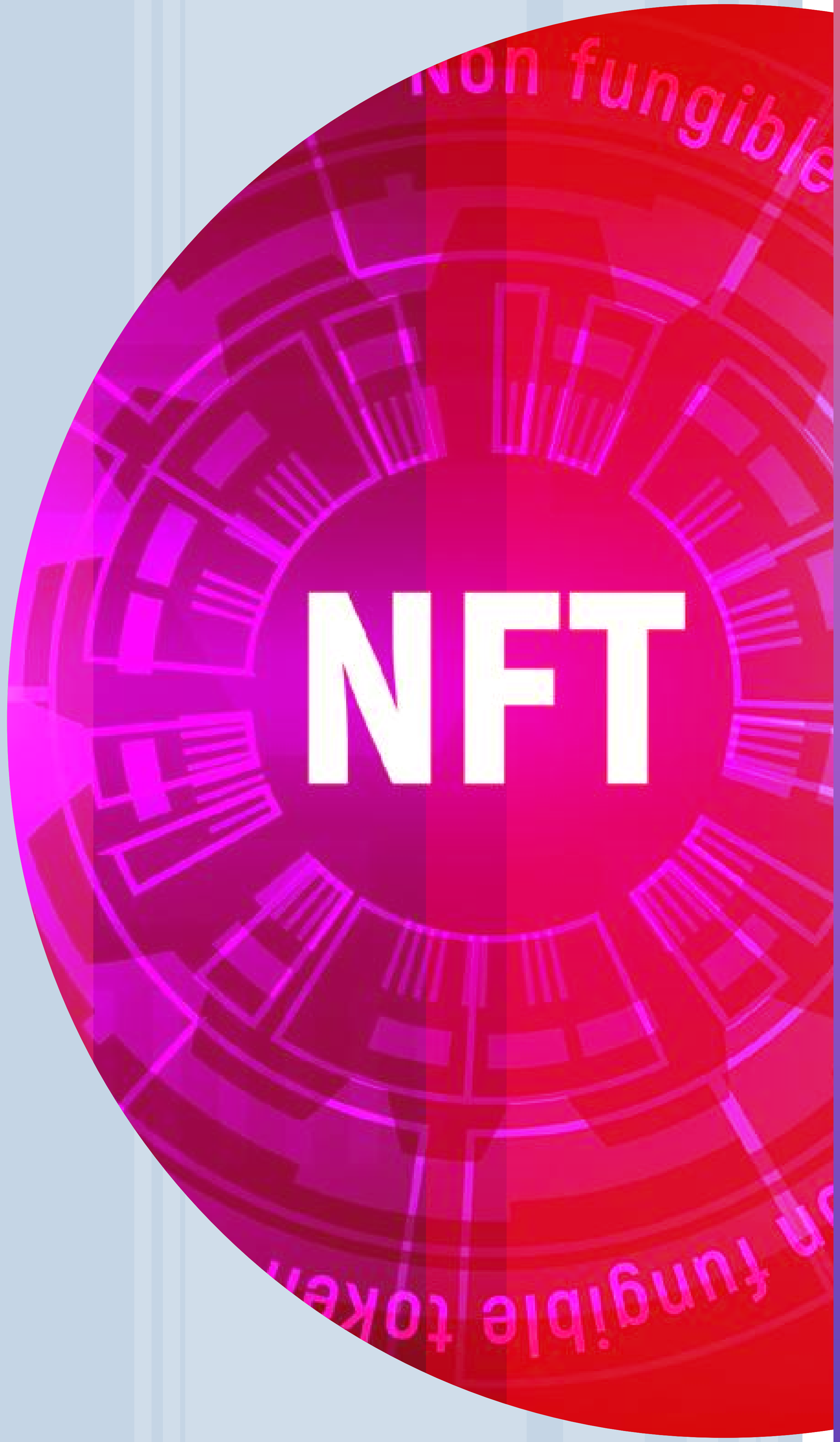
Yes! (But that doesn't mean you need to jump straight on the NFT bandwagon). There are donors out there who want to support your cause, and want to use crypto to do it.

And despite the rocky start to 2022, there's still a lot of optimism and faith in the future of crypto.

VCs are still pouring money into digital currency and blockchain startups, and many believe it's when, not if, the value of Bitcoin will smash $100k.

Our advice?

- **Go in with your eyes open & weigh up the risks**. Educate your trustees on the pros and cons. Do you research and put the right policies in place to manage anonymity, volatile markets and reputational risk
- **Partner with a platform like Giving Block** to make things as low contact and low risk as possible.
- **Engage the community** - go to where they're gathering & start a conversation to gain brand awareness - Discord, Twitter, Reddit. Build relationships and gather insight on their motivations and expectations
- Recognise that these new donors will probably **want a whole new approach to thanking and engagement**. Don't try and force them into standard journeys.



THE RETAIL REVOLUTION

“Price rises in traditional retail stores as well as other surging costs, such as petrol and energy, means that savvy shoppers are turning to charity shops like ours to make their purchases.”

Jacqui Woeolly
Marie Curie Retail Director

WHAT
IS IT?

2020 saw a huge shift in retail. As shop doors were forced to close due to Covid, the long promised e-commerce revolution finally delivered.

Had lockdowns and restrictions lasted 8 weeks instead of 18 months then some of the new behaviours associated with online might not have stuck.

But two years on and consumers have become accustomed to digital first across all retail categories. According to **data from IBM**, the pandemic accelerated the shift to e-commerce by about five years. In 2019 online purchases represented **just under 14%** of all retail sales. In 2021 that figure jumped to just under 20%.

That's almost a 50% increase in just a couple of years. The global e-commerce market is expected to total **$5.55 trillion** in 2022.

Retailers are having to rapidly pivot to meet the evolving needs of a growing market where consumers expect a seamless online experience, no matter the retailer.

WHY SHOULD **I CARE?**

→ But, this doesn't mean physical retail is dead. It's just evolving. As we've unlocked from the pandemic, charity shops have seen a surge in interest and sales, with some reporting sales up by as much as 22%.

Partly driven by the cost of living crisis and a backlash against fast fashion, thrifting has fuelled a lot of the latest 'ketamine chic' fashion trend.

Just search for '**charity shop haul UK**' on TikTok and you'll discover a stream with over 167 million views, with content creators promoting their favourite charity retail locations and brands to their millions of followers.

This week we're going to take a peek into the shop window and look at some of the trends driving changing consumer expectations - from embedded sustainability to unexpected collaborations.

Whether your charity has bricks and mortar stores or an online shop, retail can offer a new way to engage loyal supporters, create community, build brand elasticity and generate funds. **Welcome to the retail revolution**.

EMBEDDED SUSTAINABILITY
VS NOW NOW NOW

→ 2022 has seen increasing concern and pushback against fast fashion. Love Island dropped fast fashion retailer Misguided in favour of eBay for their 2022 brand partnership.

Whilst Chinese e-commerce giant Shein (which drops up to 1,000 new items and looks every day and was recently valued at over $100 billion) has experienced backlash from its heartland audience on TikTok.

The move towards circularity has seen a rise in thrifting and charity retail, along with new movements to repair and reuse in the home as well. A **2022 Deloitte report** stated that 53% of UK adults have repaired or fixed an item, rather than purchasing a brand new one. Whilst 40% have chosen brands that have environmentally sustainable practices or credentials.

We've become more socially conscious around our purchases, reducing the number of new clothing items we buy, fixing items, buying second hand/refurbished, and choosing brands based on their sustainability and ethical practices.

The **Yeezy Foam Runner** shoes were one of the most popular trainers of 2021, with the initial launch selling out in seconds. What's interesting about these clogs is that they're made from algae foam, which is a renewable resource that is being sustained in man-made farms. These sought after sneakers now resell for up for 5 times their original retail price.

From sustainable packaging to reducing your carbon footprint, consumers now expect sustainability credentials from their brands.

However sustainability is competing against two big challenges: the dopamine rush of immediate gratification/fast fashion; and the increased price tag that comes with sustainability.

Consumers may want to make the sustainable purchase but they're trapped in the socioeconomic unfairness that was so perfectly articulated by Terry Pratchett in his 1993 Men at Arms Discworld novel. (If you're not familiar with the Samuel Vimes boots theory and how it's being used now to track the cost of living crisis, **take a read here**).

EVERYONE'S **A VENDOR**

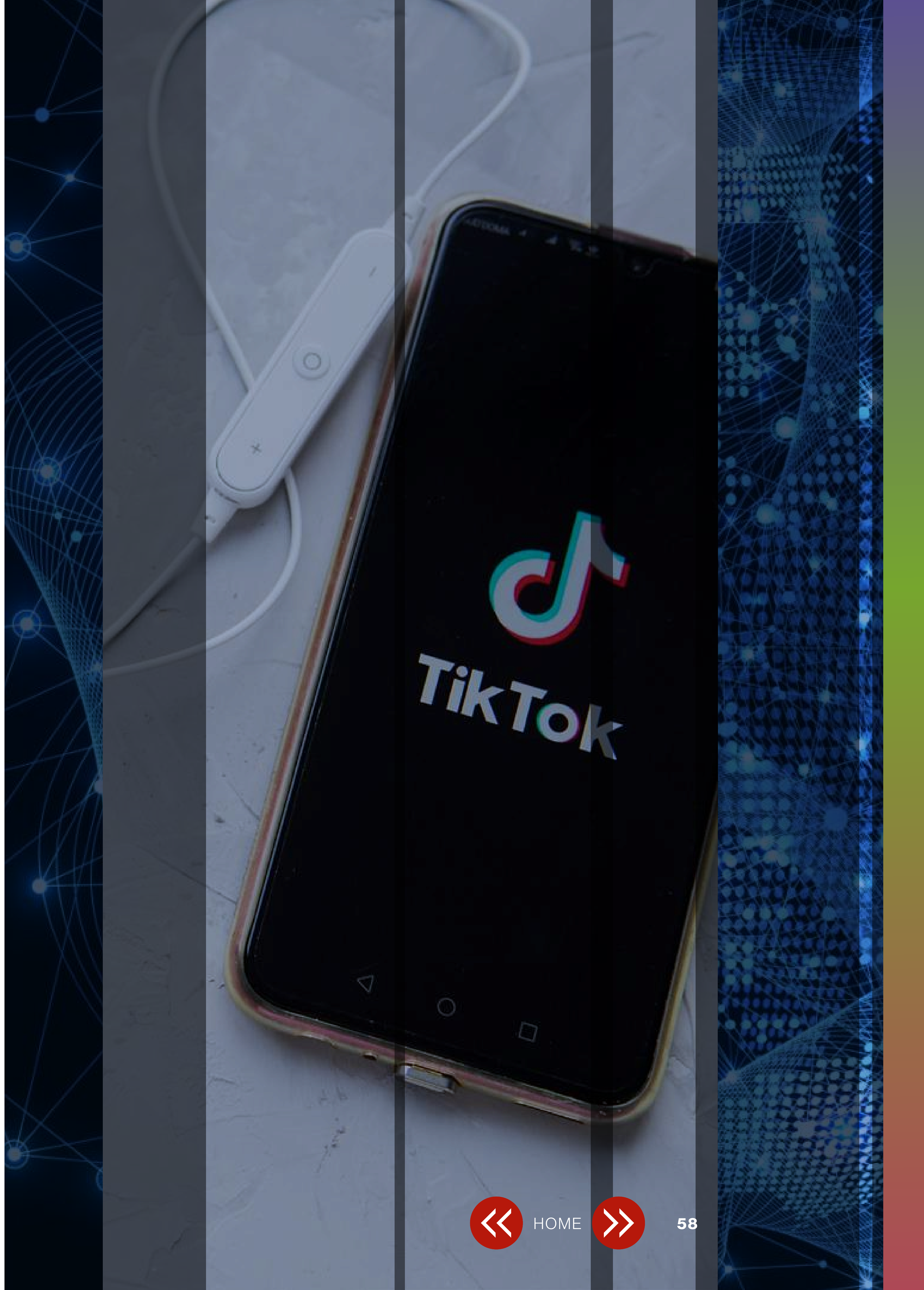
→ As the technology behind e-commerce has evolved, it's become easier for everyone to become a retailer. Platforms like Shopify offer an all-in e-commerce solution for both new and established retailers.

From Whole Foods and Heinz, to Tesla and Netflix. All household brands who use the Shopify platform to sell their products and merchandise.

Whilst new kid on the block TikTok launched TikTok Shop in 2021, a full service commerce platform that also integrates with other e-commerce platforms (like Shopify).

TikTok Shop offers creators a way to monetise their channel either through the sale of their own products and merchandise or affiliate marketing; and for brands delivers a new channel to engage and sell directly to audiences.

According to Marketing Week 2022, **79% of UK TikTok users discovered new brands through TikTok**, and 54% have purchased a brand after seeing it on TikTok.



PHYGITAL RETAIL
& THE METAVERSE

The next big frontier for retail is the move to virtual. Retail and shopping experiences delivered using augmented reality (as Snap demonstrated at the Future of Funding safari) or experienced in the metaverse.

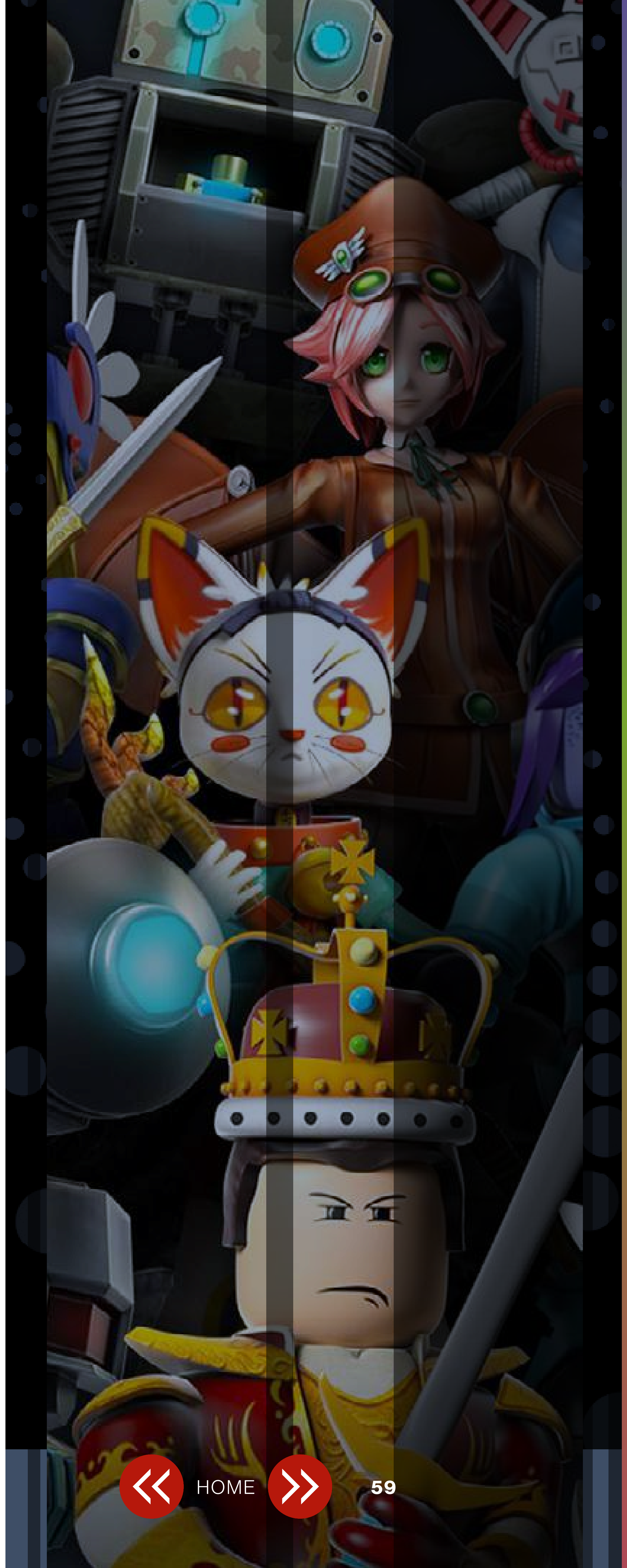
Nike and Gucci have launched fashion shows inside the multiplayer game Roblox.

Adidas has launched an **NFT collection** with the Bored Ape Yacht Club and launched interactive experiences on South Korean social avatar app **Zepeto**. **Balenciaga** started selling apparel in Fortnite. Beauty brands like **Charlotte Tilbury** have built virtual stores in their online store.

"*One of the biggest trends is really just consumers being willing to spend money for virtual goods,*" says Corey Svensson, who runs Crypto and Blockchain at Shopify. Corey feels that the pandemic stimulated consumer interest in the metaverse, explaining, "*It's part of the greater curve of adoption that's just going to naturally happen.*"

However these purchases aren't limited to digital experiences - they're phygital (physical and digital). The Adidas NFTs came with real world items that the purchasers could use and wear, along with their digital assets.

Whilst other brands, like **The Hundreds**, are using NFTs as a way to build community around their product. The Hundred's NFT drop acted like a membership program, giving holders access to physical merchandise drops and other 'member' benefits.



UNEXPECTED **COLLABORATIONS**

Finally we're shining a spotlight on the next generation of brand collabs. The past 12 months has seen a wave of unexpected collaborations hit the high street, and the runway.

Breaking brand expectations to reach new audiences and consumers.

From the **Simpsons walking the catwalk for Balenciaga**'s Spring/Summer 2022 launch, to trainspotting icon Francis Bourgeois becoming the face of the **Gucci / North Face collab**.

However our favourite collab of 2022 goes to **Greggs / Primark** who have launched a second batch of pastry-inspired clothing, dropping 5th August. (Expect it to sell out in hours).

SO **WHAT?**

Just because you don't have bricks and mortar stores, doesn't mean that you should ignore retail. Leverage your channels to connect with passionate supporters looking for new ways to support your cause. From merchandise drops to unexpected collaborations, retail is a way for supporters to shout about your cause and channel their self-expression.

1. EXPLORE – COLLABORATION & PARTNERSHIPS

Go beyond the obvious to explore the potential of unexpected collaborations. Challenge your brand elasticity.
Be provocative. Want to reach a new audience? Who can you partner with who already understands and speaks to these groups?

2. INNOVATE – E-COMMERCE

Are you maximising the potential of all your channels? When was the last time your shop page saw a refresh? Do you have an online shop? Are customers coming to your store because of the brand or the product, and how can you convert them further?

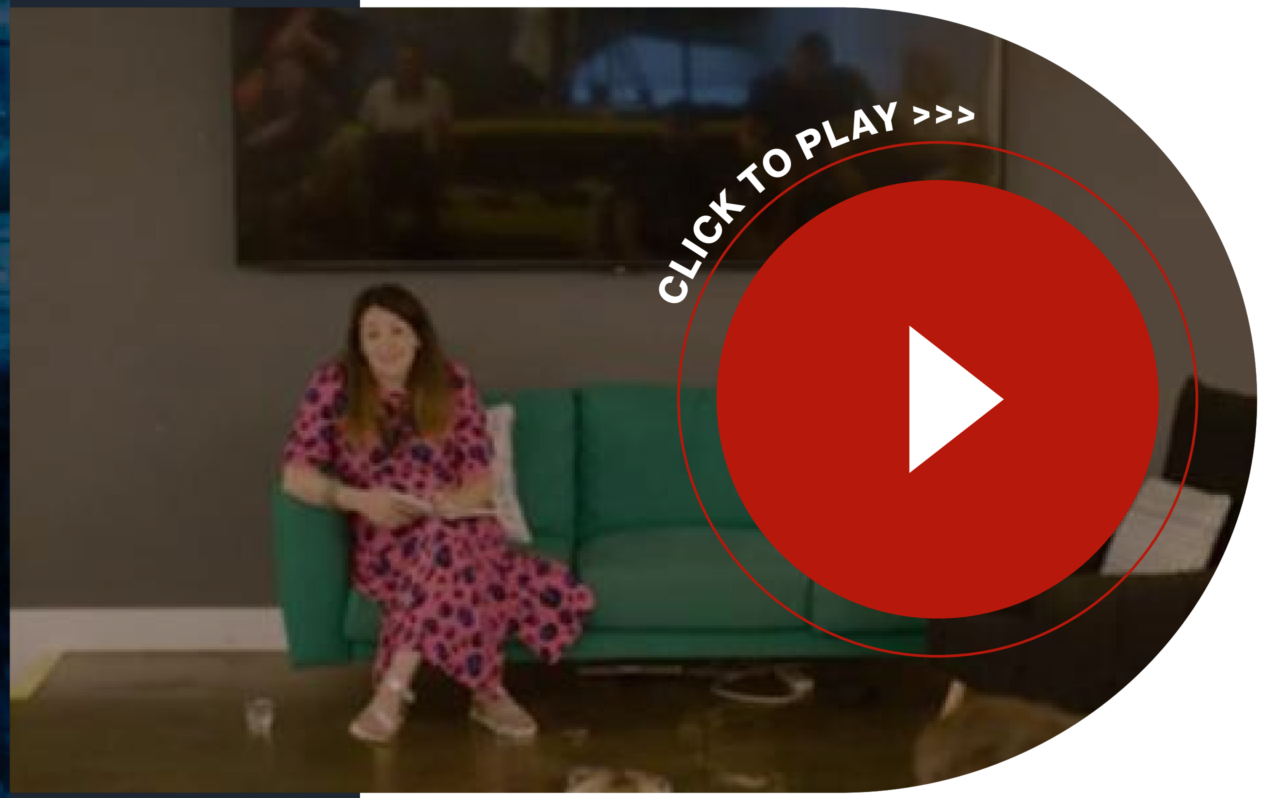
3. CHALLENGE – SUSTAINABILITY

Sustainability credentials are now hygiene, not nice to have. Transparency is key. How are you measuring and shouting about your sustainability credentials, and where can you challenge or improve your supply chain? What skills and knowledge do you have to rate other brand's impact?

THE CORPORATE LAND GRAB

“Companies are waking up to the purpose agenda and sustainability being in the boardroom. I would argue that corporates possibly don’t need charities as we have done in the past.”

Katie Buchanan
Virgin Media/EE



WHAT **IS IT?**

Companies have woken up to the value and benefit of purpose.

According to a 2019 survey for Fortune magazine, only 7 percent of Fortune 500 CEOs believe their companies should "mainly focus on making profits and not be distracted by social goals." CSR from the sidelines no longer cuts it with customers, staff and shareholders.

The pandemic has undeniably grown the conversation even further. In the early months of the crisis, businesses were keen to demonstrate how they were pivoting to protect the health and financial wellbeing of staff and suppliers, with those that didn't often becoming the subject of **high-profile media scandals**. Now, as we emerge from covid into the cost of living crisis, research has **repeatedly shown** that consumers are keen to continue supporting brands that have supported their communities. But doing good isn't just good for people and the planet; it also translates into profit and shareholder value, and Will Hutton, co-chair of The Purposeful Company, agrees. "*Capitalism can best secure its future and win public support, the more its leaders are committed to purpose.*"

The Purposeful Company is a not-for-profit that describes its mission as helping firms to place people and planet on an equal footing with profit, embedding this approach across all parts of their value chain.

This, it claims, will "transform UK business" and "create long-term value by serving the needs of society".

They're hoping to create an asset class of purpose-led companies and a set of agreed metrics in which purpose can be measured, and can count PwC, Barclays and Unilever amongst their ranks.

WHY SHOULD **I CARE?**

Whilst charities are slowly starting to become more commercial, exploring the opportunities of mission and money activity; companies are rapidly becoming more social, more purposeful, and more impactful.

The distinction between who does good in society is no longer a clear line in the sand.

For-profit no longer excludes for-good. And in some cases these corporate explorations into good are starting to encroach on mission and service delivery that has previously been the purview of the third sector.

Corporates are starting to question the value of their charity relationships. In the old world order, companies wanted to help charities with their mission, usually through the lenses of people and money. Now, corporates expect charities to align with, and help deliver, their corporate purpose and impact goals.

As this **2021 report warns**, "*A failure to establish successful partnerships between charities and private companies could result in corporates deciding to go it alone to meet sustainable development goals.*"

CSR relationships are no longer solely decided by the staff vote. The choice increasingly sits with the board, based on which organisation will help them best strategically deliver.

As Kate Buchanan said at the **future of funding safari**, companies are questioning their CSR relationships and challenging the value charity partners bring.

BORN **PURPOSEFUL**

A new generation of companies are being born purposeful - founded with purpose, and with impact built into their business model DNA. These companies are driven not just by profit, but also social good. Where these companies lead, others are following; leveraging the B Corp categorisation to help prove their purpose credentials.

> >

PATAGONIA

Patagonia has long been considered one of the world's most admired companies.

Apart from their millions of dollars in annual contributions to environmental causes and land conservation, the outdoor apparel company is known for their generous benefits and employee-centric workplace.

But there's an even more important reason to respect them: in the nearly fifty years since they were founded, when confronted with inconvenient facts about the harm of some of their products they have consistently chosen to do the right thing, despite considerable short-term losses to their bottom line.

They've focused on extending the lifetime of their products by encouraging people to pass on clothing instead of trashing. They acknowledge that this will likely cost them business.

But Patagonia has a history of making hard tradeoffs for the longer term good of the purpose they so deliberately and unashamedly serve.

>>

WARBY PARKER

Warby Parker was founded in 2010, by four friends who happened to be in business school. Their goals?

To disrupt the eyewear industry, to develop a vertically integrated brand that consumers love and to do good in a world where millions go without. Over a decade later and they've stayed true to that vision (we recommend reading their 2021 impact report for inspiration).

Core to their model is the buy one, give one approach - for every pair of glasses or sunglasses they sell, a pair of glasses is distributed to someone in need.

They've distributed over 10 million pairs to date, and have now created the Warby Parker Foundation to accelerate this work.

The foundation's mission is to advocate for wider access to vision services, educate communities on the importance of eye health, and provide people with the eye care they need to lead safe, happy, and productive lives.

In 2021, Warby Parker authorised up to 1% of the company's outstanding shares for future grants to the foundation or other like minded charitable organisations.

>>

THE BODY SHOP

When Anita Roddick founded the Body Shop in 1976 she did so with a belief in something revolutionary: that business could be a force for good. Anita saw her purpose driven brand as a chance to make a difference to the world.

In 2006 Roddick made the (then controversial) decision to sell The Body Shop chain to L'Oreal.

She believed The Body Shop would act like a "Trojan horse" that could influence the huge business from the inside. Unfortunately Anita died in 2007, before she could champion the change she wanted to see.

The Body Shop was sold again in 2017 to Brazilian cosmetics company Natura, who shares many of the original Body Shop brand values around activism and purpose.

Today, The Body Shop is a cosmetics company that focuses on the motto "Enrich, not Exploit". It's a venture devoted to empowering its people with all-natural products, free from chemicals and animal cruelty.

Along with making luxurious products, the Body Shop also hopes to help 40,000 vulnerable people across the globe, regenerate 75 million square metres of natural habitat.

"Customers are boycotting the products of companies whose values they view as contrary to their own. Investors are migrating to ESG funds."

McKinsey

MORE THAN **CSR**

Unilever, Boots and The Hygiene Bank tackle hygiene poverty

With a shared mission of tackling hygiene poverty, Unilever and Boots have joined forces with The Hygiene Bank as part of the 'Help Tackle Hygiene Poverty campaign'. The collaboration supported more than half a million people in it's first year to access hygiene essentials.

For every two products of Unilever's most popular brands, including Dove, TRESemmé, Radox, Lynx, Sure, Shea Moisture and Simple, bought from Boots either in-store or on boots.com between 29 June and 23 August, a third product is donated to The Hygiene Bank.

Boots and Macmillan deliver cancer services

Launched in 2009, the partnership between Boots and Macmillan Cancer Support has not only raised £19.3 million but also aligns perfectly with Boots' business and purpose agenda. Cancer information and beauty advice available in-store.

Macmillan have helped to train over 4,200 of our pharmacists as Boots Macmillan Information Pharmacists. This training helps them to understand more about the impact of a cancer diagnosis, treatments and how to support people living with, and affected by cancer. They've also trained 100s of No7 Beauty Advisors to give face-to-face advice to help people cope with visible side effects of cancer.

Tesco and WWF partner to change shopping

Launched in 2018, this five-year partnership to radically disrupt supply chains. The partners agreed not only to tackle a single issue like **palm oil** or plastics, or even just to focus on Tesco's footprint, but to drive systemic change across the entire food industry, and ultimately halve Tesco's overall impact by 2030

The partnership's centrepiece is the "sustainable basket metric" which calculates the environmental impact of commonly bought grocery items in the UK. Tesco has used this methodology to track the impact of its baskets. Giles Bolton, Tesco's responsible **sourcing director**, called it "*radical and transformative*."

Where WWF brings technical expertise and a global network of environmental experts, Tesco shapes and applies this through the lens of real-life insight into how supply chains currently work.

That's been the game-changer. It's never just been about Tesco. It's been about changing the entire sector.

HSBC and Shelter's No Fixed Address Campaign

In 2019 HSBC launched the No Fixed Address (NFA) programme which enables people with no previous or fixed address or traditional form of ID to open and access a bank account. The programme is delivered in partnership with over 300 local and national homelessness charities, including Crisis and Shelter.

In 2021, Shelter and HSBC launched the **Vicious Circle campaign** to promote the partnership. During the two-week OOH campaign, uptake of HSBC UK's No Fixed Address bank accounts grew by 52%. Though not a primary goal, the donations generated from the QR code helped Shelter get over 100 people off the street, with one in five scanners signing up to become regular donors.

And it has impacted positively on the HSBC brand too, contributing to positive growth in brand associations:

- 'HSBC UK supports the UK community' +10% year-on-year
- 'HSBC UK is a brand I would be proud to use' +5% year-on-year
- 'HSBC UK cares about customers' +12% year-on-year.

WHEN GOOD INTENTIONS **GO BADLY**

Innocent

Coca-Cola owned drinks manufacturer Innocent have found themselves the 2022 poster-child for greenwashing. Having **previously been lauded** for their purpose-before-profit initiatives (like Sow and Grow in partnership with charity Grow It Yourself), in 2022 their green-credentials were eroded by one mis-step after another.

The **ASA called out Innocent for "misleading"** consumers with an ad that implied "positive environmental impact" from purchasing Innocent's products, pointing out that that is "not the case" due to its products coming in single-use plastic bottles.

They followed this up with a massive own-goal in the sustainability creds with **a one-day takeover of Trafalgar Square**, that firmly landed in the greenwashing net.

Unilever vs Ben & Jerry's

Potentially taking a leaf out of Anita Roddick's playbook, Ben and Jerry (of Ben & Jerry's fame) sold the business to Unilever back in 2000. In the acquisition agreement Unilever agreed to carry on the company's tradition of engaging "in these critical, global economic and social missions" that had been a core part of the ice-cream company's purpose agenda since its inception back in 1978. This move has long been hailed as a core part of Unilever's pivot to put **purpose at the heart of its business strategy** going forwards.

However, in 2021 the board of Ben & Jerry's voted 5-2 to sue Unilever in order to block the sale of its Israeli business to a local licensee, saying it was **inconsistent with its values to sell its ice-cream in the occupied West Bank**.

In an escalation of the dispute, Unilever then **stopped paying Ben & Jerry's independent board members**. Anuradha Mittal, chair of the Ben & Jerry's board, said: "*Despite them freezing our salaries, we are continuing to do our work because our fidelity is to Ben & Jerry's. ... If Unilever is willing to so blatantly violate the agreement that has governed the parties' conduct for over two decades, then we believe it won't stop with this issue.*"

This spat, compounded on top of a rocky 24 months where Unilever has had to vigorously defend its purpose agenda, could potentially set a worrying precedent for the future of purpose in business.

SO **WHAT?**

We need to move beyond the traditional philanthropic model of partnership to leverage the unique capabilities, culture and values that all parties bring to table. Be clear on your USP. Don't be scared to challenge the brief. And bring your A players to the table.

1. REFINE - WHAT DO YOU BRING TO THE PARTY?

Be clear on the value you bring. What are your skills, expertise and impact? Do you align to their mission and purpose and how can your USP help them deliver? Great partnerships are built on mutual appreciation and trust.

2. INNOVATE - TURN THE TABLES

Charities are used to pitching to corporates. Why not turn the tables? Build a collaboration to tackle your mission and get corporates to pitch to be part of the solution. Build collaborations and partnerships where companies are fighting to be part of solving the problem with charities.

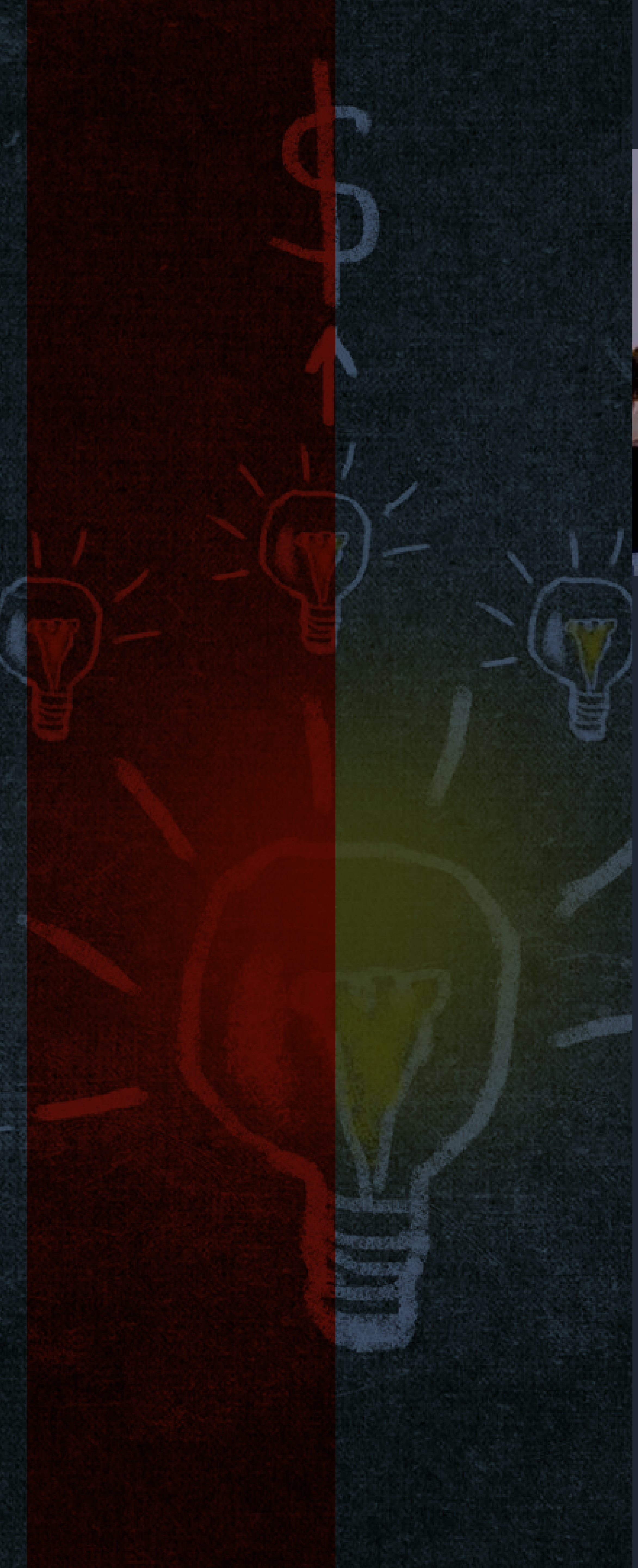
3. CHALLENGE – AIM FOR THE STARS

When Tesco and WWF were outlining their partnership it was Tesco that put halving the impact of a 'basket' on the table. Don't be scared to challenge and aim big.

INCOME & IMPACT

“If you give people an important mission or problem to solve, and you bring the right people together, and you give them the time, space, support and a bit of cash, amazing things can come out of it.”

Ella Goldner
Zinc



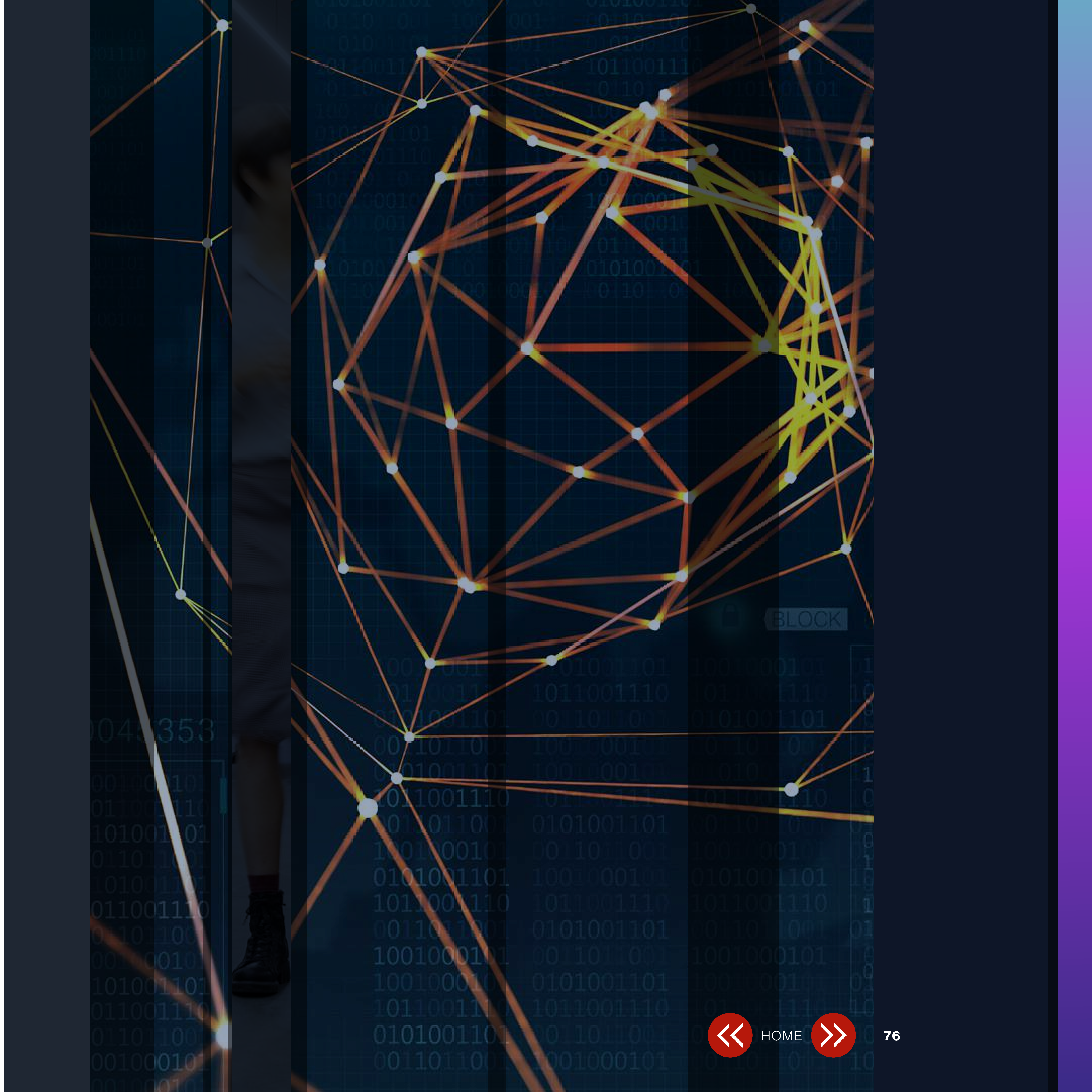
WHAT **IS IT?**

Income and impact, purpose and profit, mission and money. They're all sustainable models of doing good.

Whether you call it for-profit for-good or impact funding, it all filters into the same bucket - doing good through a commercial model rather than a purely philanthropic approach.

Zinc who are building an ecosystem of impact-led businesses and founders, through investments funds like **Revent** who are funding to scale impact ventures, to charity-designed and funded startups like **GoodPAYE** who were developed, supported and funded by the third sector.

There's a myriad of different ways you can explore generating funds whilst also delivering your mission.



WHY SHOULD **I CARE?**

As the UK economy continues to hurtle towards an increasingly terrifying 2023, many households are rapidly analysing their budgeted spend and looking to cut costs wherever possible.

With the price cap predicted to breach £6,000 in April next year, families are faced with the very real and heartbreaking choice whether to heat or eat.

Independent think-tank The Resolution Foundation **believes** the poorest fifth of UK households will have to cut back 24% of their non-essential spending to afford the increase in energy bills in January-March 2023.

In an environment where traditional income streams like sponsorship and events were already struggling post covid, and regular charitable giving is likely to become one of the first casualties for many households, exploring commercial models can be a way for charities to fund the delivery of services in new and innovative ways.

Exploring mission-driven commercial innovation isn't a quick fix, and working with entrepreneurs is going to be a shock for old models of charity risk management and governance, but the potential for long-term return could offer new models for delivering social good and tap into billions of pounds of unrealised potential income for the third sector.

FIRSTLY, WHAT DO WE MEAN BY **IMPACT AND INCOME?**

It's a short-hand way of articulating our belief that charities could be delivering their mission in a new, more effective way by monetising the assets, skills, capabilities and services they have.

We don't think charities appreciate their full financial potential and as a result the sector is sitting on billions of pounds of unrealised potential income.

In practice, impact and income is a catch all term for a spectrum of activities. On one end there's more opportunistic commercialisation – seeking and creating new ways to generate income within the existing structure of the organisation.

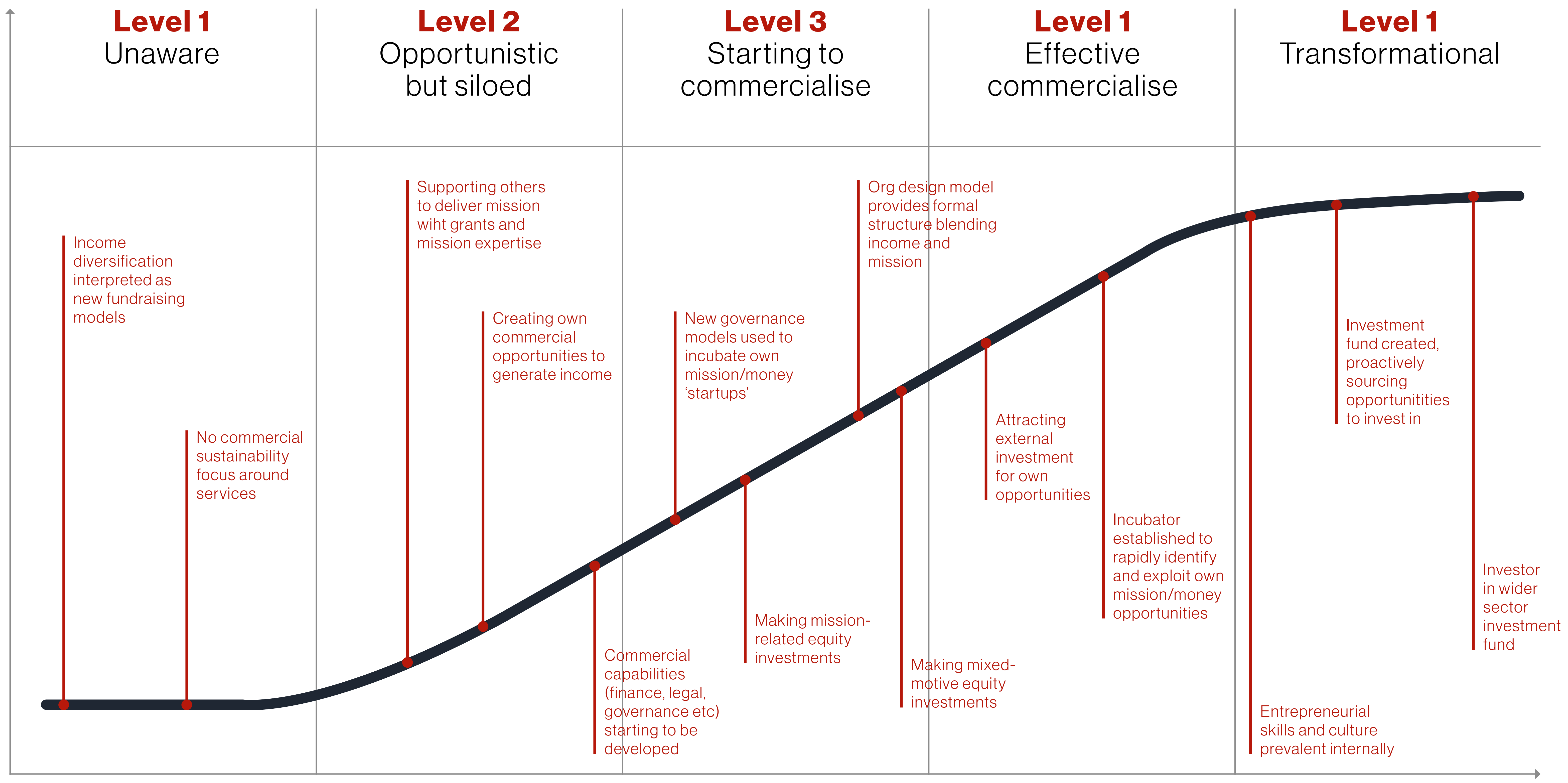
In the middle you have strategic commercialisation which might include making your own mission related equity investments or attracting external funding and incubating your own impact and income 'start ups'.

At the truly transformational end of the spectrum there's charity owned, mission related investment funds, set up to proactively source opportunities aligned to your goals to invest in. Again, delivering financial return while exploring and supporting new innovative ways to deliver your mission.

We've developed a maturity curve to help you map where your organisation is now, and where you want to be in the future.

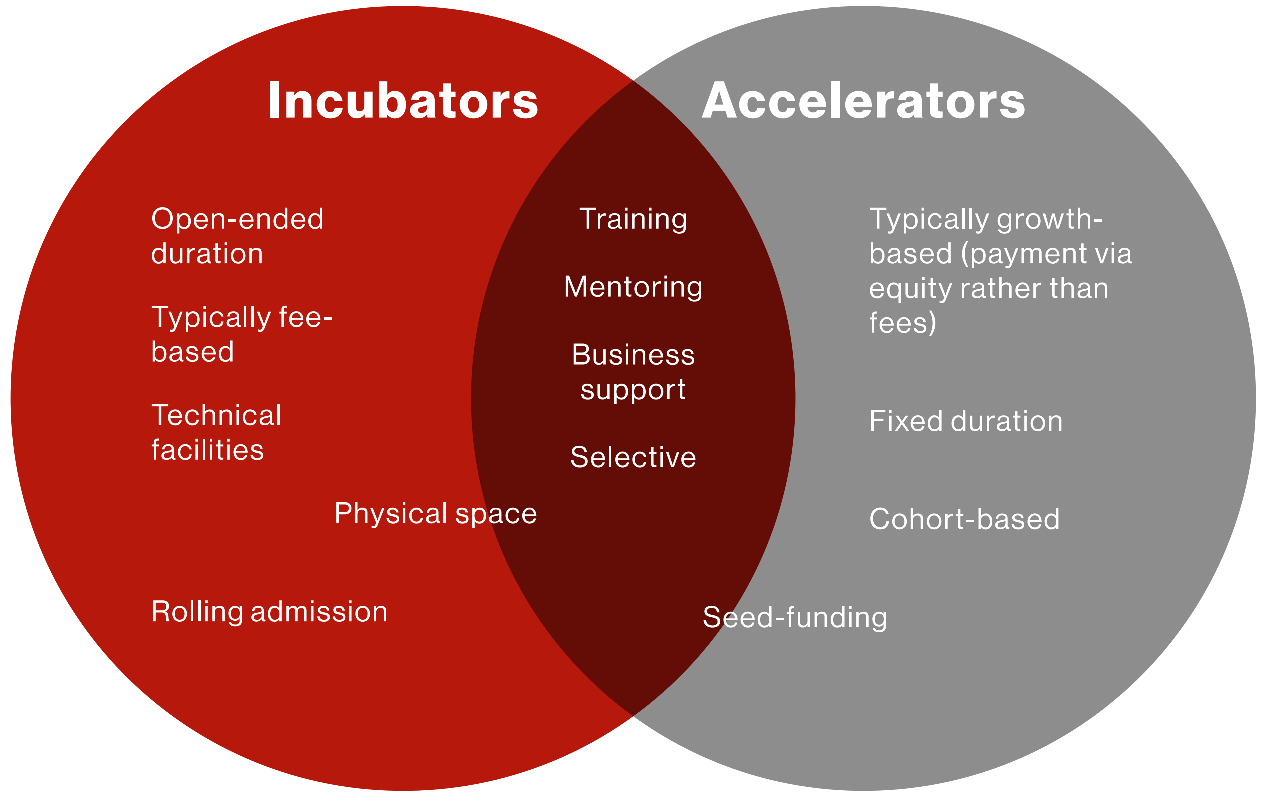
IMPACT AND INCOME **MATURITY CURVE**

[Source: Good Innovation]



ACCELERATORS, INCUBATORS **AND VENTURE STUDIOS**

There's a lot of jargon in this space so we thought it would be useful to explain the difference between the main mechanisms of developing and scaling startups.



Incubators

Incubators provide resources like physical space and mentorship at the foundational stages, even if you don't have a fully-fledged business plan. Often all you need is the germ of a good idea.

Since many incubator programs have open-ended timelines, there is less pressure on going straight to market and more focus on refining ideas and developing investment-ready pitches.

Accelerators

Accelerators help early-stage startups scale and quickly get their product to market. They offer mentorship and investor access to accelerate growth over a short period.

Venture Studios

An estimated **90% of startups will fail**. This is where the venture studio model comes in. Venture studios present a different approach to launching startups than incubators or accelerators.

Venture studios help entrepreneurs grapple with the unknowns of building a new company by providing them with an initial capital amount and operational support. A venture studio's main goal is to found as many successful startups as possible — all from the ground up.

Venture Studios or Venture Builders are companies that have their own funds, in-house experts, and resources to dedicate to building startups.

THE VENTURE ECOSYSTEM

[Source: The world we create]

Business Model Comparison

Model	Statement	Resources	Business Ideas	Builds Team	Finds Capital	Acts as Co-Founder	Support Services	Scale-up Methodology
Venture Studio	"We have capital, an idea, and all the tools to develop it. Let's find the right talent to work on this idea as a co-founder."	↑ Capital ↓ Support	●	●	●	●	●	●
Accelerator	"Let's take an existing startup, accept it into our program, and offer them the tools to grow."	↓ Capital ↓ Support			○		○	○
Incubator	"Let's brainstorm topics that we find interesting and hopefully invest in some of the ideas that develop from it."	↓ Capital ↓ Support	○		○		○	○
VC	"This stratup has promise and we think it will 10X. Let's put some money into it, and exit in a few years."	↑ Capital ↓ Support			○		○	

VENTURE BUILDERS – **ZINC**

Ella Goldner, co-founder of Zinc, spoke at the Good Futures safari on the future of funding. During her session she shared how the Zinc model works, what makes them different and what she's learned along the way.

Since launch they've backed 150 founders who've built 45 companies.

They did this on £3m initial investment. The Zinc model supports people for 6 months on the programme, with a £12k stipend. This support encourages people to take risks away from their day to day. After this period Zinc decide which companies to invest in - normally 50% of the companies in the pool (roughly 15 companies at a time). These companies are given a £75k convertible loan note at 13%.

Here are some of our favourite takeaways from the session:

- If you give people an important mission or problem to solve, and you bring the right people together, and you give them the time, space, support and a bit of cash, amazing things can come out of it.
- It's about getting people to take a risk and put their time, reputation and effort to the test.
- The story you tell depends on who you're speaking to. For commercial investors like VCs it's all about the rigour of the process to get the best talent in the right business. For impact investors like Big Society Capital it's all about how the theme or cohorts align with their charitable causes, and reassuring them that for every £1 they invest a commercial investor is matching this.
- It's all about the people. You're matchmaking founders together to find the best talent.
- They make their decision on what to invest in based on the intent and the team - the how. The next seed stage is all about unit eco

VENTURE STUDIO **FROM CRISIS**

From the sector we have the Venture Studio from Crisis. They build, invest in, and scale ventures that end homelessness for those experiencing it, or prevent homelessness from happening in the first place.

The primary aims of the studio are to:

- Discover and create and lead new ventures to end homelessness
- Invest in and grow existing ventures with products and solutions to end homelessness
- Support those with lived experience of homelessness to create their own ventures
- Build and grow Crisis's entrepreneurial culture

The studio provides access to industry expertise, user testing groups, funding, and a range of technical, business and product support to accelerate businesses that are driven to end homelessness.

You can read their 2020-2021 **impact report here** and catch up on some of their most **recent investments here**.

MISSION-LED STARTUPS
(IN THEIR OWN WORDS)

Belu

There are so many systems shifts going on that I believe we'll see even more purpose-driven businesses that look at growth with fresh eyes because we're all entering a world we've never lived in before. Businesses are also providing a moral compass, more so than any time I remember before, not just in what they say but what and how they sell. We'll be rethinking business solutions for many years to come, and the climate emergency and powering an equitable world will be at the forefront, I hope and believe.

Natalie Campbell
Co-CEO at **Belu**, who give 100% of their profits to WaterAi
[Source: **Forbes**]

Beam

I started Beam because I felt powerless: how could I make a real difference to people affected by homelessness? With Beam, I and over ten thousand other people are able to virtually 'meet' people affected by homelessness on our website **beam.org** and can fund the specific financial barriers they face. We're trying to create an amazing donor experience in terms of transparency and efficiency: you can see exactly where your donation goes via transparent budgets, share the journey of each person you support through email updates, and have the peace of mind that every single penny goes towards lifting someone out of homelessness for good.

Alex Stephany
Founder
[Source: **Forbes**]

The Little Loop

When I first had children I would get a knot in the pit of my stomach every time I had to refresh their clothes when they grew or the seasons changed. I hated the process of sorting through their outgrown clothes... it always seemed so expensive to buy new ones from the ethical brands I preferred. And more importantly for me I never knew what to do with the old ones. I felt so guilty at the thought of throwing them away but had no one to hand them on to and no time to sell them. It felt like the current system needed a complete overhaul to consider how we could access childrenswear temporarily when we needed it and then keep it in circulation for someone else to have it next. And so the idea of a shared wardrobe was born.

Charlotte Morely
Founder
[Source: **The Little Loop**]

INCOME AND IMPACT **REQUIRES CULTURE CHANGE**

Exploring, designing, investing and launching commercial ventures requires culture change from charities.

Great ideas can be killed by getting stuck in the charity machine. Entrepreneurial talent needs different models of support and compensation.

That's why we've created 15 challenge cards outlining the most common challenges we've seen at Good Innovation when working with charities to develop or invest in new commercial income streams. The goal of these cards is to help you prioritise the biggest challenges you currently face, and then offer some starter questions to help you explore how you can overcome these hurdles.

Here's a few of the most common challenges:

LOST – Don't know where or how to start - so don't start at all.

It can be difficult to know when to start when organisations are big and opportunities could be anywhere. Opportunities can exist anywhere in the organisation. With too many staff to ask, lots of ideas can surface, creating unrealistic expectations that need to be managed.

Analysis Paralysis – Too much thinking. Not enough progress.

Startup investors don't ask for five year financial forecasts of new ideas, they buy into the vision, the opportunity, the team and the plan for the next round of funding. New ideas in charities aren't treated this way, they're subjected to repeated financial modelling and analysis.

Catch 22 – Ideas killed through being caught in the machine.

Governance is not built for pace and agility. Decisions need to be made by Trustees who meet quarterly. Finding space is hard on an Exec team agenda that's occupied by the day to day priorities, meaning decisions that should take hours take months.

Starved – No investment to create, no investment to scale.

It can be challenging enough to invest sufficient resources to work on developing new models and new opportunities, but then finding the investment to grow and scale big new ideas can be impossible. New ideas can be doomed to fail without sufficient investment behind them.

SO **WHAT?**

Zinc have proved it's possible to effectively, at scale, commercialise mission-led ventures. So much so that they've raised another £28m to do more. Social enterprises like Beam, B Corps like The LIttle Loop and mission-ventures like Belu prove that the for-profit-for-good model works. And collaborative startups like GoodPAYE show that it's possible for the sector to come together to design and fund commercial solutions.

1. CULTURE – NEW APPROACHES TO RISK

New approaches to income generation require new thinking, new models and, probably most importantly, new approaches to risk management and governance. Risk needs to be approached differently and analysed differently. How can you support your key decision makers (your board and trustees) on this journey? Do you have the right talent in house to help guide you through the process? Do you have the right processes and prioritisation to ensure opportunities don't get missed or ideas don't get lost in the weeds of governance?

2. INNOVATE – CREATE YOUR OWN VENTURES

We believe that charities are sitting on massive commercial potential. The potential to turn their expertise, assets and insights into for-profit ventures. What makes your organisation unique? What skills do you have that could serve a new audience, market or problem? Where's your opportunity to turn your mission into money?help signal new patterns of behaviour.

3. INVEST – INVEST IN OTHERS

Invest in others to help scale their mission ventures. You could follow Crisis' lead to build a venture studio to source, support and invest in ventures that align with your mission. Or you could partner with organisations like Zinc to spread the risk of investment through a fund.

4. COLLABORATE – LEVERAGE YOUR EXPERTISE

Entrepreneurs are looking for partners and experts to help test, validate, grow and scale their startups. Charities have access to these knowledge and insight pools. Don't fear working with entrepreneurs. They need and want your help.

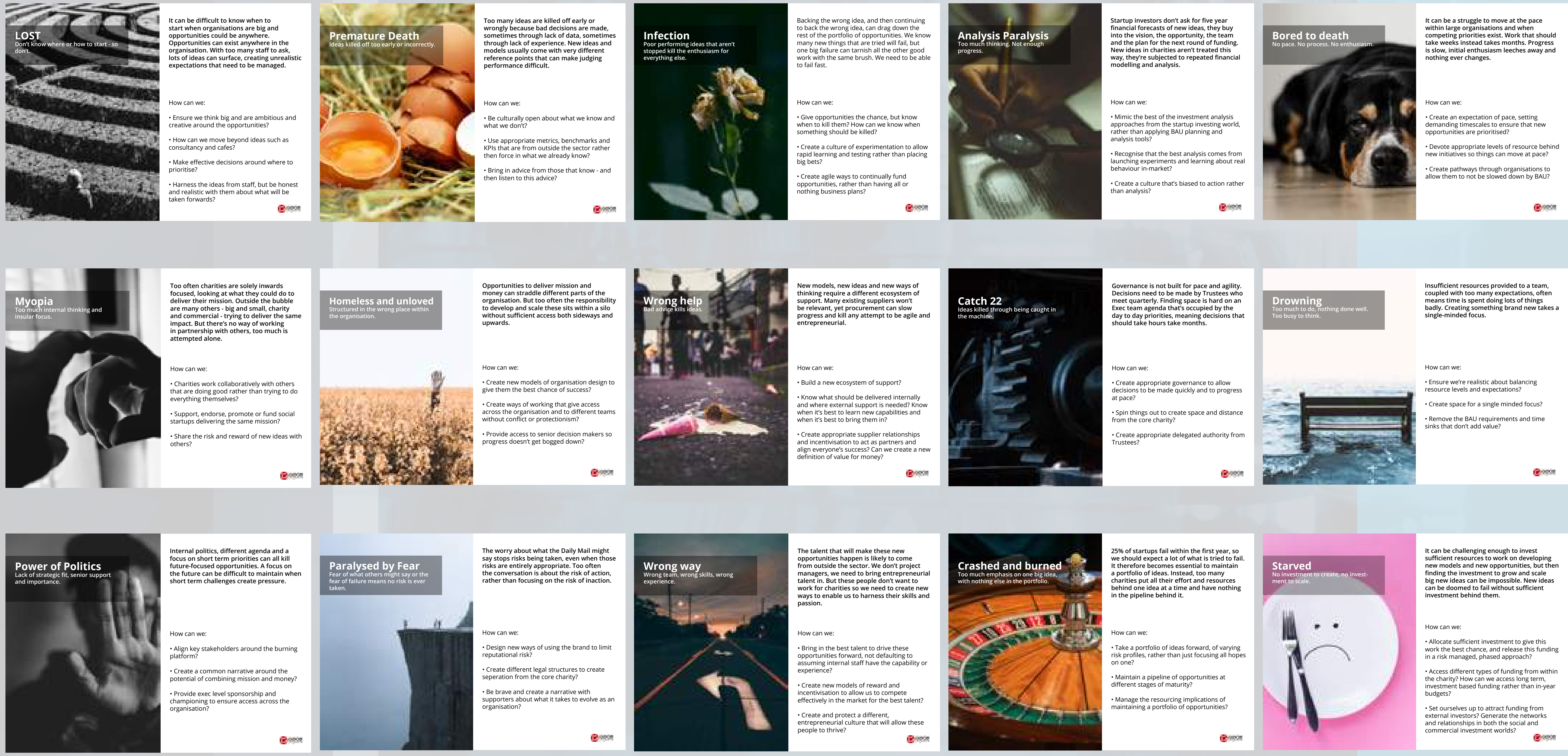
CHALLENGE CARDS

CHALLENGE **CARDS**

How to Use:

1. Prioritise the 3 biggest challenges you face right now
2. For each challenge discuss the specifics
3. Explore a range of solutions
4. Prioritise and agree your first step
5. Assign an owner

Access the full set of Income & Impact Challenge Cards here>>.



BUT REALLY, SO WHAT?

“The greater the contrast, the greater the potential. Great energy only comes from a correspondingly great tension of opposites.”

Carl Jung

SO **WHAT?**

The next 2-3 years are going to be tough for everyone. By 2023 fuel costs for some households may have quintupled (or more) from where they were in 2021 and more than 50% of UK households could be in fuel poverty by christmas 2022. Inflation is forecast to hit 18% next year, whilst the government is currently more focused on its own popularity contest than fixing the cost of living crisis. We've lost precious time to put in meaningful policies and levies to save lives this winter.

Civil unrest could be on the rise

Police forces are preparing for increased social unrest in the coming months. From people refusing to pay bills, to protests about the cost of living.

"We need to keep people fed. We need to keep them warm. If we get this wrong right now, then we get to the point where we start to risk civil unrest. When breadwinners cannot provide, anger brews and civil unrest brews - and I do not think we are very far off."

Martin Lewis

Standing still is going to cost more

The cost of doing business and simply standing still is going up. And up. And up. And up. Businesses and public spaces do not benefit from the fuel cap. Those warm spaces the government is relying on to keep people alive during winter may be forced to close their doors as they can't afford to keep the lights on. Literally. Your services are likely to be in more demand, but the cost of providing these is increasing.

Supporting your teams

In June this year the Living Wage Foundation reported that over 14% of charity sector jobs pay below the living wage. As the cost of living continues to increase, as employers how do you best support your people? Increased salaries mean additional costs in an environment where fundraising is expected to face significant challenges.

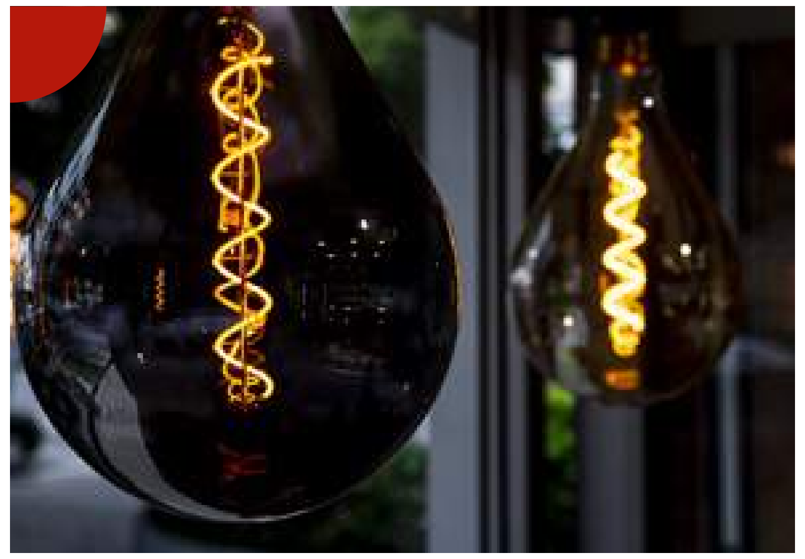
SO
WHAT?

Plan for the worst now

Income might be holding up at the moment, supported by legacies and partnerships, but previously bankable products like sponsorship, mass participation, lottery and gaming are struggling. With rising costs, services teams are going to need you to raise more just to stand still. Plan and prepare for the worst, and then plan again.

Invest in innovation

We know from previous recessions that charities that disinvested in fundraising performed worst in the long term. Ensure your innovation foundation is strong. Build on your supporter relationships. Invest in engagement and storytelling. Keep thinking about the future, not just firefighting what's in front of you. Because this crisis will pass. So be ready to step into the new landscape when markets recover. By building the foundation for post-crisis growth now, you'll remain competitive in recovery.

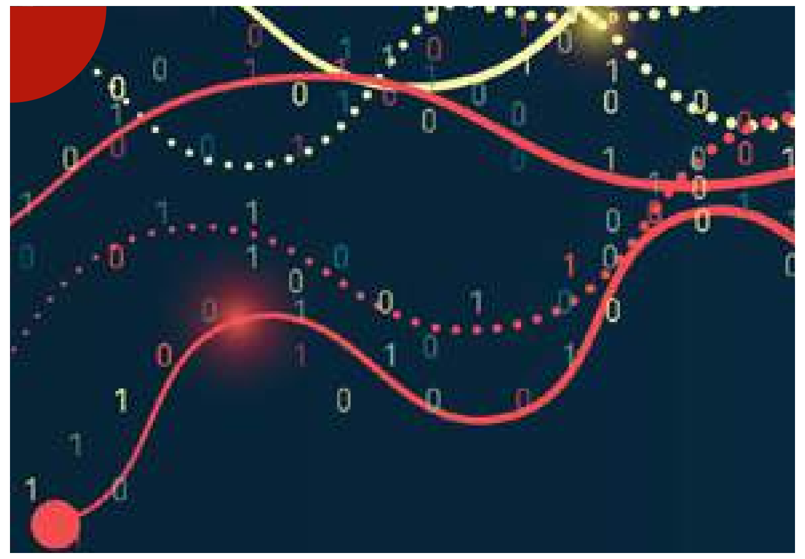


Don't be afraid to fail and fail fast

Don't be afraid to fail, just fail fast and cheaply. Innovation can not exist in an environment where ideas and theory can not be tested. If you fail to innovate you will eventually fail to thrive.

Data data data

Utilise every touchpoint you have to gather insight about supporters and beneficiaries. Having as much live data as possible will help signal new patterns of behaviour.



SO
WHAT?

Cash in on the decline

However, with the increased cost of living we're seeing more and more people go back to old school, analogue savings and budgeting (cash, small change and envelopes) to help get through the crisis.

Contactless and digital is the new default for many

Only 37% of Gen Z carry cash. But you can still deliver in person collections through contactless technology. Don't miss out on donors by limiting the payment mechanics.

You're missing out on donations by not accepting crypto

Go in with your eyes open & weigh up the risks. Educate your trustees on the pros and cons. Do you research and put the right policies in place to manage anonymity, volatile markets and reputational risk.

Crypto donors need new journeys

Recognise that these new donors will probably want a whole new approach to thanking and engagement. Don't try and force them into standard journeys.

Charity retail is having a moment

If you have bricks and mortar stores, make the most of them. From Gen Z trend setters looking for some 90s fashion, to shoppers looking for a bargain there are new customers keen to support your sites.

SO
WHAT?

The e-commerce revolution has arrived

Consumers expect a seamless online experience, no matter the retailer. Invest and refresh your online shopping experience.

Corporates are questioning the value of charity partners

Be clear on your USP. Be human, be bold, be focused, be specific and showcase the value you bring. Great partnerships are built on mutual appreciation and trust.

Remember the 5 Ps:

Purpose
Why have you come together? What's the change you want to create? The impact your creating together needs to be scalable.

Plan
You need a roadmap to put your action plan into place. It's not enough to just do good. You need to show measurement and governance, underpinned by a plan.

Platforms
Corporates have access to platforms, assets and customer bases. Think creatively about how you can leverage those platforms to deliver change e.g. swapping brands on a football shirt.

People
Magic happens when people come with the right mindset. Your CEO could be your star player - get them involved. Culture can't be underestimated - don't slow down change with governance and risk management

Partnership
Co-create a shared ambition to deliver change. This needs to be a shared vision, not one led by either party.

SO
WHAT?

Turn the tables on corporate

Move away from 'charity' partnerships and into business ones. Invite corporates to pitch on how they can contribute to solving your mission.

Untapped potential

Charities are sitting on billions of pounds of potential income by exploring and leveraging their assets, skills and capabilities to create new commercial innovations. What makes your organisation unique? What skills do you have that could serve a new audience, market or problem? Where's your opportunity to turn your mission into money?

New approaches to risk

New approaches to income generation require new thinking, new models and, probably most importantly, new approaches to risk management and governance. Risk needs to be approached differently and analysed differently. How can you support your key decision makers (your board and trustees) on this journey?

Getting the right talent on board

Entrepreneurial talent needs different models of incentivisation and management. Don't suffocate great people or great ideas by forcing them through the mill of standard charity governance, risk and people processes.

Which hat do you want to wear?

Be clear on the role you want and need to play in commercial ventures. Finance trustees may want to be able to sit in on venture board meetings, but do they really need to? How much autonomy do you want to give? How can you build the right ecosystem to ensure owned ventures can thrive? There are multiple hats you and your organisation can wear. Be clear on which ones are and aren't appropriate.

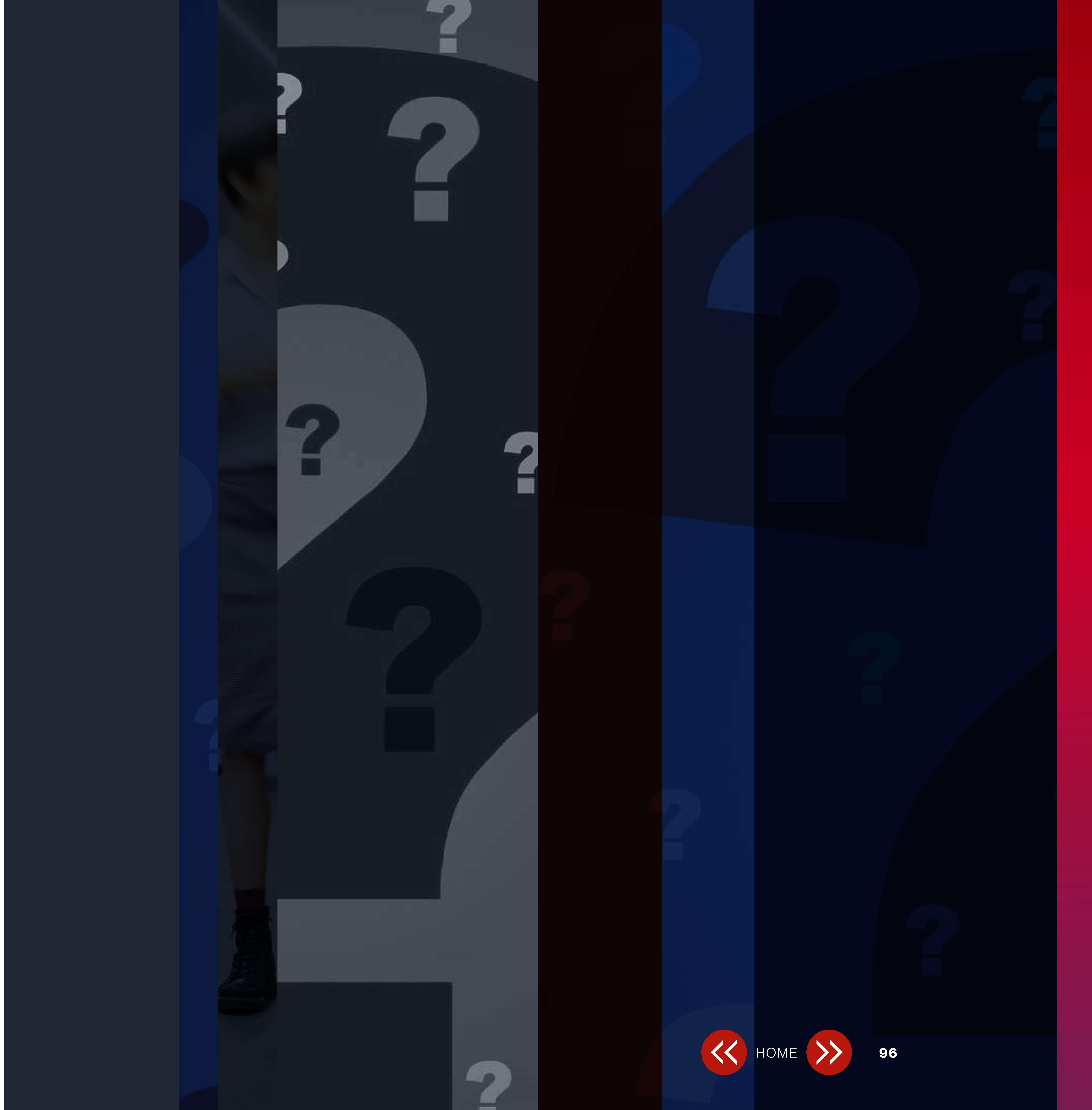
SO
WHAT?

Invest in others

Invest in others to help scale their mission ventures. You could follow Crisis' lead to build a venture studio to source, support and invest in ventures that align with your mission. Or you could partner with organisations like Zinc to spread the risk of investment through a fund.

Entrepreneurs want to work with you

Entrepreneurs are looking for partners and experts to help test, validate, grow and scale their startups. Charities have access to these knowledge and insight pools. Don't fear working with entrepreneurs. They need and want your help.



“I like the cover,” he said. “Don’t Panic. It’s the first helpful or intelligible thing anybody’s said to me all day.”

Douglas Adams
The Hitchhiker’s Guide to the Galaxy

CONTACT **US**

Want to discuss the implications of the shift and how you can use it as an opportunity to innovate? Need some help exploring the potential?

We're here to help.

Get in touch.

GoodFutures@goodinnovation.co.uk

GOOD FUTURES FROM GOOD INNOVATION