



Ruth Dwight
●●● Consulting

Unlocking the Potential of Earned Income

Rosa Summer Conference
18th June 2025

Strategy

Earned Income

Governance



VOLUNTEERING MATTERS



Parent
Champions





Selling

Cost

Value

Customers

Marketing

Price

Profit

Product

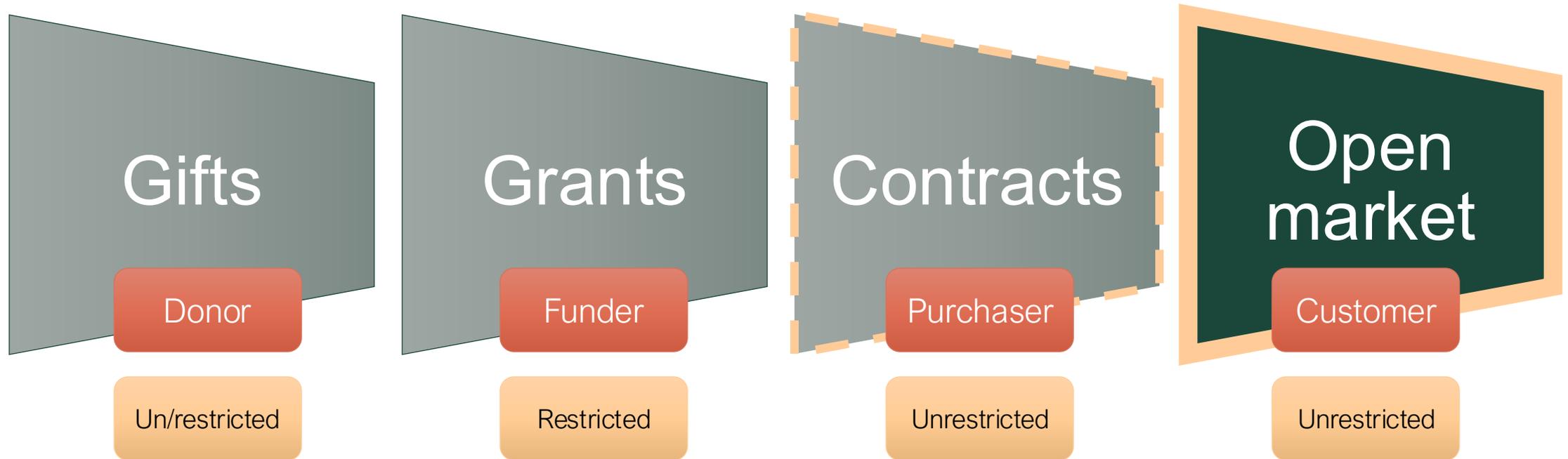
What's this session all about?

- Why consider earned income?
- Overcoming barriers and identifying opportunities
- Building a business case – minimising risk
- And... will it work for *my* organisation?



So, what is earned income?

- Income generated through the sale of products and services



POLL #1

What's your organisation's experience with earned income?

- We generate some earned income already
- We are thinking about generating earned income and have taken some first steps
- This is brand new to us
- I don't know



POLL #2

What's your board's appetite around earned income?

- They are keen to expand our income generation in this way
- They are hesitant / not keen
- They have not considered it
- I don't know



Why should we consider earned income?

- Adds further **breadth** to income spectrum
- Generates **unrestricted** income – can be used for research and development, harder-to-fund projects, building reserves
- Be more in **control** of their own direction and destiny
- *So why isn't everyone doing it?*

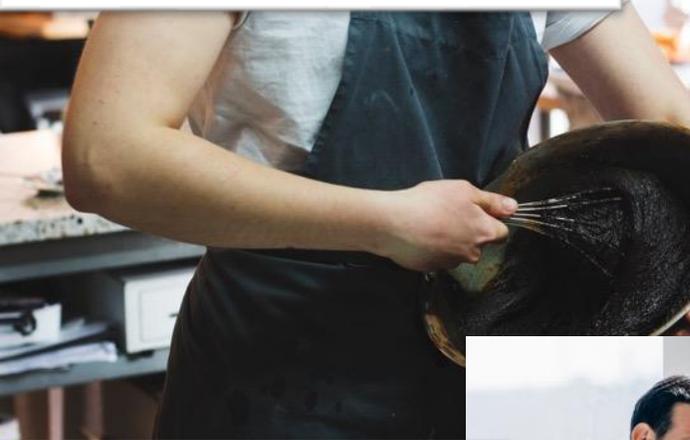


What's stopping us?

- “Our services should be free”
- “We don’t have the business skills to sell products and services”
- “We don’t have anyone who would or could buy it”
- “What happens if we don’t hit our sales targets – it’s too risky”
- “We aren’t allowed to sell things – we are a charity – we’d have to set up a whole other company to do that”
- “We are in a cost-of-living crisis – this is the worst time to start trying to sell things to people”



LUMINARY BAKERY



eden project



Anawim Charity Shop



women's aid

training and education

until women & children are safe



VERSUS ARTHRITIS MANAGING ARTHRITIS LIFESTYLE & GIFTS

IN THE HOME

Our range of products for use in the home are designed to help people with arthritis live happier and more independent lives.

FILTER: Availability Price



RINGPULL CAN OPENER
£12.49 GBP

CHOOSE OPTIONS



UCCELLO TIPPING KETTLE
£49.99 GBP

ADD TO CART

So, what to do...?



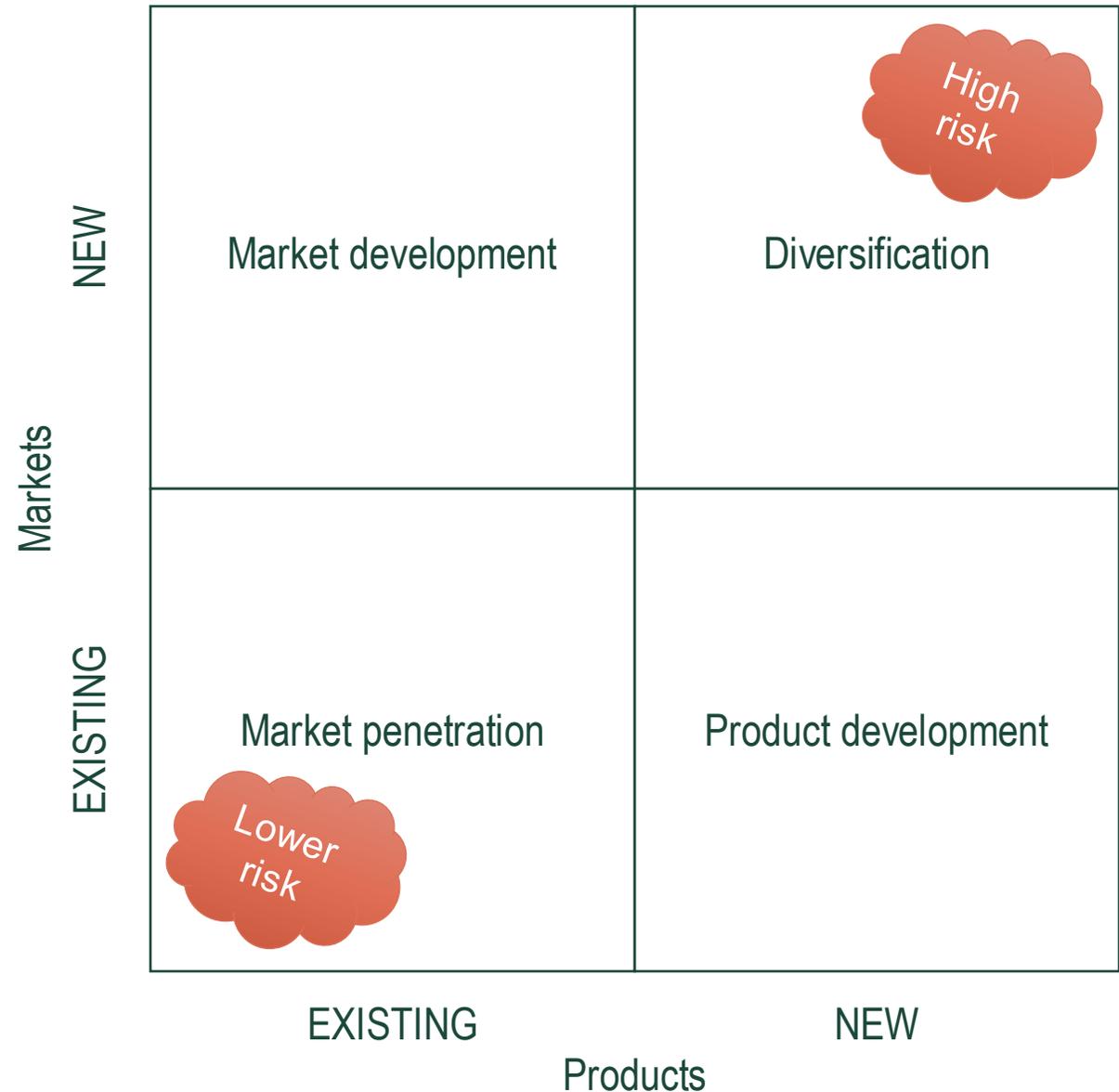
- What **assets** do you have?
 - Skills – used / not used every day
 - Knowledge about topic / audience
 - Venue space / other physical resources
 - Value of your brand
- **Who** else could benefit from these?
 - Members of the public
 - Businesses
 - Local authority



So, what to do...?

- What *assets* do you have? e.g.
 - Skills – used / not used
 - Knowledge
 - Venue space / other physical resources
- Who else could benefit from these?

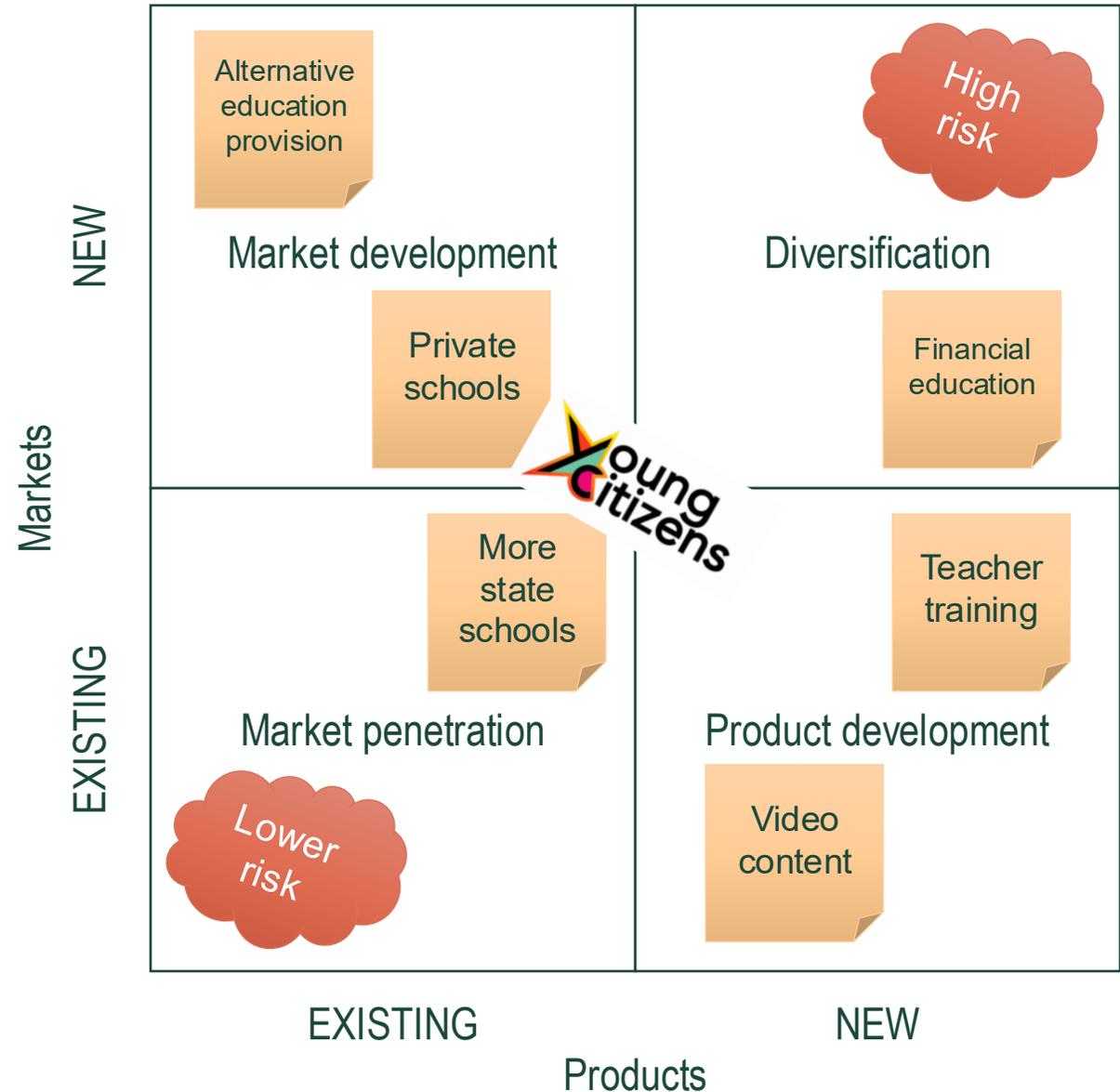
Use this Ansoff matrix to create your own ideas...



So, what to do...?

- What *assets* do you have? e.g.
 - Skills – used / not used
 - Knowledge
 - Venue space / other physical resources
- Who else could benefit from these?

Use this Ansoff matrix to create your own ideas...



Managing the risks – market research

- Who are you targeting?
- What do they want and need?
- Where is the gap you are filling?
- Why is that gap there?
- What is the size of your market?

Pilot first – what is the take up like?



Managing the risks – financial planning

- Check the market rate – start high, and discount if you need
- Consider ALL costs – including management, accounting, legal, start-up resources, marketing
- Create a **cash flow** – what start up investment is needed?
- Model different pricing and sales targets
- Consider social investment – grant / loan – ensure you can afford the repayments plus interest

Remember the purpose is to make a profit – and that's ok!



Managing the risks – governance

Primary purpose trading

- The trading is part of your charity's purpose, e.g.
 - selling counselling services to members of the public (pay it forward) – if they are your beneficiaries
 - running a café for your beneficiaries (ancillary)
- Some tax exemptions apply



Managing the risks – governance

Non-primary purpose trading

- The trading does not relate to your charity's purpose, e.g.
 - running a café selling to the public (unless it's staffed by your beneficiaries)
- Still some tax exemptions, but trading income threshold depends on charity's annual gross income

Charity's annual gross income	Trading income threshold
£32k or less	£8k
Over £32k, less than £320k	25% of charity turnover
Over £320k	£80k



Managing the risks – governance

Why set up a trading entity?

- If trading income is above threshold
- To protect charity from trading losses or other risks
- No corporation tax to pay on profits donated from trading entity to charity

Other points to note...

- Usually set up as a Company Limited by Guarantee (CLG) or Community Interest Company (CIC)
- Will need independent Board members, and some trustees from the charity
- Will need to report separately to relevant regulator (Companies Houses, CIC Regulator)



Further information

- Take advice from lawyer and accountant
- Charity Commission
 - [CC35 \(trustee guidance\)](#)
 - [Connected Organisations](#)
 - [Charities and Trading](#)
- Other organisations
 - [NCVO](#)
 - [Social Enterprise UK](#)
 - [The Management Centre](#)
- Sources of social investment and readiness support
 - [Access – The Foundation for Social Investment](#)
 - [Big Issue Invest](#)
 - [Charity Bank](#)
- Tools to use
 - [Ansoff matrix](#)
 - [Business model canvas](#)
 - [Value proposition](#)



Any questions?

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