

Generating Income through Trading

A guide for community groups, charities and social enterprises

Trading - selling goods or services - can generate unrestricted income for your group. Read on for information on how to start trading.

1. What is trading?

Trading refers to business activities undertaken by your group, either as part of or separate to your charitable work. Trading usually involves selling and can include:

- Delivering external training.
- Charging for your services e.g., charging people to attend groups.
- Holding events that you charge people to attend.
- Selling goods via a stall, shop or online.
- Owning and managing property.
- Letting or sub-letting office space or meeting rooms.
- Delivering contracts for the public sector i.e., being commissioned to deliver a service, rather than being given a grant.

2. Should you trade?

Your legal ability to trade depends on what kind of group or organisation you are:

- If you're an unincorporated group, you will need to check your constitution to see if trading is mentioned as one of your activities. You can change your constitution with the agreement of your members, to permit you to trade.
- If you're officially registered as a company (e.g., CIC), you can trade. A company structure means that you're expected to function as a business, generating at least a proportion of your income through trading, rather than relying entirely on grants and donations
- If you're a charitable organisation (e.g., CIO or Registered Charity) you can trade in line with your charitable aims (your 'primary purpose') without paying tax, **but if you engage in trading that is significantly different or disconnected from your charitable work you may be liable for tax on this income.** You can, however, set up a 'trading arm' that is separate from your charitable work. Further guidance [here](#).

Your decision to trade may also depend on your time and other resources, your willingness to take risks, and your business skills e.g., marketing, selling, financial management.

And, most importantly, you need to have something to sell and someone to sell it to!

3. Business planning

Once you've decided to trade and have dealt with any issues relating to your legal structure, you'll need to consider:

- **Your offer** – the products and services you're selling.
- **Your audience or market** – who is going to buy what you're selling? Do they want or need your offer? Have you consulted with them?
- **Your competitors** – Who else is selling the same or similar product or service? How is your offer different / better? What's your unique selling point (USP)?
- **Your pricing** – how much will you charge and why?
- **Your profit** – What are your costs vs your anticipated income? Will you make more than you spend? Bear in mind, that for the first few years of trading, you may just break even.

Writing a business plan will help you gain clarity on these aspects and keep you focused on your aims and activities. You'll find numerous business plan templates available online – choose a simple format to start with. The process doesn't have to be complicated but take your time to ensure your idea and plan is right for your group or organisation.

You may also want to get some business skills training – you could ask local businesses if they would offer pro-bono support or see if you can access free or low-cost training and support via your local CVS organisation. If free help is not available, you could choose to pay for training and consultancy to ensure your plan is as robust.

4. Still wondering what to sell

Some LGBT+ groups begin trading by selling LGBT+ awareness training. If you have a particular expertise, you could develop training around this e.g., trans awareness, LBT women's health, LGBT+ older people, LGBT+ youth... It's a good idea to test run your training sessions at least once, to ensure the content, presentation style, exercises and other aspects are right for your target market.

Other groups may have developed an effective model of service delivery e.g., they may work successfully with LGBT+ survivors of sexual and domestic violence, or trans children and their families. They could then 'sell' this model to other organisations – either by providing staff to deliver the service in a different location or providing a package of training and support to enable the 'buyer' to deliver the service themselves.

Arts-based organisations could run ticketed events e.g., LGBT+ arts festivals, to both showcase the creativity of their service-users or members and to generate additional income for their work.

If you hire space for your activities all year round, can you sub-let this to other LGBT+ groups when you're not using it e.g. Do you have a counselling room or meeting room that would be useful to other groups? Check with your landlord / property agent first to make sure this doesn't breach the terms of your lease.

For other ideas, consult the list in point 1. above and look around to see what other groups and organisations are doing.

5. Delivering public sector contracts

Many LGBT+ community groups 'sell' their services to the government, local council, NHS, or other public sector bodies. They may win a tender to deliver a service or to undertake a project.

Some contracts will pay up front, others in instalments, and others by results i.e. you won't get the money until you've met targets specified in the contract. You'll likely be allocated a Contract Manager from the awarding body who will monitor and support your work.

Delivering public sector contracts requires your group to become very business-like, efficient and streamlined in its approach. You'll probably have to adhere to strict monitoring and reporting requirements. This can have a positive effect on the rest of your operations, raising your standards.

However, delivering contracts can be very time-consuming. And for some groups, it's a big culture change and may cause internal difficulties or conflicts.

To find out about the opportunities available to you, it's best to speak with the commissioners in the relevant public sector bodies and departments. You may also receive useful info via your local CVS organisation and by speaking with other LGBT+ groups.

If you're a small group, commissioners may suggest that you collaborate with an existing provider or larger bidder, or act as a sub-contractor. **Be aware that with contracting, the commissioners usually call the shots!**

If you need further guidance, do contact Consortium's Engagement team.