



Nonprofit Budgeting II: Building Better Budgets

Shannon Ellis

Interim Co-Director

CompassPoint Nonprofit Services

CompassPoint
NONPROFIT SERVICES

CompassPoint intensifies the impact of fellow nonprofit leaders, organizations, and networks as we achieve social justice together.



Welcome

- 9:30am – 4:00pm. 1 hour lunch around noon.
A break in the morning and afternoon.
- Please sign in
- Silence mobile phones
- Wifi = CPGuest / Password = CPwelcome
- Return from breaks on time
- Questions are encouraged
- Confidentiality

Introductions



Name
Organization
Role

Learning Objectives

By the end of this workshop, you will:

- Be inspired to develop impactful budgeting process, tools, and reporting;
- Increase your skill in communicating about the budget in order to build a culture of learning and shared leadership throughout the organization;
- Use the budget to spark new thinking for powerful conversations with funders and donors.

Intentions

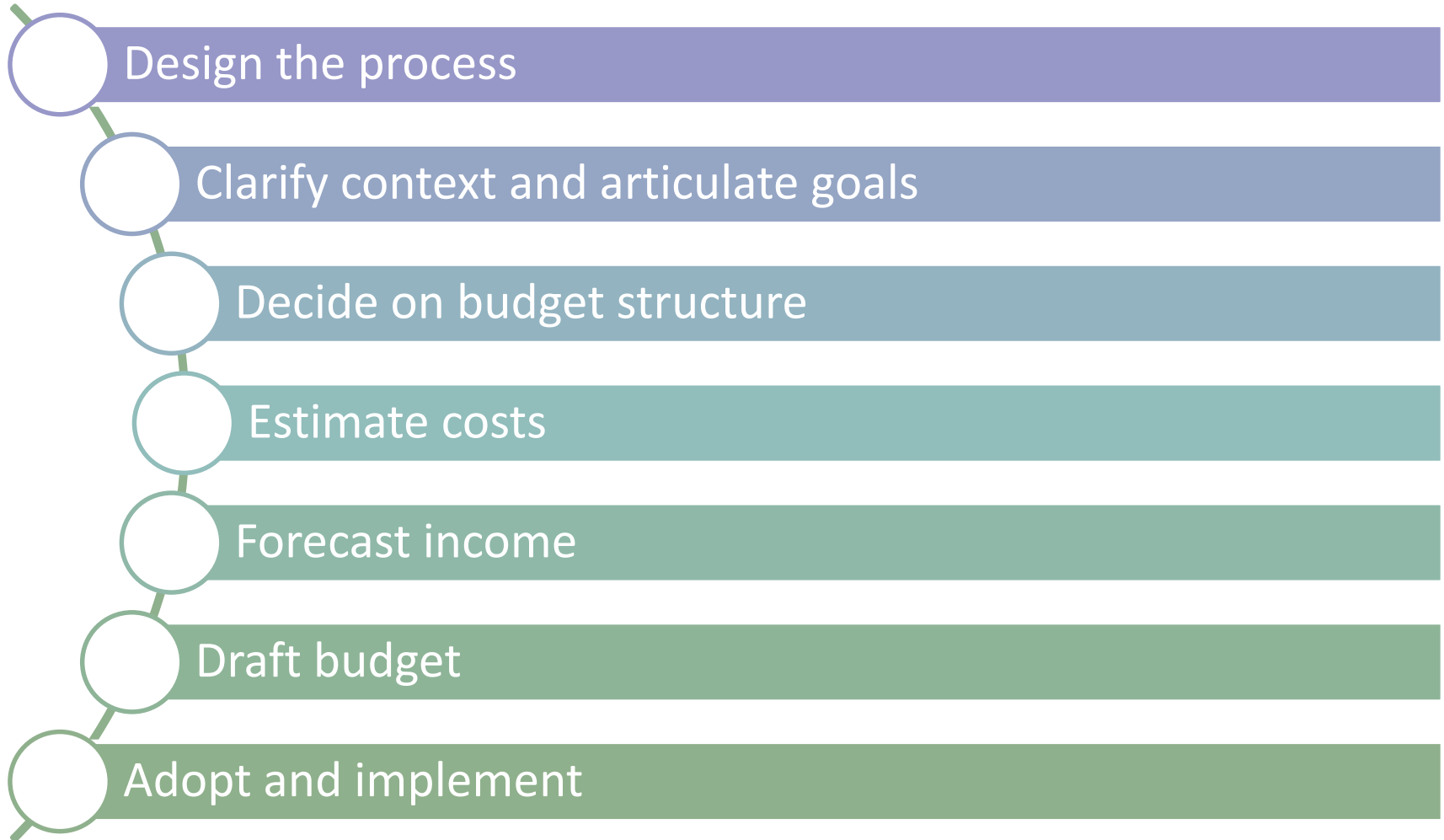
What brings you here today?
What do you want to walk
away with by the end of our
time together?

Agenda

- Process and Values
- Budget Assessment
 - Values Alignment
 - Risk Assessment
- Reflecting on Risk
- Communication
- Action Planning



Budgeting Overview: 7 Stage Process



Budgeting Overview: Inclusive Process

Meaningful collaboration on organizational processes **yields better outcomes**. The annual budgeting process is no exception to this.



Budgeting Overview: Inclusive Process

REFLECTION: Who is involved at your organization?

| RACI Role | Description |
|--|---|
| R esponsible “the doer” | a person who does the work of developing the budget |
| A ccountable “buck stops here” | a person who is ultimately responsible for the budget; holds yes/no decisions |
| C onsult “in the loop” | a person who is engaged before decisions are made; two-way communication |
| I nform “in the know” | a person who is informed after decisions are made; one-way communication |

Budgeting Overview: Inclusive Process

SPECTRUM EXERCISE: How is the budgeting process held at your organization?

1 = budget process tightly held by 1-2 people

4 = power and decision making around the budget development and monitoring is effectively distributed throughout the organization

Budgeting Overview: Inclusive Process

SMALL GROUPS: How is the budgeting process held at your organization?

- Why did you place yourself here?
- What are the implications of this kind of budgeting process?
- What's one learning or piece of advice you would offer to the larger group?

Values Reflection



- What does this value mean to you?
- How is it expressed at your organization?
- How does this value connect to how we generate and distribute our resources?

Values Mixer

- Write your organizational values on a large post-it.
- Find 1-2 others who have a value in common with you.
- Share with your small group how this value connects to how you think about resource generation or distribution at your org.

Racial Justice
Integrity
Learning

Assessing the Budget



Values Alignment



- How well are your current revenue streams and expenses aligned with your organizational values?
- What shifts might you make to deepen the alignment?

Risk Management to Risk Leadership

“The imperative here is to **embrace risk leadership** rather than just risk management. The question is, **are we taking the most appropriate risks our constituents and stakeholders deserve** from us, as well as engaging in an appropriate level of fiduciary care?”

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From “Risk Management to Risk Leadership:
A Governance Conversation with David O. Renz”
Nonprofit Quarterly, July 18, 2017

What's Your Relationship to Risk?

- How are you taking the most appropriate risks your constituents and stakeholders deserve?
- How do you embrace these risks while also tending to the fiduciary care of the organization?
- How does this impact your resource planning and budgeting?

Risk/Opportunity Assessment for Expenses

| Expense Grouping | % of Total | Commitment | Variability | Prior Year Performance | Risk factor |
|------------------|------------|------------|-------------|------------------------|-------------|
| | | | | | |
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| | | | | | |

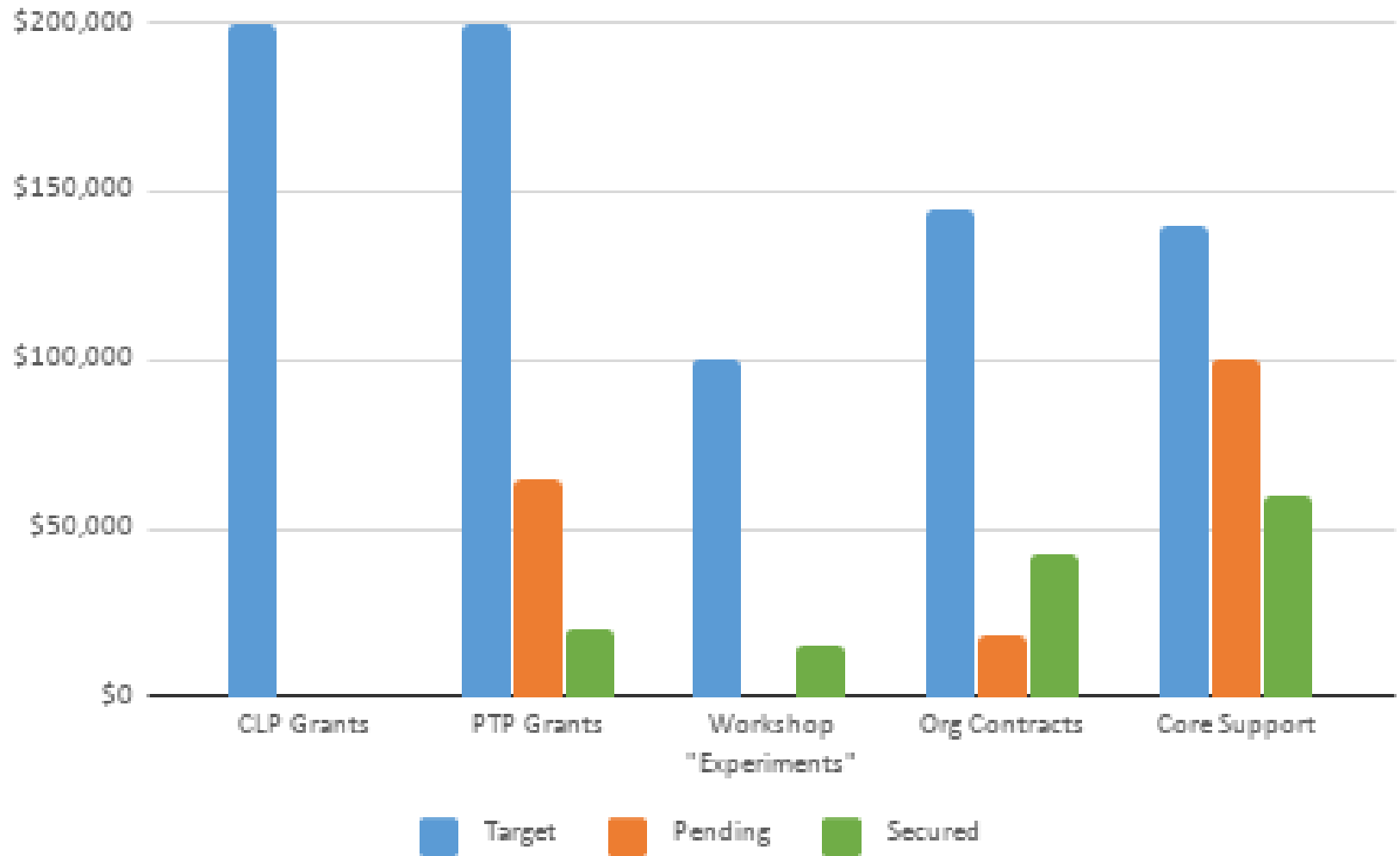
Risk/Opportunity Assessment for Income

| Income Type | % of Total | Commitment | Variability | Prior Year Performance | Risk factor |
|-------------|------------|------------|-------------|------------------------|-------------|
| | | | | | |
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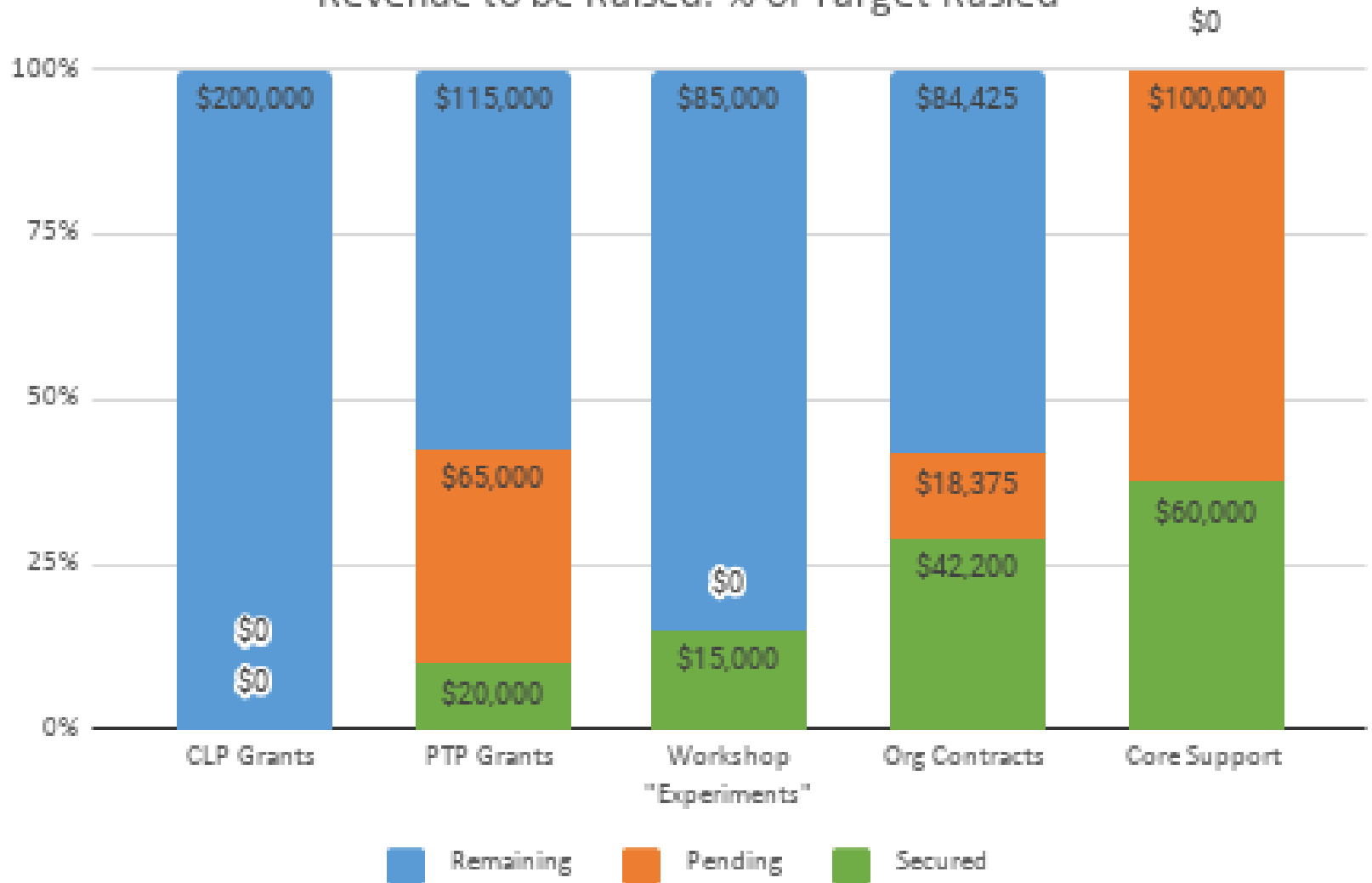
Projections: focus on areas of uncertainty

- Percentage or average basis for income and expense that is more predictable
- Detailed analysis for those that are most volatile or uncertain
- This design may change over time as the organization and environment evolves

Revenue to be Raised: Progress Toward Targets



Revenue to be Raised: % of Target Rased

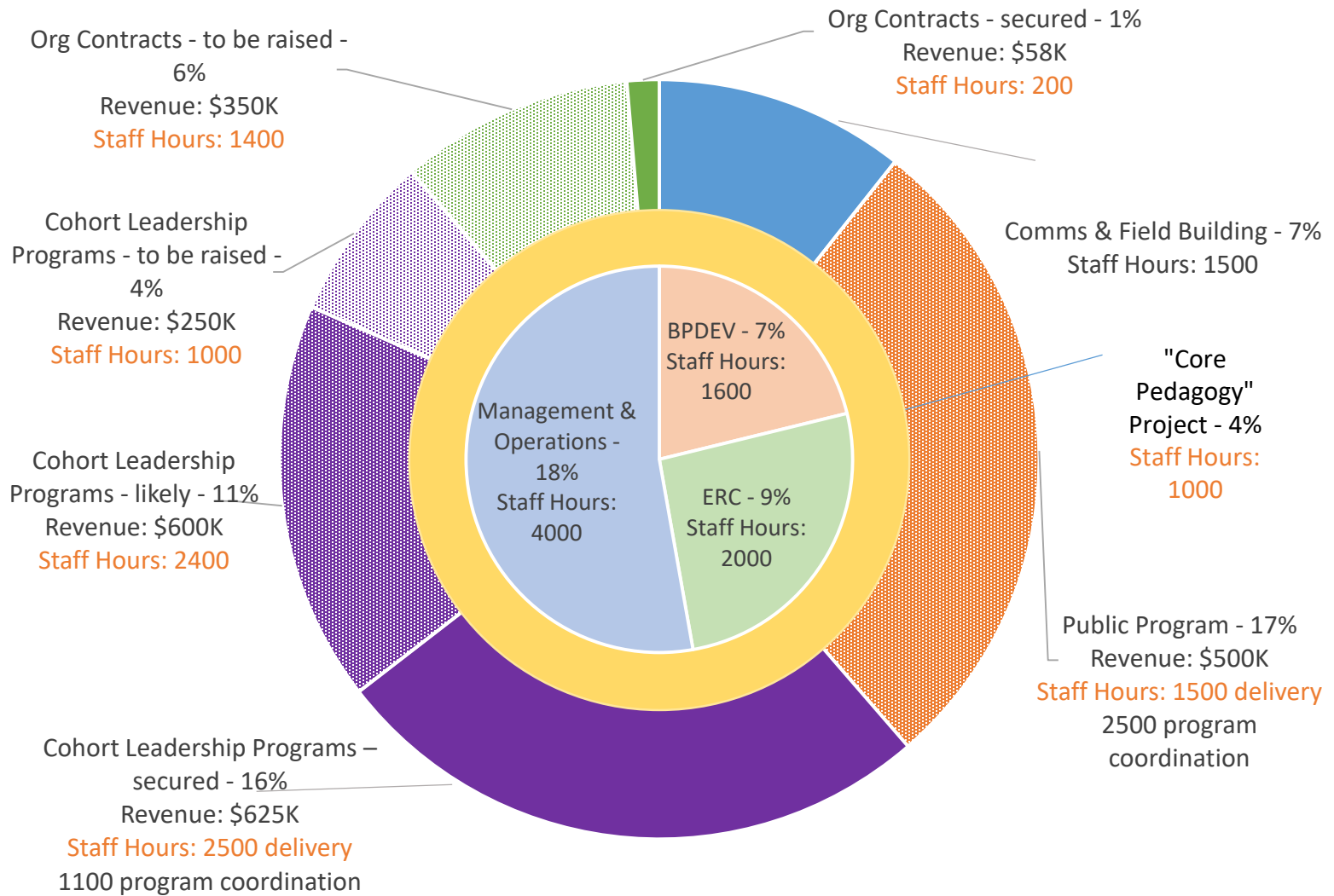


Projections: Time as a resource

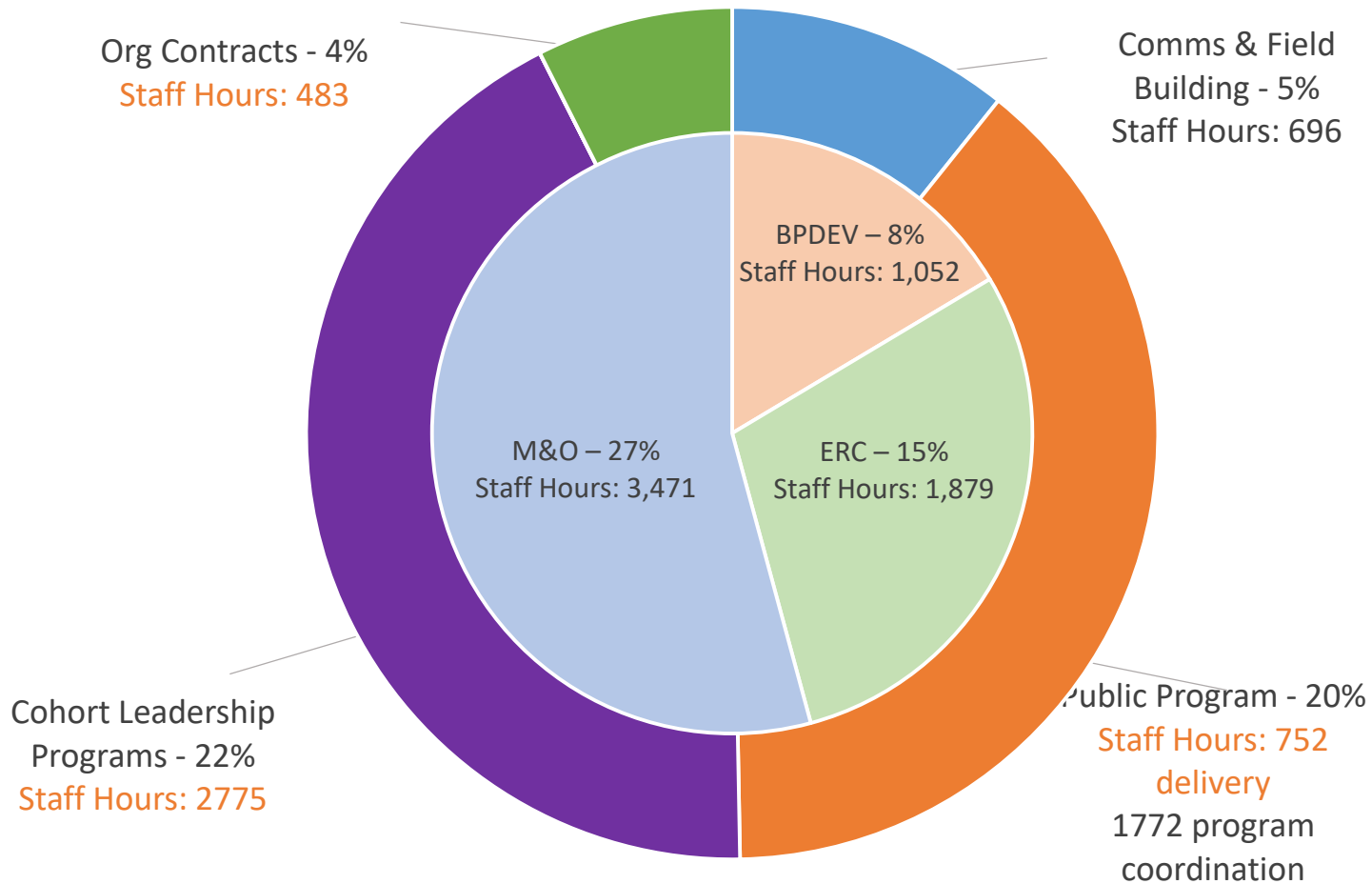
SHANNON ELLIS - 2018 WORK FORECAST

| HOURS | 5 WEEKS | 4 WEEKS | 4 WEEKS | 4 WEEKS | 5 WEEKS | 4 WEEKS | 4 WEEKS | 5 WEEKS | 4 WEEKS | 4 WEEKS | 5 WEEKS | 4 WEEKS | TOTAL |
|---------------------------------------|------------|----------|-----------|------------|-------------|-----------|-------------|-------------|-----------|-----------|-------------|-----------|------------|
| | JAN | FEB | MAR | APR | MAY | JUNE | JULY | AUG | SEPT | OCT | NOV | DEC | |
| | 1 thru 2 | 5 thru 2 | 5 thru 30 | 2 thru 27 | 30 thru 1 | 4 thru 29 | 2 thru 27 | 30 thru 31 | 3 thru 28 | 1 thru 26 | 29 thru 30 | 3 thru 28 | |
| [195] CP Holidays | 24 | 8 | 8 | | 8 | | 8 | | 8 | | 16 | 24 | 104 |
| [195] PTO | | | | 40 | | 24 | 72 | | | | | 64 | 200 |
| [195] Practice Home | 50 | 40 | 40 | 30 | 50 | 40 | 10 | 50 | 40 | 40 | 50 | 20 | 460 |
| [195] GLO Activities | | | | | | | | | | | | | 0 |
| [CIRCLE] BPDEV | 12.5 | 10 | 10 | 7.5 | 12.5 | 10 | 2.5 | 12.5 | 10 | 10 | 12.5 | 5 | 115 |
| [CIRCLE] Cohort Leadership Programs | 2 | 2 | 2 | 1.5 | 2.5 | 2 | 0.5 | 2.5 | 2 | 2 | 2.5 | 1 | 22.5 |
| [CIRCLE] Employee Relationship Circle | 2 | 2 | 2 | 1.5 | 2.5 | 2 | 0.5 | 2.5 | 2 | 2 | 2.5 | 1 | 22.5 |
| [CIRCLE] Management & Operations | 44 | 44 | 44 | 30 | 50 | 40 | 10 | 50 | 40 | 40 | 50 | 20 | 462 |
| [108] Fundraising | | | | 24 | | | | | | | | | 24 |
| [500] Communications & Field Building | | | | | | | | | | | | | 0 |
| [302] Public Program Workshops | | 12 | 12 | | | 28 | | 12 | 12 | 12 | 12 | | 100 |
| HIVE | 60 | 15 | 15 | 15 | 60 | 15 | 60 | | | | | | 240 |
| OELDP (Kresge) | 5 | 22 | 30 | 2 | | | | | | | | | 59 |
| | | | | | | | | | | | | | 0 |
| Time Available | 0.5 | 5 | -3 | 8.5 | 14.5 | -1 | -3.5 | 70.5 | 46 | 54 | 54.5 | 33 | 279 |

CompassPoint 2018 Staffing and Revenue plan



CompassPoint Staffing Actuals (July 2018)



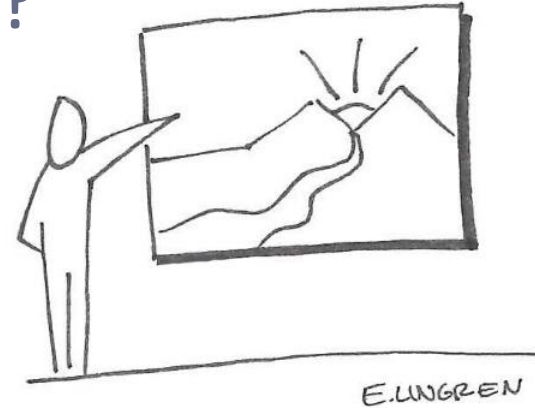
Reflection: Budget Structure

- What's most important to tend to in this year's budget process?
- How might you design a tool that emphasizes those elements?

On Your Feet

Person A

- **CONTEXT:** Who are you talking to? (1 min) What does Person B need to understand about the current context
- **PITCH:** (5 min)
“in character” questions are optional



Person B

- **FEEDBACK:** (4 min) What was moving or intriguing? What was confusing? What do you want to know more about? What are you inspired to do next?

Wrap up & Evaluation

- Resources will be emailed after workshop
- Email me with questions –
shannone@compasspoint.org
- Evaluation
- Thank you!

