

FIELD NOTES

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Leadership Without a Map

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An effective annual budgeting process can assure greater involvement and support for achieving your organization's strategic plan goals.

Budgeting Basics

Not-for-profit managers approach their organization's annual budget in a variety of ways. Some use it as a way to engage their staff and volunteers in short-term planning, and some use it as a tool to measure achievement. In addition, others use it to express hopes and dreams.

No matter where you find yourself on the spectrum, you might find the following tried and true suggestions helpful as you get ready to develop next year's budget.

FOCUS ON WHAT IS IMPORTANT

Keep a copy of your board-approved strategic plan close at hand during the budgeting process. Your strategic goals and priorities should be your touchstones for tough program and budget-related decisions that give focus to key financial and mission drivers. Asking your staff and volunteers to consider decisions that will best fulfill your organization's strategic plan can be surprisingly helpful if/when you have to make really heart-wrenching decisions.

INVOLVE STAFF

Even if they come kicking and screaming, your staff members need to be involved in planning their programs and related budgets. Working with you, they learn what a program truly costs to operate, how to set their own enrollment goals and gain independence in making educated expense decisions. Including staff in the budgeting process is a great way to provide them with tools to advance their career and to increase

their accountability throughout the year. Be sure to distribute the approved budget and regularly updated financial statements to all involved so they have ample information to monitor their performance and make informed decisions.

GET A GRIP ON GRANTS

Spend some time learning how grant funding is connected to programs, what kind of outcomes are expected by the funders and when the grant cycle is over. It is important to develop contingency funding plans early in a funding cycle for time-restricted grants, so that your organization doesn't get caught in a cycle of starting up and closing down programs based on the availability of grant funds. Once you get into such a cycle, the community will begin to doubt your staying power. It will also erode the confidence of grant funders who expect you to develop sustainability plans for programs they have helped you get off the ground.

SHARE THE BURDEN

The ownership of a not-for-profit organization's financial health needs to be held by more than just a few people. Involving your board members in the budgeting process and openly sharing the risks and uncertainties inherent in your plan can create a deeper understanding among board members. Understanding the true cost of programs and client services can be very motivational in engaging your volunteers in fundraising efforts. While

your board needs to own the strategic and annuals plans, make sure that you and your board have agreed on their role in the budgeting process.

DOCUMENT ASSUMPTIONS

Carefully document any assumptions you have made in developing your annual budget. This critical discipline will help foster a better understanding of the budget among your board and staff and to help monitor the accuracy of the budget throughout the year.

If you remember to be both realistic and honest, you will be making great strides to ensure your organization's financial health.

Wondering how to find the funding for the programs and initiatives in your organization's strategic plan? Donor By Design can help by crafting a plan to articulate your mission and goals to funders.

If your current strategic plan doesn't provide the kind of information you need to prioritize opportunities and make strategic decisions, then contact us for more information!

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