

How non-profits can reach their social purpose goals

Strategies for prioritizing charitable initiatives

ACAMAR Prophix®

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Introduction

Not-for-profit (NFP) organizations serve a specific social purpose—often with limited resources.

This puts effective performance management top of mind. NFPs with limited resources have to make the most of every dollar, but without the right systems in place to measure and track spend, resources could be wasted.

There are several ways a Financial Performance Platform helps NFPs achieve their social purpose and use their resources effectively.





Easing the pain and cost of budgeting

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Easing the pain and cost of budgeting

The budgeting process is critical in the NFP sector. To justify, or even qualify for funding, NFPs must get approval on detailed budgets. Preparing these budgets, even for relatively small organizations, is a time- consuming and error-prone activity. The time spent on manual budgeting processes is time that could be better spent on high-value activities.

Finance teams spend countless hours in back-and-forth efforts with department heads collecting data to populate spreadsheets—typically linked with dozens of other workbooks. A mistake in one spreadsheet can impact calculations throughout the rest. A crash in a different file can bring the entire budgeting process to a halt. There's a better way. By comparison, NFPs that have implemented an automated Financial Performance Platform report that one person on the finance team can manage the budget in a fraction of the time that a spreadsheet-based system used to take an entire team to do. The data is stable, and everyone can view a consistent, uniform budget without worrying about version control or introducing errors.



Operational insights help you better use your resources

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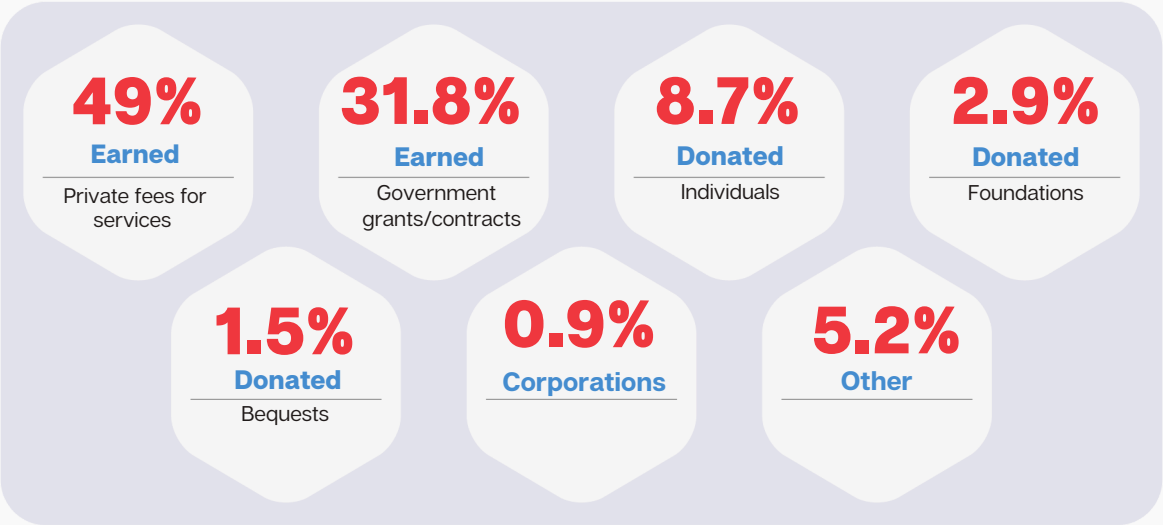
Operational insights help you better use your resources

With greater efficiency, accessibility, reliability, and accuracy of data in a financial performance platform, leaders can spend more time uncovering insights and prioritizing initiatives that meet your organization's mission. While your NFP isn't driven by a profit imperative, you are motivated to use resources in the most effective way possible.

For example, having the time and ability to find insights in operating data helps NFPs choose and prioritize programming. One program might cost more per recipient than the NFP gets in funding to deliver the program. That would mean the more successful the organization is in delivering the program, the more people it serves, and the deeper into the red it goes. Conversely, another program may cost less to deliver than it is funded for, leaving the NFP with additional resources to apply to other programming. Knowing the difference between net positive and net negative programs will also help the organization decide where to invest resources in pursuit of funding.

Revenue sources for charitable nonprofits

The entire nonprofit sector earns more than 80% of its revenue via private fees for services and performing government grants and contracts (although each individual nonprofit has its own revenue mix–there is no standard one-size-fits- all).



Source: National Council of Nonprofits



Managing assets

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Managing assets

NFP organizations have to collect and manage multiple streams of data.

For example, an organization managing affordable housing units might use Salesforce to manage complex regulatory and ownership structures. Public-private partnerships require precise tracking of assets, expenditures, and return on assets, all while adhering to multiple levels of government regulations. NFPs must comply with state and federal guidelines that include detailed restrictions on how, when, and where money can be brought into an organization, and how it can be used. It becomes even more complex when the organization operates in more than one country.

Doing all this in giant, interconnected spreadsheets is complex and risky. The process can tie-up asset managers in paperwork, taking time away from managing the assets that are at the foundation of the organization's social purpose.



Implementation

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Implementation

Because financial performance management offers performance enhancements to traditionally resource constrained NFPs, it is important that implementation is aligned with your organization's abilities. NFP managers who have gone through the process advise a realistic approach.

"Crawl, walk, run," said one, "it's easy to get excited about defining every possible scenario and building lots of financial and forecasting models but that could be too much to bite off. You need to get your base structure in place, get that working and add from there. Be realistic."

With a functional, realistic approach, adopting a proper Financial Performance Platform reduces risk, increases efficiency, frees up resources and ultimately enables the NFP to work more effectively toward its social purpose.



About Prophix

Ambitious finance leaders use Prophix to drive progress. By improving the speed and accuracy of decision making, Prophix's Financial Performance Platform elevates the talents of finance teams to do their best work. Crush complexity, reduce uncertainty, and illuminate insights with access to best-in-class AI insights and planning, budgeting, forecasting, reporting, and consolidation functionalities. Prophix is a private company, backed by Hg Capital, a leading investor in software and services businesses. More than 2,500 active customers across the globe rely on Prophix to achieve organizational success. Additional information at www.prophix.com.



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