

How to Transform Financial Factors Into Drivers of Change

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How to Transform Financial Factors Into Drivers of Change

- *A look at what it takes*
- *An assessment of where your organization is*
- *Ideas for moving forward*

Our focus

- Creating the conditions to make it easy for your organization to give financial factors a “place at the table.”
- Will not *directly* address how to persuade your organization to give financial considerations full weight if it doesn't do that.
 - That's a hard question
 - Developing the information, perspective and position we will discuss may be best answer

My Perspective

- Analyst / Underwriter
- Consultant / Capacity Builder
- Senior manager
- Board member



User of financial information

Your Perspective

- Knowledge of the work of financial management
- Understanding of the challenges that your organization faces and those it has met
- Perspective on what has moved you forward and held you back



Can help others &
learn from them

How we're going to proceed

- Discuss elements that allow financial factors to be a significant driver in strategic discussions
- Using the list that we come up with you are going to assess your organization's position and discuss
- Then you are going to identify the elements that are priorities for your organization and talk about how to pursue them

How Do Financial Factors Get Into the Center

- Often seen as contrasting with mission – but necessity pushes towards it:
 - All are dependent on finances
 - Many run financially complex programs
- No secret formula for those that succeed
 - But a common posture towards finances and some shared practices

How Do Financial Factors Get Into the Center

1. How they answer questions that are central to strategy like:
 - What is our financial position and outlook?
 - How do our financial capacities fit with the needs of our programs?
 - What would be the financial consequences of adding a new activity or growing in a particular direction?

How Do Financial Factors Get Into the Center

2. How they go about managing finances:
 - Striving for good information
 - Determined to understand how org has and can work financially
 - Committed to help less financially savvy to see key elements of financial picture
 - Org wide embrace of financial challenges and questions

Key elements of business management

The handout is a list of elements of business management to help us examine these practices. It's grouped into four categories:

1. Reporting Past Performance
2. Developing Financial Projections
3. Analyzing Results and Assessing Outlook
4. Building Common Understanding

Reporting Past Performance

1. Audit results
2. Interim financial results
3. Business line and project results

Developing Financial Projections

1. Budgets
2. Cashflow Projections
3. LOB Projections
4. Projections for new initiatives

Analyzing Results and Assessing Outlook

1. Performance Analysis
2. Outlook

Building Common Understanding

1. Stories and KPI

Exercise 1 – Part 1

- Go through the list and grade your organization
- Feel free to add in or take out
- Use 0 to 5 scale with 5 being the top
- Be a tough grader – you are the main audience

Exercise 1 – Part 2

- Talk with your tablemates about what you found
 - What did you see as some of your org's strongest points
 - What did you identify as some of your weakest?
 - Share one backstory about a strength and one about a weakness.

Exercise Debrief

- How did you do?
- Did your numbers coincide with your intuition?
- Any good backstories that you would like to share?

Exercise 2 – Part 1

- Now go through the list and use the next two columns:
 - Identify items that are a priority for your org
 - Pick out those priority items that you regard as needing work
- Spend a few minutes thinking about some ways to move forward with the priority items needing work

Exercise 2 – Part 2

- Discuss what you've come up with with your tablemates:
 - Tell them about one item where you have good confidence in your plan.
 - Discuss with them one item where you are less clear about how you can move forward

Exercise Debrief

- Did the discussion with your tablemates give you some new ideas?
- When are you going to take the steps you identified?

Not a Magic Formula

- Striving for good information
- Determined to understand how org has and can work financially
- Committed to help less financially savvy to see key elements of financial picture
- Org wide embrace of financial challenges and questions

Working to embrace these principles, and others like them, can make a difference.

Your culture!

- Sometimes feels like we are the victims of organizational culture
- But we also help create it
- The practices we've talked about can help to build a culture where financial factors play a major part in change and strategy decisions
- Hope this session has increased your commitment to them and to shaping a positive culture for your organization

WRAP-UP

Pluses

&

Deltas

Learning Objectives:

- Participants will review the different types of financial information that can contribute to effective strategic discussions and will identify the ones that are most important for their organization to develop or maintain.
- Participants will identify steps that they can take to increase the credibility of financial information on which strategic discussions depend and to build a common understanding of what matters in the organization's financial results.

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John Moukad has over thirty years of experience in housing and community development with a focus on business and financial analysis and capacity building. He has wide experience with community based organizations, national and regional intermediaries, local, state and federal government, foundations, and financial institutions. He currently has a consulting practice that provides analysis, program and strategy development, coaching, training, and transition support to CDCs, CDFIs, social enterprises, and the intermediaries and foundations that support them.

Prior to starting his consulting practice he was a Vice President at YouthBuild USA where he created a loan fund and oversaw financial support to local YouthBuild programs in the organization's early years. He has also been a program officer with The Enterprise Foundation and a program administrator with the New York State Homeless Housing and Assistance Program. He is an Aeris analyst and has served as a reviewer and site visitor for various national competitions including the Treasury's CDFI Fund programs, the Corporation for National Service's Social Innovation Fund, and Harvard's Innovations in American Government Program.

He is a graduate of Hamilton College and has a master's degree in real estate development from Columbia University.