



CAPAC ABILITY

Non Profit For Profit
Run It Like A Business

June 22nd 2017

Session Overview

CAPAC ABILITY

Instructor Bio : Ian Poulton

- Trained As An Accountant In UK
 - Certified Management Accountant
- Masters In Supply Chain / Ops Mgt.
- Currently Sr. Finance Mgr. @ PPG
- Oversee 3 Facilities
- 34 Years In Business
 - 15 Years In Supply Chain & Sourcing
 - 19 Years In Finance Mainly Manufacturing
- 27 Years In Aerospace
 - Chemicals / Gaskets / Transparencies
- Lived In CA. & AL.
- Work With Local Non Profits

Session Overview

- Discuss How A Non Profit Went From Crisis To Growth
- The Tools And Techniques That For Profit Business Brought To A Non Profit
- Will Describe Over 12 Distinct Tools For People To Use In Their Non Profit, To Help Improve Performance.

In The Beginning.

CAPAC ABILITY



Losing Money
Limited Cash
Board In Turmoil
Needed New Finance Person
Needed Executive Director

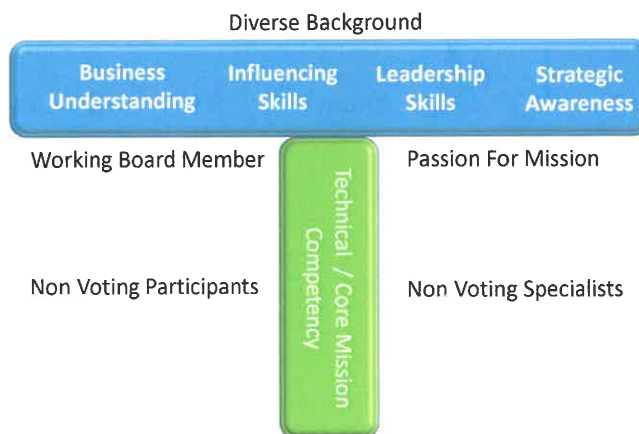
Non Profits

CAPAC ABILITY

<u>Are</u>	<u>Often In Practice</u>	<u>Should be</u>
<ul style="list-style-type: none"> • “Formed to provide a public benefit” • Qualify for tax exempt status • Generally operate with limited profits • Some form of charity 	<ul style="list-style-type: none"> • Cost management is not critical, making a difference is. • We are not for profit, so we are comfortable making a loss. • That we consider ourselves inferior in business dealings. As we often ask for donations. • People want to be involved, and help, but don’t always add value. 	<ul style="list-style-type: none"> • Operating like a for profit business, maximizing the resources it has to meet its mission, and make the most effective difference it can. • Balance Cost With Benefits. Maximize Value. • Operate to a financial performance level that meets the boards expectation, generally with positive cash flow annually. • Your non profit is a business, often has different sources of income, and provides different services.

T-Shaped Board

CAPAC ABILITY



TW 1

Importance Of Cash

CAPAC ABILITY



Monitor Performance

Financial Statement
Explain The Past

Educate The Board
On Financial
Statements

Establish Simple KPI's

Need To Project Future
At Least A Quarter
Forward

Especially P&L
Variance To Plan

Need Cash Projection
Can You Pay Your Bills?

Have A Credit Line
Available

Establish A Credit Line
To Cover Unexpected
Cash Flow Needs

TW
2

Funding Source Planning

CAPAC ABILITY

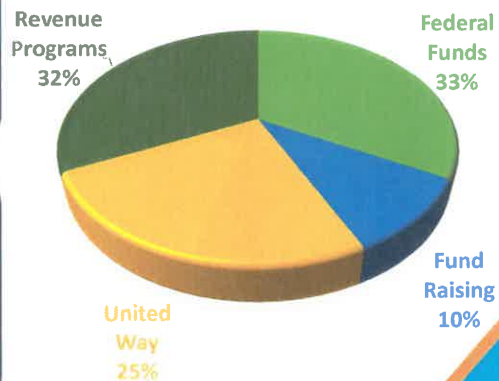
How Many Of Your Grant
Applications Actually Help Cover
Overhead (Fixed Costs)?

Are You Including In Your
Applications?

What If A Major Source Of Income
Was Eliminated?

What Is Your Contingency Plan ?

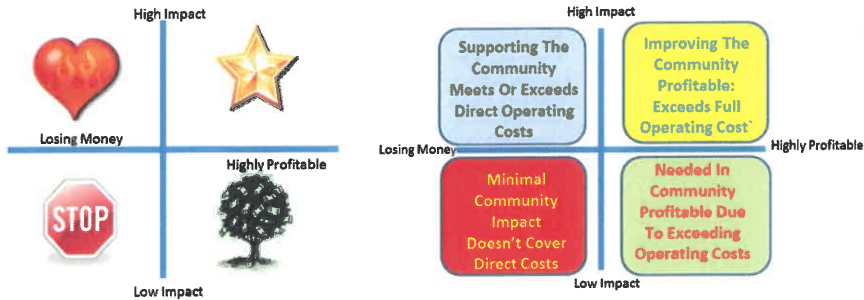
Short Term & Medium Term
Reduce Costs / Eliminate
Programs / Replace Income



TW
3

Program Segmentation

CAPAC ABILITY



Star & Money Tree Must Generate Enough Profit To Cover Heart Losses
 For Non Profit To Be Overall Profitable.
 Must Eliminate STOP Programs

TW
4

Aligning Strategic Plans

CAPAC ABILITY



TW
5

The Right Executive Team

CAPAC ABILITY



Executive Director

Have The ED Manage A Program Part Time



Dedicated CFO Business Partner

Double The Overhead Burden? (Higher Caliber Higher Cost)

CFO Allows For Better Business Analysis , Better Productivity

Less Than 1 Person Net Overhead Burden Goal - Zero

CFO Capable Of Generating Revenue For Programs

TW 6

Suppliers & Insurance

CAPAC ABILITY



Validate All Existing Suppliers

Bid All Current Services
IT
Insurance
Auditors
Supplies

Outsourcing Vs. Insourcing.

Contract Vs. Payroll Staff

Try and Leverage Rates Through Non Profit Status



Insurance Policies

You Can Get Sued Just Like A Business.

Ensure You Have Directors & Officers Insurance At The Right Limits

Do You Have All The Required Policies?

TW 7

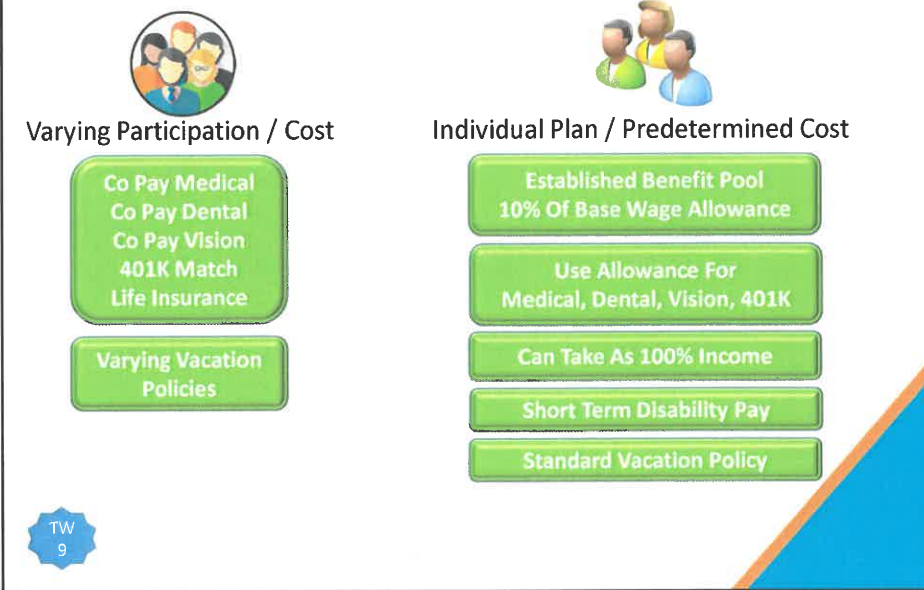
Effective Work Hours

CAPAC ABILITY



Flexible Benefit Costs

CAPAC ABILITY



Building Leases - New Facilities

CAPAC ABILITY

Lease Negotiation	Moving
Commercial Realtor	Project/Space Plan Manager
Amortize Improvements	Scale Layout Drawings
Know Market Rent Costs	Tag Furniture Per Drawings
Get Low Rent Initially (Scale)	Non Profit Moving Discount
Get First 3 Months Rent Free	Non Profit Signage Donation
Moving Cost Allowance	Plan For One Off Expenses
Allow For Growth	IT / Phone Plan
Early Exit Clause	Fund Raising Opportunity



TW
10

Variable Pay Plan

CAPAC ABILITY



Eliminated Base Wage Increases

Add Annual Variable Performance Pay

Agency Performance Pay (Profit Sharing)

Performance Pay Complete Specific Agreed Objectives

Grant Incentive Award

10% Incentive Paid For Any New Grant Awarded

Uncapped / Payable When Grant Paid

TW
11

Effective Fund Raising

CAPAC ABILITY



Evaluate Return On Investment
Higher Returns For Lower Effort

Don't Be Afraid To Eliminate
Annual Historical Fund Raisers

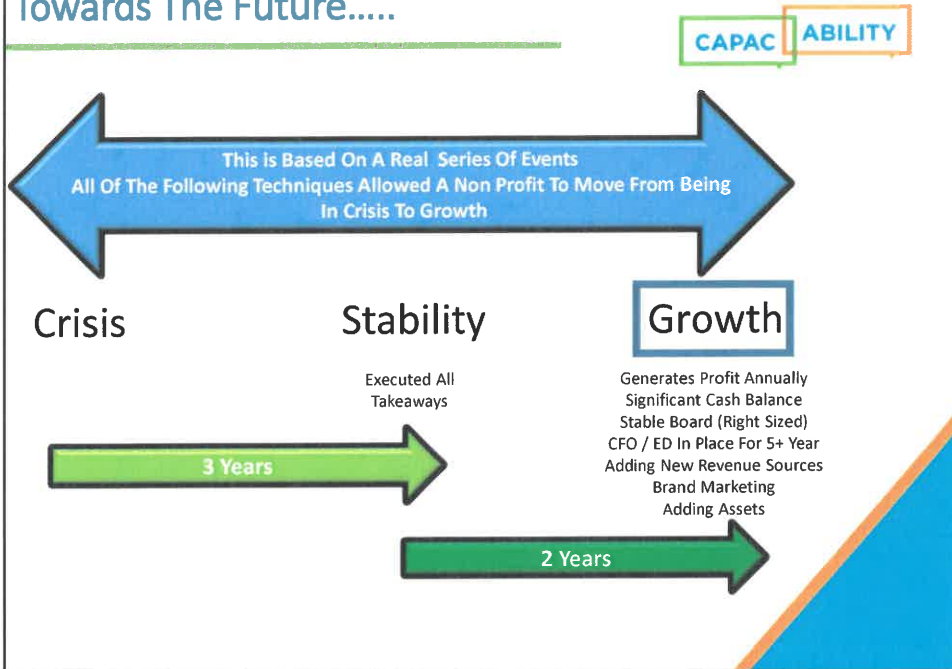
TW 12

Takeaways

CAPAC ABILITY

- T- Shaped Board
- Performance Monitoring / Estimates / Line Of Credit
- Funding Source Planning
- Program Segment Analysis Heart / Money Tree / Star
- 3 Year Term Chair Linked To Term Vision & Action Focused Tactics.
- The Right Executive Team
- Supplier Management Insurance
- 10 % Effective Wage Increase With Productivity Gains
- Flexible / Predetermined Benefit Costs
- Moving Facilities Negotiating A Lease
- Variable Pay Plan
- Effort / Impact Of Fundraising Efforts

Towards The Future.....



THANK YOU.

CAPAC **ABILITY**