Nonprofits' 5 Biggest Forecasting Challenges

THE STAKES

The importance of agile planning for nonprofits

What's keeping you up at night? Maybe you're wondering if the revised grants schedule will be sufficient to cover the next two quarters' operating expenses? Or perhaps you're worried about the impact updated federal grant policies have on your next year cash numbers?

Due to juggling resource constraints to meet mounting demands of their mission, nonprofit organizations have to be rigorous in their planning. But it's just as important to be agile, so you can allocate resources strategically.

Yet many organizations today are struggling to keep up. After months of preparation and vetting, annual plans immediately become obsolete.

Running what-if scenarios to answer ad hoc questions on product profitability or channel mix is costly and time-consuming. In fact, nearly 80% of CFOs admit they've delayed major decisions because stakeholders lacked timely access to data.

Read this eBook to learn how nonprofit organizations like yours have replaced static, annual plans with agile forecasts, and run holistic, dynamic what-if scenarios that help them allocate capital where it's needed. Discover how to sharpen insight, reduce risk, and operate with agility.

Challenge 1

Being efficient enough to provide a rolling forecast

Say you'd like to update headcount and program specific expenses to reflect your Q1 actuals. Now come revised public and private grant forecasts. What will all this mean for your Q4 cash position? It should be easy enough, but this one "small" change triggers a waterfall of updates consuming hours, days, or even weeks—particularly if you do your planning on spreadsheets.

Excel works great for individual back-of-the-envelope analysis, but an organization relying on a web of V-lookups glued together with copy and paste makes for a forecasting process that is time-consuming and error-prone.

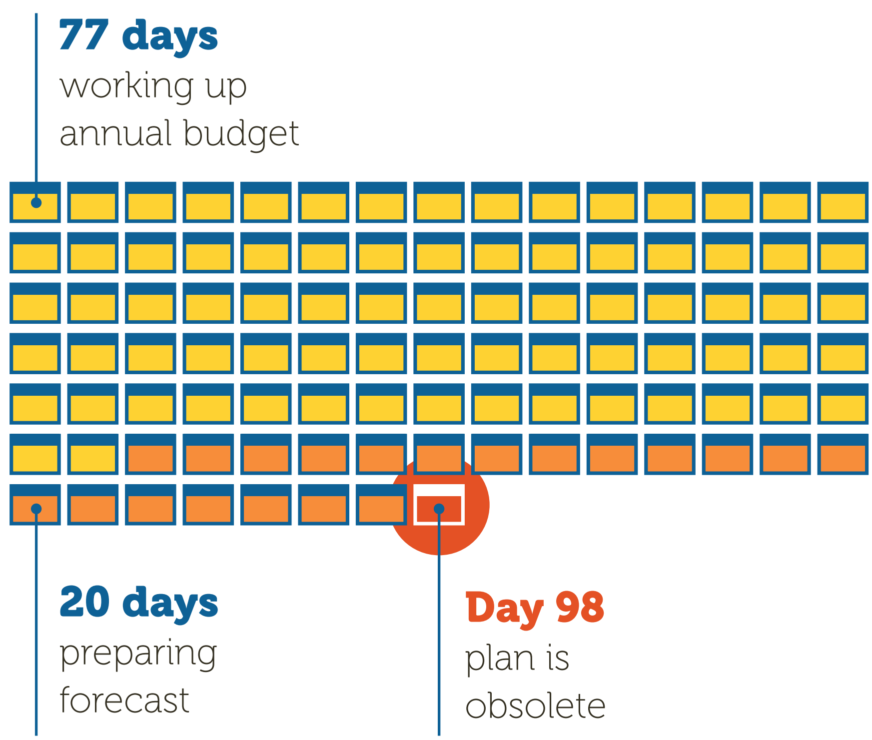
CUSTOMER STORY

"Adaptive Insights gives you complete control over the whole financial model and has helped us to be far quicker, more efficient, and more strategic in our planning and forecasting processes."

—Principal Financial Officer, YMCA

Finance professionals say they take an average of 77 days to complete an annual budget and 20 more to perform a forecast, according to the Association of Finance Professionals. With a cycle that slow, it's difficult to provide a rolling view of the organization or make time for strategic analysis.

Best practice: Implement a cadence and system that allows you to ingest actuals on an automated basis. Then easily adjust drivers in your model so you can provide an always-on rolling forecast.



Challenge 2

Keeping everyone on the same page

CUSTOMER STORY

LEUKEMIA & LYMPHOMA SOCIETY®
fighting blood cancers

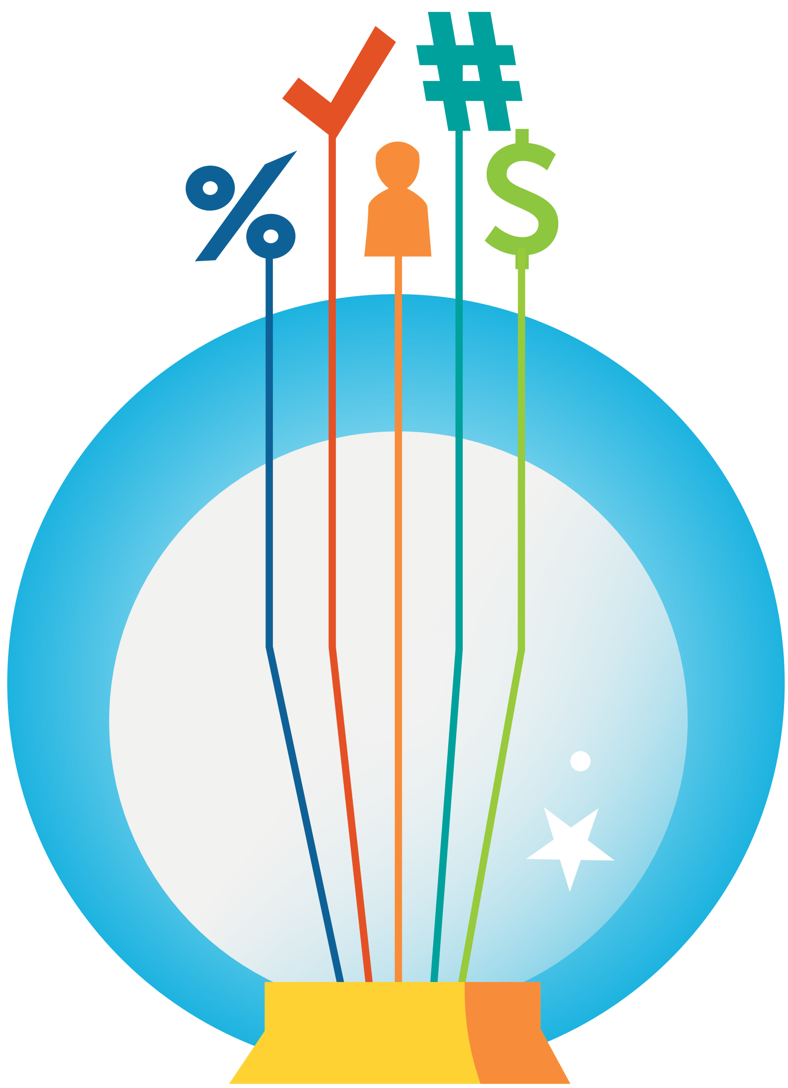
"With better accountability and transparency, we're able to explore new opportunities. We are in a much better decision-making position to manage through the year and position ourselves for multiyear planning."

—Vice President, FP&A,
Leukemia & Lymphoma Society

Are we all aligned on the numbers? A solid plan requires a comprehensive model to ensure that everyone is on the same page and has access to the latest data.

And with data coming from multiple sources—program expenses from your ERP; personnel expenses from HR; donor and volunteer data from your CRM—relying on a disconnected tool like Excel becomes problematic. You'll end up with decisions that are delayed or, worse yet, based on stale data.

Best practice: Toss out the spreadsheets and use a specialized tool that incorporates the latest data to drive your KPI models. Establish a single source of truth for the entire organization—so everyone's on the same page.



Challenge 3
Modeling multiple what-if scenarios

CUSTOMER STORY

"Adaptive Insights has enabled us to make the budgeting process much more efficient. Now we better understand how changes in our model impact our cash flow position and can be confident in the data."

—Commercial Finance Director, Working Links

Driver-based models that span the full gamut of operational metrics such as association dues, membership, fundraising efficiency, and program expense growth enable organizations to run the holistic what-if scenarios necessary to support critical capital allocation decisions.

Models ought to be able to answer questions like, What's the cash impact next year due to delaying the annual fundraiser gala? What happens if our advance ticket sales cannot cover event costs?

Nonprofit organizations today need to be agile. Finance teams need the flexibility to be able to spin off multiple scenarios at a moment's notice to explore the implications of possible strategic decisions and settle on a course of action.

Best practice: With the right tool, this kind of complex planning can be fast and easy—and far more flexible than traditional spreadsheet-based planning allows. Easily change assumptions and quickly see results. Then take all the time you need to analyze the implications.

Challenge 4

Getting business partners to own the plan

CUSTOMER STORY

ENGINEERS AUSTRALIA

"Since implementing Adaptive Insights, our business managers have more control and are able to see any changes that they make immediately. This has increased ownership and accountability for our business managers."

—National Manager of Finance, Engineers Australia

When plans are locked up on an FP&A analyst's hard drive, managers have difficulty accessing the KPIs they're responsible for. This creates a lack of ownership and accountability for the results—it becomes "finance's number" instead of their own.

Critical KPI data—donor growth, program efficiency, fundraising ROI, retention, and more—needs to be in the hands of decision-makers. Getting answers to ad hoc questions shouldn't be a multiday, one-off exercise for an FP&A analyst.

No surprise, then, that nearly three-quarters of CFOs identified collaboration as a top initiative.

Best practice: Empower stakeholders with real-time, self-service access to the data they need, and the plan will become theirs. A dashboard allows program managers outside finance to easily review KPIs and see the impact of their decisions without having to put requests into finance.

Challenge 5

Marrying the top-down with the bottom-up

Guidance from executives and board members typically takes a top-down perspective—program goals, organizational revenue goals, Capex schedules and more. But building an operational plan that you can actually execute against requires detailed ground-up assumptions.

So, when it comes to building a model, the FP&A team is left with a choice: Should we build it top-down—start from grant revenue projections and add in membership variability—or bottom-up, with detailed personnel rosters and program costs?

Picking one leaves you with a plan reflecting only half the organization. Doing both in Excel is tough because the two models remain disconnected, and you're left with a manual goal seek or ctrl-c and ctrl-v exercise to make sure everything syncs up. (And good luck with that.)

Best practice: Combine high-level, top-down growth and margin-based models with detailed bottom-up personnel roster, expenses by program, and projected income by funding source. in a single platform. Then quickly and easily reconcile differences and identify gaps.

CUSTOMER STORY

ybca

"Implementing Adaptive Insights has greatly reduced the time I spend developing our annual budget. Our managers are very happy with the tool because it is very easy to use and easily showcases data so we can optimize programs and make adjustments."

—Finance Director, YBCA

BEST PRACTICES
Your journey to more agile planning

Modern cloud finance solutions like Adaptive Insights allow you to:

Gather data in real time. Invest your time in picking the right planning process that eliminates the need for manual data gathering, making you efficient enough to be able to produce rolling forecasts

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Everybody plans! Get everyone in the organization involved in the planning process by giving them access to real-time data. And let business partners 'own' their numbers

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Multiple scenario planning. Your driver-based models should be flexible enough to allow you to change multiple assumptions and immediately see the impacts across your business, so you can respond accordingly

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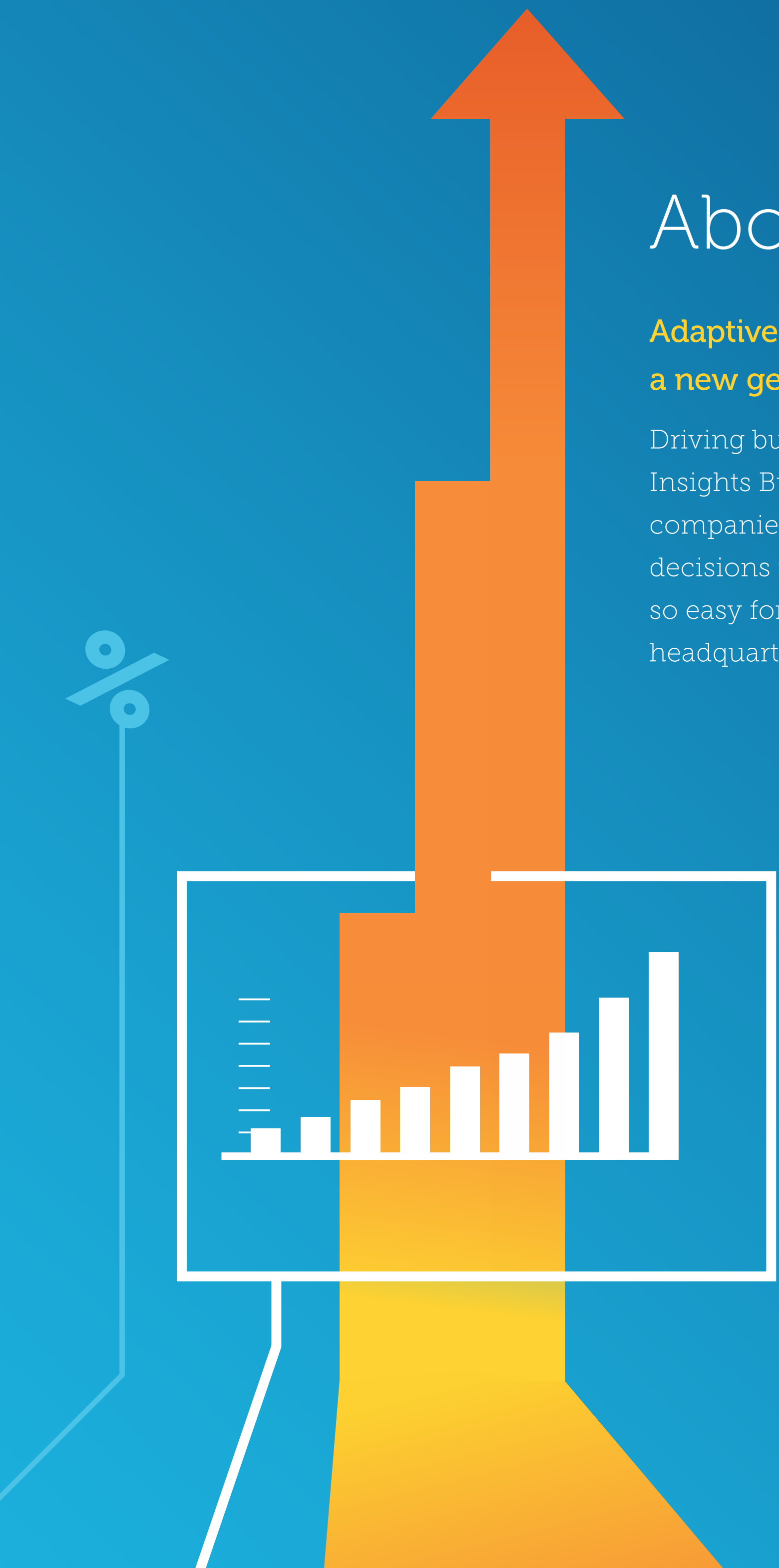
Best of both worlds. Combine high-level top-down growth and margin-based models with detailed bottom-up personnel rosters and schedules in a single platform so you can quickly reconcile differences and identify gaps

Ready to take action? We can help you and your team diagnose and treat your planning challenges.



About Adaptive Insights

Adaptive Insights, a Workday Company, is powering a new generation of business planning.

Driving business agility in a fast-moving world, the Adaptive Insights Business Planning Cloud leads the way for people in companies to collaborate, gain insights, and make smarter decisions faster. Powerful modeling for any size organization, yet so easy for everybody who plans. Adaptive Insights is headquartered in Palo Alto, CA.

To learn more, visit adaptiveinsights.com.