



Righting the Ship Moving a Not-for-Profit from Financial Chaos to Peace of Mind

Chaos and Secrets...

Chaos and secrets greeted David in May 2015 when he joined the organization* as Executive Director.

The board of directors had decided it was time for change. For the first time in decades, they chose someone with a business and fundraising background to be the executive director. Even the casual observer could see why.

For years, the organization had been struggling to generate enough income to cover expenses. When David dove into the numbers, what he learned troubled him. No one seemed to know what was up with the cash flow or what their budgets were. The prevailing attitude was “Spend the money. Don’t bother getting quotes.”

The cash flow forecast was the ultimate symbol of the prevailing financial chaos. The forecast was off by tens of thousands of dollars. When payroll day hit, David saw with horror that there was no money in the checking account.

The deeper David looked, the deeper the problems seemed to go.

David traced a lot of the financial problems back to the Finance Manager who was keeping the numbers secret. She wouldn’t consult with any other staff members about them. That is how the cash flow forecast ended up riddled with mistakes, with no one noticing until there were insufficient funds for payday.

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Secrets and silos pervaded the other staff relationships, too. The frontline staff never got any help from the Finance Manager. Other employees disappeared for hours at a time, and no one knew where they were. No one had ever been held accountable before. But starting that process seemed dangerous. David shuddered at the thought of fending off wrongful termination suits.

Volunteers, who had been the lifeblood of the organization, felt dispirited. They had built the building. They had created the gift shop and staffed it. They staffed the reception desk. Yet no one seemed to need or listen to them.

How could David possibly turn this organization around?

Getting Things Back on Track

David started by analyzing each business unit. In some cases, he had a few quick wins. The first thing he tackled was membership. Once that was in order, he worked on marketing. David was also able to organize the entire staff and flat line the org charts so everyone reported directly to him.

Make the Numbers Make Sense

But when it came to fixing the financials, he knew he needed some extra management horsepower:

“The finance office was the area where I knew I needed the most help. I do not have the financial background as a CMA or CPA to be able to dive into that and dissect it. I knew I needed professional help to do that.”

David had a clear vision of what he wanted:

1. A cash flow forecast he could vouch for in front of the executive team. Only an accurate forecast would give him the confidence to know exactly where they were headed and when they needed to change course.
2. Clear and transparent reports for live updates on other financial issues, such as the capital campaign.
3. Automated systems for bookkeeping. In the past, people were typing journal entries into Excel documents. Reports and projects that should have been as simple as pressing a button actually required *hours* or even *days* of work.

As it turns out, that was possible. And it was just the beginning.

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Create a People Strategy That Gets Results

Once the numbers behind the financial chaos became clear, David noticed how interwoven they were with the HR strategy (or lack thereof):

"We had a very high staff ratio compared to the budget that we had. When I got here we had 14 full-time staff people for a \$1.2 million budget. That's not including about 12 part-time staff at that point. If you look at our expenses, overwhelmingly, it's our payroll."

Clearly, getting the payroll under control was going to be critical to the success of the turnaround. But the issue went much deeper than that:

"In my experience, HR is one of the most important functions in an organization because your people assets are your most expensive on the payroll, but also have the biggest influence in your success."

Unfortunately, David had no one to turn to with his questions about HR.

No one at the organization could help, even with issues like health benefits. For trickier matters, David was paying an attorney. That cost a fortune. Despite the attorney's high fees, compliance and the like were simply out of his reach.

Also part of the HR equation were the volunteers. David knew from talking to them that the organization's being overstaffed was alienating the volunteers. They yearned to be empowered to move the organization forward. The disproportionate amount of resources spent on staff made the volunteers feel like they had no role.

There was no way around it: getting HR in shape meant really hard decisions about staff. And David knew he needed support to guarantee the best results for the organization and the lives involved.

David found what he was looking for.

More Executive Horsepower When You Need It

David knew that he wanted subject matter experts in finance and HR. At the same time, he knew he didn't need or have the budget for two people to come on full time.

"I called Ed Krow from TurboExecs about the HR function because I was looking for consultants for help with this. Ed is revered in the HR industry. I know him from SHRM. I've heard him speak there and I know my friends who are HR consultants and HR professionals really highly regard Ed and his expertise."

Then David met with TurboExec Patty Lawrence about the financial function:

"It was one meeting and I just was sold. I was sold on everything they have to offer. We had not encountered any other consulting organization that has the expertise and the breadth of an offering that TurboExecs has."

With his team in place, David was off to the races.

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Finding \$60,000

When David had the TurboExecs come in, the first thing they did was triage. That went on for months. Every day, they would come up to David and say, "You're not going to believe this but here is something else that was not done correctly."

For example: the organization has many different accounts with a lot of different trusts. There are many sources of income. Before the TurboExecs came in, David saw dire straits with cash flow and little else.

"We had \$60,000 in our capital campaign account that was never moved over to operations to pay for the staff that worked on it. I could go on and on"

After the TurboExecs cleaned up the mess, David had a clear overview of everything.

"The TurboExecs came up with some very easy solutions that are quick for us to compile and share. A lot of barriers were in place for communication. Those were all taken down."

"After the cleanup, we determined that we could use an accountant, not a CMA or a CPA but an accountant who would be there anywhere from 15 to 20 hours a week. We went from paying a CMA level professional full-time with benefits to an accountant for 15 to 20 hours a week. It saved us a lot of money."

In other words, David did not just end the financial chaos by engaging the TurboExecs, he ended up saving money in the long run.

Now that he's back in the driver's seat, David still relies on TurboExec Patty when he needs some extra horsepower.

"It's a comfort level for me. I am so much more at ease knowing that I have experts to be able to consult with at any point who are going to help me, who know what they're doing and who are by my side to get through any problem that I have."

Averting HR Disaster

While Patty was helping get the financial situation under control, Ed swooped into action. David already had experience dealing with layoffs, firing, and discipline. He found it comforting, though, to have Ed as his safety net, crossing t's and dotting i's.

"Ed helped me out with the Finance Manager right at the beginning. He helped with paperwork and severance and those types of things. He sat in with me when we did it. Met the staff, and helped us explain the transition."

After putting out that fire, Ed conducted an HR audit that possibly saved the organization serious legal trouble. David notes, "There were a whole bunch of I-9's that we didn't have from people."

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As the organization continues restructuring, Ed is there to support David while he makes these momentous decisions.

"We are very much about what's best for the organization but we also know that there are lives involved.

"I can talk to him about really anything when it comes to my employees and HR issues and he is a great listener. He's always there for me as a resource. With Human Resources, you see emergencies pop up and you can't time these things.

"I feel so much better knowing that I have him by my side to help with those things. The employees respect his knowledge and respect the fact that he's an expert in his field and knows what he's doing."

David sums up his experience with the TurboExecs this way:

"I am thrilled with the partnership that I have with TurboExecs. I can't imagine being in any of those situations where I would be happier. That is absolutely the truth."

In the midst of chaos, the TurboExecs get things back on track and puts you in the driver's seat.

The TurboExecs work with organizations struggling with chaos, such as out-of-control growth, sudden terrifying decline in revenues or profits, or people problems that are having a negative impact on the business.

They shock-and-awe the chaos out of organizations and expertly design them to take the stakeholders where they want to go. Give us a call at **717.925.3270** to request your free "Turbocharge Your Non-Profit" session.

TurboExecs: More Management Horsepower - When You Need It

*The names have been changed to protect the reputation of the institution, but all quotes are verbatim.

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