



E-book

# How Financial Data Can Power Nonprofit Success

Combine intuition, experience,  
and data for maximum mission impact

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# The New Realities for Nonprofit Leaders

Intuition and experience. They're the two tools leaders of nonprofit organizations have relied on the most to move their organizations forward. And while this proven formula worked for decades without fail, today's realities call for something different.

The current nonprofit landscape brings unprecedented amounts of change, from virtual fundraising and volunteering to remote workforces and social-media-first campaigns. To keep up, today's nonprofit leaders need two things: more time and better data.

Trying to be a part-time CFO and manage your organization's finances while also serving as its leader won't give you the time you need to develop a strategy that will accelerate your mission. At the same time, making crucial decisions without critical financial data at your fingertips won't create the type of impact your organization expects and deserves.

But there is a way to reclaim your time, get more strategic, and strengthen your nonprofit. Inside this eBook, you'll get a roadmap you can use to help overcome the barriers, enhance your financial function, get full visibility into the data you need when you need it, and power your organization's performance.

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# Why Some Nonprofits Succeed and Others Fail

The most successful nonprofits share two things in common: strategic leadership and solid fiscal management. They're the factors that separate the leaders from the laggards.

The National Center on Charitable Statistics estimates that 30% of nonprofits fail to exist after 10 years.<sup>1</sup> **One reason why: A lack of strategic planning.** According to a survey of 100 nonprofit executives conducted by the Concord Leadership Group, nearly half (49%) operate without a strategic plan.<sup>2</sup>

Quite simply, when leaders don't give themselves adequate time to map out a long-term vision, their organization suffers, sometimes mightily.



Tracy Ebarb, International Director of the National Association of Nonprofit Organizations and Executives (NANOE), shed more light on the reasons why nonprofits fail in a recent blog post.<sup>3</sup>

## Two of the biggest ones:

- The pressure leaders face to reduce overhead or fly by the seat of their pants and trust their own instincts.
- Poor accounting and money management. This can mean spending money unwisely, spending on wants instead of needs, failing to keep proper records, an inability to file forms and documents correctly, and a failure to set aside seed money.

# The Perils of Making Strategic Decisions by Gut Alone

Every time a nonprofit leader must make a strategic decision without sufficient data, they don't get the full picture. It's similar to playing the classic board game Battleship. They can use their intuition to try and hit their target, but it would be much easier — and more accurate — if they could see the target for themselves.

And as nonprofits transform, leaders face tremendous pressure to make more and better decisions faster. According to a study of nonprofit executives:<sup>4</sup>

- 73% say if their company fails to transform, it won't exist in the future
- 78% say the competitive landscape is "more aggressive"
- 79% believe the pace at which their company needs to change is accelerating



Make no mistake, gut instinct still matters. It's one of the many qualities that helped nonprofit executives achieve their leadership positions. But it's even more powerful when leaders combine their razor-sharp intuition with the most accurate financial information and insights available today.



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# Common Barriers to Getting Accurate Financial Data

Ask most nonprofit executives, and they'll tell you they want to be more data driven. So, what's stopping them?

Time is one factor. According to a Harvard Business Review study, CEOs spend more than one-third (36%) of their time in "reactive mode."<sup>5</sup> When coupled with other functions, such as developing people, meeting donors, and overseeing multiple fundraising campaigns, that leaves little time for nonprofit executives to spend on day-to-day accounting or financial tasks. In fact, the less time nonprofit leaders need to worry about finances, the more time they have to accelerate their missions.

The other barrier to accurate financial data is staffing. Managing the financial function for a nonprofit is considerably more complex than doing so in a for-profit environment. After all, any errors or omissions can jeopardize a nonprofit's tax-exempt status, hurt their grant eligibility, and erode their mission.

But finding highly qualified financial professionals – and then managing turnover – in today's ultra-competitive job market can be both difficult and prohibitively expensive for many organizations. According to ZipRecruiter data, it costs an average of \$133,576 per year to hire a full-time nonprofit Chief Financial Officer.<sup>6</sup> And that doesn't factor in additional costs of bookkeepers, accountants, and other support staff.



## Even the nonprofits that can afford full-time financial help still struggle with:

- A lack of real-time information that lengthens time-to-close
- Data that's locked in spreadsheets, limiting executive-level visibility
- Too many manual processes that lead to inaccurate reporting
- Reporting that takes weeks or months to generate

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# How to Stop Doing Everything Yourself and Get More Strategic

Success brings growth. That means, at some point, every successful nonprofit leader will face a choice: either recruit and hire their own finance team, or get outside help from accounting and finance professionals that can remove the burden of the back-office accounting function, so they can focus on the overall goal – their mission.

When it comes time to stop doing everything for themselves, many top nonprofit leaders today choose to partner with a firm that provides outsourced accounting services.

Combining an expert team of financial professionals with best-in-class technology, our firm can give nonprofits a comprehensive range of financial and accounting services that deliver clear, measurable outcomes. And these services are designed to scale with a nonprofit, allowing leaders to add more strategic services as their needs increase.

## **Outsourced accounting and financial services can help with:**

- Basic accounting tasks, including accounts payable/bill payment, accounts receivable/collections, cash management, and reconciliations
- Financial statements
- Comparative reporting
- Grant tracking
- Compliance reporting
- Budgeting, planning, and modeling
- Virtual CFO services, with insights, coaching, and financial strategy

Because our firm's outsourced accounting services are built on industry-leading technology from Sage Intacct, our nonprofit clients no longer need to deal with data scattered across spreadsheets. Instead, we create real-time dashboards that give them the data they need to make smarter decisions.

## **Nonprofits that have outsourced their financial function have achieved results like:**

- Eliminating 1,000 hours of administrative work each year
- Saving \$22,000 in finance labor costs <sup>7</sup>
- Improving data accuracy by more than 50%
- Increasing finance efficiency by 30%
- Expediting reporting by 50% <sup>8</sup>



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# Transform Your Nonprofit Today

Nonprofit leaders possess years of knowledge, business savvy, and resilience. They also work with passion, believe wholeheartedly in their organization’s mission, and want to help the people they serve.

To do that successfully, they need real-time visibility into financial data without the cost and hassle of hiring and managing in-house staff.

By embracing outsourced accounting services, nonprofit leaders can strengthen their organization’s financial capabilities, safeguard their future, and gain the time and tools they need to get more strategic.

**Ready to explore the world of outsourced accounting?**

We’d love to chat more with you about how we partner with nonprofits to help them succeed.

Visit our website or call us at 513.241.3111

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## About Us

### Clark Schaefer Hackett Managed Services

As your business grows, so does the complexity of your accounting and financial needs. Hiring in-house talent, especially employees that can stretch beyond the transactional work to manage accounting systems, cash flow and profitability, is expensive. That's where CSH's Managed Financial Solutions comes in. Outsourcing your accounting needs to us means your financial operations are running efficiently, your costs are down, your risks are managed and you have time and energy to focus on your business.

### About Clark Schaefer Hackett

Clark Schaefer Hackett is a results-driven advisory and accounting firm. Although we're among the largest CPA firms in the U.S., we are far more than a typical accounting firm. We are forward thinking. We are innovators and problem solvers, optimizing business results in financial, technology, workforce and operational areas. We are passionate about helping clients succeed and strive to be a catalyst for growth and innovation.

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### Sources

- <sup>1</sup> [Nonprofits Fail – Here's Seven Reasons Why – Tracy Ebarb](#)
- <sup>2</sup> [Does Your Nonprofit Need Strategic Plan?](#)
- <sup>3</sup> [Nonprofits Fail – Here's Seven Reasons Why – Tracy Ebarb](#)
- <sup>4</sup> [CFO Evolution 2.0 – The Transformational CFO](#)
- <sup>5</sup> [How CEOs Manage Time](#)
- <sup>6</sup> [Non Profit CFO Salary](#)
- <sup>7</sup> [Grace Fellowship Church - Streamlines Financial Processes to Save Thousands of Dollars](#)
- <sup>8</sup> [Brevard Zoo - Rapidly Growing Zoo Prepares for Continued Expansion with Sage Intacct](#)

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