WHITEPAPER

Running a Non-Profit Organisation as a Business

Ensuring a back office is run efficiently for total control over your mission .

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Introduction

You might think your non-profit organisation (NPO) doesn't have much in common with a traditional business. After all, traditional businesses only really care about driving profit and growth—which are certainly important to you but further down your list when compared to other issues like ensuring governance requirements are met, plus the need to manage donors or members, and fulfilling compliance requirements.

However, NPOs and traditional businesses have very real similarities in terms of things like back office operations and staff management. But more than this, an NPO can benefit from the same kind of business intelligence and reporting that drives traditional businesses forward. This can mean the different between a viable, successful NPO that meets its goals—and an NPO that's failing. And we don't need to tell you that being seen as failing can be catastrophic from a reputational point of view, which can adversely affect fundraising.

Effective use of modern technology is central to the effectiveness of every business, regardless of its goals, and NPOs are no different. In fact, technology can significantly ease the specific administrative task list faced by NPOs, such as managing donors and members, or dealing with governance and funding sources. Having full visibility and connectedness within the business, and continuity across all departments, makes it significantly easier to devote as much as possible to the cause that drives the NPO.

In this white paper we look at some of the specific challenges facing NPOs from the perspective of a back office business operation, and then look at how technology provides solutions to help any NPO to be in total control of their mission—and ensure maximum resources are available for the work that every member of the organisation is passionate about.

Part One:
The challenges of running a successful NPO

What's keeping NPOs from spending more time and resources on their causes?

More often than not it's the pure administrative burden—the back-office tasks that can't be avoided. Below are listed the core business administration issues affecting most NPOs. See which sound familiar—and perhaps use the opportunity to evaluate how they impact your organisation's core work.

Donors and members

Whether or not NPOs have "customers" is a moot point but donors and members are perhaps the best analogy. It is from them that an important source of funding comes to run the business. Your ambition is to grow the lifetime value of your donor and member's contributions—to create more engagement and deeper relationships. They therefore require significant management from a back-office perspective.

Many NPOs spend a lot of time collecting donor contributions and data, inputting them into the CRM and cross-referencing their data with their accounting software. Many have necessarily complex donor types, ranging from basic one-off donations, through to individual memberships and employer-matching schemes. All of this needs to be administered efficiently.

Additionally, member and donor expectations are increasing in line with the rest of society. They anticipate a consumer-style experience from NPOs nowadays—nimble, mobile, personalised and efficient engagements.

The ability to administer members and donors from a single, reliable system ensures continuity and the ability to meet the goals you set yourself for their management.

Fund management

Donors and members form a vital path for income to enter the business, but that path isn't the only one, of course. Funding in the form of grants, gifts, legacies or even loans can also make it possible for an NPO to do the most for its causes. You've worked hard to achieve the funding. It forms part of a diverse funding strategy that's key to ensuring you serve your mission for the long term. It too needs careful administration.

Conditional on receiving most funding—whether they come from corporate, groups, government or other sources—is the requirement to demonstrate when and how funds have been used. This adds its own administrative layer and even the act of efficiency assigning the funding can be administratively complicated with some of your funds being restricted in their possible uses, while others are unrestricted.

Improving the efficiency and management of funds—such as being able to instantly track the uses of funding—means costs can be reduced in terms of staff time required. The savings can be invested in attracting more donors and funding. Alternatively, the resource savings can simply be spent on the causes with which the NPO is engaged, thereby ensuring all sources of funding are maximised and utilised effectively.

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Compliance

Most businesses have to deal with tax and other standard business compliance issues, which can be like having a magnifying glass applied to the back office.

NPOs are hit harder because they face scrutiny from all parties they're involved with. Unlike a regular business, an NPO is expected to be unimpeachable. Even the slightest mistake or error might be magnified by observers and can have disastrous consequences in terms of reputation or future fund-raising efforts.

NPOs face standard business compliance issues such as legislation surrounding human resources, payroll and pensions, or health and safety. Some of these regulations differ for NPOs—such as lower or even zero tax rates for charities in some countries—but there's still a requirement to keep high-quality records in order to be able to apply for and prove eligibility.

Data protection legislation affects NPOs as it does any other business, but could place additional requirements upon them. The Europe-wide GDPR defines special categories of data for individuals, such as that relating to race, ethnic origin, politics, sexual orientation and more. These require special processing measures, adding additional administrative work, but are often the very same areas in which NPOs operate.

The fact that many NPOs operate across countries adds to the work that's required to be done because national laws can vary enormously.

On a day-to-day basis compliance can be automated and/or alleviated by technology to allow for maximum continuity and visibility across the business. This means less work has to be undertaken manually, freeing significant resources for the core causes that drive an NPO and its people.

Governance

As most managers within NPOs know, scrutiny doesn't end with compliance. While regular businesses might be overseen by a board of directors or partners, few face the same kind of strict observation of their every move that comes with the governance requirements of a typical NPO. This adds additional work, and also stress, for back office staff.

Governance typically takes the form of a group that oversees the work of the NPO to ensure it's meeting the core objectives, operating within the law, maintaining optimum performance, and more.

Additionally, governmental bodies may request proof that NPOs are doing the work they claim they are.

This means record-keeping has a much more important role within most NPOs. It's likely that most NPOs have to create frequent reports covering funding, donations and any specific initiatives.

Again, this adds an additional layer of potential administrative work for organisations already facing far more than a traditional business. Improving visibility and connectedness across the business makes all the required governance processes and admin work significantly easier, and this fees-up resources for use elsewhere.

Ordinary business concerns

Nearly all businesses find themselves dealing with basic administrative burdens such as human resources (including payroll and pensions), buildings rental and management, information technology, and so on. Invoices are still issued, and payments chased.

NPOs are no different. Ultimately, these requirements must be managed effectively and efficiency in terms of resources that must be allocated.

On a day-to-day basis compliance can be automated and/or alleviated by technology to allow for maximum continuity and visibility across the business.

Part Two:
Finding the right solution

Underlying a higher administrative burden for NPOs is the fact that they typically have fewer back office resources than most businesses. With a mandated requirement to spend the majority of funding on their causes, NPOs simply have less to spend on resources like staff and/or contractors.

The net result is that tasks such as record keeping and data entry get put off until they can't be avoided, which impacts financial visibility within the organisation. It can be a struggle to manage donors and funding, which affects the fundamental financial viability of an NPO.

Additionally, because of their limited back office resources NPOs often rely upon a volunteer workforce, which inherently limits the complexity of back-office tasks. All processes need to be as straightforward as possible so the time taken to learn them is minimal.

All of the above means NPOs can end-up lurching from one administrative crisis to another, and failing at tasks outlined in the previous section.

Adopting business tools

NPOs need to be run as profit-led businesses. To this end, successful non-profits need more than donations and funding. They need technological solutions that move their mission forward.

Technology is an amazing equaliser that means NPOs can achieve the same kind of efficiencies as even the biggest corporate. Using the right integrated software can shave weeks off the reporting cycle, for example, freeing-up much-needed resources like budgets and staff time.

But whatever it is, the technological solution used needs to be flexible, user-friendly, capable and NPO-friendly!

Modern businesses know to consolidate their data across as few systems as possible for maximum continuity—everything from donors, to funds and reports, needs to be in one place. Put simply, the old days of a handful of spreadsheets plus disparate software systems no longer has a place. Yet this is still the go-to configuration for many NPOs—and can be destructive from an administrative point of view.

Sage Business Cloud Financials for Non-Profits is built for charities, community groups, funded enterprises, social enterprises and more. It's designed for leaders who need to unlock total transparency and provide complete financial governance to all stakeholders.

It offers best-in-class cloud technology and is built on the Salesforce Sales Cloud platform, a solution already used by many NPOs worldwide for managing donors and funding.

Amongst other things, Financials for Non-Profits offers:

- Live reporting on real-time results, enabling informed decisions and communication to internal and external stakeholders.

- Transparency and efficiency that accelerate fundraising by attracting more donors who are confident that their money is being managed responsibly.

- 100% of functionality available on mobile devices - giving real-time anytime, anywhere access.

Financials for Non-Profits is an intuitive, integrated and collaborative solution that maximises precious resources. It means you can put your purpose first, and ensures that everybody can be connected to the cause or mission, so they understand the good that their contribution is making.

Let's explore some of the issues typically encountered by NPOs and look at how effective use of modern technology such as Financials for Non-Profits can help

Limited employee/volunteer resources

Financials for Non-Profits offers a simple user interface full of self-explanatory language throughout. This allows for increased collaboration and connectedness throughout the business because anyone can enter data into the system (assuming they're authorised to do so, of course). Therefore, everyone in the organisation is potentially able to contribute to keeping data and reporting up-to-date and accurate, ensuring full continuity across the business. There's also a huge reduction in staff training requirements, such as a volunteer workforce.

Additionally, the simple user interface of Financials for Non-Profits makes it easier to complete annoying admin tasks such as chasing contractors, employees, and volunteers for expense reports. Unlike when working on a series of spreadsheets, if there's an overspend or data entry mistake within Financials for Non-Profits, you'll very likely see it as an error, so can address it. Specific workflows can be set up to reduce errors, such as limit amounts for purchases.

No one in the organisation needs to know codes or specific ledger accounts. As data is entered in the system, Financials for Non-Profits' innovative dimensions and tags system helps associate the relevant fund classes and activities so that you can easily create reports. Everyone is able to enter the required information intuitively. This saves time for the finance department or individual, who can now focus only on drawing insights from the data reported, rather than re-keying data from another source

Here's how Financials for Non-Profits makes life simple for any non-profit

Fund classes: As data is entered in the system, dimension and tags help associate the relevant fund classes so that you can easily report per fund class and produce a Statement of Financial Activity (SOFA).

Activities: Activity is always required, making it easier to identify the activity related to any given amount, helping increase accountability to all stakeholders.

Financials & KPI reporting: Financials for Non-Profits allows for reporting in the context of the NPO ledger accounts or independently for KPI purposes, such as donor growth, project performance, and more.

Personalisation & adaption: Dimensions and tags can be personalised to better adapt to your current model. You can rename donors, volunteers, members, etc or make labels disappear.

Multiple currency support: Working across different countries becomes a whole lot easier.

And don't forget that because this is cloud computing, Financials for Non-Profits can be accessed

Getting it right: Scrutiny and compliance

An NPO's financial information often needs to be widely available. NPOs must accurately report on expenses, fundraising, and organizational efficiency. This scrutiny is often more than publicly traded companies and oversights have significant impact in grants and/or reputation.

Because Financials for Non-Profits' interface speaks a user-friendly language and supports data entry with dimensions, the potential for errors is massively reduced.

Additionally, a single shared view of all your accounts and donors allows for collaboration and transparency, avoiding the need to consult different systems or carry/copy/paste data from one system to the other. Put simply, Financials for Non-Profits ensures everything is in one single place for maximum continuity across the business.

When it comes to reporting and compliance, Financials for Non-Profits creates a coherent way to manage both of these needs by offering out of the box workflows to eliminate hours of work in collecting and reporting. When entering income, expenses or donor details, the interface will ask you for the specific fields that must be filled-in. This information then follows the posting rules that allow for the data to be posted to the correct ledger accounts. This means more control is given to the organisation and in return means easier reporting.

Individual funds or projects can be illustrated by their own reports, of course, making it easy to understand what's going on at any particular moment.

Financials for Non-Profits features reporting easily generates a Statement of Financial Activities (SOFA) report. Should the default recommendations require personalisation then all reports are easy to edit and adapt.

360-degree views of donors, members and funds

Managing donors can be both a logistics and revenue nightmare. You cannot afford to manage donors by inputting them into both your separate CRM and accounting systems. Additionally, modern donors have high expectations and expect the process to be as seamless for them as possible. If your administration causes them any issues then they might decline to be part of your mission.

Financials for Non-Profits runs on Salesforce, and provides a 360-degree view of every interaction with a donor or funder. This lets you both create and grow donor relationships. For example, you can create donation workflows for easy tracking of donations, contributors, activities and projects. You can identify patterns in revenue streams, and be alerted when a donor requires follow up. You can also learn more about your donors with pre-designed reports, and consult Donor Growth, Donor List, and Activity Lists.

Financials for Non-Profits effectively tracks key workflows including contributors, membership dues and recurring membership dues. You gain the power to effectively engage with your contributors and evaluate this important income source from multiple angles including membership health, and more.

In the UK Financials for Non-Profits automates Gift Aid reporting making the process of claiming the money back from HMRC easier.

Deep analysis and reporting

Like any other business you need to quickly understand performance against KPIs and overall trends. Nobody wants to waste time consolidating data and building reports, so you know you must start giving stakeholders the guidance they need to move forward. Legislative reporting, the aforementioned governance/board reporting, plus contributor evaluation, project fundraising and more are all vital.

With Financials for Non-Profits you benefit from deep analysis across your organisation with real-time, robust analytics. You can optimise your precious resources with automation of core financial tasks.

Financials for Non-Profits features a suite of pre-configured reports and easy to use multi-dimensional reporting tools remove the burden and inefficiencies associated with legislative and board reporting. Easily track performance and trends across key areas of your business with our suite

of standard reports such as Activity List, Donors, Donations, Income and Growth of Gifts, along with Statement of Financial Activity, etc.

The Statement of Financial Activity (SOFA) report will help you keep track of everything from an income and expense standpoint.

Put simply, with Financials you need fewer resources to make a greater impact – and with intelligent use of reports you can acquire new funding and donors.

One integrated office built on Salesforce

Financials for Non-Profits offers rapid time-to-value with two donated user licenses and 50% off all additional user licenses for eligible organisations. And Financials for Non-Profits is just one component of Sage Business Cloud, the one and only cloud business platform offering everything a business will ever need.

Financials for Non-Profits is a built on Salesforce.com, unifying donor and financial management to ensure maximum funds go directly to the causes supported. Salesforce's Nonprofit Success Pack (NPSP) delivers the benefits of the Sales Cloud platform to NPOs. NPSP is no different from Sales Cloud. While Sales Cloud is all about designing campaigns, sales pipelines, processes and forecasting for a traditional business, NPSP focuses on designing campaigns for pledges/donations, forecasting donations and capturing donations for NPOs. Together with Financials for Non-Profits, it's the perfect combination.

Here's why Salesforce NPSP and Financials for Non-Profits are the perfect combination:

- Any of your contacts or accounts in Salesforce (Sales cloud or NPSP) are shared with Financials with no additional data entry and can be used on your donations, membership dues, grants or funding in Financials.

- The Salesforce platform also offers the opportunity to setup workflow automation to convert your Donations (opportunities) in NPSP to Financials offering you more powerful seamless connection of your data and workflows.

- Your data shared across these workflows provides you efficiency, accuracy, collaboration, security and governance without the technology overhead and staff traditional integrations require

Summary

Ensuring your NPO does as much as it can for those it serves is what drives you forward, and is topmost on your mind when you wake each morning. And both identifying your admin headaches and reducing the back office work load is a significant step forward in improving outcomes for everybody involved.

Intelligent and effective use of modern cloud technology such as Sage Business Cloud Financials for Non-Profits can be transformative. They reduce the admin workload by making back office tasks easier and make it seamless for governance and compliance to take place. Donors and funders are happier because you're able to improve your relationship with them too.

In an industry where it can often feel like there's little time to stop to breathe thanks to the drive to fulfil the core mission goal, spending just a little time adopting new and better technology is worth the resources investment required. None who have gone through the process have any doubt that the results are worth it.

"It's important for us to have a single view of what's happening across the organisation at any given moment. Sage Business Cloud Financials makes this incredibly easy."

Austin Dickson, Executive Director, Literacy Action

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Discover how Sage Business Cloud Financials
for Non-Profits can revolutionise your NPO by
requesting a demonstration:

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