

Strategic Financial Management: Stewardship and Sustainability

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Why Strategic Financial Management? Why Now?

- Growing interest in accountability among various constituents and stakeholders
- Heightened focus on cost, price, quality, efficiency, productivity, outcomes assessment
- Constrained financial resources=need for strategic choices
- Mirrors developments in other sectors

A Broader Context for Financial Management – Being Strategic

- Leadership
- Governance and Decision-Making
- Strategy Development/Planning
- External Environment

Key Financial Management Functions and Purposes

- Accounting and Control – Compliance
- Financial Statements – Reporting
- Financial Analysis/Cost Accounting – Interpretation/Translation
- Budgeting/Resource Allocation and Cost Containment/Retrenchment – Decision/Choice Making
- Strategy Development/Planning – Impact of Resources

Strategic Financial Management

Ideas and Perspectives

- Financial equilibrium
- Financial viability/sustainability
- Mission/resources/impact connection
- Multi-year financial planning
- Institutional change/transformation – role of resources
- Impact of technology – efficiency initiatives

Asking Better/More Strategic Questions

- Herzlinger – 4 Questions
 1. Are the organization's goals consistent with its resources?
 2. Are the sources and uses of resources matched?
 3. Is there intergenerational equity?
 4. Are present resources sustainable?

Coping With Constrained Financial Resources

- Tactical vs. Strategic Responses – The Role of Mission
- Revenue and Expense Strategies – Examples
- Options and Approaches – Across-the-board cuts, targeted cuts, reallocation

Thinking and Acting Strategically About Financial Constraints

- Is there a shared sense of urgency concerning the organization's financial situation?
- To what extent do key constituents hold an institutional point of view concerning the organization's mission and future strategy/plan?
- Does the organization have sufficient financial and non-financial data which can inform strategy formulation and strategic decision-making?
- Does the organization's leader and leadership team possess the necessary skills and tools to sustain the organization for the long-term?

Potential Action Steps for Leaders

- Key constituents know and understand the organization's identity, history, values, financial situation
- Budget/resource allocation processes and procedures are aligned with planning/strategy formulation processes and performance indicators exist to monitor/assess progress
- Data analyses/reports highlight appropriate strategic issues and are designed to inform key decision-makers and constituents
- Strategic directions/decisions/goals enjoy “buy-in” and support from key constituents

Linking Resources and Outcomes

- “Thinking Like a Funder” – W.K. Kellogg Foundation Logic Model – Planned Work=Intended Results?
- Inputs/Resources
- Processes/Activities
- Outputs
- Outcomes
- Impact

Strategic Use of Financial Resources?

- Theory of change/action underlying the organization's activities?
- Data on each?
- Link/logic among all aspects of the organization's work?

Toward Alignment and Coherence: Linking Mission, Strategy, Resources and Results

- Vision/Mission/Purpose/Core Values
- Priorities/Goals
- Resources
(Budget/Fundraising/People/Infrastructure/Time)
- Measures/Indicators

- Movie, not a snapshot – change/transformation
vs. status-quo

Horizon Issues

- Interest in outcomes/impact and accountability – continued growth?
- Financial/Non-financial Data/measures/tools – more refined?
- Leaders/teams – more accountable for resources/impact?
- Funding – more outcomes/impact oriented?
Constrained financial resources?
- Might all these developments lead to better outcomes and impact?