Getting your board ‘on board’

How charity finance leaders can enlist support for changing the accounting system

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Introduction

When it's time for change, it's time to bite the bullet and upgrade your charity's finance system.

You know this. You're aware of the substantial ways you'll benefit – such as easier reporting, better security, less manual work and fewer hours spent wrangling data in spreadsheets. But convincing other people can be the hard part.

After all, why should your project get the green light when there are so many demands on the organisation's time and resources? Does it really make a difference to frontline services if the finance system is a little bit 20th century?

It's likely that you'll need to navigate a few obstacles and demonstrate that a new system is not a "nice to have" – it's a vital requirement if the organisation is to deliver on its mission effectively.

And even when the project has been given the go-ahead, the success of it can depend greatly on the extent to which people across the organisation feel engaged and listened to.

This short guide from iplicit is written for you – the CFO, Finance Director or Head of Finance who needs to make this change happen. It looks at how you can build the case for change – and the people you'll need to influence and involve.

The Approach

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Appearance Vs. Reality

Your charity might look to the public as though it's pretty sophisticated when it comes to the digital realm. But the reality behind the scenes may be different.

It's understandable that priority might have been given to websites, staff and volunteer portals and a social media presence that impress the user and are easy to interact with. And these public-facing assets will generally have been developed relatively recently.

Back-end products like CRM (customer relationship management) systems and finance software might well date from another era, with fixes and workarounds applied to keep them running beyond their natural lifespan.

Keith Collins, Principal Consultant at Adapta Consulting – which advises nonprofits on processes, people and technology – says:

"People often overlook what one might describe as being the 'dull but worthy' things. Back-end infrastructure – CRM, data management, the finance system – may not be the most exciting topic for everyone, but it's incredibly important.

"Developing a new digital project for service users or building a new website is often much more exciting, as it's more obvious how people will use and benefit from it. However, you do also need to make sure that your digital customer experiences work effectively with your back-end data management tools. If you don't, then your customers will eventually notice and so will your staff."

Sensing and seizing the opportunity

You might be the only person who sees the urgent need to change, or you might be in good company.

Charity finance expert Mark Salway says: “Somebody has to sense the opportunity. It might just be one person who senses that opportunity or it might be a few. And then you’ve got to seize that opportunity – and that means the whole board or the management team needs to be moved in that direction. Unless you’re both sensing and seizing, it doesn’t move forward.”

Getting the go-ahead for a new system is likely to involve convincing managers and colleagues who may well have to take the matter to a board or a standing committee for approval.

Mark adds: “If you’re the FD driving change, you have to convince the board, your management peers and the CFO, and you have to create a group that’s prepared to take it to the board or the relevant standing committees.

“Some organisations are ready to go; they’re fed up of not having the information and not being able to hold people accountable. They’re just begging the finance team to get on and do it.

“Others question why they should give money to finance when there are so many other systems that need upgrading, or they feel they need to spend only on their cause, or they question how it relates to their core purpose of helping people. I think rather they should focus on what they’ll need to develop and build an effective infrastructure.”

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> **Mark Salway, Charity Finance Consultant**

The big question

When you're building the case for changing the finance system, you need to ask: Is our system meeting the needs of the business?

Here are some issues to reflect on when you're evaluating what you have and what you need:

- Can people across the organisation serve themselves to the financial information they're authorised to see, without everything having to come through the finance team?
- Is your data hosted securely in the cloud, with updates and security fixes applied automatically as you work? Can people work equally well remotely as on site?
- Can the finance system be integrated with other key software, without the need for time-consuming and error-prone rekeying of data?
- Do transaction processes and controls run smoothly and securely? Are they sufficient to catch errors and fraud?
- Can you produce management information (MI) within 5–10 days of month-end close? Can you generate the necessary reports without a lot of manual work in spreadsheets?
- Are you happy with the quality of your reporting? Does your MI provide actual versus budget figures – and forecasts? In short, does it do what the organisation needs?

Building a strategic case

You know a new system will make the daily life of the finance team easier, but the bigger questions are: Will this make us more resilient? Can we become more efficient? Can we get people to help themselves by embedding finance into the organisation so they can make better decisions?

Keith Collins of Adapta Consulting says: “The trend over the past 10–15 years has been for the finance team to be a business partner, rather than to be working in a silo – to be helping teams deliver on the charity’s strategic objectives.

“When teams and directors want a new software solution just to meet the demands on those teams, that’s where you run a greater risk of bad decision making. So, boards need to be looking for investment cases that have the support of a number of people on the senior management team.”

Mark Salway says: “When you see the need for change in your organisation, you’ll probably be keen to get moving, but not everyone will be so enthusiastic about your plan and you can probably think of new systems that failed badly when they launched. So, look before you leap.”

He advocates following the Kotter change management framework, which has been used for decades:

Kotter Management Framework

1. Create a sense of urgency
2. Build a guiding coalition
3. Form a strategic vision
4. Communicate the vision
5. Remove barriers and empower action
6. Generate short term wins
7. Sustain change as a continuous process
8. Anchor change by incorporating it into the culture

Questions the FD or CFO should be asking themselves

- Can I clearly articulate the need for change?
- Who do I know that’s going to help me?
- Do I know enough about what’s good in new finance systems to create a vision?
- Can I communicate that vision?
- What obstacles can I see and who can help me get over them?
- How can I demonstrate benefits quickly?
- Can I then build on this to give the organisation what we really want?
- And can I change the culture around accountability to really make sure we’re efficient and effective?

Mark Salway,
Charity Finance Consultant

Who should be involved?

While winning buy-in from the senior management team is important, you might want to involve more people than that.

Adapta Consulting says different people and organisations often take significantly different approaches when it comes to changing software:

- Some keep the process 'tight' and involve people only if it's strictly necessary to do so
- Others take a more inclusive approach, seeking feedback and input from a wider group of stakeholders, often as part of a broader programme of digital transformation

Paul Sypko, Partner at Adapta, says: "The more enlightened organisations see the value of having a finance function that is an enabler for the organisation.

"A finance team that's an enabler will provide insight and advice that better meets the needs of its colleagues outside the finance function and will often support more efficient workflows and processes. The impact can range from improving something as ordinary as purchase order processing or expenses, to empowering budget holders with more up-to-date or live access to information, or even doing forecasting.

"Rather than being siloed, they are collaborating with people outside finance and working with them to find a solution that works for the organisation as a whole."

Keith Collins adds: "These should however not be purist democratic exercises, or you'll end up proving the old adage that a camel is a horse designed by a committee.

"But if you make the decision in an ivory tower, just assuming the management team knows best, you'll lack insight from the coalface, from the people who need to use the tools – and you might end up choosing a system that can't do what you need."

The People

Here's a guide to some of the people you might need to enlist as supporters and how they can best be persuaded.

02

The CEO

Key Concern: Is this a sound investment for the whole organisation?

In some cases, the CEO will be the person driving the change. They might have realised they are not getting the data they need to run the organisation effectively. Equally, they could be hearing complaints from people in the operational business that they don't have the information they require. Or they could be driving a wider digital transformation throughout the team.

Change may be driven by the need for greater efficiency, the cost of maintaining the existing system, or the need to develop a more flexible workforce.

In other situations, the CEO – and the whole senior management team – might need convincing of the necessity for change. Whatever the dynamics, it's important to work out the strategic case for change, the costs and benefits.

Consider the push factors and pull factors that are involved. Push factors are the negatives or pressures that drive people towards change; pull factors are the attractions of a new system.

Top Tip:

Quantify the potential benefits as much as possible – but make sure you can also turn that data into a compelling story the CEO can relay to non-finance people.

Push Factors

- Concerns about noncompliance
- Fears over information security
- The prospect of the existing system no longer being supported
- Risks linked to lack of information or control
- Stressed or overwhelmed staff
- Doubts about the ability to track and report as funders require.

Pull Factors

- Improved efficiency
- Benefits from timely, accurate and comprehensive data
- The ability to view performance at high level via dashboards (e.g. fundraising, grants, budget versus actual performance)
- Better control of budgets
- Future-proofing for the growth of the organisation
- Easy compliance with reporting standards.

The Board

Key Concern: Why this project? How does this relate to our core purpose?

It will often fall to the charity's board to scrutinise the case for a new finance system. That means weighing the project against competing demands which could seem more compelling.

Trustees might have their own ideas about suitable systems based on their experience in business or other nonprofits. But if the following questions have been addressed correctly, you'll be equipped to deal with such suggestions appropriately.

Mark says: "The FD has to be able to push back and say, 'I'm going to do an independent review, can I have your help to map out the criteria we're going to use and the evaluative questions we're going to ask?' If the FD doesn't seize that evaluation agenda, they may lose control."

While it's important to respect the contributions of trustees, Keith Collins of Adapta says an FD also needs to be able to "speak truth to power" and "manage up" if necessary.

"You need to be able to ask the right questions and also to understand when some of their advice from their own background is going to be relevant, where the boundaries lie and where it might be less relevant," he says.

Some keys to communicating with the board:

- Remember that the board will be juggling a host of pressures: Why spend money on finance when people are also crying out for a better HR, fundraising or CRM system?
- Consider the charity's core mission and articulate how a "back office" function like finance contributes to that.
- Tell the board if the current system is not producing the information needed to run the organisation efficiently.

Mark Salway feels an effective board should be asking:

- Are our financial systems giving us the information we need to run the organisation efficiently and effectively?
- Have we invested enough in our financial systems and are they secure?
- Do we have a culture of continuous improvement so once we put in a system, we're driving the benefit from it?
- What are the pain points we're seeing from our existing systems and processes?
- Is there anything we should be worried about and that we should be investing in for the future of this organisation?

The Finance Team

Key Concerns: How will this work? How will our jobs change?

Other members of your finance team will naturally be most concerned about the impact on their daily work.

Some keys to communicating with the team:

- Staff will be concerned about work at a transactional level. What will the system be like on the Monday morning after implementation?
- Equally, they may have had experience of better, or different, systems before. They can be a powerful force to help shape the future.
- Concerns will include: controls, management reporting, statutory/SORP reporting, VAT and partial VAT, fund reporting.
- There might be resistance to other departments having access to financial data. A lot of organisations haven't put accountability structures in place so that, for example, a fundraising director can see how their department is performing. A better system takes pressure off the finance team and makes other budget holders more accountable.
- People might be concerned that greater automation will threaten their jobs. In reality, it can relieve pressure and release them to spend their precious time on more rewarding work.

The Head of IT

Key Concerns: How secure will this be? How will it work with other software?

Your senior IT person will naturally be concerned about the security and reliability of any new system. Push factors will definitely be in play.

Some keys to communicating with IT:

- Security will be top of mind – so a cloud product using a highly secure platform like Microsoft Azure or AWS will provide reassurance.
- They will want to be rid of physical servers (which are costly and risky) and place future solutions in the cloud.
- They will have questions about integrations between systems. Exactly how will that work? Through a public API (application programming interface) or another solution?
- IT might well be drawn to the familiarity of big-name software providers, so might need convincing that other systems are as good or better.

Top Tip:

It's important to address IT concerns while balancing them against the broader needs of the business – the pull factors that will provide the big payoffs.

"Often, our vision of the future can be over-influenced by what we have at the moment, or what we've known previously. People can benefit from being more objective about it. It often helps to depersonalise the decision making processes and bring in some new perspectives that challenge the status quo a little more than might otherwise be the case. It's not always the case that the well-known names are the best choices for a particular organisation."

Keith Collins,
Principal Adapta Consulting

Department Heads

Key Concerns: How complicated will this be? What data will I be expected to monitor?

It's important to remember the teams who come into contact with the finance system less frequently. Department heads will have concerns but should benefit from a change.

Some keys to communicating with them:

- They will want to see costs and budgets for their departments more easily.
- They will want to know how tasks like approving requisitions, expenses and purchase orders will be handled.
- Being able to access information without having to bother the finance department for it should be a strong pull factor.
- Improving the system will empower them – but also make them more accountable.

The Process

03

Choosing the system

The more time and energy you invest in choosing and implementing a new finance system, the more likely everybody is to be happy with the outcome.

You'll need buy-in from across the organisation as you consider what a good system would look like – and as you evaluate suitable vendors.

Paul Sypko of Adapta says: "We would suggest people think not just in terms of finding a new business application, but also in terms of developing a productive relationship with a key technology and finance solutions partner. A relationship like that has the potential to dramatically lift the organisation's performance and help it deliver its core mission."

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> **Paul Sypko, Partner, Adapta Consulting**

Some of the key areas where you'll need to consult include:

- Identifying the differences between what your current system can do and what you need – so you know what "good" looks like.
- Documenting and ranking your requirements.
- Developing a shortlist of vendors based on requirements and product demonstrations.
- Understanding implementation, licence and maintenance costs.
- Looking at other organisations' systems to see what good (or good enough) practice looks like.

Doing implementation well

It's essential to continue involving colleagues throughout the implementation of your chosen system. Some of the areas requiring cross-departmental collaboration include:

- Building a project management team drawn from different fields, whose members have the right critical knowledge.
- Sorting and cleaning the data that will be transferred to the new system.
- User acceptance testing and training.

Paul Sypko suggests it can be helpful to set up two workstreams for a project of this type, each with their own named leads.

"One might focus on the development aspect – the actual setup, configuration and rollout, the software integration, data migration and other technical aspects. The other might focus on user engagement and adoption – taking care of matters such as ensuring your users are trained properly and the solution is working well for them." he says.

The workstream leads will, of course, need to be operating very closely with each other – but structuring the project in this way can make sure that both aspects get the attention they need. It's also worth considering whether external input would be helpful.

Someone who is not distracted by commitments inside the organisation can lend valuable perspective, as well as bringing the experience that helps them ask good questions.

However you organise these things, the implementation process should be a collaborative one.

"Sometimes people say their project has gone wrong because they've chosen the wrong software," says Paul. "That does happen. But more often than not, the root of the problem is they've not invested enough internal time and energy to adopt it to its potential."

About iplicit

iplicit is true cloud finance software that makes the complex simple and accessible.

Launched in January 2019, iplicit now has more than 50,000 daily users in 103 countries, with a particularly strong presence in the charity and nonprofit world. The software integrates with other cloud applications and provides users with real-time reporting, automated data migration, rapid implementation and a public API to break down data silos.

iplicit was rated 18th among UK businesses on the FT1000 list of Europe's fastest-growing companies and achieved 40th place in the Deloitte UK Technology Fast 50.

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