



Feature Article

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Better Budgets through Team Decision Making

By Amy Gudgeon

Too often, in conducting the annual budgeting process, an organization starts with an Executive Director and the Director of Finance sitting down in front of a blank excel file and populating some of the cells with last year's numbers. To many Program Directors and Development Directors, aka those out of the loop, the initial budget development process can often look mysterious and foreboding, leaving them wondering, once they see the spreadsheet, "Where did these numbers come from?"

This top down approach to budgeting is all too common, reflecting how the finance office leader becomes isolated from their program and development colleagues.

FMA has long considered itself "an advocate for the financial function," a concept that pushes us to improve communication between Finance, Program, Development as well as the Executive and Board. Ensuring *all the leaders* have a seat at the budget development table from day 1 is a must.

As it applies to the budget process, the concept of constant communication, or, as FMA has labeled it, "Team Decision Making" (TDM), is the model we recommend. In today's *new normal* (aka incredibly challenging economic climate), the organizations making the best decisions are those that include the diversity of leadership's thoughts.

Another benefit of TDM not to be overlooked is the benefit to having a diverse team provide unique and separate insights.

Securing everyone's input and buy-in, from the board to the program director is also critical to the budget's ultimate reflection of the entire leadership's sense of commitment to the strategic and programmatic directions in which they wish to take the programs and organization. As the climate is forcing unanticipated changes requiring fast responses, having all the key leaders



involved from the initial planning stage will only make their decision making during modifications that much easier.

Instead of becoming a standoff over budgetary decisions made *ex post facto*, by working together as a team, the group can appreciate each other's input, acknowledge the value-add of all team members, and work to create buy-in for the coming year. Most importantly, the group collectively understands the risks and financial implications of the decisions they make.

Another benefit of TDM not to be overlooked is the benefit to having a diverse team provide unique and separate insights. This is particularly important in the creation of the revenue side of the budget (and, yes, ALL budgets should include revenue projections in addition to cost outlays). A budget is an opportunity to explore new initiatives, assess prior successes and failures, in addition to testing ideas. By including Program management into the budget discussion, new ideas (such as utilizing space, staff, assets, or partnerships) can come to the fore. In turn, teams can help deliver return, be it in the form of new revenue generation or ways to contain costs.

While obviously useful in the budget development process, TDM is a strategy that can be implemented across an organization facing any type of decision: *Should I expand this program? Should we purchase a new facility? Is a partnership with another agency worth pursuing?*

Regardless of the question, however, as a process, TDM allows for collective, informed decision making using accurate and real-time information – which eventually leads to a stronger organization with a bigger impact.

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