



Private School Leaders Can Have Financial Peace of Mind.

5 Ways to Increase Your Financial Confidence

How would you like to approach tough decisions with confidence that your financial information is accurate and up to date? Would you like to know that you are adequately measuring the most important aspects of your operation? Here are 5 ways to boost your financial confidence.

Measure what matters! Make a commitment to financial analysis.

As school leaders we know that our most important outcomes are not really financial and yet finances are often essential to achieving them. Developing metrics that reveal the best (and worst) use of our funds is important here. We need to know what's working and what's not. Leaders need a set of key metrics that include both statistical and financial data.



Make sure you and your finance team are committed to financial analysis. Often accounting is seen only as a matter of compliance, keeping things in proper order. This is only part of the picture. When your team embraces the idea of measuring what matters you'll be ready to discover a host of ways to improve your school.

A committed team is going to need a robust accounting system. Spreadsheets are cumbersome, error prone, and are to be avoided! If you are running a Quickbooks or a legacy server-based accounting system like Great Plains (Microsoft Dynamics) or Peachtree (Sage 50), consider upgrading to a modern, cloud-based accounting solution.

Not all deficits are bad.

Some of your school programs will operate in a surplus, others may run in a deficit. Do you know which ones? Understanding "profit centers" is as important in nonprofit organizations as it is in business. Your strategy may very well be to subsidize certain areas with the surplus from others. Great financial management begins with relevant, timely, accurate reporting and analysis. Do not wait until the end of the year and wish you had known something sooner. Administrators today, need access to this daily.

Make room in your budget for your long-term strategic goals

Private schools always struggle with competing needs for funds. If you don't have a plan, it's too easy to jump at the new sports program or technology ideas, all which either put a strain on the operating budget or cause us to fill the gap with a new fund-raising event.

Proverbs 13:16 says “A wise man thinks ahead”. Private schools must have a 3-5-year long-term strategic plan. Prioritize your new initiatives and plan for replacement costs for technology, transportation and large maintenance items. Determine which year(s) you will incorporate them into your operating or fundraising budget. In each of the upcoming school years incorporate these items first into your annual budget. Use technology that can track these goals and achievements easily – again avoid spreadsheets at all costs!



Confidently take these steps not only to achieve the long-term goals, but when those spontaneous opportunities pop up, you will know how to react.

Stay in compliance throughout the year and avoid year end stress.

More and more, private schools are subject to special audits for state funding, changing tax reporting and accounting rules that are not only difficult to keep up with but even more difficult to understand. When the deadline approaches, are you confident or concerned? Thankfully, most agencies provide guidance well in advance of the necessary compliance deadlines. Your staff should quickly gain a strong understanding of what is needed ahead of time. Many of the requirements must be satisfied throughout the year and cannot wait until year-end. Accounting systems and trained staff today can capture the data required in the way the agencies or auditor need for every transaction, so you are always in compliance. No surprises, no extra work. Peace of mind!

Budgets Should work for you and your team – not the other way around

If your organization is like most, you develop your operating budget 6 months or so in advance. This is a lot of time for unforeseen changes to happen. Shortfalls can produce chaos. Surpluses can produce opportunities. Why not build these possibilities into your budget from the start? Encourage your managers to choose in advance the areas to cut in a shortfall. They should also have a “dream list” for windfalls. This “Goldilocks” approach will guide decision making when the revenue is too hot or too cold. A great accounting system is key here. Your system and staff should be able to handle multiple versions of the budget (yes keeping the original) and report on all or any one of them easily!

Final tip on budgeting: Develop your budget at a detailed level (account, school, grade, etc.) so that your reports will be actionable by you and your team.