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Dollars & Sense

It's a common problem in nonprofits -- dealing with the tension between those who raise money and those who control the purse strings. When we forget that we're on the same side, we can end up in trouble.

Tips to Avoid Trouble:

Bridging the Divide between Accounting and Development

by Margaret Winn, CPA, CMA

The need for good relationships between departments in any organization is obvious, and in ministries, the need for cooperation and good relationships is even stronger – our work is a witness to the God whom we serve… But rather than working to tear down the walls between us, we get busy (dare I say 'overwhelmed'), we dig into our work for the organization, and sometimes lose sight of the fact that the other people in our organization, down the hall or in the next cubicle, can help us, and maybe even want to help us (if they only knew what we were doing), as we work to further the organization's mission. In the divide between accounting and development, you have differences in temperament, training, experience and expectations that make it hard to understand one another's behavior. We each believe that our way of looking at things is the "right" way, and we tell ourselves stories about why "they" behave the way they do (See Critical Conversations: Tools for Talking when Stakes are High, Patterson, Grenny, McMillian, et al, McGraw-Hill, 2002, for more information on this), and then act as if the stories we tell ourselves are true and factual.

I know first-hand about this divide, because I stand on both sides of the line that separates many accounting departments from the development departments at their organizations. As a CPA, I am a card-carrying member of the accounting world. As the Director of Development for a Christian ministry for 5 years, I earned my stripes in the development world. These are two very different worlds, with different ways of approaching the work of the ministry, even though they both have the same overall purpose – to help their organization accomplish it's goals and

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Margaret has spent more than 20 years in finance, development and administration. A Certified Public Accountant, Margaret has served in both for-profit and nonprofit organizations large and small.

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Margaret's experience includes financial management, financial auditing, tax compliance, and work with foundations, direct mail, and information systems.

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serve God in a way that brings Him glory and expands the kingdom.

When we forget that we're on the same side, we can end up in trouble. I'm not talking about TROUBLE, such as happens when the organization runs afoul of governmental agencies or the board of directors from mismanagement or fraud. I'm talking about normal, every-day trouble -- the insidious kind of trouble that is just as damaging in the long term. This is the kind of trouble you have with donors because you can't quickly and easily report how their restricted gift was spent, or the trouble that comes from strained relationships between the development and accounting staff, which produces people who are working at cross-purposes to one another. Good relationships foster an environment of support, creativity, synergy, encouragement and success. Bad relationships, on the other hand, lead to posturing, subtle and outright opposition, turf-wars, dissension, and turnover, which are costly in so many ways.

I will be focusing in this article on how to turn your accounting staff into an ally and as a result reduce the impact of this kind of trouble on your organization.

"Can't we all just try to get along?"

The need for good relationships between departments in any organization is obvious, and in ministries, the need for cooperation and good relationships is even stronger – our work is a witness to the God whom we serve. In an environment where we are trying to keep administrative and fundraising expenditures low compared to program expenditures, there frequently aren't enough administrative and fundraising staff members. But rather than working to tear down the walls and create the synergy that comes from working together, each side gets busy (dare I say 'overwhelmed'), and digs into its own work for the organization. Sometimes we lose sight of the fact that the other people in our organization, down the hall or in the next cubicle, can help us, and maybe even want to help us (if they only knew what we were doing), as we work to further the organization's mission.

We attribute motives to others, and because we are convinced that we are right, we don't check the validity of our assumptions. Then we withdraw from meaningful dialog because "that's just the way they are." If this is the situation you find yourself in at your organization, I encourage you to begin the process of building relationships with the people on the other side of the divide from you.

You could start casual conversations trying to understand what the others' "work" consists of. Perhaps staff from each department could spend a half-day shadowing their peers in the other department. This will allow them both to learn how information flows through the organization, and what is really involved in creating a direct mail piece, or making donor calls, or what it takes to create that ad hoc report that the development director has to have "right away." All departments do work that is unseen by the rest of the organization, and when the unseen work is not acknowledged or understood, it is easy to believe that they are not responding to your request because of (imputed) negative reasons.

Then, to continue to build on the growing level of understanding and appreciation of what the other department's work involves, I would suggest that a monthly lunch gathering be initiated where people can learn more about their peers and the framework for their work, the pressures and successes, and the business cycles that are experienced in the other department.

Many years ago, I implemented something similar when I was the Controller for a high-tech manufacturing company. We had significant organizational walls between Engineering and Manufacturing, Marketing and IT, Field Service and Sales. When the mid-level managers began meeting together every other week over lunch to get to know one another better and understand what the various departments were doing, we started to see some changes. There was one overall moderator of the meetings, but each meeting had a different presenter, as the various managers shared information about their departments, or even something about communication or teamwork they had learned. Sometimes we had entertaining (and useful) video training material presented. One time, the engineering manager explained to us how a modem works and how it was incorporated into our products. Another time, the IT manager taught us about network security – not just a dry admonition of the necessity of changing passwords frequently, but stories from her reading about some spectacular security breaches that made it more real to us.

It took many months, but we grew to know and trust one another more, and learned to "assume good motives" to one another (rather than automatically attribute bad motives as the drivers behind someone's frustrating or infuriating behavior). These meetings led directly to better cross-functional cooperation and communication, as each of the managers took the information that was being learned back to their own departments and installed some of the new attitudes into their people.

Here at McConkey-Johnston, we talk and teach about the 'relentless pursuit of donor delight.' Within your ministry organizations, you also need to be seeking the delight of your co-laborers in the kingdom. You pursue your donors to listen to and understand them. You must also turn a similar focus on your coworkers.

The following table, adapted from information in the National Association of College and University Business Officers (NACUBO) July 2005 article *"The Core of a Good Rapport,"* could serve as an interesting ice-breaker for a brown-bag lunch meeting between accounting and development staff. Depending on the dynamics, begin with a whiteboard or flip chart and solicit the beliefs that each group has about the other, including this table later in the discussion, or you could pass out copies of the table and talk through it. It is offered here as food for thought.

It is important to understand that the frequent perception that the account-

What accounting staff often believe about development staff:	What development staff often believe about accounting staff:
They: • are always selling • promise donors too much • leave accounting out of their planning process when we could be helpful to them • want reports and information too quickly • spend too much time and money cultivating donors • don't try hard enough to make gifts as unrestricted as possible (cater to special projects) • don't recognize that overly optimistic fundraising projections will make the job of preparing strategies, plans and reliable budgets and reporting back to foundations and other donors very difficult • don't understand that you must comply with various externally imposed rules and requirement to ensure that the books are correct and have to be ready for audits and questions from donors • don't understand that you have to answer to and balance the demands of multiple committees of the Board (such as audit, investment, budget, facilities, planning and development) • don't measure performance of development staff by concrete results achieved • spend too much time "working" outside of the office (at lunch, coffee, events, etc.)	They: • are narrow, rule-bound thinkers who needs to go beyond spreadsheets and forecasts and think about what could be, and how to make it happen • are unnecessarily restrictive in their rules, requirements, and deadlines • don't understand that fundraising is aligned with the organization's strategic plan • look at the number of staff in development and conclude that the money raised per staff member is too low – forgetting that many staff members in development are in support roles (prospect/foundation research, database management, gift recording, event planning) and not directly involved in raising money • become irritated when donors make last-minute requests for detailed, easy-to-understand information on projects they have been/may be involved with • don't understand that it takes time, high-quality staff, and substantial resources to conduct professional fundraising and development in a time of increasing competition • don't consult with or support the development office's function and staff • don't appreciate that today's modest gift giver could, through cultivation, become tomorrow's major gift giver and is therefore "worth" the time and expense to cultivate them

ing department is too rule-bound has some basis in fact. There are specific rules that need to be followed within the accounting realm.

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These rules come from many sources, including the Evangelical Council on Financial Accountability (ECFA), if your organization is a member www.ecfa.org; from the IRS (because a non-profit is only allowed to exist by complying with rules that the IRS determines), and from the professional licensing boards that govern CPAs and CMAs. Some of these rules include: the need to honor donor restrictions and be able to account for the way the funds were spent; the need to comply with Generally Accepted Accounting Principles (GAAP) in recording financial transactions; the ongoing requirement to be preparing for and submitting to audits performed by outside accountants (a requirement for members of ECFA, and usually a requirement if the organization has any bank loans, and something that gives donors a greater degree of confidence in how their gifts are being handled). ECFA has established a set of Seven Standards, drawn from Scripture to aid Christian organizations in operating with integrity (the full list is located at: http://www.ecfa.org/?PageName=7standards).

These Standards govern all operations of Member organizations, not just the development work or the accounting practices. There are six general Standards that cover doctrinal statements, governance, annual audits, the use of resources, and financial disclosure. The 7th Standard has eleven parts – all of which relate to ethical standards of fundraising and how the organization handles the gift once it is received!

Finally, there also needs to be an interface between accounting records and program reporting; transactions need to be examined for audit and tax considerations; functional allocations of expenses must be made (between program costs, administrative costs and fundraising costs); non-cash gifts have to be properly valued on the organization's books; budgets need to be prepared, monitored and revised as circumstances change.

The accounting department can be your biggest ally, understanding your needs and requirements for regular reporting, as well as special ad hoc reports for donors, or it can be an obstinate hindrance to your work. It all depends on relationships. And you may be the one who has to start the process to strengthen the cross-departmental relationships. Believe me, it *will* be worth it.

To discuss workplace dynamics and their effect on your non-profit organization, contact Margaret or any M/J consultant by visiting our website at mcconkey-johnston.com.

