Financial Fundamentals and Strategies for the New President

CIC Programs for New Presidents

September 9, 2020
Housekeeping

• For audio, use your computer or select “Telephone.” The phone number is (###) ###-#### and the access code is ###-###-###.

• Use the Questions box on the right to submit questions. Please include your name and institution.

• All voice lines are muted.

• Sorry, but Chat between participants is not available on this platform.

• Note: The webinar is being recorded. Presentation slides will be shared later.
Today’s Presenters

*Julee A. Gard*
Vice President for Administration and Finance
University of St. Francis

*Arvid C. Johnson*
President
University of St. Francis

*Mary Pat Seurkamp*
Senior Advisor, CIC
President Emerita, Notre Dame of Maryland Univ.
About the University of St. Francis

Called to Serve ... Called to Lead

• Catholic, Franciscan University Founded in 1920 in Joliet, IL.
  – 3700+ Students – Grad and Undergrad
  – Substantial Off-campus/On-line Presence

Bigger thinking. Brighter purpose.
It’s Certainly NOT “the Best of Times”…

Dawn Of The Dead: For Hundreds Of The Nation’s Private Colleges, It’s Merge Or Perish
...and Can Even Feel Like “the Worst of Times”...
Agenda

1. Today: Financial Strategies
   – Budgeting and the Business Plan
   – Capital Expenditures and the Strategic Plan
2. Online Resources: Financial Fundamentals
   – Financial Statements 101
   – Getting to Know (if not Love) Your 990
3. January: Key Measures and Benchmarking
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3. January: Key Measures and Benchmarking
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3. January: Key Measures and Benchmarking
Budget and Planning Process

Facilities & Infrastructure WG

Compensation & Benefits WG

Enrollment WG

General & Admin Exp. [Budget Mgrs]

Membership (<20) prescribed by Policy Manual
Budget and Planning Process

Membership expanded (50+) for transparency and inclusion.

Budget & Planning Committee

Facilities & Infrastructure WG

Enrollment WG

Compensation & Benefits WG

General & Admin Exp. [Budget Mgrs]
Budgeting & the Business Plan

• “Cash is King” for **ALL** of Us – Whether We Recognize This or Not!
  – Cash Flow Forecasts...
    • For Understanding...
    • ...And, For Covenants, as Required...
  – ...Enabled by **Monthly** Budgeting
    • A “Game Changer”, Even When Imperfect...
Budgeting & the Business Plan

• “Day 5” Closes of Monthlies...
  – Shared Monthly at “Executive Council” and “University Council” Monthly (posted)
    • Quarterly+ All-employee Town Halls
  – Utilizing the “Statement of Functional Expenses” Proactively
    • “Preliminary” vs. “Final” Approved Budgets
    • Changes/Modifications - and “Variances”, as Required
Questions…so far?
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Capital Planning Process…

• 3-year Rolling CapEx Budget
  – Annual spending targets – including deferred maintenance (set value)

• Projects Vetted and Prioritized by Facilities & Infrastructure WG
  – Ultimate prioritization by Cabinet

• Annual Cash Flow Impact Layered into Cash Forecast
...Supports Strategic Planning

• Annual Budget Targets Established per Strategic Plan
  – 2-4% Operating Margin
  – Breakeven “Core Margin” (Student Revenue Coverage – more in Session 3)
  – Funding for “Strategic Initiatives”

• Cash Flow Forecast to Support CapEx, Covenant Compliance, and Cash Reserve Building
Questions...so far?
Strategies for Working with Your CFO...

• At the end of the day....
  • The CFO must share your vision.
  • All stakeholders must have confidence in the CFO.
  • **You** must have trust in your CFO.
  • The CFO must think institutionally.
  • Like any other position, if your CFO can’t or won’t meet these “must” statements... you have the wrong CFO and you know what you “must” do.

Roger Drake
Central Methodist U.
Strategies for Working with Your CFO...

- Signs that your CFO may not be performing at a “high level”...
  - CFO is seen as a speed bump on the highway to change
  - CFO uses the budget as a weapon rather than a planning document
  - CFO has a tendency to “control” rather than “lead”
  - CFO “doesn’t have time” to listen and is too quick to get to “no”.
  - CFO “doesn’t have time” to be polite in email correspondence
  - CFO isn’t forward looking; CFO thinks the “future” is defined as the next May 31/ June 30.

Roger Drake
Central Methodist U.
Favorite (Roger) Drake-isms

• “The CFO can be a strategy partner... and not just the VP for NO! I’m serious!”

• “Personnel is your greatest cost and your greatest opportunity. Your real ROI is in your people.”

• “Industry takes people and makes money. Higher Ed takes money and makes people.”

• “We may all be not-for-PROFIT... But, we are not-for-LOSS either!”
And... Our Key Takeaways

• CFO as Key, Strategic Partner
• Inclusive, Transparent Budgeting Process to Drive Business Results
• Create Space for Strategic Investments (Experiments)
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Financial Fundamentals

...online resources/tutorials available to you...

• Financial Statements 101
  – Statement of Financial Position
  – Statement of Activities
  – Other Statements

• In Defense of the 990...
Questions...any other?
Thank You…&

Pace e Bene!

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Arvid C. Johnson
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Starting in a Few Minutes! (5:00-5:30 EDT)

Join Arvid and Julee for an informal, face-to-face conversation on Zoom

https://zoom.us/join

Meeting = [censored], Passcode = [censored]

(please don’t click until the webinar ends)
Other Upcoming Opportunities

**September 23, 4:00–5:00 p.m. EDT (followed by Zoom discussion)**

**New President and Board Relations During Challenging Times**

- **Jeff Abernathy**, President, Alma College (MI)
- **Marjorie Hass**, President, Rhodes College (TN)
- **Moderator**: **Douglas M. Orr**, Senior Fellow, AGB, and President Emeritus, Warren Wilson College (NC)

**December 9, 2:00–5:00 p.m. EST**
**Sunday, January 3, 11:00 a.m.–3:00 p.m. EST**
**Thursday, January 7, 10:30 a.m.–1:30 p.m. EST**

**CIC New Presidents Program**

Agenda and registration information coming soon