Effective
Financial Oversight

Mark L. Maxwell
For a copy of presentation handouts:

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February 10, 2020—Portland, Ore.—Concordia University - Portland’s Board of Regents has voted that the University will cease operations at the end of the Spring 2020 academic semester.

The resolution was approved February 7, 2020 at 6:00 p.m. PST. The Board’s decision came after years of mounting financial challenges, and a challenging and changing educational landscape.

“After much prayer and consideration of all options to continue Concordia University - Portland’s 115-year legacy, the Board of Regents concluded that the university’s current and projected enrollment and finances make it impossible to continue its educational mission,” said Interim President Dr. Thomas Ries.
KPI #1 – Above all…
  Live in Harmony

KPI #2 – Firm-up the Foundation
  Created Purpose
  Theology – Biblical basis
  Mission/Vision/Values
  Governance

KPI #3 – Build a Great Team
  The high value of loyalty
  Four C’s
  Make *Decisions* together
  Sing *praises*, tell *stories*, & say “Thanks”
KFI #1 – Above all…
  Manage for a Margin (profit)
  “no margin -> no mission”

KFI #2 – Drive Revenue
  Tuition (total credits sold)
  Fee Income
  Donation Revenue

KFI #3 – Manage Expenses
  Payroll
  Program spending
  Scholarship spending (vs discounts)
  Marketing & Enrollment
Executive/Management Routines…

Regular reporting
• Monthly Income Statements (by the 15th)
• Donation pipeline (daily, weekly, monthly)
• Enrollment pipeline (weekly)

Financial Management
• Project Funding
• Endowment (Scholarship) Funding
• Capital Project Funding
• Program Profitability

No white elephants!
Dealing with Crisis

Never waste a crisis (James 1).

- Identify it honestly, with facts
- Address it openly
- Gather options and advice
- In conflict, give everyone a voice
- Implement with extensive communication
- Slow down, to go fast...

Communicate, Communicate, Communicate
Budget Routine...

**Revenue**
- Let Managers set the target

**Expenses**
- Keep spending inside of revenue
- Delay subjective spending
- Use scholarships for your benefit

**Profit Margin**
- Best way to protect your mission
Principles of good budgeting

A. Build realistic Revenue and Expense plans
   ➢ Aim for accuracy
   ➢ Be *reasonably* detailed

B. Build in timing

C. Invite high level of team participation

D. Routinely update and evaluate: milestones
Setting Revenue Goals

A. Logical Goals

B. Stretch Goals

C. Leave room for God

➢ Plan well
  ➢ Work hard
    ➢ Be flexible & responsive
    ➢ Leave room for God
Setting Spending Goals

A. Spend to serve Mission

B. Spend to drive Revenue

C. Lag optional spending

D. Budgeting is a management tool
   ➢ Manage resources
   ➢ Introduce growth possibilities
   ➢ Manage downsizing
Setting Objectives

- Here
- Inertia
- Capital
- Friction
- Time
- Entropy
- There
Great Leaders Needed!

- Discernment & Gratitude
- Truth
- Urgency
- Holy Discontent
- Love
- Patience
- Timeliness
The Serenity Prayer

God grant me...

➢ Eyes to see the things that need to change.

➢ “The serenity to accept the things I cannot change,

➢ The courage to change the things I can,

➢ And the wisdom to know the difference.”

- Reinhold Niebuhr, 1943
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Q & eh...?
Effective Financial Oversight

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Financial Statements:

Income Statement

- Revenue
- Expenses
- Net Profit (Revenue minus Expenses)

The primary focus of budgeting.
Financial Statements:

Balance Sheet

- Assets: What you own
- Liabilities: What you owe
- Equity: “book value” of the organization – (Assets minus Liabilities)
The Be-Attitudes of Solid Finances

A. Be Diligent

B. Be Wise

C. Be Generous

... God owns everything ...

... We are stewards ...
Selecting: Get the right people on the bus

A. Character

- Good work ethic
- Constructive attitude
  - Contentment
  - Loyalty
  *There is no accounting for attitude*
- Habitual honesty
- Transparency
  *Healthy debate among friends*

*Seek people who are loyal*
Selecting: Get the right people on the bus

B. Competence

➢ Capable
   ❖ Skill
   ❖ Knowledge / Training
➢ Effective
➢ Creative
➢ Growing in their craft
➢ Comfortable in their ability

… and in the right seats.
Selecting: Get the right people on the bus

C. Chemistry

➢ Gracious: nice people to be around
➢ Grateful
➢ Gentle: flexible and forgiving
➢ Goal-oriented
➢ Giants: Seeking to influence, not to control

*Weed out mean people*
Selecting: Get the right people on the bus

D. Calling

- Appropriately fitting into context
- Not too disruptive
- Not too comfortable
- Embracing change: change is good!

“The shortest route to excellence is through the criticism of our friends”