

## Syllabus

NPLD 570 Strategic and Fiscal Planning for Nonprofits (Nonprofit Planning & Finance), Tuesdays 1:30 to 4:20 pm  
LOCATION: David Rittenhouse Lab 4Eg

### INTRODUCTION

Today's nonprofits operate in a fast-paced, ever-changing environment where the challenges of program delivery, impact and financial viability rest on those who can manage the complexities of the "new nonprofit business" environment. Effective social enterprise mission-centric organizations are shaped by smart and strategic thinking and planning, reinforced by a solid capitalization strategy, visionary and effective leadership, execution to outcomes, attention to infrastructure and a bottomless pit of grit!

This course is designed to prepare the next generation of passionate and innovative leaders of nonprofits, NGOs, government agencies, and public/private structures to think, execute and lead strategically with all necessary tools, processes and frameworks to sharpen their planning skills and financial acuity. We will explore various proven practices in planning related to sector, organizational size, goals and complexity.

### PLANNING MODULE

Students will:

- Develop a keen understanding of Strategy and how it defines an organization's sustainability
- Understand the differences between Strategy, Value Proposition and Strategic Planning
- Examine an array of planning options
- Identify and align organizational needs with effective methodologies of strategic and operational planning processes
- Develop performance metrics to align with mission goals and strategic decision-making
- Develop Strategic Plan document

The foundation for the work will be based on an Appreciative Inquiry methodology, using our text as a guide, [The Thin Book of Soar or Scenario Planning](#), where it is applicable. Students will also explore [Scenario Planning](#), another tool to use when organizations' missions must consider alternate futures because they are intrinsically tied to certain external forces, especially geopolitical forces.

### FINANCE MODULE

Attention to sound financial management in nonprofit organizations often takes a back seat to mission and program, yet it is the underpinning of long-term sustainability. All nonprofit personnel (and board members) benefit from understanding the complexities of nonprofit finance and the symbiotic relationship between mission, strategy and money. This course will explore both the principals and practices of budgeting and finance as well as the financial strategies to support a well-capitalized nonprofit enterprise.

Students will gain knowledge of:

- Nonprofit financial principles, financial and trend analysis
- Markers of financial strengths and risks
- Budgeting
- Concepts of full cost, program profitability, allocations
- Resource development, as well as the role of the board in fiduciary, strategic and generative leadership.

Through financial statement analysis and trend analysis students will identify markers of financial strengths and risks as it relates to strategic planning.

Guest lecturers are practitioners and financial experts who will enhance the classroom experience and class discussions using case studies and real life experiences.

### **Practicum**

In addition to in-class lectures, readings, and case-studies, students will have hands-on opportunities to work in real-time with nonprofit organizations on explicit projects that are part of a strategic planning process. Students will have a choice to work with their current practicum placement, work on a planning project with their current employer of a nonprofit, identify a nonprofit that you would like to work with or select a group that has agreed to work with our class this year (see the list below).

Students may work on specific phases of a project already in process or offer a service that we are learning in class, such as financial analysis, external assessments, interviews, program profitability, etc. We'll work together to tailor learning experiences for each team.

### **Selecting An Organization**

We have a list of organizations that have indicated a willingness to participate in the program with students during this semester. However, you may wish to pick your own. The only requirement is that it be a nonprofit organization, preferably one that relies to some extent on volunteer support and one that is locally based so you can visit them on site. If you choose your own they should be available to you during the next several months and you must be able to establish a connection with a "champion" within the organization.

In the past, students have worked with organizations whose mission is: environmental, horticultural, health, advocacy, human services, indigent legal services, and arts. To a great extent, the more diversity in organizations among class participants, the more productive class sessions will be.

Remember, access to the NPO is important. Although you may want an NPO that is within your interest area, selecting an organization that is collaborative and willing to assist you is more important than finding the perfect organization. You will need to be able to access information (documents) on the organization's mission, vision, goals, performance measurement metrics,

financial information etc. and be able to conduct interviews with your organization's staff, directors, board members, and possible partners.

**The following organizations have indicated a willingness to participate:**

1. Ten-Day Film Challenge
2. Youth Sentencing and Re-Entry Project
3. The Homeless Assistance Fund
4. Northern Children's Services
5. The Open Link
6. Friends of the Rail Park
7. Variety, The Children's Charity
8. Pennypack Farm
9. Friends of the Rail Park

**TEXTS: (BOOKSTORE)**

1. The Thin Book of SOAR, Building Strengths Based Strategy
2. Budgeting & Financial Management for Nonprofit Organizations: Using Money to Drive Mission Success (Weimar, Chen, Dernier).

**\*Various articles and cases will be distributed during the semester**

**Grading**

Grading will be based on individual performance in class – participation and contribution to the discussion, individual grades on a Quiz and Final paper, and team performance assignments. The Final paper will be a Case Analysis that will be distributed two weeks prior to the due date. Team presentations will be structured so each student will report out on a particular component of the assignment (this will be explained further in class).

**Case Study & Article Discussion Leader (10%)**

For each article or Case Study or article (except the first), 2 or 3 students will be assigned to lead the discussion, prompted by Study Questions, which I will provide and the key areas of study we've covered to date or we've built upon thus far. You will read the case or article and be prepared to lead the class in discussion. But everyone is expected to read the articles in detail and participate in the discussion.

**Quiz: Measuring your knowledge of understanding nonprofit financial statements and flow of money (20%) March 22, 2016**

This will be an in-class quiz that is meant to determine students' capabilities in understanding the basic principles associated with reading and understanding financial statements. Throughout the module, I will arrange for additional sessions to help students who are interested in getting extra help or wish to explore deeper issues of nonprofit finance.

**Class Participation (10%)**

**Various assignments and discussion leading: (10%)**

**Final Team Assignment: (25%)**

**Final Paper: Case Analysis (35%), Case assignment distributed April 12, due April 26, midnight**

You will be assigned a case study of an organization with presenting issues that have forced it to enter into strategic planning. You will be provided with program materials, management information, financial information (both finance and resource development), staffing and historical context. You will be required to use some or all of the tools we've learned to use during the semester to inform your recommendations for this organization. These materials will include Nonprofit Financial Analysis, Program Profitability, your critical analysis about how the organization should move forward in the strategic planning process.

**Teaching Approach**

This class is taught through lectures and discussion utilizing articles and papers written by thought leaders in the social enterprise field, cases, field practitioner lecturers. Students will work in teams, where possible. The goal of this class is to build technical and strategic skills, and build your critical thinking skills.

**Engagement**

There is a high value placed on *quality* participation and the strong expectation that students will participate in and contribute to the class learning process. All students are expected to attend all classes, be prepared for class having read and completed weekly assignments, participate actively in classroom discussion and be attentive to guest lecturers.

**Teamwork**

Due to the pervasive scarcity of human resources in many nonprofits, there is a strong culture of teamwork. We will replicate the typical program/finance team environment in decision-making and organization and program budget development. Students will be graded on the level of shared responsibility each takes in participating in and producing assignments. Your individual grade on a team project will reflect the work of the whole team. If one member is not pulling their weight, the team grade will suffer.

**Quality of Student Product**

As students in one of the top-ranked universities, your work product should be of the highest possible quality. Well-written, grammatically correct and legible documents are basic pre-requisites for professional success as well as for a good grade in this course! If you believe you have writing challenges, please see me early in the semester.

Students are expected to be prompt, presentable and attentive at all times and especially when guest speakers are visiting and on days of student/team presentations.

## Use of Technology

Unless prior approval by the instructor is given, NO CELL PHONES will be permitted on desks; they should be shut down and put away. Computers will be needed for this course and access to the Internet for Internet research. The use of laptops or ipads for any reason other than note taking, team projects or research is a distraction and not acceptable. If discovered your participation grade will be lowered.

**Statement on Academic Integrity:** Students are expected to conduct themselves consistent with the University of Pennsylvania's Code of Academic integrity, which presents standards regarding plagiarism, multiple submissions and other actions. Students are expected to be familiar with the code, which can be found at <http://www.upenn.edu/academic> integrity

## SYLLABUS

Date/Week	Topic	Assignments
<b>PLANNING MODULE</b>		
January 19, 2016	INTRODUCTION TO SEMESTER Review of Nonprofit Assignments	Read: <u>What is Strategy</u> , Michael Porter <u>Rethinking Strategic Planning</u> , Pt 1, Henry Mintzberg (canvas) <u>An Introduction to Nonprofits</u> (Text, Weikart, Chen), Ch 1
January 26, 2016	MISSION/VISION/ VALUES	Make contact with your Nonprofit and collect the following materials: <ol style="list-style-type: none"> <li>1. Mission, vision, values (if applicable)</li> <li>2. Description of programs</li> <li>3. Constituency served</li> <li>4. A current/previous strategic plan</li> <li>5. How they define their "Value Proposition", their strategy</li> </ol> Confirm the presenting issues you will be exploring Read: <u>Rethinking Strategic Planning</u> , Pt 1, Henry Mintzberg (canvas) Be prepared to answer the study questions in class discussion <u>Setting Aspirations-Mission Vision Values</u> (distributed) <u>Lofty Mission, Down to Earth Plans</u> , Rangan (canvas) Student led <u>Curbing Mission Creep</u> - Jonker & Meehan (canvas) Student led <u>Making Missions that Won't Creep</u> , Stanford Social Innovation Review (1 pager on Canvas; Reference tool)
February 2,	METHODOLOGIES: SOAR & SCENARIO	1. Determine if Organization will participate in CCAT or OCAT Assessment

2016	<p>PLANNING</p> <p>Guest Lecturers: Jacqueline Stavros &amp; Gina Hinrichs, authors of <u>The Thin Book of Soar</u></p>	<p>2. Begin to develop your interview protocols and list of categories of target stakeholders . Based on your review of the nonprofit’s issues, <u>come prepared with a draft of your questions to share with guest presenters.</u></p> <p>3. Think about whether your organization is a good candidate for Scenario planning vs. a more traditional process based on the readings (SOAR &amp; Scenario)</p> <p>Read: <u>The Thin Book of Soar.</u> (Stavros, Hinrichs) <u>The Art of Scenario Planning</u>, Intro pages 1 to 21; 24 - 26 (canvas) Diana Searce, Katherine Fulton, and the Global Business Network community Article: <u>The Generative Nature of SOAR: Applications, Results and the New SOAR Profile</u> (canvas) Optional, an interesting read for working with SOAR <u>The Use And Abuse Of Scenarios</u>, Charles Roxburgh, McKinsey Quarterly (canvas) Organizational Capacity Assessment Tool <a href="http://mckinseysociety.com/ocat/">http://mckinseysociety.com/ocat/</a> (OCAT) Core Capacity Assessment Tool <a href="http://www.tcccat.com">http://www.tcccat.com</a></p>
February 9, 2016	<p>UNDERSTANDING PERFORMANCE MEASUREMENT</p> <p>Guest Lecturer: Kim Glassman, Independent Program Evaluation Consultant</p>	<p><u>Submit revised Interview Questions to N. Burd by February 4, 2016</u></p> <ol style="list-style-type: none"> <li>1. Once survey questions are confirmed, begin interviews</li> <li>2. Begin Assessments</li> <li>3. Review of other data to be collected</li> </ol> <p>Read: The Power of Theories of Change, <i>Stanford Social Innovation Review</i>, Spring 2010 (Canvas) Paul Brest Mapping Change: Using a Theory of Change to Guide Planning and Evaluation, GrantCraft (2006) <a href="http://www.grantcraft.org/pdfs/theory_change.pdf">http://www.grantcraft.org/pdfs/theory_change.pdf</a></p>
February 16, 2016	<p>ORGANIZATIONAL EFFECTIVENESS</p> <p>Guest Lecturer: Jared Raynor, TCC Group</p> <p>Check-in on Nonprofit Assignments— interview updates, Guidance with Assessment Process</p>	<p>Read: <u>The Sustainability Formula</u>, Peter York (Canvas) CASE: Goodwill Industries: Part 1 (Canvas)</p>
<b>FINANCE MODULE</b>		
February 23, 2016	<p>INTRODUCTION TO FINANCIAL PRINCIPLES &amp; CAPITAL STRUCTURE</p> <p>Guest Lecturer: Alice Antonelli, NFF</p>	<p>Submit summary of interview findings and identify key issues to be explored in planning; CCAT/OCAT results (if applicable)</p> <p>Bring Audited Financial Statements from 3 previous years (usually 2 audits) &amp;</p> <p>Read:</p>

		Text, Chapter 5, Basic Principles of Accounting and Reporting Requirements; Chapter 6 Understanding Financial Statements (Weimar, Chen, Dernier). <u>Hidden in Plain Site, Understanding Nonprofit Capital Structure</u> , Clara Miller (Canvas)
March 1, 2016	UNDERSTANDING YOUR NONPROFITS FINANCIAL SUSTAINABILITY  Overview of Financial Analysis tool Ratios & indicators, Red Flags In-class Ratio Exercise	Have audited financial statements on hand and final budget from last audit year (this will be used for the Financial Analysis Tool)  Read: Text, Chapter 7 Financial Analysis Nonprofit Financial Management Self Assessment Tool (TACS) <u>Ten Nonprofit Funding Models</u> , Foster (Optional)  Update on projects using SOAR, Scenario Planning Processes or other process.
<b>March 8, 2016</b> <b>NO CLASS-SPRING BREAK</b>		
March 15, 2016	FINANCIAL ANALYSIS & INTRO TO BUDGETING	DUE-Financial Analysis Assignment Bring current fiscal year budget from your nonprofit Read: Text, Chapter 9, Understanding Revenues
March 22, 2016	QUIZ-FINANCIAL PRINCIPLES Introduction to Profitability Analysis Catch-up on Nonprofit Projects Overview of Plan Document	Using your financial Audits, complete assignment on P. 147 of Text (will help with studying for the quiz)
March 29, 2016	Review Profitability Analysis Presentations Update and Catch up on projects	Using your Nonprofit's financial materials or Course materials, begin to populate the spreadsheets—Direct/Indirect revenues and costs Read: <u>Goodwill Industries Case</u> Part 2 (if we have time) <u>Costs are Cool</u> , Bridgespan (canvas)
<b>DELIVERABLES</b>		
April 5, 2016	DEVELOPING OUTCOMES MAPPING ACTIVITIES ALIGNED WITH STRATEGY AND VALUE PROPOSITION	Read: <u>Delivering on the Promise of Nonprofits</u> by Jeffrey L. Bradach, Thomas J. Tierney, and Nan Stone (Library) Develop outcomes for Nonprofit's Strategy by answering the following: 1. Which results will they hold themselves accountable for? 2. How will they achieve them? 3. What will the results really cost, and how can they fund them?

		4. How do they change/improve/refine the organization they need to deliver those results?
April 12, 2016	DOCUMENTING THE PLAN Contents of the Strategic Plan Formats	Distribute Final Case
April 19, 2016	Presentations	
April 26, 2016	Final Case Due by midnight.	