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Strategic Financial Leadership with Unstable Budgets & Resources

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Objectives

- During unstable or volatile times, it's important to:
 - *Develop and understand a detailed budget*
 - *Gather important data*
 - *Review your budget often*
 - *Analyze trends*
 - *Develop confidence in decisions*

Budgeting during Unstable Times

- During unstable times, it is still important to develop a budget
- A budget will allow you to prioritize the needs of your program and provide you a roadmap throughout the year on those costs that are truly necessary to accomplish your goals
- Develop a detailed budget which will ensure you consider all costs needed to run your program and which are truly necessary
- Negotiate for additional or shared resources

Detailed Budget Example

Spread your budget across the year so when evaluating actual expenses, you can determine if a problem exists

Account Descriptions	BUDGET	January	February	March
Patient Billings	139,740.00	11,645.00	11,645.00	11,645.00
Insurance Reimbursements	64,840.00	-		16,210.00
Total Revenue	\$ 143,240.00	\$ 11,645.00	\$ 11,645.00	\$ 27,855.00
Salary: Regular/Overtime	180,000.00	15,000.00	15,000.00	15,000.00
Staff Travel	3,000.00	1,000.00	-	-
IT Hardware/Software	3,000.00	-	-	3,000.00
Printing/Reproduction	3,723.00	310.25	310.25	310.25
Office Supplies	4,500.00	375.00	375.00	375.00
Books and Subscriptions	1,000.00	83.33	83.33	83.33
Miscellaneous Expense	100.00	100.00		
Total Expenses	\$ 195,323.00	\$ 16,868.58	\$ 15,768.58	\$ 18,768.58

Unstable times = Difficult choices

- Do you have the right staff to accomplish your goals?
- What costs are flexible to allow you to pivot budget to different areas?
- What are the needs of your staff and do you have the resources to help them?

Budget Data

Historical

- ❖ Salaries
- ❖ Travel
- ❖ Consultants
- ❖ Rent

New Trends

- ❖ Merit Increases
- ❖ Technology
- ❖ Insurance

Be sure to seek advice and input from others who may have information that impacts your budget.

Managing Your Budget

- Monthly, compare your budget to actuals so that any issues can be discovered timely
- Investigate these issues to explain why it occurred
- Common things to look for:
 - ✓ *Does the transaction belong to you or did someone charge it to you in error?*
 - ✓ *Was it charged to the wrong expense category?*
 - ✓ *Is there a timing issue...did the cost happen before you budgeted for it or have you not yet incurred it?*
 - ✓ *Or is there a real variance...a cost that you had to incur that you did not budget for?*
- If there are any variances, you must determine how you will correct or manage these against your original budget

Managing Your Budget

Account Descriptions	BUDGET	Monthly BUDGET	Monthly ACTUAL
Salary: Regular/Overtime	112,200.00	9,350.00	9,375.00
Staff Travel	3,000.00	1,000.00	-
IT Hardware/Software	1,500.00	-	-
Printing/Reproduction	3,723.00	310.25	315.00
Office Supplies	4,500.00	375.00	250.00
Books and Subscriptions	1,000.00	83.33	85.00
Miscellaneous Expense	100.00	100.00	1,700.00
Total Expenses	\$ 126,023.00	\$ 11,218.58	\$ 11,725.00

Uncertain times = possible mid-year budget reductions or freezes!

Financial Leadership with Unstable Budgets/Resources

- Throughout the year, continue to gather more data to make informed decisions
- Listen to advice from those who agree & disagree
- Consider alternative scenarios
- Be deliberate in your decisions



Resources and References

- <https://hbr.org/2020/08/an-agile-approach-to-budgeting-for-uncertain-times>
- <https://thethrivingsmallbusiness.com/how-to-create-business-budget/>
- <https://hbr.org/2010/05/when-youve-got-to-cut-costs-now>

Practice Today's Lessons

- Look at your current budget and determine which areas you could develop in more detail. Create Excel spreadsheets to break these down in more detail.
- Use historical information from prior years to determine the costs that you previously incurred and if you can alter your current budget
- Develop new business intelligence by determining if any of these costs will change
- Did you find ways to reallocate to other areas of your budget?
- Did you find ways that you might be able to reduce?

Questions & Answers

We will answer a handful of questions today. Some additional questions will be responded to in the Academy's Facebook learning community.

For more information on the Academy's
Winter 2021 series, please visit:
www.apa.org/emerging-leaders

Look for a post-academy survey in your
inbox tomorrow. We value your feedback!