

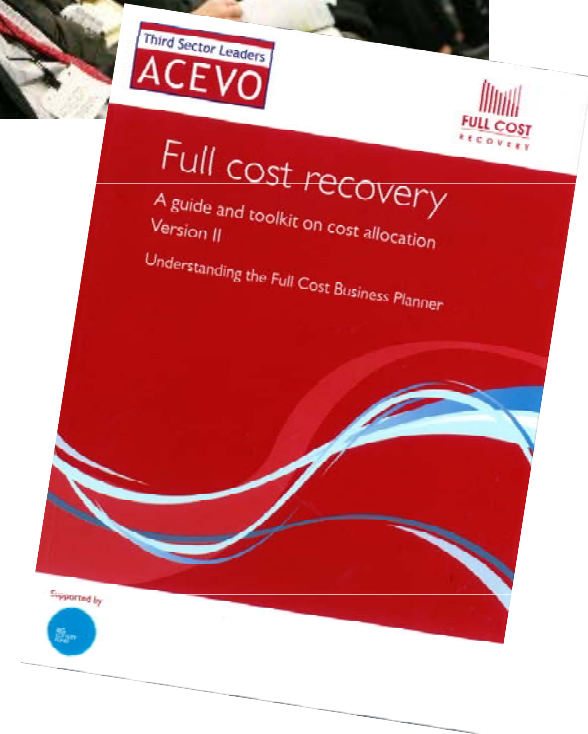
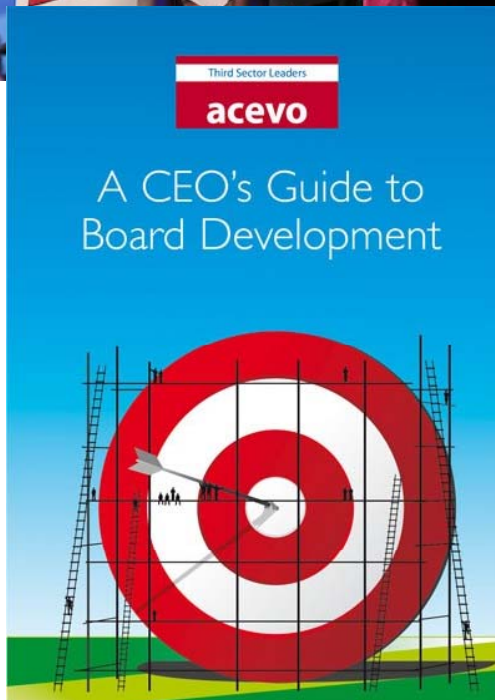
Analyzing Nonprofit Costs Overcoming the Barriers

Seb Elsworth

Director of Strategy

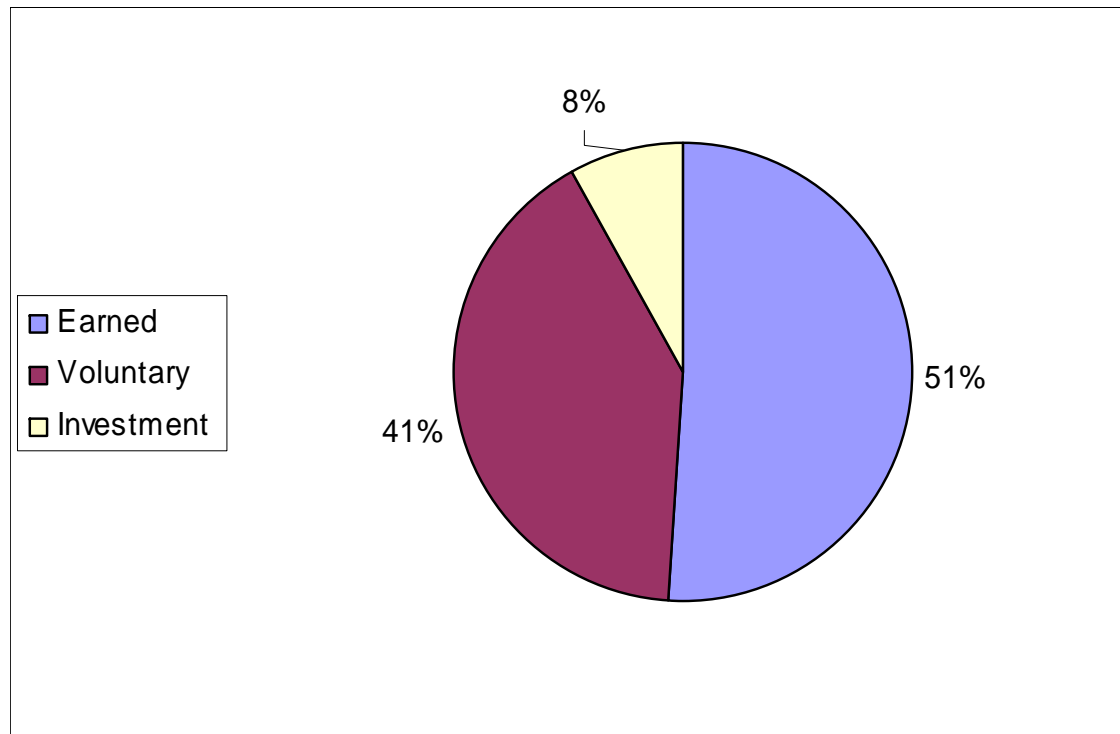
ACEVO

About ACEVO



Third sector in UK

- 870,000 Organisations
- Paid workforce headcount: 1,347,000
- Annual income: \$ 173 Bn (8% GDP)



The battle for overheads

Big Lottery Fund

Mind the gap:



A funder's guide to full cost recovery



on the money

The Key Financial Challenges Facing Nonprofits Today — and How Grantmakers Can Help

BY NANCY BIRD

GRANTMAKERS FOR EFFECTIVE ORGANIZATIONS



Third Sector Leaders
ACEVO



Full cost recovery

A guide and toolkit on cost allocation
Version II

Understanding the Full Cost Business Planner

Supported by



STANFORD SOCIAL INNOVATION review

Strategies, tools, and ideas for nonprofits, foundations, and socially responsible businesses

Two solutions needed

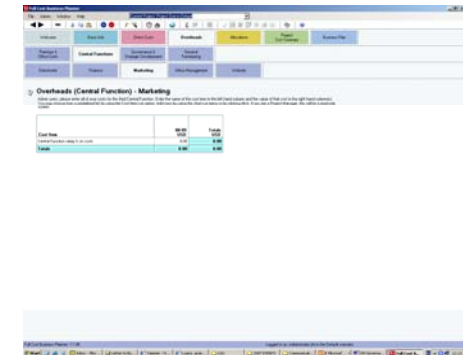
- Work with the sector so that it better understood overhead costs and knew how to calculate them
- Work with funders to make the case for why they should worry about overhead costs



Work with the sector

Tools for cost allocation

- 2002 template: over 5,000 copies sold
- 2004 Publication and Interactive CD-ROM developed
- 2008 Full Cost Business Planner Developed
- 2009 Updated full cost recovery publication



Training and communications

- 2006 Big Lottery Funded Project
- Trained over 1000 development workers in 3 years
- Training cascaded to over 14,000 front line organisations



Work with funders



Foundations and independent funders

- Encouraging members to apply with full costs
- Published guidance and best practice for foundations

Government

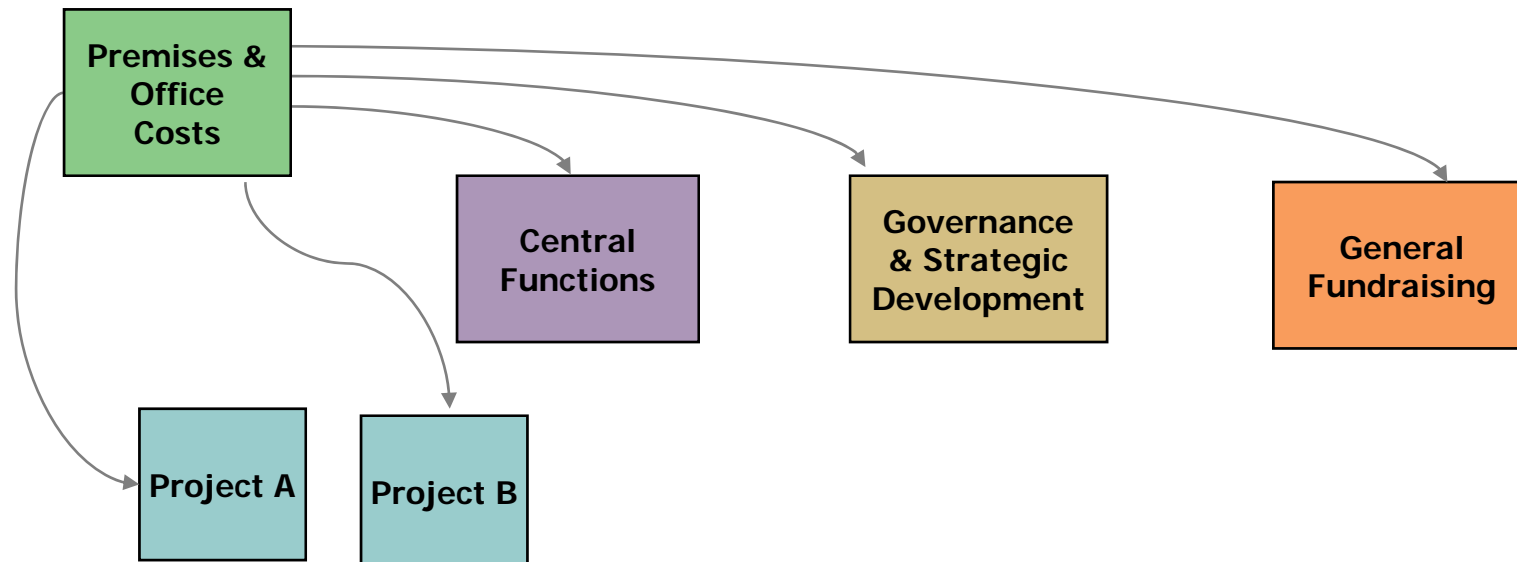
- Government policy announced in 2003 and recommitted in 2007
- Implementation across central government good, local government more patchy



Stages of the FCBP

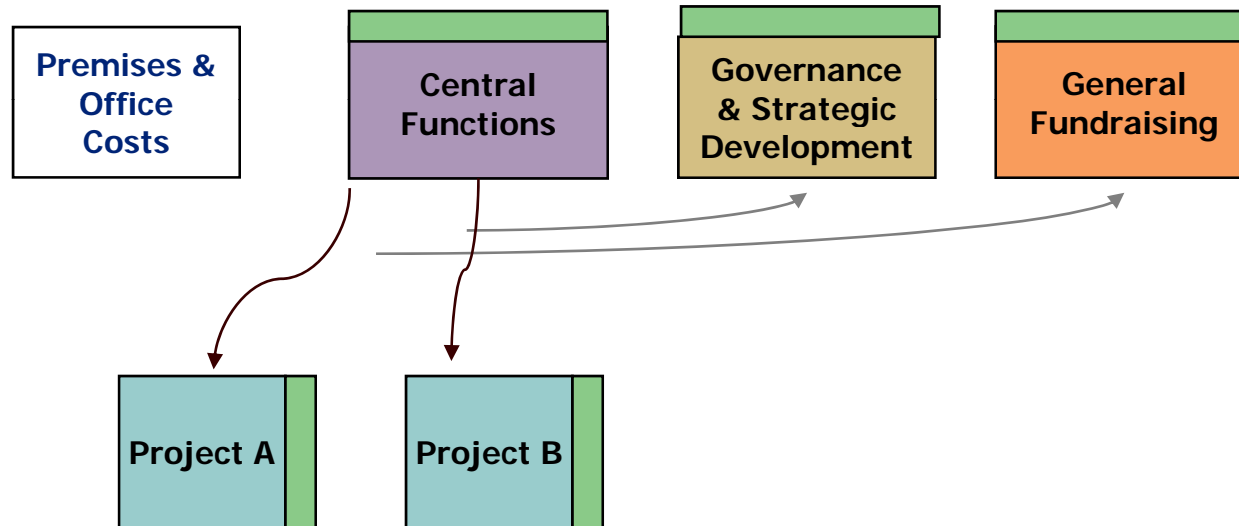
Allocate a relevant proportion of each overhead cost to the projects and central functions

- Allocate premises & office costs



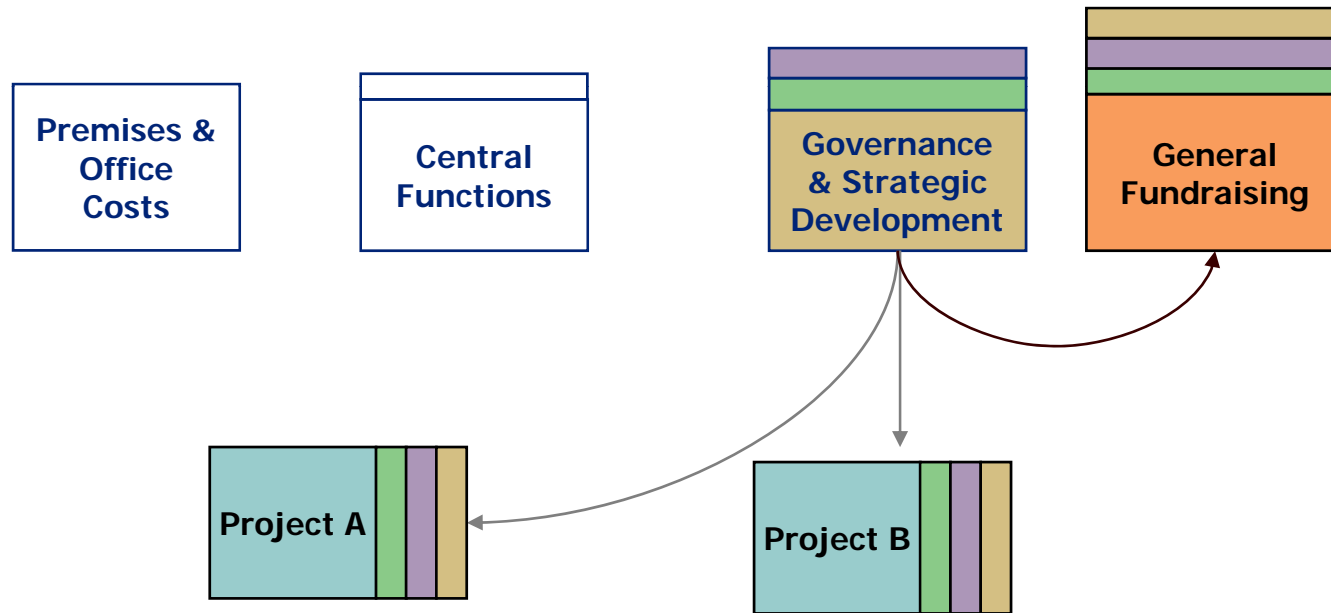
Stages of the FCBP

Allocate central functions to the projects, governance and general fundraising



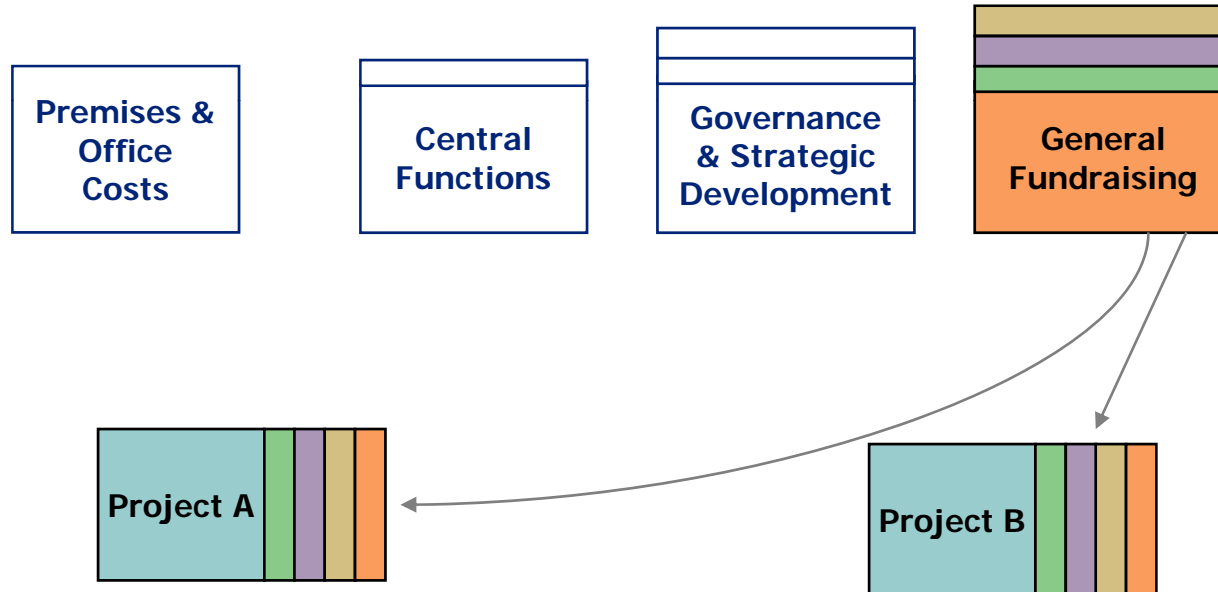
Stages of the FCBP

Allocate governance & strategic development costs to the projects

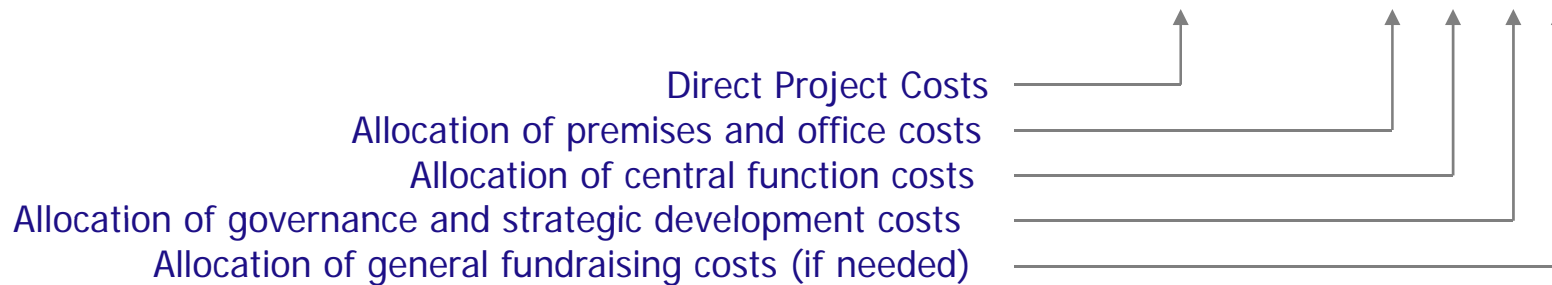
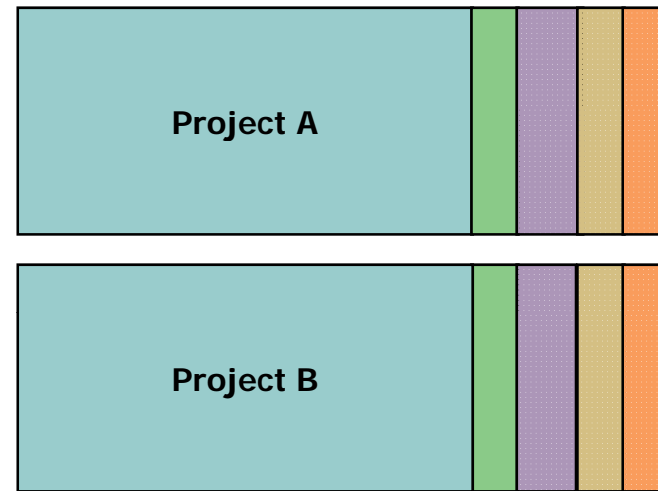


Stages of the FCBP

Allocate general fundraising costs (if required) to the projects



Full Cost for Multiple Projects



Navigation menu with tabs: Welcome, Basic Info, Direct Costs, **Overheads**, Allocations, Project Cost Summary, Business Plan. Sub-menu items include: Premises & Office Costs, Central Functions, Governance & Strategic Development, General Fundraising, Directorate, Finance, **Marketing**, Office Management, Website.

Overheads (Central Function) - Marketing

Admin users, please enter all of your costs for this third Central Function. Enter the name of the cost item in the left hand column and the value of that cost in the right hand column(s). You may choose from a predefined list by using the Cost Item List option. Add rows by using the short-cut menu or by clicking Alt-A. If you are a Project Manager, this will be a read-only screen.

Cost Item	08-09 USD	Totals USD
Central Function salary & on costs	0.00	0.00
Totals	0.00	0.00

Capacity Manager - Questions Page - Windows Internet Explorer

http://www.capacitymanager.org.uk/CI/Questions.aspx

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Chapter 1: Strategic Planning info Comments

Active Organisation: admin's organisation

Question 2 of 10: Strategic Thinking (outside the Plan)

Strategic and creative thinking outside of the main Plan is embedded in the way staff work; the attitude to change or expansion is generally positive (there is no 'untouchable' topic); staff are able to question accepted practices, and usually share lessons from less successful experiences

Strategic and creative thinking outside of the main Plan is partially reflected in the way staff work, the attitude to change or expansion is generally neutral, staff are sometimes able to question accepted practices, and sometimes share lessons from less successful experiences

Strategic and creative thinking outside of the main Plan is rarely reflected in the way staff work, the attitude to change or expansion is generally negative, staff rarely question accepted practices, and rarely share lessons from less successful experiences

< Previous Next >

Help Text

Note that strategic thinking as an activity is different from the action of strategic planning

Links

See the John Birchall website <http://www.johnbirchall-economist.com/Strategic%20Thinking.doc>

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Assisted by: Peach Consultancy Business Plan Insight

FULL COST ACEVO Improving Support

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http://www.capacitymanager.org.uk/CI/Resources.aspx

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Organisation Spend

Active Organisation: admin's organisation

How much does your organisation spend in total annually?

Total Organisational Spend: £3,500,000

What percentage of this total do you spend in each of the areas detailed below?
Note: filling out this page completes the final question in each chapter.

	Percentage of Total Spend	Amount
Strategic Planning:	15	£525,000
Governance:	6	£210,000
Management and Leadership:	25	£875,000
Funding and Income Generation:	9	£315,000
Financial Management:	10	£350,000
Human Resources and Personnel:	3	£105,000
Information and Computer Technology:	2	£70,000
Facilities and Property Management:	2	£70,000
Communications, PR and Marketing:	20	£700,000
Training, Learning and Development:	8	£280,000
Total:	100%	3,500,000.0

Update

Background

This project under-invests in overhead costs in third sector organisations.

The Capacity Manager builds on ACEVO's work with full cost recovery and looks to develop a deep understanding of overhead costs.

About Improving Support

The Improving Support Income Generation Workstrand funded by Capacitybuilders is one of nine Workstrands.

The aim of this WorkStream is to work with third sector support providers wishing to offer improved help to frontline groups.

- www.acevo.org.uk
- www.fullcostrecovery.org.uk
- www.capacitymanager.org.uk
- www.cutswatch.org.uk