$40M not-for-profit saves five days in quarterly reporting, readies for shift to fee for service

"We are getting reports to people sooner and have more time to be critical and do extra analysis. Rather than looking down at what you're doing, we can look out at where we need to be going."

Michael Carter
Chief Financial Officer, Social Futures

Social Futures is a community service organisation with 46 years experience working to create positive social change in Australia. They work directly with individuals, families, communities, organisations and governments across their focus areas of homelessness and housing, youth and family, mental health and wellbeing, community inclusivity and programs that promote genuine participation for people with disability, to support communities to thrive and people to live well.

Key outcomes:
- Saved five days in quarterly reporting cycle.
- Finance team provide more analysis and strategic direction.
- Business users receive reports much faster.
- Prepared business for switch from block funding to fee for service.

Company
Social Futures

Location
Australia

Industry
Not-for-profit

Sage Products
Sage Intacct

SOCIAL FUTURES
Positive Social Change

About Social Futures
Social Futures is a community service organisation with 46 years experience working to achieve positive social change in Australia.

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Upgrading to Prepare for Fee for Service

Social Futures is a not-for-profit based in NSW that has worked with the community for nearly 50 years. With a strong focus on inclusion, fairness and social justice, it provides a range of services across disability inclusion, homelessness, youth, family and mental health. Social Futures partners with NDIS to provide our communities with Local Area Coordination (LAC) services.

The charity had a seven-year growth spurt that saw staff rise from 120 to 330, and increased revenue from $18 million to $35 million. During that time the finance team grew to just four people.

The business by then was deeply complex, reporting monthly and quarterly on 29 grants. These grants supported a variety of different business activities and programs including delivering NDIS Local Area Coordination, youth and family services in many locations across NSW and QLD, including youth and family services, professional development and housing.
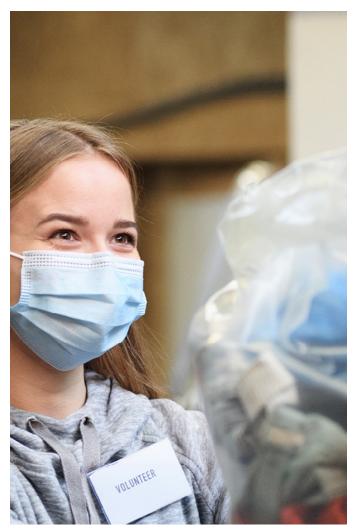
"We have moderate monthly reporting requirements and quite heavy quarterly reporting to funders, in a reasonably tight timeframe. We needed the ability to work with the data, quickly run reports, and then go back and troubleshoot through the details," Michael Carter, CFO, says.

The NFP sector is also at the beginning of a transition from block funding to fee for service. This change forces organisations to become far more efficient with their accounting and reporting, as any delays will affect cashflow. The board realised that the organisation needed to invest in financial software that could support it through the next phase of growth.

"The board were quite realistic and very supportive because they'd seen the incredible growth we had had in the organisation," Michael says. "We went from sub $18 million and we're up over $40 million turnover every year now. They were very keen to see us move to a fit for purpose system."

Michael investigated a number of ERPs including Microsoft Dynamics, Oracle NetSuite and Sage Intacct, interviewing similar organisations about their experiences in implementation, operation and ongoing support. He then engaged Sage partner Giuntabell to implement Sage Intacct and support the transition of Social Future's finance team.

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Sage Intacct's more flexible reporting structure was a major improvement for Social Futures.

Faster reporting at the heart of a scalable finance system

Social Futures worked from April through June to implement the ERP, assisted by Giuntabell.

The new system was much faster and powerful at reporting, particularly budget variance analysis required by the finance committee and management. Previously, Michael's team had to export data from MYOB to a reporting tool, Calxa, create a budget and feed it back into MYOB.

A key requirement was the ability to drill down to sufficient levels of detail. For example, employment costs make up 80 percent of outgoings at Social Futures, so the finance team imports employee-level payroll data into Sage Intacct. The managers can then view these numbers and understand what's going on with wages.

"Making sure we get the level of detail in the system allows us to have good, in-depth conversations with the team leaders and managers to help them understand what's going on with their program and where they need to take action to either decrease or increase expenditure," Michael says.

Another major improvement was a more flexible reporting structure. Social Futures changes its chart of accounts frequently as one grant ends and another begins. Sage Intacct uses an internal ID for account codes which makes it easy for the finance team to rename accounts as required.

"We need to change our structure quite frequently to have reasonable spans of control, have the right level of senior management involvement from starting up your programs, things like that. So the ability to easily do that in the system is essential for us," Michael says.

Another critical feature was better access control. MYOB lacked granular permissions which meant that managers in NSW could now see the wages, other expenses and revenue for programs run in QLD. The finance team could lock down a manager's access to the programs and associated expenses they managed.

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Saving Time in Reporting to Spend On Deeper Analysis
Sage Intacct has transformed the speed of reporting within Social Futures. "It's definitely faster," Michael says. He estimates that the finance team saved five days of work when it produced the December quarterly reports. It takes a day less for him to prepare the finance agenda pack.

The finance team spends the time savings on providing analysis to managers. Michael redesigned the reports to bring into focus the most relevant areas for managers to review. Expenses that managers have the most control over, such as payroll, sit at the top of the report, while centrally managed items such as rent, cleaning and management fees are at the bottom.

"We are getting reports to people sooner, and allowing the people who are producing reports time to be more critical and do extra analysis. Rather than looking down at what you're doing, we can look out at where we need to be going," Michael says.

Reconciling expenses is much faster as the finance team can import credit card records from ProMaster into Sage Intacct. Small improvements in common processes accumulate into big time savings when spread across the organisation.

"Generally, we want to remove pain points because what we really want to do is retain people," Michael says. "We want to make their jobs focused on why they're here rather than doing these process tasks."

Michael is predicting a wave of consolidation for NFPs. Those on ERPs will be in a better place, he says. "There's a lot of talk of mergers across the sector. Having good systems and processes in place makes us more attractive for someone who may not have got there yet," Michael says.

A Sage partner

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