

PILLAR 4 FINANCIAL HEALTH AND SUSTAINABILITY

In high-performance organizations:

- The board and senior management **take charge of their organization's financial destiny**. They articulate the value they deliver and develop overall strategies, tightly aligned with their mission, to support and sustain the organization.
- The board and senior management **nurture the external financing relationships** required to support their organization's operations.
- The board and senior management establish **strong systems for financial stewardship** and accountability throughout their organization.
- The board, management, and staff build and participate in **budget processes that are oriented toward achieving results** and not just conducting activities. This means allocating adequate resources for monitoring and evaluation. And it means making hard choices, especially in tough financial times, to direct money where it needs to go to drive the intended results.
- Senior management **uses financial modeling to make clear and transparent the organization's financial condition** and, at any given point, predict how it will end the year (and what will make the prediction more or less reliable).
- The board and senior management **share financial results transparently** with key stakeholders at regular intervals.
- The board and senior management **treat fundraising/fund development as a strategic function that requires focus, management, capital, and specialized skill sets**. They craft clearly defined roles and goals for the board and staff.
- The board and senior management **operate their organization at a surplus** that allows them to build a strong balance sheet with appropriate reserves.
- The board, management, and key staff **understand their organization's cost structure**, which aspects of it are required to produce high-quality programs and/or services, and how it aligns with reliable revenue sources for funding it year in and year out. They are relentless in making necessary investments with an eye to costs and benefits while being equally relentless in reducing unnecessary costs.
- Senior management instills an organization-wide discipline of **compliance with all regulatory requirements**.