

Finance saves lives

Can you hear a pin drop when you talk about finance strategy? That's the aim, says **Mark Salway**.

I CAN ONLY remember two times where I have given presentations to large groups of people and nobody talked or coughed. The first was in India before the government started to talk openly about bribery. I gave a heartfelt speech about bribery and corruption and its disproportionate effect of those that are the poorest. Nobody moved until I stopped and then I got a spontaneous round of applause from delegates and colleagues alike.

The second is a bit more of a story. I was serving for the Charity Finance Directors' Group (CFDG – remember the extra “D”?) on the policy committee and was asked what I thought was the key topic for finance directors at the next seminar. I said I felt that everyone wants finance directors to take a more strategic view on finance and not get into the weeds, but we never talk about charity finance strategy or how to do that. Unknown to me, I had just volunteered myself to give a keynote speech. So months later I sat in front of a packed house, and several people came up at the start, wished me luck and said they had come to hear me be controversial.

'How and why'

I have a simple belief that tax controls, management information and social investment are all tools in the toolkit of charity finance. These are the “how” we do our work. However, these all fit into a finance strategy which supports the overall ambition of a charity. This is the “why” we do things. I believe as financial leaders we need to talk less about the “how” and more about the “why”.

This is the simple message I gave CFDG, and asked participants to

vote with hands if their finance strategy enabled sustainability, created impact and enabled work to be taken to scale and grown. Or was it simply just adding a percentage to last year's budget?

There was silence in the room. So I then asked if people think about why we use finance. Did organisations have a finance strategy which aligns with their main strategy? Very few people put up their hands. Getting nervous, I then asked: “Do you think this is important?” Everyone put up their hands. You could have heard a pin drop.

“Finance directors tend to focus on the numbers and forget about the impact”

As finance directors and finance leaders in the charity sector, we have an obligation to at least think about how our funding strategies align with impact and the social change we create. However, a recent survey from Cass Business School, which looked at attitudes towards strategy among CEOs, FDs and the board, told a different story.

On the positive side, it found that each think pretty similarly about all aspects of finance strategy, and in fact, trustees are often most positive about finance issues. However, it also found that the FD thinks significantly less (24 per cent less) about impact. As FDs we tend to focus on the numbers and forget about the impact and social change that our numbers create.

The seminar that I gave for CFDG about ten years ago is still entirely

relevant today. Despite good efforts, in my mind finance directors are still praised for the technical “how” to do finance, rather than seeing the fact that they have amazing tools in their hands with which to create social impact.

Achieving impact

Dan Pallotta is a hero of mine from the US. He has a simple mantra in his TED talk entitled “The way we think about charity is dead wrong”. He asks simply: “Will we be remembered in the sector for our low overheads, or the change we had on the world?” I believe charity finance leaders should listen more to the operational side of the business and identify the sweet spot where we are not only financially viable, but are also achieving great impact.

Don't be fooled into thinking this is easy. However, if we get it right, then finance, fundraising and operations can come together to create something more powerful than the sum of the parts.

As finance directors and finance leaders, we also have an obligation to help develop innovative new ideas, to create new ways of doing things and change for the future. We need to set aside innovation money to make this happen.

As finance professionals we often talk too much in the detail, and not enough about the big picture. As Paula Laird, director of finance and IT at WaterAid says, by making better use of resources and focusing more on impact, we have more money and a real focus to save lives. ■



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