



# *Balanced Scorecards* Navigating Stakeholder Value in Not-for-Profit Organizations

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# What are the Differences Between Not-for-Profits and For Profits?

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- Driving Factors
  - Mission-driven (not-for-profit)
  - Profit-driven (for profit)
- Stakeholders
  - BOD, funders, govt, employees, recipients of service (not-for-profit)
  - Owners/stockholders, customers, employees, regulators (for profit)
- Reporting Requirements
  - BOD, funders, govt, recipients (not-for-profit)
  - Owners/stockholders, customers, employees, regulators (for profit)



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# Shouldn't We Measure Success Differently?

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- Maintaining profitability and financial sustainability is important to both types of organizations... HOWEVER....
  - Not-for-Profits typically measure their overall success by their ability to achieve their designated mission.
  - Not-for-Profits must measure non-financial performance as well as financial performance to see the overall BIG PICTURE.
  - Therefore, BALANCE is key.

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# Real-Life Example

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## Balancing Act



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# What is a Balanced Scorecard

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- The name “balanced scorecard” comes from the idea of looking at strategic measures in addition to traditional financial measures to get a more “balanced” view of performance.
- A key benefit of using a disciplined framework is that it gives organizations a way to “connect the dots.”
- Visible connection between the projects and programs that people are working on, the measurements being used to track success (KPIs), the strategic objectives the organization is trying to accomplish, and the mission, vision, and strategy of the organization.



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# Balanced Scorecard

## Balanced Scorecard



*The Balanced Scorecard is used for managing strategy.*

Source: <https://balancedscorecard.org/bsc-basics-overview/>

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# Organizations Use BSCs to:

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- Communicate what they are trying to accomplish
  - Including mission-related goals within not-for-profit organizations
- Align the day-to-day work
  - To move everyone towards common, well-articulated goals
- Prioritize projects, products, and services
  - Also, to identify when attention/focus needs to be re-balanced
- Measure and monitor progress towards strategic targets
  - Both financials and non-financial
  - KPIs

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# Key Performance Indicators (KPIs)

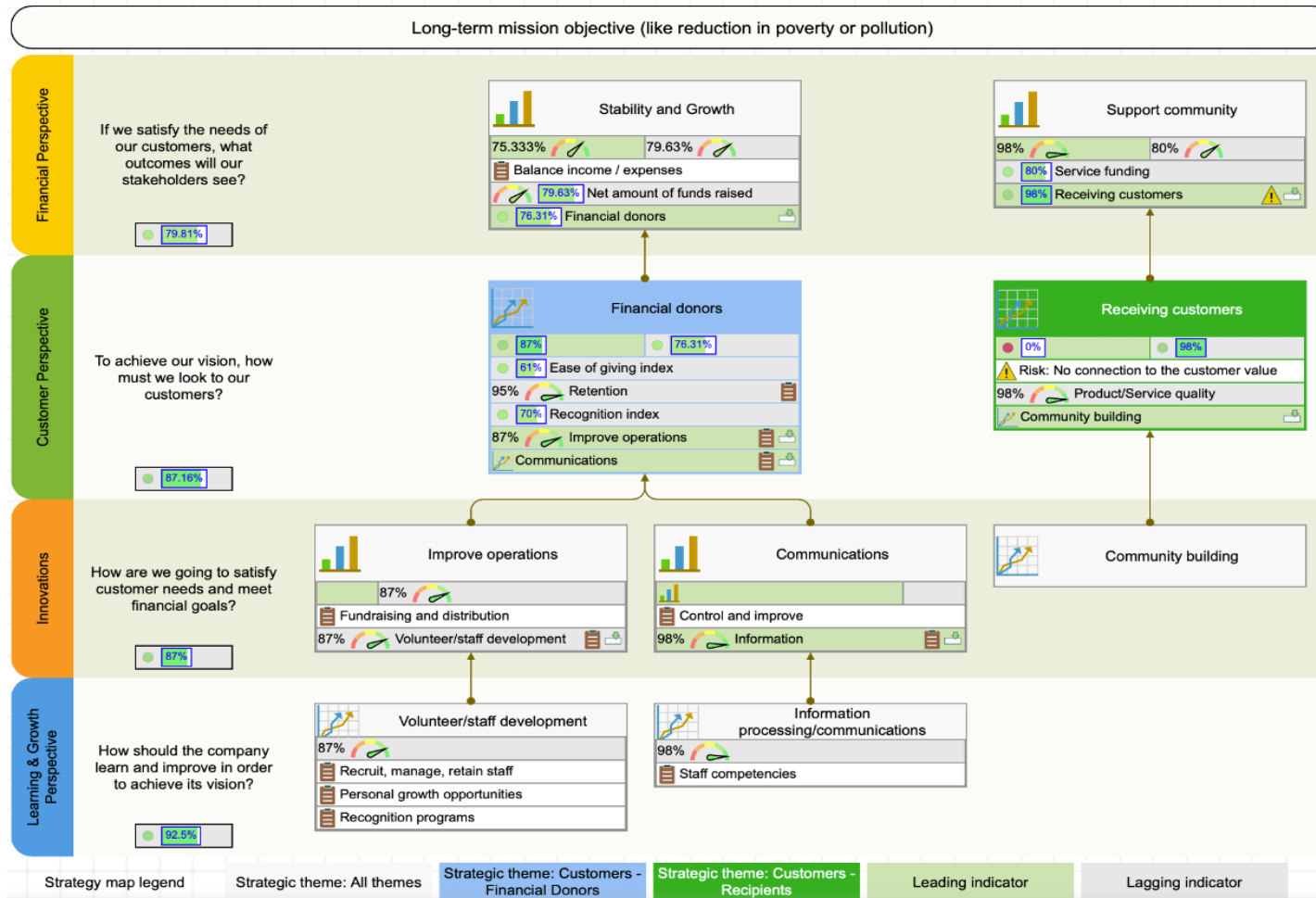
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- Financial Ratios
  - Liquidity
  - Solvency
  - Profitability
  - Operational efficiency
- Non-Financial Measures
  - Employee growth/training/satisfaction
  - Mission metrics
  - Compliance measures

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# EXAMPLE



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Source: <https://bscdesigner.com/nonprofit-scorecard.htm>

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# Balanced Scorecard Audience

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- Sections of the BSC can be used for:
  - Monthly board of directors meeting presentations
  - Internal communications to employees
  - Material to be presented to prospective funders
  - Website and external communications
  - Recruiting tools



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# Questions or Comments?

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# Contact the Presenter

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Steve is a Manager in Kreischer Miller's [Not-for-Profit Audit & Accounting](#) group. Steve has extensive experience providing auditing and consulting services to not-for-profit organizations.

Steve joined Kreischer Miller in 2022. Prior to working for Kreischer Miller, Steve was CFAO at Tech Impact in Philadelphia PA, where his responsibilities included leadership of the organization's accounting, finance, HR, and legal functions. Prior to that role, he worked as an outsourced controller/CFO throughout the Greater Philadelphia Area, where he serviced not-for-profit organizations of various sizes and complexities.

Steve's early career included six years of public accounting where he audited a mix of for-profit and not-for-profit clients, and he also performed consulting work for high-profile Fortune 500 organizations.



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# About Kreischer Miller

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Kreischer Miller is an accounting, tax, and business advisory firm that has been serving clients in the Greater Philadelphia region since 1975. We've built our firm to respond to the unique needs of growth-oriented private companies, helping you smoothly transition through growth phases, business cycles, and ownership changes. The companies we work with need to be able to quickly adapt and respond to changing market opportunities and challenges. That's why our focus is on being responsive, decisive, and forward-thinking. We're up to the challenge—always looking at the road ahead, not in the rear-view mirror. **Learn more at [www.kmco.com](http://www.kmco.com).**

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