



Essential School Leadership with Keith Nix

Lesson 9: School Finances

Outline:

School Finances

- No matter what your background is, it is imperative that you know the numbers and understand the finances of your school better than anyone else.
- Whoever knows the numbers the best is naturally in the position of making important decisions of allocating resources.
- Strong bookkeeping and accountants and responsible board members are important, but Heads of School are encouraged to read and understand P&Ls, balance sheets, cash flow sheets.
- Know the financial position that the school is in.

Pieces of the financial picture

- **Tuition** - push your school operating finances toward 100% of hard income coverage.
 - Tuition is covering the operating of your school.
 - Gaps are proven to make schools unstable in the long haul.
 - You don't have a guaranteed way to make payroll unless you make your fundraising (soft income).
- Be the expert on **enrollment**.
 - Predict conservative growth from the past 3-4 years.
- **Development/fundraising**
 - It is highly important to build a development shop with a development director.
 - This office is charged with initiating or growing the annual fund, which is an annual appeal to family and friends to make a gift to improvement and positive additions.
 - Get families in the habit of giving to the annual fund. This is important when reporting to the bank for financing.
 - This giving also demonstrates that the family believes in the benefit of just their child.
 - Tell every family you admit that you will ask the family to give to the annual fund according to their means.
- **Capital campaign**
 - A growing school will need a capital campaign.
 - You may need coaching, but it is imperative that the Head of School owns this.

Become familiar with the strategic financial plan (ISM).



- Take annual budget and forecast it out 5-7 years.
- The discipline of trying to predict tuition will make you a better leader.
- You will be in the driver seat in terms of determining what your priorities are in terms of resources.