

As a consultant, one thing I often observe is that clients routinely have staff who are working far more hours than is sustainable. Moreover, they often have little idea where their time sinks are that are causing this.

I realized that an exercise I did as Executive Director may be unusual. I created a “time” budget and not just a monetary budget when planning.

I’m finding as a consultant that this concept is foreign to some of my clients. Yet, I feel it’s an exercise nearly every Executive Director should use, particularly with small, growing nonprofits.

## **What do I mean by a time budget?**

A time budget identifies all individuals who are scheduled to work in the upcoming year and determines what level of staff time will be required for each of their significant responsibilities. Just like a monetary budget makes sure that revenue and expenses line up, a time budget makes sure that the time expected to be worked by the employee matches up with their responsibilities.

## **Why create a time budget?**

The simple reason is it’s a necessary step in the process of good fiscal budgeting if your budgeting system allocates staff time into different categories of activities by program or function.

This is something that really should be true. After all, for most nonprofits staff salaries are the biggest expense, so how do you really know where you’re spending your money strategically unless your accounting system tracks staff time and allocates the cost among programs?

Even if that wasn’t the case, I’d still want a time budget to answer some more general questions:

- Are we trying to do too much given current staffing?
- Is anyone on staff being given too much?
- Does anyone on staff have extra room to take on more responsibility?

## **So how do you create a time budget?**

If:

1. You already have time sheets where you’ve been tracking time,
2. Your staff will be exactly the same in the upcoming year,
3. Your programs and their intensity will be exactly the same in the upcoming year, and
4. All your major administrative and fundraising activities will be the same in the upcoming year . . .

. . . then you can simply do an analysis of how you “spent” your staff time last year and budget accordingly for the year ahead.

The number of times this is likely to be the case is zero.

So how do you create a true time budget from scratch?

Here’s how I did it when I was an Executive Director.

As budgeting began, I would first identify what the major activities are that would be undertaken by each staff. This could be programmatic work by program staff, administrative work by admin staff, or fundraising activities. It would be broken down into the same categories used in fiscal budgeting.

Then, I'd identify how much time I expected each activity to take in hours, rounded to the nearest 10. (Usually, though, I never had this exercise start with activities that are less than 40 hours (5% of a 2000 hour work year).

Of course, I wouldn't make up this number.

- Usually, I'd ask the staff person responsible for the activity to first suggest something and that initial estimate would be reality checked by the person's supervisor to use their judgment.
- In other instances, the activity was to be done by someone not yet on staff, so I or someone else was asked to generate the first estimate.
- In still other instances, a grant or contract already had determined we'd spend a specific amount of staff time on a program. (Or dollars, which we'd then use to work backwards and determine the staff time).

If following this process, it's important to avoid leaving out big chunks of time.

- Most importantly, you have to be sure to include a category for "administration" for each of your staff – to cover everything from filling out expense reports and timesheets, to attending board and staff meetings, to professional development, etc.
- If you expect some of your staff to supervise others, build in estimates for good supervision.
- I also usually kept a chunk of 5% of everyone's time for miscellaneous stuff that will no doubt happen during the year that's impossible to predict.

Once you've done this for everyone, you can then ask the question: do the number of hours you can reasonably expect them to work mach up with what you need — taking into account vacation time as well. If someone has too much on their plate, you can ask various questions:

- Do we lower our expectations for what they will accomplish so we can lower the amount of time a project/program will take?
- Is there someone else on staff who has some extra time and an appropriate skill-set that can be assigned a piece of the role?
- Do we have to add staff, either permanent or temporary.
- Or contractors to carry out some activities previously done by staff.

Breaking it down within the year

Then there's one more important step: break it down within the year by reasonable periods, either quarterly or monthly. It does no good to correctly place 2000 of hours on someone's plate for the year (50 weeks x 40 hours) if the hours are deeply uneven over the course of the year (e.g. if a development director has a big fundraising event at the same time as some other major fundraising activity is scheduled). Yes, sometimes in the nonprofit world we have extreme peaks when people work a 60-80 hour week. But nobody can sustain that long.

Often times the monthly version of the time budget draft led us to shift our planned activities to different times of the year so that work flow would even out.

Other times, it led us to figure out how person A could provide support to person B during a time when person B was overly busy (reducing the burden on person B), with the favor returned in a later month, evening out both of their hours to a reasonable level.

For some, the above process may seem tedious. Or involved too much estimation.

It's certainly not perfect. And in larger organizations, it would probably need to be a series of departmental time budgets rather than one for the organization as a whole.

Yet, despite the imperfections of the process, it's one I found to be highly useful and would recommend to Executive Directors.

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