



## Resourcing Financial Management in Employment Social Enterprises (ESEs) Across Stages of Growth: People, Process, and Technology

This guide provides a high-level overview and roadmap for building your ESE's financial management function. This includes planning for, resourcing, and investing in the three key dimensions of your financial management function - People, Process, and Technology - across your ESE's stages of growth. This guide will:

- Clarify what financial management resourcing looks like for ESEs at different stages
- Help leaders make intentional decisions about people (staffing), processes, and technology
- Provide a roadmap for investing in financial capacity without over-investing too early

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## Why It's Important to Properly Resource Your ESE's Financial Management Function

Financial management resourcing is a critical foundation for employment social enterprises (ESEs), enabling ESEs to build sustainable operations that support both mission impact and financial performance. As ESEs grow in size and complexity, intentional investments in the right people, processes, and technology ensure accurate financial tracking, strategic decision-making, and long-term organizational resilience. Thoughtful financial resourcing achieves three core goals:

- (1) Ensuring timely and accurate financial reporting (which supports compliance and may be required by current or future funders or lenders),
- (2) Enabling ESE leaders and managers to make data-informed decisions,
- (3) Avoiding over-straining your team or infrastructure by timely and balanced investment in People, Process, and Technology.

### Key Components of Financial Management Resourcing: People, Process, and Technology

Proper financial management resourcing is not simply about hiring the right people or buying the right software — each one of those is certainly important but isn't enough on its own. ***Proper resourcing means balancing your investment in people, process, and technology*** as you build and develop your financial management function. These three elements work together to create a system where financial information is accurate, timely, and actionable, enabling ESEs to make decisions that support both mission and sustainability as they grow.

- **People – “Who’s doing what and do they have the right support from others?”**  
The People in your ESE's financial management function are the individuals responsible for managing, recording, analyzing, and using financial information. In ESEs, this includes internal staff (like bookkeepers or finance managers), external partners (like accountants or consultants), and leadership who use this information to drive strategy and ensure mission alignment.
- **Process – “How are we doing things, and is it consistent, repeatable, and effective?”**  
The Processes in your ESE's financial management are the standardized ways financial tasks get done — how budgets are created, expenses are approved, or reports are reviewed. For ESEs, having clear, repeatable processes ensures that even lean teams can maintain control and accountability while delivering impact.
- **Technology – “What tools help us perform our tasks efficiently and in line with our mission?”**  
The Technology in your ESE's financial management function includes the tools and systems that support financial work like accounting software, payroll platforms, or dashboards. Technology tools should be appropriate for your ESE's stage of growth, balancing affordability with the factors important for your organization which may include an evaluation of features, interoperability with existing systems, usability, and ability to scale.

### Self-Reflection Questions: Finding the Right Balance for Your ESE Across People, Process, and Technology

As your ESE grows and demands on your financial management function increase, you'll likely face the question, “Where do we invest next?” Below you'll find self-reflection questions to help you qualitatively assess



whether you may need to focus more investment in People, Process, or Technology in order to reinforce your financial management function. Use your answers to direct your exploration of the remainder of this guide.

Key	
●	This is likely the <b>most</b> important area in which to invest in order to address this concern
◐	This may also be an important area in which to invest in order to address this concern
○	You may also want to consider investing in this area in order to address this concern

**Table: Self-Reflection Questions to Help You Navigate this Guide**

Self-reflection Questions	If this self-reflection question raises concern, then you may want to consider increasing investment in...		
	People	Process	Technology
Do we have enough people with the right skills to manage, analyze, and act on financial information?	●	○	○
Are key financial responsibilities concentrated in one person, creating risk if they leave or are unavailable?	●	●	○
Are team members stretched too thin to complete financial tasks accurately and on time?	●	◐	◐
Do staff feel uncertain or underprepared when using our financial systems or interpreting reports?	●	●	○
Do we have clear, consistent workflows for core financial activities like budgeting, approvals, or reconciliations?	○	●	◐
Are steps in our financial processes documented and easy for others to follow or learn?	○	●	○
Are delays, errors, or duplicated efforts common in financial tasks?	◐	●	◐
Do we regularly miss deadlines or scramble at reporting time?	◐	●	◐
Are we concerned about meeting funder, audit, or compliance expectations?	◐	●	◐
Are we relying on spreadsheets, email, or manual tracking for critical financial tasks?	○	◐	●
Is it difficult to access, organize, or analyze financial data in a timely way?	○	◐	●
Do we avoid using certain tools because they're confusing, outdated, or poorly integrated?	○	◐	●



## People: Understanding the Activities, Roles, and Staffing Options for ESE Financial Management

### Key Ideas at a Glance

- Financial management in ESEs is divided into two main functional areas: Financial Planning & Analysis (FP&A), which is more oriented to and aligned with organizational strategy, and Accounting, which focuses on transactional accuracy and compliance.
- Your ESE's staffing strategy should evolve as your operations and funding become more complex – if anyone's plate in your ESE is becoming overloaded with financial management tasks, consider whether it's time to hire, outsource/contract out, or reassign responsibilities.
- Don't underestimate the value of financial leadership – someone who's accountable for or "in charge" of the entire financial management function. Even if this person is an in-house resource who dedicates only part of their time to the function or is a fractional contracted external resource, strategic finance capacity can unlock insights that drive both social and financial performance.

### Typical Functional Areas and Roles in ESE Financial Management

Financial management in an ESE involves a range of activities that ensure the organization can both fulfill its mission and operate sustainably. While these activities may vary depending on the size and stage of the ESE, they generally fall into two core functional areas: **Financial Planning & Analysis (FP&A)** and **Accounting**. While distinct, these areas work closely together to ensure accurate reporting, informed decision-making, and financial sustainability. Understanding these two functional areas and the typical roles you might find within these areas will help you to build a financially resilient and mission-aligned organization.

Keep in mind as you review the below – the roles listed are those that you are \*most likely\* to find at an ESE. The roles needed specifically at your ESE will be unique to your stage of growth and specific needs. You'll find guidance later in this resource to help you understand what a right-sized financial team could look like based on your stage of growth and capacity.

### Financial Planning & Analysis (FP&A) Functional Area and Roles

The Financial Planning & Analysis (FP&A) functional area in an ESE focuses on using financial data to plan, forecast, and analyze the organization's performance in support of strategic decision-making. This area helps leaders understand financial trends, align spending with goals, and prepare for future opportunities or risks. FP&A relies on data maintained by the Accounting functional area (see below). FP&A is forward-looking and directly connected to organizational strategy and sustainability. Roles that you might find within an ESE's FP&A functional area are:

**Strategic Finance Lead** (often the CFO or Director of Finance, or in very early-stage ESEs, this role may be filled by the Executive Director or another member of the ESE's founding team in a split-role capacity). This role oversees both FP&A and Accounting functional areas (though typically dedicates more of their time to the FP&A area). Importantly, this role is the lead in financial strategy & planning and in providing consolidated financial insights to support overall organizational strategic planning. In an ESE, this is a pivotal role in balancing mission and financial sustainability, as the individual must have a deep understanding of the ESE's mission and must also be able to establish and develop the financial management components within the organization to ensure financial health.



**Budget & Financial Analyst** – Facilitates the development of annual budgets and monitors performance against them throughout the year. Analyzes historical data and trends to create forecasts, dashboards, and scenario plans that guide decision-making. Depending on the needs of an ESE, there may be multiple individuals filling this role.

**Grants Manager** - Oversees the budgeting, tracking, and reporting of grant funds to ensure compliance with funder requirements and alignment with organizational goals. Note that a Grants Manager may not be needed at ESEs that have relatively few complex or large grants to manage, regardless of level of ESE maturity. On the other hand, an ESE with many complex or large grants may need multiple Grants Managers.

### **Accounting Functional Area and Roles**

The Accounting functional area in an ESE refers to the day-to-day processes used to record, categorize, and report financial transactions. This area ensures accurate financial records, supports compliance with laws and funder requirements, and forms the foundation for the budgeting, forecasting, and organizational decision-making performed by the FP&A functional area. Note that – when compared to FP&A roles – Accounting roles tend to be involved in activities and processes that are more transactional and routine in nature. These are therefore the roles that ESEs may find easier to outsource or contract out (e.g., utilize a bookkeeping firm or contracted accountant). Additionally (and especially in smaller ESEs or in ESEs at the earlier stages of growth), multiple Accounting roles may be filled by one individual (e.g., Bookkeeper also fills the role of AP/AR Coordinator). Roles that you might find within an ESE's Accounting functional area are:

**Controller** – Oversees all accounting operations, enforces internal controls, and ensures the integrity of financial reporting.

**Staff Accountant** – Supports monthly closes, journal entries, and helps generate preliminary financial reports that are used by FP&A roles and processes.

**Accounts Payable / Accounts Receivable (AP / AR) Coordinator** – Tracks incoming payments and outgoing expenses, ensuring timely invoicing and vendor payments.

**Bookkeeper** – Enters and reconciles financial transactions and maintains accurate ledgers.

**External CPA-Certified Accountant** – Provides audit or financial review services, supports tax filings, and may advise on accounting policies and compliance.

### **Staffing Your ESE's Financial Management Function Across Stages of Growth**

Staffing your financial management function will look different depending on your ESE's stage of growth, complexity of financials, and specific operational needs. In the earlier ESE maturity stages<sup>1</sup> – especially in “Fundamentals” and “Early” stages – many financial roles can be filled by part-time staff or outsourced/contracted support, with in-house capacity gradually expanding as your enterprise grows. Many ESEs don't begin to staff financial roles with full-time, in-house, dedicated resources until they reach the “Foundational” stage, when the volume and complexity of financial activity justifies deeper internal ownership (especially in the FP&A function). However, that's not to say that effective financial management resourcing is not a priority in early stages. Indeed – these are the stages when resourcing of the financial management

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<sup>1</sup> See the “Introduction to the ESE Financial Health Toolkit” for an overview of ESE maturity stages.



function is most critical as it helps the ESE to maintain compliance and gradually improve operational efficiency.

In order to resource financial management roles effectively - \*especially\* in the earlier stages of an ESE's maturity – consider the trade-offs of **in-house vs outsourced/contracted**, **part-time vs. full-time**, and **split-role vs. dedicated** resources. These will be critical considerations for financial management roles as your ESE grows and matures:

- **In-house<sup>2</sup> vs outsourced/contracted:** In-house resources have the main advantage of integrating more closely into mission, culture, and cross-functional planning. Consider in-house resources for roles where it's essential for that role to have a deep understanding of the ESE's dynamics and operations. Outsourced or contracted resources have two main advantages: (1) bringing specific expertise that would be difficult or time-consuming to hire for and (2) offering the benefit of flexibility. Consider outsourced resources when you have a specific, well-defined need but want the ability to increase or decrease investment in that resource when needed. Typically, ESEs in the earlier maturity stages will outsource routine roles (such as bookkeeping) and high-cost specialized roles that are important but for which there is limited need each year (such as a CPA). More mature ESEs may still outsource routine roles but will typically bring most other financial management roles (especially within FP&A) in-house since ESEs at this stage benefit from having financial management team members who are closely integrated with the broader organizational mission and team.
- **Part-time vs. full-time:** For the sake of this guide, the distinction between part-time and full-time financial management resources only applies to in-house staffing.<sup>3</sup> Part-time roles can be a cost-effective way to bring in expertise or ongoing (but limited) support during an ESE's early stages when contracted support is no longer cost-effective and/or when there's benefit to integrating a role more closely with the team and mission. In contrast, full-time roles allow for much deeper engagement in planning, analysis, and cross-functional collaboration, which is especially valuable as financial complexity grows. However, full-time staffing comes with higher costs and requires a clear definition of responsibilities to ensure that a full-time role delivers value.
- **Split-role vs. dedicated:** Making the decision between split-role vs. dedicated financial management resources arises within full-time in-house positions. A split role gives one person responsibilities of one defined role (in this case, within financial management) as well as the responsibilities of one or more other roles (either within financial management or in areas like programs, operations, or HR). Having full-time in-house resources serve split roles is a flexible and cost-efficient option in earlier stages, especially when there are no finance roles that require full-time dedicated attention. However, this approach can limit depth, consistency, and strategic focus of a given role. A full-time dedicated role, by contrast, allows a team member to focus exclusively on a clear and well-defined set of responsibilities, leading to stronger systems, more timely analysis, and deeper integration of financial strategy across the organization. Full-time dedicated financial management roles typically become

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<sup>2</sup> "In-house" refers to roles or functions that are staffed internally by employees who are part of the organization, rather than contracted from an external firm or service provider

<sup>3</sup> By law, in some cases outsourced (or "independent contractor") roles that are, or appear to be, "full time" may require reclassification as "employee" or in-house roles. As of the authoring date of this guide, the US Department of Labor as issued updated guidance on classifying individuals as employees vs. independent contractors. ESEs should ensure they are familiar with and understand the latest guidance to stay compliant with the law: <https://www.federalregister.gov/documents/2024/01/10/2024-00067/employee-or-independent-contractor-classification-under-the-fair-labor-standards-act>



more common as an ESE grows in complexity and scale, and in-house specialization is increasingly needed.

Use the following table as a guide to reflect on how to plan your **staffing or people resourcing** for your ESE’s financial management function. Note that what you’ll find in the table are not prescriptions rather they should be seen simply as guides. Every ESE’s situation is unique and people resourcing decisions should weigh a number of factors. If you need to find your ESE’s approximate “maturity level” to help you navigate this guide, see the “Introduction to the ESE Financial Health Toolkit” document for more.



**Table: Options for Staffing Roles Across Stages of Maturity<sup>4</sup>**

	1 - Fundamentals	2- Early	3 – Foundational	4 – Growth	5 - Mature
<b>Financial Planning &amp; Analysis (FP&amp;A) Roles</b>					
<b>Strategic Finance Lead</b>	<ul style="list-style-type: none"> <li>Typically, Executive Director (ED) or other ESE leadership team member in a split-role capacity</li> </ul>	<ul style="list-style-type: none"> <li>If budget allows, a fractional CFO or Director of Finance begins to fill this role. The ED or other ESE leadership team member may continue overseeing financial management in a split-role capacity</li> </ul>	<ul style="list-style-type: none"> <li>At minimum, A fractional or full-time split-role CFO or Director of Finance</li> <li>At this stage, the ED should transition out of this role</li> </ul>	<ul style="list-style-type: none"> <li>If budget allows, a full-time dedicated CFO or Director of Finance.</li> <li>Barring the above, a fractional or in-house split-role CFO or Director of Finance<sup>5</sup></li> </ul>	<ul style="list-style-type: none"> <li>A full-time dedicated in-house CFO</li> </ul>
<b>Budget &amp; Financial Analyst</b>	<ul style="list-style-type: none"> <li>Usually not needed</li> </ul>	<ul style="list-style-type: none"> <li>Contracted, part-time, or full-time split-role</li> </ul>	<ul style="list-style-type: none"> <li>At minimum, contracted or full-time split-role</li> <li>Full-time dedicated may become necessary at this stage</li> </ul>	<ul style="list-style-type: none"> <li>At minimum, contracted or full-time split-role</li> <li>Full-time dedicated is likely at this stage</li> </ul>	<ul style="list-style-type: none"> <li>At minimum, contracted or full-time split-role</li> <li>Full-time dedicated is likely at this stage</li> </ul>
<b>Grants Manager<sup>6</sup></b>	<ul style="list-style-type: none"> <li>If needed, not a dedicated role</li> </ul>	<ul style="list-style-type: none"> <li>If needed, contracted role or split-role</li> </ul>	<ul style="list-style-type: none"> <li>If needed, contracted or split-role</li> </ul>	<ul style="list-style-type: none"> <li>If needed, full-time dedicated</li> </ul>	<ul style="list-style-type: none"> <li>If needed, full-time dedicated</li> </ul>
<b>Accounting Roles</b>					

<sup>4</sup>

<sup>5</sup> At “Growth” stage an ESE should seriously consider investing in a full-time dedicated role especially as it prepares for program scale since financial leadership capacity can become critical to compliance, sustainability, and planning as finances become more complex.

<sup>6</sup> ESEs with relatively little contributed revenue usually do not need a Grants Manager





**Table: Options for Staffing Roles Across Stages of Maturity<sup>4</sup>**

	1 - Fundamentals	2- Early	3 – Foundational	4 – Growth	5 - Mature
<b>Controller</b>	<ul style="list-style-type: none"> <li>Role likely filled by ED, another ESE leadership team member, or external accountant.</li> </ul>	<ul style="list-style-type: none"> <li>In some cases, this may be a contracted or part-time role.</li> <li>Otherwise, role filled by ED or another ESE leadership team member with support from external accountant.</li> </ul>	<ul style="list-style-type: none"> <li>At minimum, a contracted or full-time split-role (fractional CFO or Director of Finance may fill this role)</li> <li>At this stage, the ED should transition out of this role</li> </ul>	<ul style="list-style-type: none"> <li>Usually full-time dedicated</li> <li>May also be contracted or full-time split-role</li> </ul>	<ul style="list-style-type: none"> <li>Full-time dedicated</li> </ul>
<b>Staff Accountant</b>	<ul style="list-style-type: none"> <li>Usually not needed as a dedicated role. Responsibilities can usually be filled by bookkeeper.</li> </ul>	<ul style="list-style-type: none"> <li>Responsibilities can usually be filled by bookkeeper.</li> <li>If needed, contracted or part-time in-house.</li> </ul>	<ul style="list-style-type: none"> <li>Likely contracted, part-time, or full-time split-role.</li> <li>May become a full-time dedicated role transaction volume increases and ESE prepares for scale.</li> </ul>	<ul style="list-style-type: none"> <li>At minimum, contracted, part-time, or full-time split-role.</li> <li>Likely full-time dedicated</li> </ul>	<ul style="list-style-type: none"> <li>Full-time dedicated</li> </ul>
<b>AP / AR Coordinator</b>	<ul style="list-style-type: none"> <li>Role likely filled by ED, another ESE leadership team member, or bookkeeper.</li> </ul>	<ul style="list-style-type: none"> <li>Role likely filled by bookkeeper or other full-time split-role.</li> </ul>	<ul style="list-style-type: none"> <li>Role may be filled by bookkeeper or other full-time split-role</li> <li>A part-time, contracted, or full-time dedicated resource may be useful as transaction volume increases</li> </ul>	<ul style="list-style-type: none"> <li>Likely contracted or full-time dedicated</li> <li>In some cases, role could be full-time split-role</li> </ul>	<ul style="list-style-type: none"> <li>Likely contracted or full-time dedicated</li> <li>In some cases, role could be full-time split-role</li> </ul>
<b>Bookkeeper<sup>7</sup></b>	<ul style="list-style-type: none"> <li>Contracted or part-time (this person may also fill AP / AR Coordinator role)</li> </ul>	<ul style="list-style-type: none"> <li>Contracted or part-time (this person may also fill AP / AR Coordinator role)</li> </ul>	<ul style="list-style-type: none"> <li>Contracted or full-time dedicated, especially as transaction volume and/or complexity increases</li> </ul>	<ul style="list-style-type: none"> <li>Contracted or full-time dedicated</li> </ul>	<ul style="list-style-type: none"> <li>Contracted or full-time dedicated</li> </ul>
<b>External CPA-Certified Accountant<sup>8</sup></b>	<ul style="list-style-type: none"> <li>Volunteer or contracted</li> </ul>	<ul style="list-style-type: none"> <li>Volunteer or contracted (a few hours per quarter, plus reviews of tax filings)</li> </ul>	<ul style="list-style-type: none"> <li>Contracted (quarterly hours may become more significant)</li> </ul>	<ul style="list-style-type: none"> <li>Contracted (especially to support audits)</li> <li>Usually, the CFO or another team member is CPA-certified in this stage</li> </ul>	<ul style="list-style-type: none"> <li>In nearly all cases, the CFO or another team member is CPA-certified in this stage.</li> <li>Additional external CPA support is contracted</li> </ul>

<sup>7</sup> A Bookkeeper is one of the most critical roles to fill with someone who has expertise, even in the earliest stages of an ESE. This person helps to keep financial data organized, plays a role in many internal controls, and can typically take on a variety of other responsibilities in the early stages such as AP/AR and even some parts of the payroll process. There are many options available for contracted, cost-effective Bookkeeper support. You can find these by leveraging your network or conducting a quick online search.

<sup>8</sup> ESEs of any size or maturity should have some kind of support of a CPA, even if that's to provide annual non-audit reviews of financial statements or occasional ad hoc guidance. Certain ESEs may even qualify for low-cost or pro-bono support (do an internet search for "pro bono CPA for nonprofits" or "pro bono CPA for small business" to find local or virtual resources available to you). Also – don't forget to ask your board and other supporters if they have any CPAs in their network who could help!



## **Process: Establishing and Developing Processes Essential to ESE Financial Management**

### **Key Ideas at a Glance**

- Financial processes (like payroll, reconciliation, and cash flow management) are core to ESE organizational health and should be treated as critical, evolving investments, not static tasks.
- Processes progress through five levels of development – from Ad Hoc to Optimized – as the ESE matures, with improvements in consistency, documentation, integration, and strategic value. ESEs in earlier stages will likely have more processes that are reactive or manual. Over time, these processes should become more structured and tech-enabled.
- Strong financial processes ensure consistency, accuracy, and compliance, especially when multiple people are involved in the flow of money and information. Processes also create clarity in “how things get done,” reducing reliance on institutional memory and helping new team members onboard more quickly.

### **Typical Financial Management Processes at an ESE**

A process refers to a repeatable series of steps used to complete a task or make a decision, such as closing the books each month or approving expenses. Well-defined processes ensure that your people know what their responsibilities are, and that tasks are completed efficiently and effectively without overstraining the team. Additionally, having a well-defined process helps you to evaluate what technology options are the best fit for your organization as technology should support your processes. Processes at your ESE should be treated as an investment (just like an investment in people or technology) – processes deserve a consideration of time, attention, and improvement as your ESE grows and matures. As an ESE scales, financial processes must evolve to handle more complexity while maintaining (or even improving) accuracy, efficiency, and compliance.

In the table that follows, you'll find a list of the processes that are core to a healthy financial management system in an ESE. Every ESE should aim to have some version of these – even ad hoc or very informal – across all stages of maturity and regardless of business model.<sup>9</sup>

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<sup>9</sup> It's very important to keep in mind that what follows is not a comprehensive list of all financial management processes that may exist within an ESE. Any given ESE may have additional processes – such as those tied to restricted funding sources or unique reporting requirements – that may be unique to their situation. These are simply the core processes that should be present in any ESE, regardless of size, maturity level, industry, or population served.



**Table: Core ESE Financial Management Processes**

Core ESE Financial Management Process	Purpose of the Process	Description of the Process
<b>Payroll</b>	Ensure that all employees are paid accurately and on time, while also meeting tax, benefit, and compliance obligations.	Payroll as a process may be “owned” by an ESEs human resources function but it will always involve collaboration with the financial management function. The payroll process is the set of steps an organization follows to calculate and pay employee wages. It includes tracking hours or salaries, calculating taxes and deductions, processing payments, and keeping records to stay compliant with legal and funder requirements. A strong payroll system reflects the organization's commitment to dignity, equity, and fair employment practices.
<b>Accounts Payable (AP)</b>	Manage and process the ESE's financial obligations to vendors, contractors, and partners accurately and on time, ensuring strong cash flow management and operational continuity.	AP involves tracking, approving, and paying the organization's financial obligations to vendors, service providers, and contractors. This includes reviewing and coding invoices, managing payment schedules, and ensuring that expenses are recorded in the correct accounts and time periods. A strong AP process also includes verifying approvals, maintaining documentation, and monitoring due dates to avoid late fees or strained vendor relationships. Effective AP management helps maintain accurate financial records and supports healthy cash flow by aligning outgoing payments with available resources.
<b>Accounts Receivable (AR)</b>	Track and manage money owed to your ESE from customers, funders, or partners to ensure timely collection and maintain healthy cash flow.	AR ensures that earned income is properly recorded and collected in a timely manner. This includes revenue entry such as issuing invoices, accepting and processing checks, and recording payments into the accounting system. It also involves receivables tracking, which means monitoring which customers or funders owe money, what goods or services have been delivered, how much is outstanding (or overpaid), and how long payments have been overdue. A strong AR process supports accurate financial reporting and helps maintain stable cash flow by reducing delays in collecting income.
<b>Reconciliation</b>	Ensure that your ESE's financial records accurately reflect actual transactions, helping to catch errors, prevent fraud, and maintain trustworthy financial reporting.	The process of comparing financial records (such as bank statements, credit card activity, or grant balances) with the organization's accounting system to ensure everything matches and is accurate. For ESEs, reconciliation is critical to maintaining financial integrity, detecting & preventing errors or fraud, and ensuring funder-restricted revenue and social enterprise income are properly tracked. Reconciliation is completed on at least a monthly basis (even in very early-stage ESEs) and may become a weekly process in mature ESEs and/or in ESEs with very high transaction volume.
<b>Cash Flow Management</b>	Identify cash shortfalls, reserve needs, and any timing mismatches	Ongoing tracking of actual cash position and anticipated inflows & outflows. In the early stages of an ESE's growth, this may simply be short-term projections following monthly close & reconciliation to ensure there are no critical cash risks over the following 30-60 days. In later stages, this usually becomes a 12-month rolling forecast along with a high-level 3- to 5-year forecast.
<b>Budgeting, Variance Analysis, and Forecasting</b>	Plan for the future, monitor financial performance, and make informed adjustments as circumstances change	Budgeting, variance analysis, and forecasting form a continuous cycle that supports strong financial decision-making. Budgeting sets a forward-looking plan for revenues and expenses based on what your ESE expects to earn and spend. Variance analysis uses financial reports to compare actual performance to that plan, helping you understand what's going according to plan and what isn't (either exceeding or falling short of planned performance). Forecasting allows you to update your financial outlook based on real-time results, so you can make timely adjustments and avoid surprises.



## Process Development Across ESE Stages of Growth

As your ESE grows, the way you manage financial processes should grow with it. Processes that may start as ad hoc or informal will need to be developed and improved over time to ensure they remain reliable, efficient, and mission-aligned. In this section you'll see the definition of different levels of process development, from ad hoc to fully optimized. These different levels reflect how a process evolves with increased and continued investment of time and other ESE resources. After these definitions, you'll see a table showing how developed each core financial management process should be at a given ESE stage of maturity. Use this table to understand how developed each of your core financial management processes should be depending on your ESE's stage of maturity. This will help you prioritize the right process improvements.

Within an ESE, there are five levels of process development:

Level of Process Development	Description	Example of what Cash Flow Management may look like at each level
<b>Ad Hoc</b> <i>Informal and Not Yet Consistent</i>	The earliest level of process development. At this level, the process is informal and may be executed inconsistently (i.e., not with a set routine or rhythm). The process relies heavily on individual knowledge or memory. One person may handle the entire process. Usually there is no documentation of the process at this level.	<i>The ED checks the bank balance every few weeks to see if there's enough to make payroll and responds if it's low. There's no formal forecasting.</i>
<b>Emerging</b> <i>Taking Shape with Some Structure</i>	Some structure exists at this level of process development, but there are still inconsistencies and the process is not well-documented. The process may be reactionary rather than proactive. Process steps might be followed most of the time, but roles, responsibilities, and timing aren't clearly defined.	<i>A basic spreadsheet tracks projected cash inflows and outflows for the next few months. ED or another team member updates the spreadsheet occasionally.</i>
<b>Defined</b> <i>Documented and Consistent</i>	At this level, a process is documented and it is repeatable. It is consistently executed with clear steps, roles, and timelines. The process may still be highly manual as it may rely heavily on spreadsheets or basic systems, but the outputs are reliable.	<i>A 12-month cash flow forecast is created and updated monthly, with known inflows and outflows planned out.</i>
<b>Integrated</b> <i>Embedded and Cross-Functional</i>	At this level, a process is no longer siloed – rather, the process connects across teams, roles, and systems. Execution of the process is efficient as it benefits from integration of technology and systems across the organization (however, there may still be opportunities for automation). Outputs are reliable and regularly used by multiple stakeholders for key decisions.	<i>Cash forecasts are regularly reviewed with program and finance leads, tied to budget and AR/AP cycles, and inform operating decisions. Program and finance leads understand the impact of updated forecasts to their operations.</i>
<b>Optimized</b> <i>Strategic and Continuously Improved</i>	Optimized processes not only run smoothly but they are regularly reviewed and improved. Technology seamlessly supports process execution through automation or advanced tools. Execution of the process is integrated so tightly with organizational roles and rhythm that "process oversight" is less focused on ensuring required activities are taking place, and rather it's more focused on gathering feedback and implementing improvements. Optimized processes are seen as "strategic" as they offer the organization an advantage, making the ESE more adaptable and capable of growth in comparison to peers.	<i>Cash forecast is rolling, scenario-based, and connected to reserve targets and funding strategy, with dashboards supporting real-time planning.</i>



**Table: Level of Financial Management Process Development Across Stages of Maturity**

Core ESE Financial Management Process	Level of Process Development that is Typical at Each Stage of ESE Maturity <sup>10</sup>				
	1 - Fundamentals	2- Early	3 – Foundational	4 – Growth	5 - Mature
<b>Payroll</b>	Emerging	Emerging to Defined	Defined	Integrated	Optimized
<b>Accounts Payable (AP)</b>	Emerging	Emerging to Defined	Defined	Integrated	Optimized
<b>Accounts Receivable (AR)</b>	Ad Hoc	Emerging	Defined	Integrated	Optimized
<b>Reconciliation</b>	Emerging	Emerging to Defined	Defined	Integrated	Optimized
<b>Cash Flow Management</b>	Ad Hoc	Emerging	Defined	Integrated	Optimized
<b>Budgeting, Variance Analysis, and Forecasting</b>	Emerging	Emerging to Defined	Defined	Integrated	Optimized

<sup>10</sup> Note that the level of process development in this table is intended to be a guideline for what would be typical or expected at an ESE at a certain stage of maturity, and it is not a prescription. Use these as a comparison to your ESE to determine whether there are processes in need of increased resourcing or investment.



## Technology: Selecting Systems to Support Your People & Processes

### Key Ideas at a Glance

- ESEs rely on a set of core financial technology systems – like general ledger, payroll, AP/AR management, forecasting, and reporting – to support financial health across all stages.
- An ESE's general ledger and accounting software acts as the financial “source of truth.” Choose this tool carefully, considering integration needs, usability, and long-term growth.
- Technology should support your financial processes, not define them. Build strong processes and workflows first, then select tools that align with your needs.<sup>11</sup>
- Effective tool selection begins with understanding your ESE's needs and workflows. Simpler tools are often better suited for teams with limited capacity or at ESEs with lower financial complexity.
- Start simple and avoid the temptation to invest in new technology unless it's clear that it would benefit your ESE. Many early-stage ESEs use spreadsheets and basic accounting software effectively before scaling up or evolving their tech stack.<sup>12</sup>
- Invest in tools that grow with you – look for flexibility, user-friendliness, and the ability to scale as your financial processes mature.

### Typical Financial Management Technology Systems at an ESE

While every ESE has different needs depending on its size, maturity level, model, and target population, there are a set of core technology systems which are common among most ESEs at some point in their growth. This section outlines the most common technology systems that support financial processes at ESEs, as well as a list of systems that are typical for product-based ESEs and for service-based ESEs. In the section following this one, you'll find examples of specific technology tools that ESEs use or have considered using to support their financial management function.

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<sup>11</sup> Naturally, new tools may automate steps in your process and effectively “change” your process as a result. But – the key is to not choose a tool then design your process. Rather, first make sure you have a process in place that's reasonably reliable and that accomplishes the intended outcome, and then consider what tools can reduce the burden of manual steps and increase quality of outputs.

<sup>12</sup> A tech stack refers to the collection of software tools and systems an organization uses to perform specific functions — in this case, to manage its financial operations. For ESEs, a financial tech stack might include accounting software, payroll platforms, budgeting tools, expense tracking systems, and anything else that supports how money flows and is monitored across the organization.



**Table: Financial Management Technology Systems at ESEs**

Financial Management (FM) Technology Systems	Description	Core FM Processes that are Supported by this Technology System
<b>Systems common to <i>most</i> ESEs</b>		
<b>General Ledger &amp; Accounting</b>	This is the core system that records and organizes all financial transactions. It serves as the central "source of truth" for financial reporting, tracking income and expenses, and preparing reconciliations and reports.	<ul style="list-style-type: none"> <li>• Payroll</li> <li>• Reconciliation</li> <li>• Accounts Payable (AP)</li> <li>• Accounts Receivable (AR)</li> <li>• Cash Flow Management</li> <li>• Budgeting, Variance Analysis, and Forecasting</li> </ul>
<b>Payroll Processing</b>	Payroll systems manage employee compensation, withholdings, benefits, and tax filings. These tools ensure employees are paid accurately and on time while maintaining compliance with employment and tax regulations.	<ul style="list-style-type: none"> <li>• Payroll</li> <li>• Reconciliation</li> <li>• Cash Flow Management</li> </ul>
<b>Budgeting &amp; Forecasting</b>	These tools help organizations build, update, and project financial plans, enabling leaders to anticipate funding needs, set targets, and respond to financial changes. They evolve from simple annual budgets to rolling forecasts and scenario modeling.	<ul style="list-style-type: none"> <li>• Budgeting, Variance Analysis, and Forecasting</li> <li>• Cash Flow Management</li> </ul>
<b>Accounts Payable (AP) Management</b>	AP tools manage bills, vendor payments, and reimbursements by tracking due dates, approvals, and payment schedules. Many platforms also provide audit trails and help enforce purchasing policies.	<ul style="list-style-type: none"> <li>• Accounts Payable (AP)</li> <li>• Reconciliation</li> <li>• Cash Flow Management</li> </ul>
<b>Accounts Receivable (AR) Management &amp; Invoicing</b>	AR systems generate and track invoices, manage receivables, and monitor outstanding payments. They're critical for ESEs with earned revenue or cost-reimbursable grants.	<ul style="list-style-type: none"> <li>• Accounts Receivable (AR)</li> <li>• Reconciliation</li> <li>• Cash Flow Management</li> <li>• Budgeting, Variance Analysis, and Forecasting</li> </ul>
<b>Expense Management &amp; Purchasing</b>	These tools allow staff to submit reimbursements, track credit card spending, and follow approval workflows. They support better cost control and reduce delays and errors in coding and processing expenses.	<ul style="list-style-type: none"> <li>• Accounts Payable (AP)</li> <li>• Reconciliation</li> <li>• Cash Flow Management</li> </ul>
<b>Financial Reporting &amp; Dashboards</b>	Reporting tools turn financial data into clear reports and visualizations for internal leadership, boards, and funders. They improve transparency, decision-making, and alignment between financial health and mission strategy.	<ul style="list-style-type: none"> <li>• Reconciliation</li> <li>• Budgeting, Variance Analysis, and Forecasting</li> <li>• Cash Flow Management</li> </ul>
<b>Document Management</b>	These systems store receipts, invoices, approvals, financial policies, and other records in a centralized, searchable location. This supports internal controls and audit readiness. Document management may not require dedicated financial software; as it could simply be a shared platform used across the organization (like Google Drive or Dropbox) that's configured to meet financial needs. With the right folder structure, naming conventions, and basic staff training, a general system can become a secure, reliable repository for financial documentation.	<ul style="list-style-type: none"> <li>• Reconciliation</li> <li>• Accounts Payable (AP)</li> <li>• Payroll</li> </ul>





**Table: Financial Management Technology Systems at ESEs**

Financial Management (FM) Technology Systems	Description	Core FM Processes that are Supported by this Technology System
<b>Systems common among <u>product-based</u> ESEs<sup>13</sup></b>		
<b>Inventory Management</b>	Inventory management tools help ESEs track raw materials, goods in progress, and finished products. This is especially important for product-based or food-based ESEs where understanding cost of goods sold (COGS) is essential for budgeting, forecasting, and long-term financial sustainability.	<ul style="list-style-type: none"> <li>• Accounts Payable (AP)</li> <li>• Cash Flow Management</li> <li>• Budgeting, Variance Analysis, and Forecasting</li> </ul>
<b>Point of Sale (POS)</b>	POS systems capture real-time sales transactions and integrate with accounting tools to automatically record revenue and taxes. Data captured by POS systems can even provide ESEs with customer purchasing insights that are useful for sales forecasting and updating overall strategy. Some POS systems offer or can integrate with inventory management tools to track inventory changes. POS systems are most common among product-based ESEs as these enterprises often take payment in person immediately in exchange for the product sold (in contrast with service-based ESEs which often bill the customer and take payment digitally and not necessarily at the same time that services are delivered).	<ul style="list-style-type: none"> <li>• Accounts Receivable (AR)</li> <li>• Reconciliation</li> <li>• Cash Flow Management</li> </ul>
<b>Recipe &amp; Portion Costing</b>	These tools break down the cost of menu items or packaged products by calculating the value of individual ingredients or components. They help food-based ESEs accurately price products, track food costs, and assess contribution margins by item.	<ul style="list-style-type: none"> <li>• Budgeting, Variance Analysis, and Forecasting</li> <li>• Cash Flow Management</li> </ul>
<b>Systems common among <u>service-based</u> ESEs</b>		
<b>Job Costing</b>	Job costing tools track labor, materials, and overhead for individual projects, contracts, or services, making it possible to understand profitability by client, job, or business line. Many job costing tools offer features to deliver proposals or estimates to customers. Job costing tools are especially useful for service-based ESEs like janitorial, landscaping, or staffing enterprises.	<ul style="list-style-type: none"> <li>• Payroll</li> <li>• Budgeting, Variance Analysis, and Forecasting</li> <li>• Accounts Receivable (AR)</li> </ul>

<sup>13</sup> For the sake of this guide, restaurants, cafés, and other food-based enterprises are considered “product-based ESEs” even though in many cases what they provide to the market is both a product and a service. To that extent, food-based enterprises such as catering businesses may also benefit from job costing tools





## Choosing the Right Financial Management Technology Tools for Your ESE

Choosing the right financial management technology tools is more than merely selecting software, rather it's about finding solutions that effectively support your processes and people and that complement your ESE's stage, model, and real-world needs. Use the guidance below to help assess your needs and determine what technology tools may be right for your ESE.

1. **Start with your needs, not with the software.** Identify the processes or pain points you're trying to improve first, then look for tools that support them (not the other way around).
2. **Don't confuse complexity with value.** A more complex tool isn't necessarily "better." Yes, an ideal tool would offer functions that you need now and that you may need in the future (supporting your scale), but if that comes with complexity that hinders implementation and use, you may find yourself with a tool that doesn't deliver on your needs. Many times (though not always) a more simple or basic tool is a good choice to ensure that the tool can be used by those team members who will have to interface with it the most.
3. **Choose your general ledger (GL) & accounting software wisely.** Since your GL & accounting software will be your financial "system of record" and will likely need to perform a variety of functions and/or integrate into other systems, be sure to thoughtfully consider your options when selecting this tool. GL & accounting software solutions often offer multiple add-ons and integrations that expand functionality as your ESE grows. While it may be tempting to instinctively lean towards the least expensive option or towards a tool that most of your peers use, be sure to consider your unique needs and evaluate what GL & accounting system will be the best fit for your ESE.
4. **Weigh specialization vs. versatility.** Some tools are built to solve a narrow problem exceptionally well, while others do many things at once. Assess whether you need depth in a few areas or flexibility across a number of functions.
5. **Think long-term: scale, support, and training.** Look for systems that can grow with your ESE, come from a trusted provider, and offer training or documentation that is accessible and easy to understand.

The table on the next page has a collection of financial management technology tools that ESEs use or have considered for use. The tools are categorized by their *primary* function and listed in alphabetical order therein. The table also notes the other secondary functions or features that a tool offers and provides a qualitative assessment of the complexity of the tool (complexity in this case approximately incorporates the level of effort needed to integrate the tool and how advanced a tool is overall). Use the information in this table as a *starting point* when selecting the tools to support your financial management function. In addition to using this table as well as resources provided by REDF and your peer community, the below sites can assist with identifying and assessing tools that fit your needs:

- **TechSoup** (<https://www.techsoup.org>): Reviews, discounts, and guidance on selecting technology. Specifically geared to nonprofits.
- **TrustRadius** (<https://www.trustradius.com>), **Capterra** (<https://www.capterra.com>), and **G2** (<https://www.g2.com>): Software review sites allowing you to search or filter by systems that are relevant to nonprofits.
- **AlternativeTo** (<https://alternativeto.net>): Crowdsourced software reviews that allow you to search for alternatives to specific software (good for comparative assessment). Includes many open-source options.
- **Tech Impact** (<https://techimpact.org>) and **NTEN** (<https://www.nten.org>): Not software review sites per se, but these sites have guidance and blogs specifically tailored to help nonprofits identify and select technology solutions.



Key	
●	This is the software tool's <b>primary</b> function.
○	These are other functions or features available with this software tool.

**Table: Financial Management Tools Used By or Considered for Use By ESEs**

Software	Website	Assmt. of SW Complexity (Basic, Intermediate, Advanced)	Financial Management Technology System								Types and Functions			
			GL & Accounting	Payroll	Budgeting & Forecasting	AP Mgmt.	AR Mgmt.	Expense Mgmt. & Purchasing	Reporting & Dashboarding	Inventory Mgmt.	Point of Sale (POS)	Recipe & Portion Costing	Job Costing	Doc. & Record Mgmt.
General Ledger (GL) & Accounting Tools														
Accounting Seed	<a href="https://www.accountingseed.com">https://www.accountingseed.com</a>	Advanced	●	○	○	○	○	○	○	○			○	○
Araize	<a href="https://araize.com">https://araize.com</a>	Basic	●	○	○	○	○	○	○				○	○
NetSuite	<a href="https://www.netsuite.com">https://www.netsuite.com</a>	Advanced	●	○	○	○	○	○	○	○	○		○	○
QuickBooks	<a href="https://quickbooks.intuit.com">https://quickbooks.intuit.com</a>	Basic	●	○	○	○	○	○	○	○	○		○	○
Restaurant365 (R365)*	<a href="https://www.restaurant365.com">https://www.restaurant365.com</a>	Advanced	●	○	○	○	○	○	○	○		○		○
Sage Intacct	<a href="https://www.sageintacct.com">https://www.sageintacct.com</a>	Advanced	●	○	○	○	○	○	○	○			○	○
Xero	<a href="https://www.xero.com">https://www.xero.com</a>	Basic	●	○	○	○	○	○	○	○	○		○	○



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Software	Website	Assmt. of SW Complexity (Basic, Intermediate, Advanced)	Financial Management Technology System								Types and Functions			
			GL & Accounting	Payroll	Budgeting & Forecasting	AP Mgmt.	AR Mgmt.	Expense Mgmt. & Purchasing	Reporting & Dashboarding	Inventory Mgmt.	Point of Sale (POS)	Recipe & Portion Costing	Job Costing	Doc. & Record Mgmt.
Payroll Tools														
ADP	<a href="https://www.adp.com">https://www.adp.com</a>	Advanced		●										
Gusto	<a href="https://www.gusto.com">https://www.gusto.com</a>	Basic		●				○	○					
Paycom	<a href="https://www.paycom.com">https://www.paycom.com</a>	Advanced		●				○	○					
Budgeting & Forecasting Tools														
CloudBudget	<a href="https://cloudbudget.com">https://cloudbudget.com</a>	Intermediate			●				○					
Jirav	<a href="https://www.jirav.com">https://www.jirav.com</a>	Intermediate			●				○					
Excel / Google Sheets		Basic	○		●	○	○	○	○	○		○	○	
Accounts Payable & Accounts Receivable Management Tools														
Bill.com	<a href="https://www.bill.com">https://www.bill.com</a>	Intermediate				●	●		○					○
Expense Management & Purchasing Tools														
Concur	<a href="https://www.concur.com">https://www.concur.com</a>	Advanced				○		●	○					○
Expensify	<a href="https://www.expensify.com">https://www.expensify.com</a>	Basic						●	○					○
Ramp	<a href="https://www.ramp.com">https://www.ramp.com</a>	Basic			○	○		●	○					○
Reporting & Dashboarding Tools														
Fathom	<a href="https://www.fathomhq.com">https://www.fathomhq.com</a>	Intermediate			○				●					



**Table: Financial Management Tools Used By or Considered for Use By ESEs**

Software	Website	Assmt. of SW Complexity (Basic, Intermediate, Advanced)	Financial Management Technology System								Types and Functions				
			GL & Accounting	Payroll	Budgeting & Forecasting	AP Mgmt.	AR Mgmt.	Expense Mgmt. & Purchasing	Reporting & Dashboarding	Inventory Mgmt.	Point of Sale (POS)	Recipe & Portion Costing	Job Costing	Doc. & Record Mgmt.	
Inventory Management Tools															
Cin7	<a href="https://www.cin7.com">https://www.cin7.com</a>	Intermediate					○	○	○	○	●	○			○
Zoho Inventory	<a href="https://www.zoho.com/inventory">https://www.zoho.com/inventory</a>	Basic					○	○		○	●				
Point of Sale (POS) Tools															
Shopify	<a href="https://www.shopify.com">https://www.shopify.com</a>	Basic								○	○	●			
Square	<a href="https://squareup.com">https://squareup.com</a>	Basic		○				○		○	○	●			
Recipe & Portion Costing Tools															
Apicbase*	<a href="https://apicbase.com">https://apicbase.com</a>	Intermediate				○	○		○	○	○		●		
MarginEdge*	<a href="https://www.marginedge.com">https://www.marginedge.com</a>	Intermediate					○		○	○	○		●		○
Job Costing Tools															
Aspire†	<a href="https://www.youraspire.com">https://www.youraspire.com</a>	Advanced	○					○	○	○	○			●	○
Jobber†	<a href="https://www.getjobber.com">https://www.getjobber.com</a>	Basic						○	○	○	○			●	○
Service Auto Pilot†	<a href="https://www.serviceautopilot.com">https://www.serviceautopilot.com</a>	Intermediate						○	○	○	○			●	○
SingleOps†	<a href="https://www.singleops.com">https://www.singleops.com</a>	Intermediate						○	○	○	○			●	○
Document & Record Management Tools															
Dropbox	<a href="https://www.dropbox.com">https://www.dropbox.com</a>	Basic													●
Google Drive	<a href="https://drive.google.com">https://drive.google.com</a>	Basic													●