

## Developing a Transition Budget (with budget samples)

Sometimes organizations forget to factor in all the costs associated with a leadership transition. Preparing a transition budget early on can help organizations to plan effectively and gives the organization more time to fundraise for the transition. The Leadership Transition Committee should consider what costs the organization will likely incur as part of the leadership transition and develop a transition budget accordingly. Typical costs might include advertising, transition consultant fees, salary adjustments for the acting director or interim director fees, an increase to the ED salary line to reach a competitive pay-scale, travel costs for out of town finalists, a coaching and training package for the new ED, etc.

There are other costs that might be necessary for your organization, such as costs associated with hiring a search firm or paying a portion of relocation fees for an ED who must make a major move to accept the position. It is also a good idea to develop various budget options that can be considered according to your resources and fundraising success. The Draft Leadership Transition Budget Draft sample provides you with examples of various transition budget scenarios to get you started on developing your own.

### Sample 1: Draft Leadership Transition Budget

Period of time January 2015 to December 2015 -additional costs to be added to annual org. budget

#### **DRAFT - June 1, 2014**

<b>Budget:</b>	<b>Version 1</b>	<b>Version 2</b>	<b>Version 3</b>
<b>Ongoing costs:</b>			
ED salary increase	15,000	10,000	8,000
Staff salary adjustments	<u>23,500</u>	<u>21,385</u>	<u>17,108</u>
<b>Subtotal:</b>	<b>38,500</b>	<b>31,385</b>	<b>25,108</b>
<b>Search and hire costs:</b>			
Conference calls	250	250	250
Transition committee meetings	600	600	600
Advertising for job	5,000	5,000	5,000
Welcome reception & announcement	3,000	1,500	1,000
Web page job announcement	1,400	1,000	800
Fundraiser event - farewell to ED	4,500	3,000	1,500
Special annual report to donors & funders	3,000	3,000	3,000
New business cards & letterhead	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>
<b>Subtotal:</b>	<b>19,250</b>	<b>15,850</b>	<b>13,650</b>

**One time costs:**

Travel in-state (donor meetings)	2,500	2,500	2,500
Travel costs for 3 finalists (includes: airfare, meals, car rental & lodging)	7,000	7,000	7,000
Relocation fees	5,000	3,000	0
Out-of-town visits to see funders (4 trips for 2 people @ \$1500/per trip)	6,000	6,000	6,000
<b>Subtotal:</b>	<b>20,500</b>	<b>18,500</b>	<b>15,500</b>
<b>TOTAL DRAFT BUDGET:</b>	<b>78,250</b>	<b>65,735</b>	<b>54,258</b>

**Sample 2: Draft Transition Preliminary Budget Scenarios**

<b>Description</b>	<b>Option A</b>	<b>Option B</b>	<b>Option C</b>
<b><u>Personnel Related Costs</u></b>			
ED Salary (not including fringe)	\$113,000 <sup>1</sup>	\$105,000	\$100,000
Additional Benefits Package (specialized training, leadership coaching, etc.)	\$3,000	\$5,000	\$0
Staff Salary Adjustments (compensation for Acting Director & other salary adjustments)	-- Use accruals from ED Salary position July 2014 - Sept. 2013 --		
Relocation Fees	\$3,000	\$2,000	\$0
Outgoing ED Consulting Contract (\$150/hour)	\$10,500	\$6,000	\$5,250
<b>Subtotals</b>	<b>\$139,500</b>	<b>\$123,000</b>	<b>\$105,250</b>

<sup>1</sup> Averaged for NY (\$1-\$2.5 million budget size)

<b>Description</b>	<b>Option A</b>	<b>Option B</b>	<b>Option C</b>
<u><b>Transition Planning and Search Costs</b></u>			
Advertisement <i>(e.g., one month \$1500 per outlet)</i>	\$4,500	\$3,000	\$0
Search Activities <i>(e.g., compensation survey)</i>	\$350	\$350	\$350
Transition Consultant Fees	\$20,000	\$20,000	\$20,000
Communications Consultant Fees	\$10,000	\$10,000	\$10,000
Travel and Hotel Costs for Out of Town Finalists <i>(\$1200 each)</i>	\$3,600	\$2,400	\$1,200
<b>Subtotals</b>	<b>\$38,450</b>	<b>\$35,750</b>	<b>\$31,550</b>
<u><b>Fundraising Costs</b></u>			
Fundraiser Expenses <i>(Outgoing ED's Farewell Fundraiser)</i>	\$7,000	\$5,000	\$2,500
Fundraising Consultant Fees	\$5,000	\$5,000	\$5,000
Special Annual Report to Donors & Funders	\$8,000	\$3,000 <i>(online only)</i>	\$0
ED Welcome Reception	\$3,500	\$2,500	\$1,500
Out of Town Visits to Funders <i>(3 visits @ \$1200 each)</i>	\$3,600	\$3,600	\$3,600
<b>Subtotals</b>	<b>\$27,100</b>	<b>\$19,100</b>	<b>\$12,600</b>
<b>Grand Total</b>	<b>\$205,050</b>	<b>\$177,850</b>	<b>\$149,400</b>