

Organizations: Planning & Financial Control



2nd Face-to-Face Part 2

Money

Can anyone remember when times were not hard and money not scarce?

Ralph Waldo Emerson (1803-1882)

Budgets

- Organizational controls
- Budgets: what, why, how?
- Fund development strategies

Budgetary and Fiscal Controls



What Is a Budget?

- Forecast
 - Cash Sources
 - Cash Expenditures
- Organization as a financial statement
- Covers fiscal year

Budget: A Bit of History from the OED

- 1453 A pouch, bag, wallet, usually of leather. Obs. exc. dial.
- 1580 A kind of boot in a carriage, adapted for carrying luggage. ? Obs. exc. dial.
- 1733 A statement of the probable revenue and expenditure for the ensuing year, with financial proposals founded thereon, annually submitted by the Chancellor of the Exchequer, on behalf of the Ministry, for the approval of the House of Commons.

Why Budget?

- Enhance success by
 - Forecasting needs
 - Forecasting profits
 - Forecasting cash flow
- Information provided
 - Cash required for labor and materials
 - Start-up costs
 - Day-to-day maintenance costs
 - Revenues needs
 - Expected profit

What to Consider?

- Variable costs
- Fixed costs
- Semi-variable costs
- Inflation and other adjustments
- Profit or not

Budgeting for Non-profits

- Assess realistic levels of resources
- Ask:
 - What activities are most important?
 - What activities can be supported?
- Remember: every activity has a cost

Budget Format Examples

- [Budget Planning Tips](#)
- [Budget Proposal](#)
- [How to set up a successful budget](#)
- [Line item budget](#)
- [Formula \(see example\)](#)
- [Program \(see example\)](#)
- [Zero-based Budgeting](#)

Formula Budget

1. Basic collection	85,000 volumes
2. Allowance per FTE faculty	100 volumes
3. Allowance per FTE student	15 volumes
4. Allowance per undergraduate major or minor field	350 volumes
5. Allowance per master's field	3,000 volumes
6. Allowance per 6th year degree	6,000 volumes
7. Allowance per doctoral field	25,000 volumes

Program Budget

ISCHOOL AT A GLANCE

Career Services	76,641
Faculty (full-time)	1,366,350
Teaching Assistants	97,708
Admin & Professional	307,956
Support Staff	326,451
MO&E	31,812
IT Services	118,650
Kilgarlin Center	122,055

Fund Development for Non-profit Organizations

- Introduce basics of non-profit management
- Determine what must happen before fund development
- Explore fundamentals of fund development and grant writing
- Identify sources for fundraising ideas and grant writing

Non-profit Management Basics

- Non-profit organizations perform a different function than corporate or governmental agencies
- Most library and information service are non-profit organizations
- Product of non-profits is a “changed human being” (Drucker)

Challenges for Non-profits

- Offer community and common purposes
- Transform good intentions into results
- Focus on what the organization does best; defining the competencies of the organization
- Convert donors into contributors

How to Respond to Challenges?

- Defining your mission and goals
- Grow strategies from mission and goals
- Marketing
- Define your market

Meaning of Fund Development

- Recognize potential for growth and development of a donor
- Cultivate them to be an advocate for your program
- Encourage donor to take ownership in program
- Requires long term strategy

Who to target for contributions?

- Board
 - trustees
 - Advisors
- Constituents
- Foundations (private, community, & corporate)
- Government agencies

Tailor Approach to Donor Group

- Individuals
 - Research interests
 - Identify something that connects them to your organization
- Board members
 - Require donation for board membership
 - Develop ownership in your program

Tailor Approach to Donor Group, cont'd

- Foundation
 - Explore grant submission requirements
 - Identify their funding target areas
 - Note when their board meets
- Government agencies
 - Locate grant proposal deadlines
 - Understand grant proposal guidelines

Grant and Proposal Writing Resources

- Foundation Center
 - <http://fdncenter.org>
- Short course in proposal writing
 - <http://foundationcenter.org/getstarted/tutorials/shortcourse/>

Summary

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