

PROPOSED 2020-2022 Budget

International Council of Management Consulting Institutes (CMC-Global)

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Submitted for Approval

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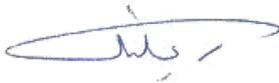


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1. BACKGROUND

The 2019-2020 and 2020-2021 budget proposals in Nassau were based on the then presented ICMCI Strategic Positioning document and the 2016-2017 work of the Strategic Funding Taskforce for the membership fee calculation. For the approved 2020 – 2021 budget there was no increase in membership fees, and it continues to be the same for the 2021-2022 proposed budget.

While maintaining the same membership fees, it is important to highlight that we have lost three Member IMCs between last year and this year, their share of the income from membership fees would have been close to 8K. Due to COVID 19 and the fluctuation in membership at the IMCs, there was little growth but many lost members, the difference of 7K cannot be made up from the growth of members and we will not be able to increase the per IMC contribution, but will make sure that we make up for the difference by the secretariat doing their best at decreasing expenses during the implementation. This has been an unusual year, and we will treat it as a ‘pause’ year in budget terms.

With the 2021-2022 proposed budget, we will follow the same philosophy of relying on variable income for our strategic initiatives. We intend to maintain core Secretariat expenses at their current level even if with little increases, but again this will not reflect in an increase to Membership Fees. We will build growth through the flexible revenue part of our budget.

The turn of the events flexible revenue to fixed revenue last year was dependent on the growth during the previous three years, this may not materialize this year, but it is in line with our vision and we will maintain it and do our best at increasing income from the flexible revenue projects.

In 2022 the new strategic plan will be proposed, and a new budget will be based on that, and depending on the situation then we will look at the budget in detail hoping that more of the flexible revenue activities will have matured and maybe reallocated.

This proposed budget covers two fiscal years as has been the practice for the past few years.

2. STRATEGIC POSITIONING

Our approved strategic plan was part of the papers presented last year, and will be included again in the documents of this year for reaffirmation, the plan focuses on main objectives and goals and restates the vision of our organization as well as highlighting its mission. The document also emphasizes the KPIs for the duration of the implementation phase.

As promised, a homework took place during the Euro Hub virtual event in June where the goals and KPIs were revisited, and the outcome maintained the 10 strategic goals that were already agreed upon.

The plan provides us with a global, mutually agreed way forward, together with the requirements to bring our vision closer to reality. It is based on extensive collaboration and

input of our board members, volunteers, the secretariat, and most importantly that of the IMCs. This allows us to build on previous successes and incurring more.

With your approval of the 2020-2022 budget we would do our best, regardless of the pandemic, to implement many aspects of the services and programmes envisioned.

3. DRAFT BUDGET 2020-2022 WITH COMPARISONS

On the following pages, we present:

- The approved 2019-20 Budget
- The actual 2019-2020 Revenue and Expenses
- The approved 2020-21 budget (approved at Nassau Annual Meeting of Delegates).
- The proposed 2021-22 budget.

The budget is presented in the format we have been using for the past several years, with a separate section for Fixed Revenue; Flexible Revenue; Core Costs; and Variable, Non-core Expenditures for ease of comparison.

CMC-Global Institute Draft Budget 2020/2021 - 2021/2022

In Euros

	Approved 2019-20	Actual 2019-20	Approved 2020-21	Proposed 2021-22
Fixed Revenues				
Application Fees	4,500	1,000	4,500	4,500
Membership Fees	142,700	138,320	142,700	142,700
Total Annual Membership Dues	147,200	139,320	147,200	147,200
Miscellaneous Revenue				
Contribution Congress / Conference	7,500	2,700	10,000	10,000
Pin Sales and signed CMC Certificates	2,500	1,730.00	2,000	2,000
Miscellaneous Revenue	1,000	-202	1,000	1,000
Total Miscellaneous Revenue	11,000	4,228	13,000	13,000
Interest Revenue	500	-	-	-
Total Fixed Revenues	158,700	143,548	160,200	160,200
Flexible Revenues				
ICMCI Projects				
CMC-Firm	7,500	3,150	7,500	7,500
CMC-Registry	2,500	1,490	10,000	10,000
ISO 20700 licenses and training	8,000	9,485	20,000	20,000
ICMCI Brokered Projects (Micro site)	500	100	-	-
AMCC	-	2,000		
Secretariat Services	8,500	9,000	9,000	9,000
Total ICMCI Projects	27,000	25,225	46,500	46,500
Total Flexible Revenues	27,000	25,225	46,500	46,500
TOTAL REVENUES	185,700	168,773	206,700	206,700

	Approved 2019-20	Actual 2019-20	Approved 2020-21	Proposed 2021-22
Core Expenditures				
Core Secretariat Expenses				
Salary & Benefits	88,000	92,217	96,500	96,500
Travel & Accommodation costs	8,000	7,155	8,000	8,000
Dues & Subscriptions	1,500	766	1,500	1,500
Postage and Delivery costs	200		150	150
Stationary - Purchase	500		500	500
Printing and Reproduction (Pins)	1,000	148	1,000	1,000
Telephone & Fax	200		150	150
Other	500	1,000	150	150
Total Secretariat Expenses	99,900	101,286	107,950	107,950
Core Board and Governance Expenses				
Chairperson's Costs	10,000	740	10,000	10,000
Face-to-face Board Meeting	6,000	1,980	6,000	6,000
Total Board and Governance Expenses	16,000	2,720	16,000	16,000
Core Assessment & Re-assessment Expenses				
Assessment Expenses (Assessor Travel Expenses- Provisional applications)	-	-	2,000	2,000
Re-assessment Expenses (Assessor Travel Expenses)	10,000	4,260	8,000	8,000
Total Re-assessment Costs	10,000	4,260	10,000	10,000
Core Marketing & Communications				
M&C General costs	4,000	-	4,000	4,000
Newsletter	1,500	-	1,200	1,200
Other Marketing Expenses	500	-	500	500
Total Marketing & Communications	6,000	-	5,700	5,700
Core Internet/Website				
Development cost	-	-	-	-
Annual Maintenance Support	2,300	1,926	2,300	2,300
Operational Maintenance (including Hosting)	5,000	-	5,000	5,000
Total Internet/Website	7,300	1,926	7,300	7,300
Core Treasury Expenses				
Bank & Credit Card Costs	1,500	1,895	1,500	1,500
Monthly Service Charge - Online Payment	-	123	250	250
Swiss Lawyer/Tax Expert/Insurance	3,000	3,113	5,000	5,000
Other Professional Support	-	-	1,000	1,000
Annual Audit	2,500	2,697	2,500	2,500
Swiss VAT	5,000	2,316	3,000	3,000
Total Treasury Expenses	12,000	10,144	13,250	13,250
Total Core Expenditure	151,200	120,336	160,200	160,200
Variable, non-core Expenditures				
CMC Directory	1,750	-	1,000	1,000
CMC Directory: Co-Sharing Credit to IMCs	750	500	2,500	2,500
Global Status (Consulting report)	2,000	600	2,000	2,000
CMC Firm	5,500	-	1,000	1,000
CMC-Firm: Co-Sharing Credit to IMCs	2,000	-	2,000	2,000
AMCC	2,000	-	2,000	2,000
Outreach	10,000	9,787	10,000	10,000
ISO Development Costs	5,000	2,391	5,000	5,000
Admin Support		2,624	6,000	6,000
Trademarks	2,000	1,944	10,000	10,000
Other Expenditures	500		500	500
Total Non-Core Expenditure	31,500	17,846	42,000	42,000
TOTAL EXPENDITURES	182,700	138,182	202,200	202,200
RETAINED NET REVENUE				
From Fixed Revenue - Core Expenses	7,500	23,212	-	-
From Flexible Revenue - Non-Core Expenses	(4,500)	7,379	4,500	4,500
Bad Debts	-	2,289	-	-
TOTAL NET REVENUE	3,000	28,302	4,500	4,500

4. NOTES TO THE PROPOSED BUDGET

1. Revenue

Fixed Revenue: Having met the recommendations of the taskforce and reaching the equation of fixed revenue covering fixed costs the same was applied for the approved budget for 2020-2021 with no increase in Membership fees, and the same will continue to apply for the proposed budget of 2021-2022.

It is important to note that invoices between institutes will vary depending on the number of IMCs, as well as the numbers of CMCs, and ACPs for each country as provided in the membership survey according to the taskforce recommendations. However, this year, those who have grown will pay a bit more, those who lost members will pay a bit less. On the whole we will average out to €7,000 less revenue for the Secretariat to make up for our lost members by spending less.

In the fixed revenue section, the assessment and re-assessment fees are combined with the membership fees to mirror the report of the auditors. In our accounting systems we record the assessments and re-assessments in separate accounts taking all the different adjustments into consideration for full reporting during the year. Looking at our accounting system, you will note that there are:

- a. Membership fees: €110696.24
- b. Provisional Application fees, and those cover the provisional assessment: €0
- c. Full membership application fees, those cover the full membership assessment: €1000.-
- d. Re-assessment fees: € 27623.4

As indicated in the introduction and as implemented last year, the revenue generated from the contributions towards hosting the conference/meetings of ICMCI continue to show in the fixed revenue of ICMCI as it demonstrated steady and reliable income over the past 3 years for the exception of this challenging year. We will continue to monitor our flexible revenue services and as they show maturity, the same will be reflected.

You will notice that the miscellaneous revenue is in the negative, and that is due to the closing of the unknown payment of UID that we had in our records since the current secretariat took over the accounting as it was subtracted from the miscellaneous revenue (with the amount of €1650) in order to closer the account, this was done following the recommendation of our auditor.

Flexible Revenue: the approved budgets to meet the current strategic plan (2019-2020 and 2020-2021) focus on the four main activities, and the same will apply for the third-year strategy budget, i.e. the proposed 2021-2022 budget:

- The CMC-Firm: the programme is now fully implemented with a result of 11 CMC-Firms. Due to the circumstances, this programme was stagnant for this current year, but we know

we need to continue creating awareness about its benefits and the benefits of its dedicated directory that is now promoted on the home page of the ICMCI website.

- The CMC-Global Directory: the directory demonstrated some income and expenses, especially with the co-sharing scheme, it picked up after announcing the special pricing beginning 2020 and now reached 60+ registrants. This programme was also promoted on the ICMCI home page in our effort to continue marketing this service.
- The ISO 20700: the revenue is based on the training being delivered on the ICMCI Self-Declaration Checklist which grew extensively during the year, however the agreement with EBRD was stalled and did not generate the expected income, but the agreement with FCSI was finalized and that is showing a steady stream. To add to that, training among IMCs gained momentum especially with having 28 IMCs accredited to deliver the course, which is 7 more IMCs during this year. The generated revenue is exemplary and demonstrates to the IMCs the value they would gain from providing this training to their CMCs and MCs, and in our efforts to assure this services reaches all the IMCs, we launched the online training this year and had our first training delivery. This service is also promoted on the home page of ICMCI and it demonstrates the growth of the number of accredited IMCs as well as the number of trained consultants.
- Secretariat Services: this covers the revenue generated from delivering our secretariat services to the Global Institute. This service is based on a service agreement renewed annually.

2. Expenditure

Core Expenses: this section focuses on our global operational expenses which cover the secretariat, board, treasury, and marketing efforts.

The Secretariat now consists of an executive director, and an executive secretary, and an admin support that was contracted end of 2019 but who's expenses show in the variable expenses. The secretariat has a fund for travel as well as costs related to operations. Previously the fund only covered the ED travel expenses. In 2019-2020 we proposed to increase that to cover the travel expense of the ES to the annual events. The salaries had an increase to address the annual increase to our current secretariat in the approved budget of 2020-2021, but none will be added in the proposed budget for 2021-2022. Keeping in mind that part of our secretariat services is being recovered through the provision of services to GI.

Dues and subscriptions cover virtual conferencing. Since January 2019 we began using Zoom as a platform, which proved to be at a lesser cost (two-year subscription for the cost of one with WebEx) and with better features as demonstrated during our webinars held this year. This line also covers the QuickBooks subscription, which is our accounting system, and the ICMCI Full membership with CoNGO, as well as the MailChimp subscription that is now being used for our newsletter.

The governance and board expenses still cover the Chair travel expenses and the face-to-face board meetings and continue to be at the same amounts as the approved budget of 2020-2021.

However, we feel that those might assist in decreasing expenses due to the constraints on travel because of the current situation worldwide.

This year, all the assessments that took place followed the procedures and are reported accordingly.

Bad debts are reported in the budget as they reflect on the retained revenue but are not part of the budget itself. Those are also reported in the treasurer's report and the audited statements.

Core Marketing and Communications is an important part of the budget and with the projected increased activity of the committee we may re-visit allocated budget for the coming years. For the 2021-2022 budget, we remain at the same amounts, hoping the increased activity in promoting our services will increase flexible revenue.

Core Internet / Website include the maintenance and operational costs as all development has been finalized, and any development related costs would be against the services that would be launched via the website included in the non-core section. We were able to get a good deal from our providers for 2019-2020 and 2020-2021, and hope to maintain the lower spending on this during 2021-2022. The budget would remain the same in case further development is needed for any of our offered programmes and services.

Core Treasury Expenses are straight forward and reflected the requirements of increased activity in the 2020-2021 approved budget. Reallocation of budget took place back then between the Swiss Lawyer/Tax Expert/Insurance/Swiss VAT/online payment expenses/annual audit and will continue to be at the same figure for the proposed 2021-2022 budget.

Variable Expenses: same as the approved budget of 2020-2021, we will continue assuming €46,500 of flexible revenue in 2021-2022, and that we would incur expenses for the budgeted amount of €42,000 in the following areas:

- CMC-Directory: This budget line covers expenses for the continued implementation of the CMC-Directory to cover expenses from its growth and future support for platform maintenance. The directory was launched end of June 2019 and it already generated revenue from subscriptions and it also generated credit to IMCs in the co-sharing item line. This reflects the activity vs. the revenue item line for the service itself.
- Consulting Report (NCI): This budget line covers expenses directed towards the consulting report which was launched in June. The budget was used to purchase data that was needed for the index, and we will maintain this in the proposed budget for 2021-2022 as it is planned to expand the scope and research activities and that might include further purchasing of data for this project.
- The CMC-Firm: the allocated budget will cover the maintenance of the website and any incurred expenses with growth. A budget line reflects the co-sharing scheme. This reflects the activity vs. the revenue item line for the service itself.
- The Outreach budget line reflects our increased efforts to enhance our outreach activities. This budget line offers us the flexibility to manage specific promotional events to enhance

our visibility globally, and supports the budget allocated to the marketing committee. This budget was used last year for the design of our annual report and will continue to be for the same in the proposed budget.

- ISO 20700: this service proved to be a successful service for ICMCI, as after launching the Checklist training and gaining all the traction, and signing agreements with organizations, ICMCI are looking into addressing further needs to satisfy consulting firms as well, and this budget line addresses any expenses that might arise from the business proposal being prepared by the taskforce.
- Admin Support: this was a new budget line in the approved 2021-2022 budget, and we consider this a variable expense, as it addresses contracting an admin support to cover the increase in secretariat work based on the increased number of hours needed to address the several revenue generating services inquiries.
However, an admin support was contracted in November 2019 due to the increased support needed by the Secretariat. As with the increase in marketing efforts, especially for the conducted webinars, resulted in increased communication to ICMCI from the different websites to include the CMC-Directory, and we had to have a dedicated person to address those. The admin support services will continue during 2020-2021 at the same level, while the budget provides increase in service hours if needed during 2021-2022.
- Trademarks: we launched the project for protecting our CMC trademark, we were able to establish the registration in Switzerland, and during 2020-2021 we will start the registration in countries of operation and will maintain the increased budget for 2021-2022 to assure we meet all our financial requirements for the different registration phases.

3. Net Revenue

We have budgeted for a modest €4500 of Net revenue to stay in line with the previous years in order to continue to build our reserves. However, like last year, our proposed 2021-2022 budget will rely on the flexible revenue to build this reserve in order to assure fixed revenue covers all core expenses even with the challenges faced by our Members that reflect as challenges on the ICMCI.

Submitted 16 September 2020

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