



CMC - GLOBAL

Task Force on Strategic Funding

REPORT EXECUTIVE SUMMARY

06 September 2016
Final Report

Submitted for Consideration by:

Dwight Mihalicz, Treasurer, Task Force Chair, Canada

Glenn Yonemitsu / Randy Baldwin, Canada

Donald Demeritte, Caribbean

Tom Moriarty, Ireland

Jeremy Webster, United Kingdom

OFFICERS

Chairman
Sorin Caian CMC
Romania
sorin.caian@icmci.org

Treasurer
Dwight Mihalicz CMC
Canada
dwight.mihalicz@icmci.org

Secretary
Kim Karme CMC
Finland
kim.karme@icmci.org

Vice Chairs
Rob Bodenstein CMC
Austria
rob.Bodenstein@icmci.org

Kyeong Seok HAN CMC
Korea
kyeong.seok.han@icmci.org

Elena Yuzkova CMC
Ukraine
elena.yuzkova@icmci.org

Oliver Matar CMC
USA
oliver.matar@icmci.org

Jeremy Webster CMC
United Kingdom
jeremy.webster@icmci.org

Immediate past Chair
Tim Millar CMC
Australia
tim.millar@icmci.org

Reema Nasser
Executive Director
Jordan
Reema.nasser@icmci.org

EXECUTIVE SUMMARY

This Task Force has its genesis at the CMC-Global Congress in Noordwijk in October 2016. There were extensive discussions about how IMCs would fund the global operations of CMC-Global. The Treasurer's proposed budget for this work was not approved, but a one-time Member Fee increase for the 2015-16 fiscal year put in place. This was intended to provide time for a Task Force on Strategic Funding to be established and to develop a report based on the mandate of how we would fund CMC-Global if the organization were created today.

The Treasurer was asked to Chair the task Force. His first action was to canvass all IMCs for members of the Task Force so each IMC would have the opportunity to participate. In particular, the Treasurer felt it desirable to have representation from different sizes of IMCs, to ensure a variety of perspectives. Volunteers came forward from the United Kingdom, Ireland, Canada and the Caribbean. The original candidate from Canada was not able to participate in all sessions, so an alternate was named.

The Task Force met several times to establish its approach and the principles for its work. Thereafter a draft report was prepared and amended regularly through internet conferences and email correspondence.

Seven principles for the funding of the Secretariat (which represented the global operations of CMC-Global) were established to guide the work of the Task Force. These are recommended for approval and for future use as guidance for budgeting and funding purposes. Thirty recommendations are made by the Task Force and are submitted in this report for consideration by Delegates.

The starting point is that the core operating costs of The Secretariat will be covered by Membership fees. This establishes a basis for the global operations of the federation of IMCs to cover off the cost of those activities better carried out globally than by individual IMCs. These can be thought of as core activities that require ongoing funding. Special activities and strategic initiatives should be funded from other forms of revenue or special levies, and not built into the core budget. The Annual Assembly of Delegates should continue to approve a two-year budget for Secretariat activities at each of its annual meetings.

Assessment fees were reviewed and increases are recommended. This is to assure that there is some threshold for the entry of new members, to assure that they have substance as national organizations within their own territories. The cost of travel for assessments should be built into the assessment fee so as not to penalize the more remote IMCs. It is also recommended that the cost of reassessments be built into the base membership fee so as not to cause triennial blips in the budgets of IMCs.

One of the principles recommended by The Task Force is that larger, more established IMCs should carry a larger part of the cost of operating the global organizations. This can be accomplished by setting a base fee which all IMCs would pay. A supplementary portion of the IMC membership fee would be variable, based on the size of the IMC. Size is determined by membership in four classes:

- Management consultant members of Corporate members of the IMC
- CMC members of Corporate members of the IMC
- Management consultants who are individual members of the IMC
- CMC members who are individual members of the IMC

The numbers of various classes of membership would attract additional membership fees, but in a proportional way so that the few largest IMCs don't end up carrying a disproportionate amount of the cost of the global operations. Student, Honorary and Retired Members are excluded from the assessment of fees paid by the IMC. It is recommended that members of IMCs who pay fees through their membership to CMC-Global should be informed of this to create the link to the global organization.

No fees are recommended for corporate members of IMCs, as the manner in which these memberships are registered and counted vary widely from IMC to IMC. Similarly, no fees are recommended at this time for management consultant (non-CMC) members of corporate members. It is suggested that both of these situations be reviewed once better statistical records can be gathered.

The means of balancing the proportionality between a base fee and member-based fees was explored and discussed. A recommended approach is presented, which will need to be tested against the budget to be approved by Delegates at the Annual Meeting in Toronto.

The Task Force recognized that there are different economic situations for IMCs, and the real cost of a Euro varies widely. The World Bank PPP index is used to calculate the relative economic standing of Member IMCs with respect to the calculation of Member Fees. This has more fairness than the current approach, as it takes into account GDP plus the cost of doing business within the country. It is also recommended to create one additional category of economic class to more smoothly distribute the economic classifications.

It is recommended that the practice of issuing Member Fee invoices for each year at the beginning of that fiscal year be continued.

The Task Force felt that the size of the annual budget of the Secretariat is growing, and therefore an independent, professional review of CMC-Global financial statements should be made beginning with the 2016/17 fiscal year.

Finally, because the means of allocating the costs of membership has changed, the implications for each IMC vary. In addition, as the way in which allocations are made has become more sophisticated, the reporting of statistics by each IMC becomes more important, and it would appear that not all IMCs are using the same definitions of membership. It is recommended that the Treasurer be accountable for working with the Finance Committee and the Membership Committee to work through solutions to the fee increases in cases of any undue hardship to an IMC.