

PROPOSED 2016-2018 Budget with reference to 2014-2016

International Council of Management Consulting Institutes (CMC-Global)

14 October 2016

(With expanded analysis of 2017-18 Budget.)

Submitted for Approval



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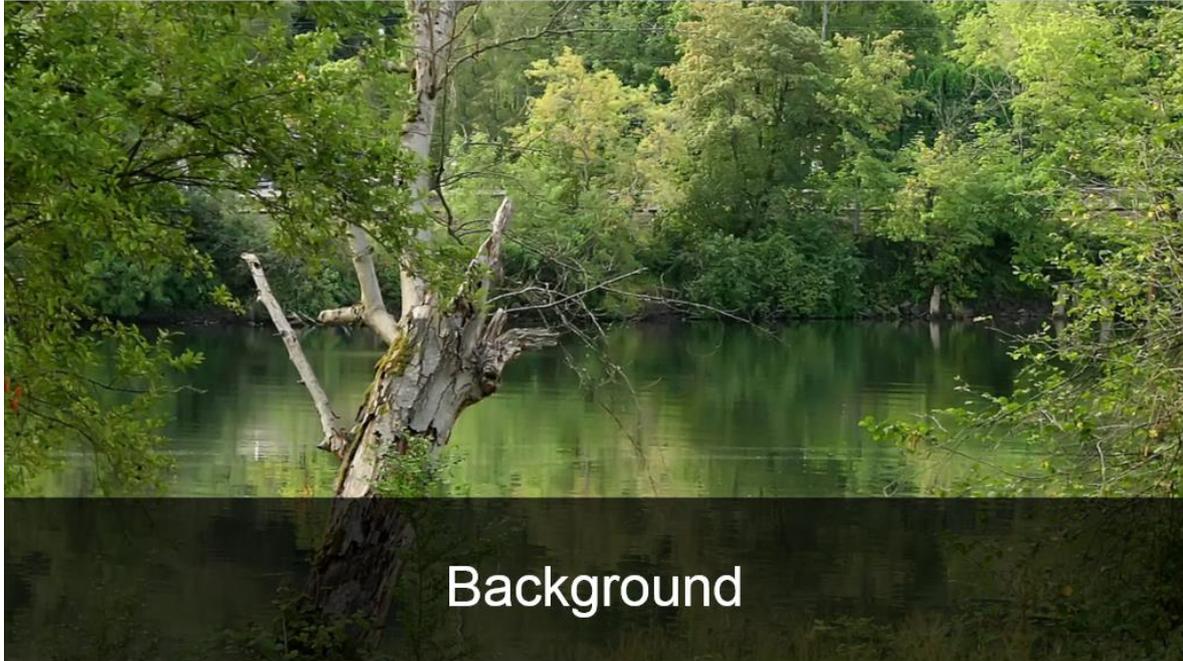
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1. BACKGROUND

CMC-Global is going through a transformation. What started almost 30 years ago as an initiative of a handful of IMCs is now maturing into an advanced organization with best practices governance, and a professional staff which together are making things happen at a global level.

In 2009, with the launch of the Breakthrough Strategy, Member IMCs collectively felt that there was a better way to collaborate globally. They agreed to double the Membership fees for three fiscal years in order to create more member value by:

- Determining what we want to achieve
- Focusing on what is essential (making careful choices and stick to them)
- Having a professional staff that makes things happen
- Accelerating towards the next level

A tremendous amount of effort has been put into developing agreed upon programs and services with these enhanced resources, as input from all IMCs was sought to determine the most important projects to undertake. The achievements were attained because of tremendous volunteer effort of CMCs from around the world. This is an accomplishment that must be celebrated.

By 2013 we entered the execution stage, and in 2013-14 we engaged a full time Executive Director on a one-year trial, using some of the resources from Breakthrough Strategy. This was a success, and it is universally agreed that having the focal point of a full time executive coordinating and driving our work makes a huge difference. Also, during that year many of the projects were put on paper for approval to forward to the implementation stage. We started with

the branding of the CMC and all other products to evolve around and enhance our major brand – the CMC. Materials were prepared and disseminated to all IMCs. The new era began with a more clear differentiation between the work that is carried out at the national level by IMCs, and the work carried out at the global level by CMC-Global.

For fiscal 2014-15 it was decided to continue to fund the Executive Director. Although there was general agreement about the need for the role, there was no general agreement to increase membership fees to do this. The budget in that year therefore assumed that it would be possible for IMCs, working collaboratively as coordinated by a full time Executive Director, to raise the funds from other revenue sources based on programs and services arising from Breakthrough Strategy work:

- Corporate Members
- CMC-Global Institute
- CMC-Firm
- International Conference
- ICMCI Brokered Projects

Of these, only the International Conference achieved projected results. In practice, it was not possible to complete the development of these programs and generate the revenue within the same fiscal year. As a result, CMC-Global operated at a significant deficit in the 2014-2015 fiscal year.

For 2015-16, as your Treasurer (and having learned from the previous year!) I proposed an increase to Member Fees to cover the core operating expenses of the Secretariat, combined with revenue from other than membership sources. Member IMCs did not agree to this increase to membership fees, but did agree on a plan for the way forward:

- A one-time increase in fees for 2015-16
- The creation of a Revenue Generation Committee – the sales arm of CMC-Global
- The establishment of a Task Force on Strategic Funding to come back with recommendations on how CMC-Global would finance itself if it were created to-day.

In 2015-16 the Revenue Generation Committees work was established but did not produce results within the fiscal year. The committee has looked both internally and externally and put ideas on the table, and has investigated them. External activities have taken longer than expected, so a focus was placed on internal activities in order to harvest probabilities of implementing the products and services amongst our member IMCs.

The net result was a holding pattern approach for the year, with some good work done, some good progress made, and a roughly balanced budget for the year.

In this, the 2016-17 and 2017-18 Budget proposal, we build on this learning curve, and the work of the Task Force on Strategic Funding to propose how we will fund our global operations going forward.

This proposed budget covers two fiscal years. The process of approving a budget for a two-year period is important, as it allows:

- The ability to collect membership fees from member IMCs at the beginning of the fiscal year instead of the end of the fiscal year.
- Financing of projects that may take longer than a one-year period.
- Better financial planning for CMC-Global and its members.
- Longer term financial planning to support CMC-Global strategies.



2. STRATEGIC POSITIONING

The work of any organization must begin with its business model and its strategy: who we are, what we do, and where we are going. To build on the work of the Breakthrough Strategy, the CMC-Global Board continued its strategy development work. From the perspective of the Treasurer, this is fundamental because of this logic flow and requisite order of doing things:

1. **Develop the strategy.** As a federated global organization we must agree on our way forward. Our strategic plan, as put in place by our Board, is the mechanism for this discussion as it sets out our mission, vision and goals, and the key initiatives that must be in place to attain them.
2. **Develop the goals and accountability for work.** We must then decide how we do the work we have agreed to do; in other words, who is accountable for various activities. Of particular importance is the identification of what is done at the national level by IMCs and what is done at the global level by CMC-Global (its Board, its volunteers and its Secretariat).
3. **Identify and assign resources.** Finally, we decide on how we will fund the work that needs to be done. We are indeed fortunate that most of our effort is carried out by volunteers. We have an Executive Director that is the center of everything and keeps us all coordinated.

In other words, it is time to move from the creation of strategy to the execution of strategy. Research has shown repeatedly that strategies fail to reach their

objectives 70% of the time. They are completely implemented about 5% of the time. The rest fall somewhere in the middle.

The challenge before CMC-Global is to determine how it, as a federation of Member IMCs, will collaborate on those initiatives of mutual interest that advance the profession of management consulting globally.

As your Treasurer, I was impressed by the discussions at the 2015 Annual Meeting in Noordwijk. There was no feeling of isolationism, or the “we-they” approach that so often mars discussions at federations. Rather, the discussion was about how we would fund this global operation in the best way to accomplish what we wish to accomplish. Discussions also brought out the clear intent of mature institutes to keep on carrying the torch to light the way for smaller developing ones. The responsibility towards the profession was clear to all.

OUR CHALLENGE NOW AS A
GLOBAL ORGANIZATION IS
STRATEGY EXECUTION.

The work of the Revenue Generation Committee is launched. The Task Force on Strategic Funding report is before Members and Delegates. The Breakthrough Strategy initiatives are poised for significant implementation in 2016-17. Your Board has completed significant work on our strategy.

What remains is how we shall fund our work.

Understandably, Member IMCs want to know how their membership fees are being used at the global level. They want to be sure that those fees they pay, which could be put to good use within their own national programs and services, are adding value.

The easy answer of course is to decide that we must raise more revenue from non-member sources. Over the three years since the Breakthrough Strategy work was completed we have learned that success will take more time than we have so far allowed. The Revenue Generation Committee has made its start, and I am confident that the results will be produced over time. But we should not count on this for our core operating expenses. The approach now being followed is fundamental: provide products and services that support Member IMCs to carry forward the implementation of services and programs at a national level while at the same time generating additional revenue for the global organization.

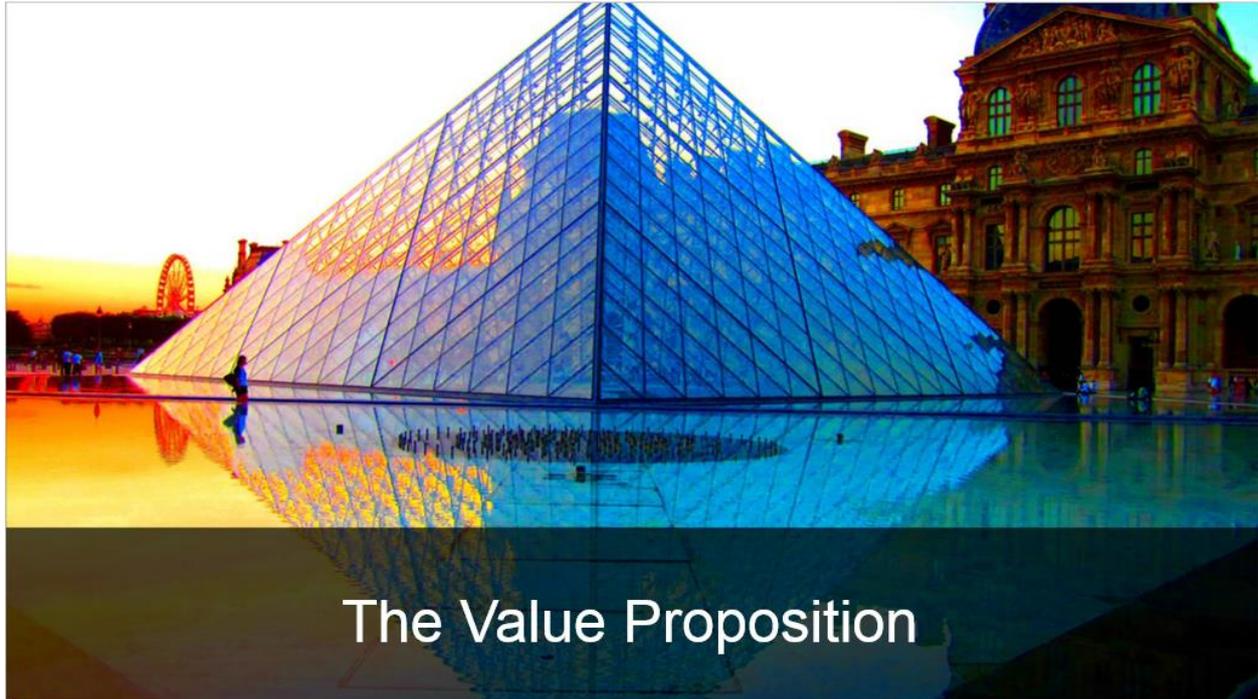
The work of the Task Force on Strategic Funding has been completed. It provides us an excellent framework for allocating the cost of global operations in a fair and equitable way.

As Delegates of CMC-Global, and those who control the governance of the global organization, it falls to us now to decide how much we are willing to fund global

operations. And this does come back to the value proposition: what will be the return on investment, or simply:

What do we get for our money?

This is addressed extensively in other Board documents, and specifically in the strategic plan (including value proposition) documents tabled with delegates.



3. THE VALUE PROPOSITION

*CMC-Global will be a leader
in the development of management consulting
as a global profession
that drives social and economic success.*

This is a compelling vision. It is a restatement of the work of those volunteers that have preceded us, it provides us with our direction.

The achievement of the vision requires coordinated effort in terms of what we do today that can keep our operations going, and at the same time move us towards this vision.

The most fundamental value proposition is the most difficult one to describe. I think of it as the overhead cost of belonging to something larger. In any consult I have worked where financing is an issue – the operations arm feels that overhead allocations from the support services are too high for the value received. In every national organization I have ever belonged to, the provinces feel that the cost of their national office is too high. In every international organization I have ever belonged to, the national organizations feel the cost of the global secretariat is too high.

We are no different.

You have received documents which detail our strategic plan, and the initiatives under way to implement it. I will not repeat that information here, but

encourage you to review the strategy documents careful as you consider this proposed budget.

This document focuses on the resources required to implement the strategy. As your Treasurer, this is my role. I must, to the best of my ability, propose to Delegates the financing I judge will be required to execute our strategy.

In 2013-14 we financed our first full-time Executive Director for a trial period of one year out of Breakthrough Strategy funds. This was a success and it was agreed this resource was very helpful to coordinating and advancing the global work of CMC-Global. In 2014-15 it was recognized that we would need additional financing to bring our Executive Director on a full time basis. Rather than raise membership fees, we tried to do this by raising additional revenue from alternative sources. In this we were not successful and as a result our increased expenses were covered out of contingencies.

In 2015-16 a one-time increase, together with some alternative sources of revenue was approved by Delegates (then Trustees).

This year, as your Treasurer, I am proposing a budget that will enable us to begin implementing our strategic plans and to take advantage of the very valuable work that came out of Breakthrough Strategy.

This work has been guided by the work of the Task Force of Strategic Funding, the Finance Committee, the Board, and from many consultations with Delegates and others in IMCs.

For this extensive support, I am most grateful.

It is not an easy budget, as it does reflect an increase in membership dues of our Member IMCs. This is not an easy message to deliver; nor is it, I am sure, an easy message to hear.

On the other hand, if we are serious about becoming a global force for management consulting, and to truly build on the network of our Member IMCs around the world, then we need to think seriously about how we can do this. In the spirit of the discussion at Noordwijk, and of the many, many consultations since then, I am looking forward to spirited discussions amongst many very clever people who will, I am positive, find the best way forward for our movement as a whole.



4. EXPENDITURES

The Task Force for Strategic Funding recommends that core expenses of the CMC-Global expenses be funded by IMC Member Fees, and that non-core, or variable expenses be covered from other sources of revenue. We are therefore presenting the budget in this way.

Core Expenditures

Core Secretariat Expenses

In this budget we show the total Secretariat expenses in one section, with a breakdown by the nature of the Secretariat expenses. This makes it easier for Delegates to see the investment in our staffing and supporting services.

As I indicated in the last budget cycle, as your Treasurer, I am of the firm opinion that the role of an Executive Director, regardless of incumbent, is essential to the growth and strengthening of CMC-Global. All Members have felt the significant advances that can be made by having a central person, devoted to this work, who can manage the timelines, can be a central source of knowledge, and can coordinate efforts to ensure the avoidance of overlaps or missed opportunities.

Of course the vast majority of the work must be carried by volunteers. CMC-Global is a not-for-profit organization. In the short term it cannot afford to engage a full Secretariat. On the other hand, without the central investment of resources, CMC-Global is destined to continue spinning its wheels, and failing to make real progress in spite of excellent ideas and best intentions.

In order to be judicious with Secretariat expenses, we have started the process to end the contract with our service provider and convert to in-house administrative support. Notice was given at the beginning of the Fiscal year and will take effect January 1, 2017. This will reduce the budget of €40,000 per year to €20,000 for this fiscal year, and to €0 in the next. This is offset by the cost of Administrative Support staff salary. This

increases the cost in 2016-17 by some €11,000 over the 2014-15 budget, but results in a savings of some €9,000 from 2015-16 to this year.

Consistent with best practices in not-for profit organizations, there is no compensation for the activities of volunteers including the Board. However, we do attempt to cover the travel and related out-of-pocket expenses for required CMC-Global activities.

Core Board Governance Expenses

Traditionally, the travel and related out-of-pocket expenses of the Chair and the Directors are subsidized by the home-IMCs, the firms of the member, or by the member personally. While the bulk of the work is done virtually through web-based technology, some face-to-face work is necessary. The generosity of others is critical, as the budget shown in this section is a fraction of the actual expenses of doing business.

This budget section covers:

- A portion of the direct travel and out-of-pocket expenses of the Chairperson during their term of office. There is no increase reflected for either fiscal years in comparison to the 2015-2016 budget.
- The cost of the web conferencing to cover the bi-monthly meetings, and the meetings of committees conducted over the same platform.
- One face-to-face meeting for the Board. This covers only hotel and incidental expenses, with flight costs subsidized by other means. There are no increases reflected on either fiscal year in comparison to the 2015-2016 budget.

The Task Force on Strategic Funding had explored whether governance expenses such as related travel of Directors to attend the face-to-face Board meeting should be covered by Member IMC membership fees, but it was decided not to recommend this. They so suggest that it be examined at a future time to equalize the cost of governance across all Members.

Core Re-Assessment Expenses

This is a new item on the budget as it corresponds to the recommendation from the Task Force on Strategic Funding report, and therefore its inclusion in the budget is dependent on the approval of this recommendation.

If the recommendation is approved and included in the budget, then this item will cover the re-assessment costs of all IMCs as required every three years. It will also cover the travel costs of the on-site assessment required every nine years.

Core Marketing and Communication

Marketing and Communication is an important aspect of attaining our strategic plan. A modest increase is budgeted for the 2016-17 fiscal year, and a more significant amount for the next year. In particular, we anticipate a greater requirement of work on our trademarks.

Core Internet / Website

One of the initiative arising from Breakthrough Strategy work was a revamped and more user-friendly web site. The development, implementation and initial maintenance of the Website was funded from the Breakthrough Strategy fund. We are now bringing tis into operations, and must budget for enhancements and maintenance beginning in the 2016-17 fiscal year and onwards.

Core Treasury Expenses

The Treasury Expenses are straight forward and reflect modest increase based on increased activity, and at times decrease where we had over budgeted previously. The main increase in this budget line reflects the annual audit that was added upon the request of our General Assembly of Delegates, and which has also been recommended by the Task Force.

Total Core Expenditures

The total core expenditures for 2016-17 is €141,200. This is an increase of €8,500 from the previous year's budget, and \$38,169 from actual expenses in 2014-15.

Variable, Non-Core Expenditures:

This section of the budget outlines the non-core expenditures of CMC-Global. These activities address the global change goals required for the implementation of long terms strategy. Expenditures documented in this section are used to develop the products and services that would support strategic goals.

This reflects one of the core recommendations of the Task Force – that core expenses remain stable, and that non-core expenses (e.g. strategic initiatives) should be funded out of non-membership fee revenue.

The non-core expenditures are derived from the enablers documented in the strategic plan. Sorted into the three key strategic goals, they are:

1. Build the profile, recognition and influence of the profession and its practitioners.
Enablers are:
 - a) CMC Directory
 - b) Global status
 - c) ISO
 - d) CMC Firm
 - e) Constantinus International Award
 - f) AMCC
 - g) International conference
2. Support, enhance, and grow the international network of management consulting institutes. Enablers are:
 - a) Hubs
 - b) Outreach
 - c) Membership growth
 - d) Collaborative Approach

- e) Regional representatives/liaisons with international organizations (UN, Unions, OECD, ILO...etc.) with proper induction sessions (lobbying).
3. Enable the IMCs to enhance the visibility, recognition, and desirability of the CMC designation with both consultants and users to include heads of government as a risk reduction tool. Enablers are:
 - a) Communication packages to national governments.
 - b) Other stakeholders like donors.
 - c) ISO from a client's perspective.
 - d) Code of conduct (to address the ISO)

By definition, the work to be carried out in this area will be determined by the amount of funds available, and therefore by the success of the revenue Generation Committee working together with IMCs to generate alternative sources of revenue. In 2016-17, we are forecasting €15,000. If the revenue does not materialize, the expensed will not be incurred.

Assuming €15,000 of flexible revenue, we would incur expenses in the following two areas:

- CMC Directory: This budget line covers expenses directed towards a CMC Directory that would be based on a business model that would generate revenue as it would include subscriptions to the directory. The directory bears a higher investment cost in 2016-2017 and the budget for the following year is that of maintenance.
- Consulting Report: This budget line covers expenses directed towards a consulting report that would address the many aspects of our profession and satisfy a need that was highlighted to us by the IMCs. The consulting report starts with a moderate budget in 2016-2017 and increases in the next year as we expect to expand its scope and research activities.

The budget line also covers our increased efforts to enhance our outreach activities. It is included in the budget for 2017-2018 as it is dependent on un-allocated flexible revenues in 2016-2017.

The same applies for other items on this budget line, as we hope to be able to address them sequentially during the coming 5 years.

Other Expenditures

Many of the European-based IMCs collaborated on a voluntary base to fund the development of the CEN standard for management consulting. That work has morphed into the development of an ISO standard. CMC-Global has agreed to pay a portion of the expenses of developing the ISO standard.

The expenses are variable from year to year at roughly €6,000. IN fiscal 2015-16 these costs almost doubled due to the increased activity in the last stages of development. It is anticipated that we will have a similar level of expense again in 2016-17.

Once the ISO standard is finalized, we will no longer have this expense and it will develop and be substituted with expenses related to developing the ISO's implementation, which shows in the 2017-2018 allocation, funded by flexible revenue.

Other expenses previously budgeted in this budget area are longer included in the budget.



5. REVENUE

In keeping with the recommendations of the Task Force on Strategic Funding, revenue is being budgeted to cover core expenses from membership and fixed revenue sources. Non-core or strategic expenses are covered from flexible revenue sources. Revenue budgets are separated into these same two categories.

Fixed Revenue

Membership Dues

The first category of fixed revenue is membership dues. The total amount of membership dues is derived by subtracting all other sources of fixed revenue from core expenses. The amount remaining is covered by membership dues.

If core expenses rise faster than other fixed revenue, then membership fees increase. This is the case in 2016-17 where other fixed expenses are relatively small. However, as Breakthrough Strategy programs become established and generate predictable income, these will become fixed expenses. The reward for establishing these new sources of revenue for Members is that membership fees will go down as other fixed revenue increases.

For 2015-16 the membership fees total €127,200. This is a substantive increase to normalize the operations of the global Secretariat, and to cover out of core expenses the salary of the Executive Director.

The implications for each IMC for this budget increase is shown in a following section.

We also assume a budget of €1,000 for Application Fees which would be the fee for an application from one new potential member using the Task Force recommendations.

The other miscellaneous revenue is relatively steady, but is a modest source of income.

Flexible Revenue

As indicated in the introduction and in the Treasurer's Report, the relative lack of success in increasing the flexible revenue line is disappointing. However, progress does continue to be made. Following are the sources of flexible revenues we expect can be achieved over time.

- **International Conference.** The international conference, typically to be held jointly with the Annual Meeting of Delegates has been a successful source of revenue both for hosting IMCs and for CMC-Global. The RFP for hosting both events is issued early in the year to ensure ample time for planning, promotion and sponsorships. Successful candidates will guarantee certain levels of funding to CMC-Global in exchange for the hosting of the events. In 2014-15 we exceeded the budgeted amount from a successful event in Seoul. In Noordwijk, in 2015-16, the budgeted amount was almost reached. We have budgeted an attainable amount from this source for each of the years 2016-17 and 2017-18, although we believe an increase might be attained in 2017-18 since it will coincide with the celebrations of CMC-Global's 30-year anniversary.

Corporate Members. A corporate membership program for CMC-Global was finalized in 2014-15. In spite of three potential corporate sponsors, none were signed in the fiscal year, resulting a budget shortfall. However, there have been expressions of interest. Success in this area depends on enthusiastic collaboration with IMCs, and to this end a revenue sharing program has also been put in place. We believe this program can be successful and is a perfect opportunity for an IMC to create additional revenue from existing relationship and support the global activities of CMC-Global at the same time. However, since it is more up to the IMCs buying in on promoting this program, we as CMC-Global will not include any revenue from it for 2016-2018 budget though our board will not cease to promote it and seeking opportunities.

- **CMC-Global Institute.** CMC-GI is now open for business, has member signed up, and has certifying its first members. Getting to this stage has taken much longer than anticipated, as is typically the case when most of the work is done by busy management consultants on a volunteer basis. The strategic case for CMC-GI is stronger than ever:
 - IMCs exist in over 50 countries of the world, making certification available to 80% of management consultants. This leaves 20% of the world's management consultants in countries without in-country access to the CMC designation.
 - It can take 3 to 4 years for organizations to apply to ICMCI to become Member IMCs to go through the process. During this period time they are Provisional IMCs, without the ability to certify their own members. By

registering some of their members with CMC-GI, they can obtain the CMC accreditation, so that the Member IMC, will have a core of CMCs by the time they are approved.

- In cases where an IMC fails to maintain its membership, and is no longer of Member IMC of ICMCI, CMC-GI provides a home for CMCs to become members, and to maintain their certification.
- Before CMC-GI, if management consultants anywhere in the world wanted to become certified, and there was no IMC in their country, it was incumbent upon them to search out and find an IMC that would accredit them. This led to a great deal of confusion, and an inability to track non-IMC certified management consultants.

CMC-GI has operated at a profit in this fiscal year, and is now in a position to begin repaying the amounts invested in its start-up.

- **CMC-Firm.** While the Large Firms Initiative failed to gain significant traction, a successful CMC Firm Pilot Project culminated with the award of a CMC Firm to Hejun Consulting Group of China in July 2013. Work has been actively under way to operationalize the CMC Firm approach and to generate revenue as a result. The program has now been completed, and a Certification Committee is in place. During 2015-16 we were expecting our first revenues from this source, however, while talking to the executives at the IMCs, we learned that not many are aware of this program or any of the other programs we were carrying, which prompted us to have one on one talks with the executives in order to announce such opportunities and spread the knowledge. We know that we would harvest that in 2016-2017 and the years to come, as interest level is encouraging especially with the sharing scheme and the carrying of appraisal activities at CMC-Global.

We expect to receive revenue in this line this year, and have budgeted for it.

- **CMC-Registry.** It was recommended at the 2015 Congress in Noordwijk that CMC-Global set up a registry of CMCs. CMCs anywhere in the world, through their individual IMCs can sign up to be part of a global networking community where consultants can collaborate on larger projects, or find talent that may be required for specific skills gaps in project opportunities. It is anticipated that there would be a fee to participate in this registry. The Registry can also be sold to consulting firms requiring possible consultants for their projects.

Such a registry would depend on the new CMC-Global website to be operational. This could be an amazing resource for CMCs with regional and global ambitions to gather together in a virtual way.

The value-added service from CMC-Global is the provision of access to management consultants that are certified CMCs. This is a badge of quality that is not offered by other similar services offered by LinkedIn or independent organizations such as www.consultants500.com operating out of Amsterdam.

- **ICMCI Brokered Projects.** CMC-Global is often aware of projects that are based in one country, and require consulting expertise in another country where the original firm does not have contacts. CMC-Global already provides this service, but will set up a more formal clearing house where consultants can request to be

referred for these projects in exchange for a fee based on a percentage of the work acquired. This work is in experimental stages, but can become an important service for our management consultant members, and to global client organizations eventually.

The clearing house mechanism can be a very useful for management consultants to begin expanding their scope beyond their national jurisdictions. More importantly it provides a platform for management consultants throughout the world to network and to bid on projects as informal networks or consortia.

Revenue Section Summary

In summary, we believe that there is an opportunity to significantly create revenue for non-core global operations from flexible revenue sources. Nothing of substance can be created without effort.

The budget before you puts in place the foundation for our Executive Director to be in place and to be sufficiently supported to focus on truly value-added work. It also allows for modest seed funding for key initiatives.

There is a significant increase in Member Fees which should be thought of as “priming the pump”. Success over time will create opportunities for Delegates to decide whether to reduce member fees, invest more in global operations, or some combination of both.



6. IMC MEMBER FEES – FINDING THE BALANCE

The Task Force on Strategic Funding provides a very comprehensive analysis of the history of member fees for IMCs, analyzes alternatives, and puts forward a recommended approach.

As your Treasure, I am pleased with the balance approach recommended by the Task Force. It provides a methodology for allocating the cost of global operations fairly across IMCs. The question before Delegates then becomes one of how much do we spend globally to achieve our mutual goals as a global federation.

As we all know from the transformation programs we manage for clients... change takes time, resources and effort. Increased application of resources and effort will shorten the time frame for the change.

In this proposed budget as your Treasurer I am also trying to fund a balance of an appropriate amount of investment to achieve the changes for which we aspire. If the budget is too high, it places too much of burden on IMCs. If the budget is too low, we risk failure during this important execution stage of our strategy.

It has been said: "One cannot leap a chasm in two small jumps". We do have a chasm in front of us. The chasm is the decision we must make about how we want to operate together. If we truly do value the concept of a global organization and all that entails, there is a cost to pay. I trust I have found the right balance for you as a starting point of discussion.

7. INVOICING MEMBERSHIP FEES

Over the last two budget years we have gone off track from the approval of two-year budget. This is an important principle, as it allows for invoicing so that the member fees paid to ICMCI can be used for the budget year in which they are paid.

With the approval of 2014-15 budget as part of this process, the invoices for the 2014-15 member fees were issued in September 2014, nearer the beginning of the fiscal year.

We will be able to re-establish this process in the 2017-18 budget year. For 2016-17 the Member invoices will be delayed pending the approval of this budget. The invoicing cycle will resume in 2017-18. The fees will be based on membership numbers recorded with the Secretariat from the annual membership reports. All IMC members will be reminded in advance of this date to ensure that their membership numbers are up-to-date and accurate to enable the issuance of invoices that reflect membership numbers.



8. DRAFT BUDGET 2016-18 WITH COMPARISONS

On the following pages we present the proposed 2016-17 and 2017-18 budget.

As has been indicated on the previous pages, this does result in a significant increase for Member Fees. This has not been done lightly.

In the section following we present the implications for each IMC so you can judge the impact on your IMC. As Delegates, while we must discuss and consider what is best for us as a Federation and how we work together, it is grounded as well in our home IMC. We therefore want to be completely transparent in this respect.

One of the drivers for the increase is the Task Force recommendation is that reassessment fees be built into the base member fee. This increases annual Member fees, but does not increase the cost of the global operations because these are fees that would be paid anyway – one third each year or in a lump sum every three years. So we show you in the following section the implications with and without this change.

The Board of CMC-Global, in approving this budget for presentation, examined each line of the budget to ensure that it was at its lowest amount while still allowing for reasonable operations. For this reason you will see that the 2016-17 budget is less than the 2017-18 budget, allowing for a more phased-in approach.

Finally, the budget has been presented in the format recommended by the Task Force, with a separate section for Fixed Revenue; Flexible Revenue; Core Costs; and Variable, Non-core Expenditures. The calculation of the Members Fee becomes arithmetic:

- Agree on the Core Costs
- Subtract from that the Fixed, Non-Member Fee Revenues,
- The remainder would need to be covered by Member Fees.

The Member Fee amount proposed is €127,200. For this amount, the base Member Fee would be €1,825, the fee related to CMCs is €8.00 and the fee for non-CMC management consultant members is €4.00 (these two latter then adjusted proportionally as numbers increase). This is then adjusted for the economic conditions of each Member.

If the reassessment fees were not included in the IMC Member Fee, the total amount of fees from members would be reduced to €102,200. At this level, the base Member Fee works out to be €1,500, the fee related to CMCs is €6.00 and the fee for non-CMC management consultant members is €3.00 (these two latter then adjusted proportionally as numbers increase). This is then adjusted for the economic conditions of each Member at the final stage of the calculation.

In Euros

	Actual 2014-15	Actual 2015-16	Proposed 2016- 17	2016-17 Without Reassessment	Proposed 2017-18
Fixed Revenues					
Application Fees	1,150	0	1,000	1,000	1,000
Membership Fees	58,642	88,695	127,200	101,200	142,700
Bad Debts	3,361	8,225	0	0	0
Total Annual Membership Dues	63,153	96,920	128,200	102,200	143,700
Member Assessment Fees / Costs (Negative)	9,900	6,050	0	16,000	0
Bad Debts	0	0	0	0	0
Total Membership Assessment Fees	9,900	6,050	0	16,000	0
Miscellaneous Revenue					
Pin Sales	1,750	940	500	500	500
Signed CMC Certificates & Other Revenue	1,620	1,095	2,000	2,000	2,000
Miscellaneous Revenue	0	0	1,000	1,000	1,000
Total Miscellaneous Revenue	3,370	2,035	3,500	3,500	3,500
Interest Revenue	465	93	500	500	500
Total Fixed Revenues	76,888	105,099	132,200	122,200	147,700
Flexible Revenues					
ICMCI Projects					
Contribution Congress / Conference	6,240	6,608	7,500	7,500	7,500
Corporate Members	0				
CMC-Global Institute	0				
CMC-Firm	0		7,500	7,500	7,500
CMC-Registry					
ICMCI Brokered Projects	0				
Total ICMCI Projects	6,240	6,608	15,000	15,000	15,000
IAF Accreditations					
Accreditation Fees	0	0	0	0	0
Administrative Costs	0	0	0	0	0
Total on IAF Accreditations	0	0	0	0	0
Total Flexible Revenues	6,240	6,608	15,000	15,000	15,000
TOTAL REVENUES	83,128	111,707	147,200	137,200	162,700

Core Expenditures**Core Secretariat Expenses**

Salary & Benefits	42,570	43,560	68,000	68,000	80,000
Secretariat (MOS Contract)	34,896	35,992	20,000	20,000	-
Secretariat (MOS carry-forward 2013/2014 expenses)	7,457	-	-	-	-
Travel & Accommodation costs	-	1,841	2,000	2,000	6,000
Dues & Subscriptions	284	276	500	500	1,000
Postage and Delivery costs	56	50	500	500	1,000
Stationary - Purchase	-	0	300	300	500
Printing and Reproduction	134	318	300	300	1,000
Telephone & Fax	91	45	100	100	1,000
Other	732	151	500	500	1,700

Total Secretariat Expenses	86,220	82,232	92,200	92,200	92,200
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Core Board and Governance Expenses

Chairperson's Costs	5,000	2,601	2,500	2,500	5,000
Virtual Conferencing	-	627.87	1,000	1,000	1,000
Face-to-face Board Meeting	4,950	5,530.09	6,000	6,000	6,000

Total Board and Governance Expenses	9,950	8,759	9,500	9,500	12,000
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Core Re-assessment Expenses

Re-assessment Fees and Expenses	-	-	10,000	-	12,000
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Total Re-assessment Costs	-	-	10,000	-	12,000
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Core Marketing & Communications

M&C General costs	932	-	1,000	1,000	5,000
Newsletter	0	-	500	500	500
Trademarks	0	-	-	-	2,000
Other Marketing Expenses	-1,360	-	500	500	500

Total Marketing & Communications	(428)	-	2,000	2,000	8,000
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Core Internet/Website

Development cost	-	-	-	-	-
Annual Maintenance Support	-	-	2,300	2,300	2,300
Operational Maintenance (including Hosting)	692	276	4,500	4,500	5,000

Total Internet/Website	692	276	6,800	6,800	7,300
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Core Treasury Expenses

Bank & Credit Card Costs	653	845	1,200	1,200	1,200
Swiss Lawyer/Tax Expert	926	1,992	2,000	2,000	3,000
Other Professional Support	1,080	1,286	1,500	1,500	2,000
Annual Audit	0	-	2,000	2,000	2,000
Swiss VAT	3,938	5,846.29	5,000	5,000	5,000

Total Treasury Expenses	6,597	9,969	11,700	11,700	13,200
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Total Core Expenditure	103,031	101,236	132,200	122,200	144,700
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Variable, non-core Expenditures					
Build the profile, recognition and influence of the profession and its practitioners					
CMC Directory			3,000	3,000	2,500
Global status (CMC Campaigns)					
Global Status (Consulting report)			2,000	2,000	5,500
CMC Firm					
Total Build Profile			5,000	5,000	8,000
Support, enhance, and grow the international network of management consulting institutes					
Hubs					
Outreach					5,000
Membership growth					
Regional representatives/liaisons with international organizations (Un, Unions, OECD, ILO... etc.) with proper induction sessions (lobbying).					
Total Support and Enhance			-	-	5,000
Enable the IMCs to enhance the visibility, recognition, and desirability of the CMC designation with both consultants and users to include heads of government as a risk reduction tool.					
Communication packages to national governments.					
Other stakeholders like donors.					
ISO from a client's perspective.					
Code of conduct (to address the ISO)					
Total Enable IMCs			-	-	-
Other Expenditures					
Events	121	-	-	-	-
ISO Development Costs	7,716	11,313	10,000	10,000	2,000
Other Board Costs	0		-	-	-
Other Expenditures	578	786	-	-	-
Total Other Expenditures	8,415	12,100	10,000	10,000	2,000
Total Non-Core Expenditure	8,415	12,100	15,000	15,000	15,000
TOTAL EXPENDITURES	111,447	113,336	147,200	137,200	159,700
RETAINED NET REVENUE					
From Fixed Revenue - Core Expenses	(26,143)	3,863	-	-	3,000
From Flexible Revenue - Non-Core Expenses	(2,175)	(5,492)	-	-	-
TOTAL NET REVENUE	(28,319)	(1,629)	-	-	3,000



9. IMPLICATIONS OF INCREASE BY IMC

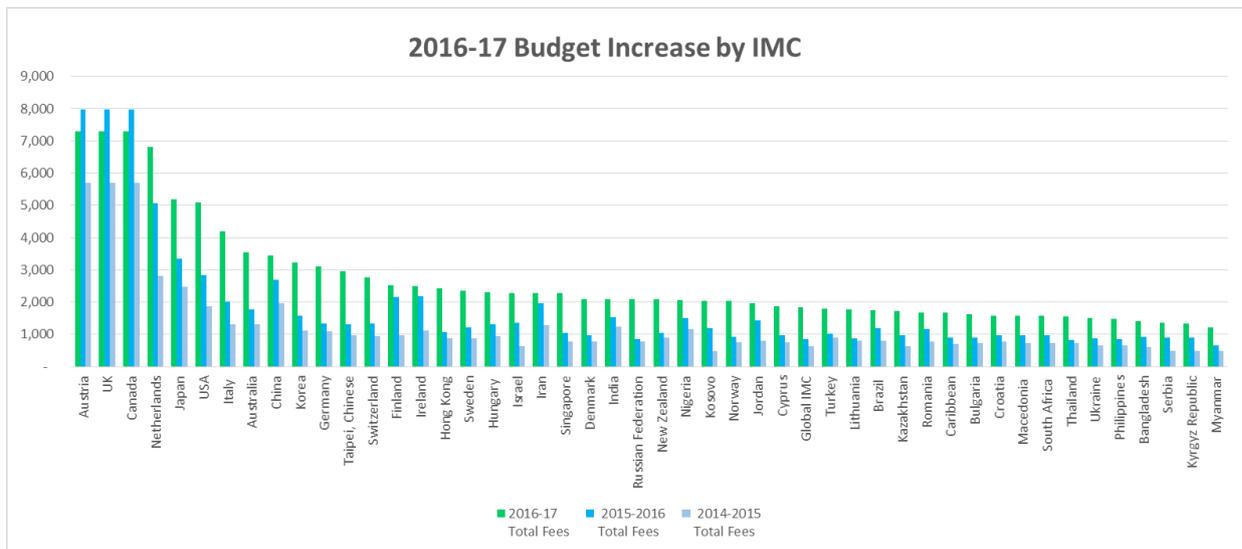
In this section we attempt to answer the question: "What are the implications for my IMC?"

This is where the "rubber hits the road". Until this point we have been discussing how we will fund ourselves in a theoretical way. When the principles are applied to the level of funding being proposed. And each of us can see the impact on our IMCs, the discussion gets very real very quickly.

Based on my experience in national and global federated organizations, these amounts on their face are not large. I have seen monthly schedules for member organizations of a global body that would be higher, some many times higher, than the annual fees allocated to our members. However, I do not want to minimize the impact of this recommendation. All organizations are not the same, and we need to consider the impact of this change on our organization. It represents a change in the way we fund our operations, and indeed, in the way we think of ourselves.

This is a decision that should not be taken lightly. As part of the maturation of CMC-Global as a global federated organization, it places our strategic goals at the forefront, and these recommendations suggest a financing approach to fund the attainment of those objectives. As your Treasurer, this is my recommendation. As Delegates of this fantastic organization with which we have been entrusted, it now falls to us to decide how we shall work together moving forward.

An analysis of the impact of the increases is shown on the following graph. Recall that these numbers are not exact, as they are based on 2014-15 statistics in order to provide comparability to the Task Force Report. They are intended to be directional for information purposes.



The largest share of the cost remains with our larger IMCs. The capping and proportionality formulas mean that the fees to cap out at some maximum. However, the capping now applies across all IMCs so as growth continues with some of our larger to mid-sized IMCs, the capping will also apply to them.

By choosing a proportional approach, the impact is also spread more evenly across IMCs. Therefore, those mid-size IMCs with larger numbers of management consultant and IMC members pay proportionally more than they have before. In some cases, this results in a significant increase.

Also, those IMCs who have had very small memberships will also have a proportionally higher increase, as the base fee has been raised to more fairly share the cost of the global operations across all IMCs.

As indicated in the previous sections, this reflects the incorporation of the core operating costs of global operations into the annual Member Fees. If this amount were not included and were instead invoiced on a case-by-case basis, the Member Fees would be reduced by €26,000. For comparable understanding, the impact of the increases is shown on the following graph:

In the following table, we show the impact by IMC of the budget proposed with the removal of the reassessment fees from the base member fees for comparability purposes.

	2014-2015 Total Fees	2015-2016 Total Fees	2016-17 Total Fees	% Increase from 2015-16	% Increase from 2014-2015		2014-2015 Total Fees	2015-2016 Total Fees	2016-17 Budget	% Increase from 2015-16	% Increase from 2014-2015
Australia	1,309	1,765	2,781	58%	112%	Korea	1,122	1,581	2,538	61%	126%
Austria	5,704	7,975	6,000	-25%	5%	Kosovo	496	1,197	1,625	36%	228%
Bangladesh	608	933	1,138	22%	87%	Kyrgyz Republic	496	902	1,075	19%	117%
Brazil	795	1,191	1,423	19%	79%	Lithuania	797	884	1,450	64%	82%
Bulgaria	730	895	1,330	49%	82%	Macedonia	729	974	1,275	31%	75%
Canada	5,704	7,975	6,000	-25%	5%	Myanmar	496	664	988	49%	99%
Caribbean	706	899	1,354	50%	92%	Netherlands	2,816	5,056	5,248	4%	86%
China	1,975	2,695	2,676	-1%	35%	New Zealand	893	1,033	1,677	62%	88%
Croatia	779	977	1,291	32%	66%	Nigeria	1,164	1,499	1,626	9%	40%
Cyprus	760	972	1,515	56%	99%	Norway	760	932	1,659	78%	118%
Denmark	782	962	1,704	77%	118%	Philippines	649	839	1,203	43%	85%
Finland	977	2,153	2,009	-7%	106%	Romania	786	1,175	1,358	16%	73%
Germany	1,092	1,342	2,454	83%	125%	Russian Federation	788	861	1,695	97%	115%
Global IMC	637	855	1,506	76%	136%	Serbia	496	893	1,111	24%	124%
Hong Kong	865	1,061	1,956	84%	126%	Singapore	785	1,034	1,833	77%	134%
Hungary	941	1,306	1,837	41%	95%	South Africa	730	979	1,273	30%	74%
India	1,243	1,524	1,645	8%	32%	Sweden	873	1,211	1,893	56%	117%
Iran	1,297	1,954	1,819	-7%	40%	Switzerland	957	1,328	2,199	66%	130%
Ireland	1,117	2,173	2,001	-8%	79%	Taipei, Chinese	965	1,303	2,345	80%	143%
Israel	637	1,358	1,836	35%	188%	Thailand	723	820	1,270	55%	76%
Italy	1,318	2,010	3,276	63%	149%	Turkey	887	1,010	1,459	45%	65%
Japan	2,463	3,338	4,028	21%	64%	UK	5,704	7,975	6,000	-25%	5%
Jordan	792	1,441	1,560	8%	97%	Ukraine	644	877	1,226	40%	90%
Kazakhstan	637	960	1,397	46%	119%	USA	1,870	2,830	3,957	40%	112%
							60,493	86,575	102,518	18%	69%

The 2017-18 budget figures are included in the tables in the previous section. There have been questions about the impact on each IMC of the 2017-18 budget. While the amount of the increase is clear, with the new allocation method it is not as straight forward to calculate the impact on each IMC.

The original approach of the budget development for the two year (2016-17 and 2017-18) was not to have an increase in the two years. After feedback from IMCs during the consultation process, the Board reduced the 2016-17 to create a phased-in approach.

The analysis of the implications for each IMC is shown in the following table. Recall that these estimates are based on 2014-15 membership numbers so the actual amounts will vary based on repeated membership numbers for each of the years in question.

	2017-18 TF Impact Total	2016-17 Budget	Euro increase compared to 2016-17	% increase compared to 2016-17		2017-18 TF Impact Total	2016-17 Budget	Euro increase compared to 2016-17	% increase compared to 2016-17
Australia	3,922	3,533	389	9.9%	Korea	3,582	3,227	356	9.9%
Austria	8,000	7,300	700	8.8%	Kosovo	2,263	2,045	218	9.7%
Bangladesh	1,556	1,412	145	9.3%	Kyrgyz Republic	1,462	1,328	134	9.2%
Brazil	1,935	1,758	177	9.2%	Lithuania	1,950	1,776	174	8.9%
Bulgaria	1,794	1,633	162	9.0%	Macedonia	1,737	1,577	160	9.2%
Canada	8,000	7,300	700	8.8%	Myanmar	1,332	1,213	120	9.0%
Caribbean	1,830	1,665	166	9.0%	Netherlands	7,622	6,822	800	10.5%
China	3,840	3,446	394	10.3%	New Zealand	2,290	2,078	212	9.3%
Croatia	1,737	1,582	155	8.9%	Nigeria	2,289	2,063	226	9.9%
Cyprus	2,047	1,862	185	9.0%	Norway	2,239	2,037	202	9.0%
Denmark	2,306	2,097	209	9.1%	Philippines	1,630	1,482	148	9.1%
Finland	2,788	2,521	267	9.6%	Romania	1,838	1,671	166	9.1%
Germany	3,431	3,097	334	9.7%	Russian Federation	2,293	2,085	208	9.1%
Global IMC	2,009	1,833	176	8.8%	Serbia	1,491	1,359	133	8.9%
Hong Kong	2,684	2,433	251	9.4%	Singapore	2,500	2,269	231	9.2%
Hungary	2,556	2,310	246	9.6%	South Africa	1,734	1,574	160	9.2%
India	2,318	2,089	229	9.9%	Sweden	2,590	2,349	241	9.3%
Iran	2,529	2,286	243	9.6%	Switzerland	3,049	2,757	292	9.6%
Ireland	2,776	2,510	266	9.6%	Taipei, Chinese	3,267	2,951	316	9.7%
Israel	2,529	2,291	239	9.4%	Thailand	1,704	1,553	152	8.9%
Italy	4,664	4,193	471	10.1%	Turkey	1,989	1,806	183	9.2%
Japan	5,791	5,195	596	10.3%	UK	8,000	7,300	700	8.8%
Jordan	2,165	1,958	208	9.6%	Ukraine	1,665	1,513	152	9.1%
Kazakhstan	1,895	1,722	173	9.1%	USA	5,686	5,101	585	10.3%

Submitted 15 September 2016
With 14 October 2016 expanded analysis of 2017-18 Budget
Dwight Mihalicz, MBA, CMC
Treasurer, CMC-Global