

## PROPOSED 2017-2019 Budget



CMC - GLOBAL

### International Council of Management Consulting Institutes (CMC-Global)

10 August 2017

Submitted for Approval

A handwritten signature in black ink, appearing to read "D. Mihalicz", written over a horizontal line.

Dwight W. Mihalicz  
Treasurer, ICMCI

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## 1. BACKGROUND

The 2016-2017 and 2017-2018 budget proposals in Toronto were based on the CMC-Global strategy and the work of the Strategic Funding Taskforce. The approval of these budgets was an important step towards establishing the stability of the organization. I have comment on this more extensively in the Treasurer's report.

After two years of significant increases, the 2018-19 Budget proposal moves us into the next phase as the budget focuses on projects that will assist us in assuring our services are up to par with the maturity of our organization. We intent to maintain core Secretariat expenses at their current level which means no increase to Membership Fees. We will build growth through the flexible revenue part of our budget.

This proposed budget covers two fiscal years as has been the case for the past few 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 strategic plan was presented to all Delegates in Toronto. The plan put a focus on main objectives and goals, and stated the vision of our organization.

The work started last year and will continue throughout the duration of the implementation phase of the plan with a full focus on the KPI's set at that time.

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 on the committees and taskforces, the secretariat, and most importantly that of the national IMCs. We know we can count on the full involvement of the national IMCs where and when needed during the coming year, as each element is a main ingredient towards the success we are all aiming for.

Last year, the strategic plan lacked the funding to properly launch our programming. With your approval of the 2016-2018 budget we can confidently implement the services and programs envisioned. This will create programs and services at a national level while at the same time generating additional revenue for both the IMCs and the global organization. It is the courageous decisions taken by the delegates at the Toronto Annual Meeting that have laid the groundwork for this by providing the funding needed to start this work.

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

### **3. DRAFT BUDGET 2017-19 WITH COMPARISONS**

On the following pages, we present:

- The approved 2016-17 Budget
- The actual 2016 Revenue and Expenses
- The proposed 2017-18 budget (approved at the Toronto Annual Meeting of Delegates

The proposed 2018-19 budget.

The budget is presented in the format recommended by the Strategic Funding Task Force of last year, 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 2017/18, 2018/19

In Euros

07-Aug-16

	Approved 2016-17	Actual 2016-17	Approved 2017-18	Proposed 2018-19
<b>Fixed Revenues</b>				
Application Fees	1,000	3,950	1,000	1,000
Membership Fees	127,200	127,661	142,700	142,700
Bad Debts	0	0	0	0
<b>Total Annual Membership Dues</b>	<b>128,200</b>	<b>131,611</b>	<b>143,700</b>	<b>143,700</b>
Member Assessment Fees / Costs (Negative)		550		
Bad Debts	0	0	0	0
<b>Total Membership Assessment Fees</b>	<b>0</b>	<b>550</b>	<b>0</b>	<b>0</b>
<b>Miscellaneous Revenue</b>				
Pin Sales	500	305	500	500
Signed CMC Certificates & Other Revenue	2,000	440	2,000	2,000
Miscellaneous Revenue	1,000	1,784	1,000	1,000
<b>Total Miscellaneous Revenue</b>	<b>3,500</b>	<b>2,529</b>	<b>3,500</b>	<b>3,500</b>
<b>Interest Revenue</b>	<b>500</b>	<b>8</b>	<b>500</b>	<b>500</b>
<b>Total Fixed Revenues</b>	<b>132,200</b>	<b>134,698</b>	<b>147,700</b>	<b>147,700</b>
<b>Flexible Revenues</b>				
<b>ICMCI Projects</b>				
Contribution Congress / Conference	7,500	7,940	7,500	7,500
Corporate Members				
CMC-Global Institute				
CMC-Firm	7,500		7,500	7,500
CMC-Registry				
ICMCI Brokered Projects		3,100		
<b>Total ICMCI Projects</b>	<b>15,000</b>	<b>11,040</b>	<b>15,000</b>	<b>15,000</b>
<b>Breakthrough Strategy Contingency</b>				
Convesion of contingency	0	25,646	0	0
	0	0	0	0
<b>Breakthrough Strategy Contingency</b>	<b>0</b>	<b>25,646</b>	<b>0</b>	<b>0</b>
<b>Total Flexible Revenues</b>	<b>15,000</b>	<b>36,686</b>	<b>15,000</b>	<b>15,000</b>
<b>TOTAL REVENUES</b>	<b>147,200</b>	<b>171,384</b>	<b>162,700</b>	<b>162,700</b>

<b>Core Expenditures</b>				
<b>Core Secretariat Expenses</b>				
Salary & Benefits	68,000	66,280	80,000	80,000
Secretariat (MOS Contract)	20,000	18,997	-	-
Secretariat (MOS carry-forward 2013/2014 expenses)	-	-	-	-
Travel & Accommodation costs	2,000	5,615	6,000	6,000
Dues & Subscriptions	500	-	1,000	1,000
Postage and Delivery costs	500	262	1,000	1,000
Stationary - Purchase	300	1,946	500	500
Printing and Reproduction	300	-	1,000	1,000
Telephone & Fax	100	-	1,000	1,000
Other	500	51	1,700	1,700
<b>Total Secretariat Expenses</b>	<b>92,200</b>	<b>93,151</b>	<b>92,200</b>	<b>92,200</b>
<b>Core Board and Governance Expenses</b>				
Chairperson's Costs	2,500	-	5,000	5,000
Virtual Conferencing	1,000.00	685	1,000	1,000
Face-to-face Board Meeting	6,000.00	2,322.00	6,000	6,000
<b>Total Board and Governance Expenses</b>	<b>9,500</b>	<b>3,007</b>	<b>12,000</b>	<b>12,000</b>
<b>Core Re-assessment Expenses</b>				
Re-assessment Expenses	10,000	-	12,000	12,000
<b>Total Re-assessment Costs</b>	<b>10,000</b>	<b>-</b>	<b>12,000</b>	<b>12,000</b>
<b>Core Marketing &amp; Communications</b>				
M&C General costs	1,000	-	5,000	4,000
Newsletter	500	-	500	1,500
Trademarks	-	-	2,000	2,000
Other Marketing Expenses	500	828	500	500
<b>Total Marketing &amp; Communications</b>	<b>2,000</b>	<b>828</b>	<b>8,000</b>	<b>8,000</b>
<b>Core Internet/Website</b>				
Development cost		7,064	-	-
Annual Maintenance Support	2,300	-	2,300	2,300
Operational Maintenance (including Hosting)	4,500	-	5,000	5,000
<b>Total Internet/Website</b>	<b>6,800</b>	<b>7,064</b>	<b>7,300</b>	<b>7,300</b>
<b>Core Treasury Expenses</b>				
Bank & Credit Card Costs	1,200	984	1,200	1,200
Swiss Lawyer/Tax Expert	2,000	2,914	3,000	3,000
Other Professional Support	1,500	0	2,000	2,000
Annual Audit	2,000	0	2,000	2,000
Swiss VAT	5,000	2,263	5,000	5,000
<b>Total Treasury Expenses</b>	<b>11,700</b>	<b>6,161</b>	<b>13,200</b>	<b>13,200</b>
<b>Total Core Expenditure</b>	<b>132,200</b>	<b>110,211</b>	<b>144,700</b>	<b>144,700</b>

<b>Variable, non-core Expenditures</b>				
CMC Directory	3,000	-	2,500	2,500
Global Status (Consulting report)	2,000	-	5,500	2,000
CMC Firm		-		2,500
Outreach		-	5,000	5,000
ISO Development Costs	10,000	1,555	2,000	2,000
Other Expenditures	-	-	-	1,000
<b>Total Non-Core Expenditure</b>	<b>15,000</b>	<b>1,555</b>	<b>15,000</b>	<b>15,000</b>
<b>TOTAL EXPENDITURES</b>	<b>147,200</b>	<b>111,766</b>	<b>159,700</b>	<b>159,700</b>
<b>RETAINED NET REVENUE</b>				
From Fixed Revenue - Core Expenses	-	24,487	3,000	3,000
From Flexible Revenue - Non-Core Expenses	-	35,131	-	-
<b>TOTAL NET REVENUE</b>	<b>-</b>	<b>59,618</b>	<b>3,000</b>	<b>3,000</b>

#### 4. NOTES TO THE PROPOSED BUDGET

##### 1. Revenue

Fixed Revenue: the 2017-2018 budget cover the second raise to fees agreed to in Toronto. For 2018-2019 we do not propose any increases, as we will by then have met the recommendations of the taskforce and reached the equation of fixed revenue covering fixed costs.

In the fixed revenue section, the assessment fees are identified separately in our summary vs. the combined fee with the membership fees and re-assessments in the auditors. This is due to the fact that with the transition of our accounting systems we were not able to set the re-assessments in a separate account for this year taking all the different adjustments into consideration. This will be done next year when we fully utilize the QuickBooks starting the beginning of the year. Therefore, next year you will be able to see the breakdown as follows:

- a. Membership fees
- b. Assessment fees
- c. Re-assessment fees

Flexible: both the 2017-2018 and 2018-2019 budgets focus on the two main activities, the revenue from the events (conference, annual meeting, and hub meetings and the CMC-Firm. The events of 2018 are already scheduled, and the CMC-Firm, despite initial delays, is now finalized fully and steps has been taken towards it full implementation especially by the countries with ACP schemes. Agreements are signed and the CMC-Firm committee is aware

of the promotional role it would have to start in order to fully reap the benefit of this service.

In the brokered projects line, revenue was generated last year, but not from brokered projects, as the revenue was generated from the micro sites service and the secretariat service provided to CMC-GI. Next year, those will show in the proper fields, this year they were added there for us not to change the current sheet as compared to last year. Those will continue to generate revenue next year and will be presented accordingly.

## **2. Expenditure**

Core: 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, with a fund for travel for the secretariat office as well as costs related to operations. The salaries have a small budget to cover additional support for the growth of operations. , As part of our Secretary services are being recovered through the provision of services to GI, we anticipate engaging a part-time bookkeeper.

The governance and board expenses show that this year the chair did not charge any expenses. We are grateful to the present Chair for covering all of his travel related costs which included attending the major ICMCI events and visits to many of the IMCs. However, we may not be so fortunate in future years so must maintain this budget item for future Chair positions.

Virtual conferencing is an expense that covers our WebEx subscription. Next year this service will also be utilized heavily by all committees and taskforces for their online meetings.

The face to face board meetings are also budgeted for separately. This year the budget exceeded the actual as many of the meetings took place in conjunction with ICMCI events. Also with thanks to our member in Austria, the face to face board meeting expenses were limited to hotel accommodation as they volunteered the venue at no cost. This remains at the same level of budget over the two year budgets.

Re-assessment expenses will show next year in alignment with the re-assessment revenue account. This year, none of the assessments that took place followed the new procedures as they had been instituted before the approval of the policy. In the coming years this expense will be charged and reported according to policy. Based on experience we will be able to adjust this allocation to be completely fair based on actual expenses.

Core marketing is also part of the budget. This is to assist the marketing committee in assuring brand promotion and gaining traction to our organization and our events, and in promoting our newsletter. We also anticipate some activity to protect our trademarks.

Core Internet / Website include the only the maintenance and operational enhancement costs as all development is final. Any other development related costs would be against the services that would be launched via the website included in the non-core section.

Core Treasury Expenses are straight forward and reflect only the requirements of increased activity. This also allowed for some decreases where we had not previously used all of the budget. 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 had also been recommended by the Task Force last year.

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

- CMC Directory: This budget line covers expenses for the implementation of the CMC Directory proposed at Noordwijk. The Directory will generate revenue from subscriptions to the directory. There have been many delays for the launch of this initiative due to our changes in the secretariat, the need for a sophisticated web platform such as we now have, and our need to establish on-line banking capability with our bank.
- 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. Last year the budget was not utilized but the budget for the following two years is in line with the need to expand the scope and research activities for this project.
- The CMC-Firm project requires an on-line directory for CMC-Firms as a main benefit to joining. This budget enables us to start work starts on this service as the ACP scheme countries start migrating their ACPs to CMC-Firms.
- The Outreach budget line reflects our increased efforts to enhance our outreach activities. It is included in the budget for 2017-2018 and 2018-2019 as it is dependent on un-allocated flexible revenues in 2016-2017.
- The same applies for the ISO 20700 that was launched this year and we would expect work in promoting it arising during the next two years.
- The “Other Expenditures” of €1,000 in 2018-19 will fund our efforts to properly update our registration papers with the lawyer.

### 3. Net Revenue

We have budgeted for a modest €3000 of Net revenue to help rebuild our reserves that were depleted over the past three years as we developed our strategy and funding formula.

Submitted 11 August 2017  
Dwight Mihalicz, MBA, CMC  
Treasurer, CMC-Global