

PROPOSED 2018-2020 Budget

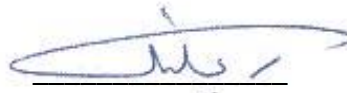
International Council of Management Consulting Institutes (CMC-Global)

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Submitted for Approval



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1. BACKGROUND

The 2017-2018 and 2018-2019 budget proposals in Astana were based on the CMC-Global strategy and the 2016-2017 work of the Strategic Funding Taskforce. For the 2018 – 2019 budget there was no increase in membership fees. The approval of these budgets was an important step towards establishing the stability of the organization. With the 2019-2020 proposed budget, we 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 does not mean there will be an 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 two years ago. The plan put a focus on main objectives and goals, and stated the vision of our organization.

The work started then 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 provided 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 years, as each element is a main ingredient towards the success we are all aiming for.

With your approval of the 2017-2019 budget we could confidently implement many aspects of the services and programmes envisioned. This created programmes and services that are generating additional revenue for both the IMCs and the global organization

3. DRAFT BUDGET 2018-2020 WITH COMPARISONS

On the following pages, we present:

- The approved 2017-18 Budget
- The actual 2017-2018 Revenue and Expenses
- The approved 2018-19 budget (approved at Astana Annual Meeting of Delegates).
- The proposed 2019-2020 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. While we will present the same categories, next year things might look different, as we will have been implementing QuickBooks for two financial years in a row and it will be used to present us with the budget following its format.

CMC-Global Institute Draft Budget 2018/2019 - 2019/2020

In Euros

	Approved 2017-18	Actual 2017-18	Approved 2018-19	Proposed 2019-20
Fixed Revenues				
Application Fees	1,000	4,000	1,000	4,500
Membership Fees	142,700	142,899	142,700	142,700
Total Annual Membership Dues	143,700	146,899	143,700	147,200
Miscellaneous Revenue				
Pin Sales and signed CMC Certificates	2,500	1,555	2,500	2,500
Miscellaneous Revenue	1,000	2,288	1,000	1,000
Total Miscellaneous Revenue	3,500	3,843	3,500	3,500
Interest Revenue	500	-	500	500
Total Fixed Revenues	147,700	150,742	147,700	151,200
Flexible Revenues				
ICMCI Projects				
Contribution Congress / Conference	7,500	8,295	7,500	7,500
CMC-Firm	7,500	1,650	7,500	7,500
CMC-Registry	-	-	-	2,500
ISO 20700 licenses and training	-	5,025	-	8,000
ICMCI Brokered Projects	-	-	-	500
Secretariat Services	-	8,550	-	8,500
Total ICMCI Projects	15,000	23,520	15,000	34,500
Total Flexible Revenues	15,000	23,520	15,000	34,500
TOTAL REVENUES	162,700	174,262	162,700	185,700

Core Expenditures				
Core Secretariat Expenses				
Salary & Benefits	80,000	73,800	80,000	88,000
Travel & Accommodation costs	6,000	6,710	6,000	8,000
Dues & Subscriptions	2,000	1,427	2,000	1,500
Postage and Delivery costs	1,000	-	1,000	200
Stationary - Purchase	500	59	500	500
Printing and Reproduction	1,000	700	1,000	1,000
Telephone & Fax	1,000	-	1,000	200
Other	1,700	-	1,700	500
Total Secretariat Expenses	93,200	82,695	93,200	99,900
Core Board and Governance Expenses				
Chairperson's Costs	5,000	-	5,000	10,000
Face-to-face Board Meeting	6,000	3,135	6,000	6,000
Total Board and Governance Expenses	11,000	3,135	11,000	16,000
Core Re-assessment Expenses				
Re-assessment Expenses (Assessor Travel Expenses)	12,000	6,098	12,000	10,000
Total Re-assessment Costs	12,000	6,098	12,000	10,000
Bad Debts				
to include provision for bad debt and actual bad debts	-	13,098	-	-
Total Bad Debts and Provisions	-	13,098	-	-
Core Marketing & Communications				
M&C General costs	5,000	-	4,000	4,000
Newsletter	500	-	1,500	1,500
Other Marketing Expenses	500	-	500	500
Total Marketing & Communications	6,000	-	6,000	6,000
Core Internet/Website				
Development cost	-	-	-	-
Annual Maintenance Support	2,300	-	2,300	2,300
Operational Maintenance (including Hosting)	5,000	4,167	5,000	5,000
Total Internet/Website	7,300	4,167	7,300	7,300
Core Treasury Expenses				
Bank & Credit Card Costs	1,200	1,505	1,200	1,500
Swiss Lawyer/Tax Expert	3,000	6,526	3,000	3,000
Other Professional Support	2,000	-	2,000	-
Annual Audit	2,000	2,789	2,000	2,500
Swiss VAT	5,000	4,173	5,000	5,000
Total Treasury Expenses	13,200	14,993	13,200	12,000
Total Core Expenditure	142,700	124,186	142,700	151,200

Variable, non-core Expenditures				
CMC Directory	2,500	1,750	2,500	1,750
CMC Directory: Co-Sharing Credit to IMCs	-	-	-	750
Global Status (Consulting report)	5,500	-	2,000	2,000
CMC Firm	-	-	2,500	5,500
CMC-Firm: Co-Sharing Credit to IMCs	-	-	-	2,000
AMCC	-	-	-	2,000
Outreach	5,000	8,203	5,000	10,000
ISO Development Costs	2,000	12,096	2,000	5,000
Trademarks	2,000	-	2,000	2,000
Other Expenditures	-	-	1,000	500
Total Non-Core Expenditure	17,000	22,049	17,000	31,500
TOTAL EXPENDITURES	159,700	146,235	159,700	182,700
RETAINED NET REVENUE				
From Fixed Revenue - Core Expenses	5,000	26,556	5,000	-
From Flexible Revenue - Non-Core Expenses	(2,000)	1,471	(2,000)	3,000
TOTAL NET REVENUE	3,000	28,026	3,000	3,000

4. NOTES TO THE PROPOSED BUDGET

1. Revenue

Fixed Revenue: For 2018-2019 we did 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. The same is applied for 2019-2020 and no increase in fees is reflected. However, invoices between institutes will vary depending on the number of IMCs, CMCs, and ACPs for each country as provided in the membership survey.

In the fixed revenue section, the assessment and re-assessment fees are combined with the membership fees to reflect the report of the auditors. However currently in our accounting systems we record the assessments and re-assessments in separate accounts taking all the different adjustments into consideration. Next year when we have a two- year comparison in our accounting system, you will be able to see:

- a. Membership fees
- b. Assessment fees (Provisional or Full)
- c. Re-assessment fees

Flexible Revenue: both the 2018-2019 and 2019-2020 budgets focus on the five main activities:

1. The revenue from the events (conference, annual meeting, and hub meetings): The events of 2019 are already scheduled.
2. The CMC-Firm: despite initial delays, the programme is now fully finalized and full implementation started resulting in a total of 6 CMC-Firms who breached from the ACP, and three applications from new non-ACP companies are in the pipeline for appraisals. Those might be finalized before Milan and announced there and then.
3. The CMC-Global Directory: with the approval of our 2017-2018 budget we were able to speed up the work on this project and start the development of the directory. We are planning to soft launch this as well as the CMC-Firm directory in Milan. The CMC-Global directory will provide revenue during the first year to cover the directory development expenses and hopefully start providing a steady revenue the year after for both the Secretariat and IMCs.
4. The ISO 20700: the revenue is based on the training being delivered for the CMC-Global Checklist, as well as the revenue expected when we finalize our agreement with EBRD to incorporate the CMC-Global Checklist training in their courses which would provide us with a per trainee revenue.
5. 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.

We anticipate that additional services and products will be added, and in particular the AMCC which will be finalized during 2018-2019.

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, with a fund for travel for the secretariat office as well as costs related to operations. Previously the travel fund only covered the ED travel expenses. In 2019-2020 we proposed to increase that in order to cover the travel expense of the ES to the annual events. 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 if or when needed.

Virtual conferencing is an expense that covers our WebEx subscription. Beginning last year this service was utilized heavily by all committees and taskforces and hubs for their online meetings.

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. In 2018-

2019 approved budget the allowance was maintained, however, for 2019-2020 we increased the amount to allow the new chair to be elected this year more flexibility in keeping up with the momentum of travel our current chair was able to accomplish.

The face to face board meetings are also budgeted separately. This year we were underspent 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, all the assessments that took place followed the new procedures and is reported accordingly. Based on a 3-year analysis we will be able to adjust this allocation to be completely fair based on actual expenses.

Bad debts are not part of the budget, but actual expenses are shown for a comprehensive statement of last year. The bad debts include the provision of (11,835.5) as well as the actual bad debt of (1,262.5). These numbers reflect the termination of membership to Myanmar, Kyrgyzstan, and the IMCs that are still in the process of signing a payment agreement with the treasurer for their overdue payments.

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 and this remains in 2019-2020 at the same budgeted number of the previous year.

Core Internet / Website include the maintenance and operational 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 any or all of the budget line amounts. The annual audit has been added as a recurring expense in the core treasury since last year.

Variable Expenses: Assuming €34,500 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. Work started on the development of the directory as there is a need for a sophisticated web platform to manage the expectations of registrants and seamless administration to include the online payment requirement. A budget line was included this year to record the credit to IMCs from this co-sharing scheme. This will reflect the activity next year vs. the revenue item line for the service itself.

- 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 to include purchasing data for this project.
- The CMC-Firm project requires an on-line directory for CMC-Firms as a main benefit to joining, and work started on the directory this year, this budget will cover the second payment as well as the maintenance of the website. The budget will also include resources to promote the directory. A budget line was included this year to cover the credit to IMCs to reflect the co-sharing scheme. This will reflect the activity next year vs. the revenue item line for the service itself.
- The Outreach budget line reflects our increased efforts to enhance our outreach activities. Last year this item line was used to cover our one-year anniversary ISO 20700 celebration which gave us visibility among many organizations. It also enhanced the knowledge of the standard itself and our checklist training. This budget line offers us the flexibility to manage such similar events to enhance our visibility globally.
- The same applies for the ISO 20700 that was launched last year and where ICMCI provided one free licensed copy to each Member Institute, in addition to extra licenses that some IMCs bought for the use of their officials on the different committees. We expect to sign another agreement with the standards department to enable us providing such licenses copies to our Members' members.
- We also anticipate some activity to protect our trademarks and we maintain that at the same budgeted amount of last year.

The "Other Expenditures" of €500, which is half of that in 2018-19, and might be taken off next year if not utilized for two consecutive years.

3. Net Revenue

We have budgeted for a modest €3000 of Net revenue to stay in line with the previous years in order to continue to build our reserves.

Submitted 17 September 2018

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