

PROPOSED 2022-2024 Budget

International Council of Management Consulting Institutes (CMC-Global)

16 September 2022

Submitted for Approval

Reema Nasser
Executive Director

Table of Content

1. Background
2. Strategic Positioning
3. Budget 2022-2024 with Comparisons
4. Notes to The Proposed Budget



CMC - GLOBAL

OFFICERS

Chairman
Robert Bodenstein CMC®
Austria
rob.bodenstein@cmc-global.org

Secretary
Jeremy Webster CMC®
United Kingdom
jeremy.webster@cmc-global.org

Treasurer
Tamara Abdel-Jaber CMC®
Jordan
tamara.abdeljaber@cmc-global.org

DIRECTORS OF THE BOARD

Zhang Yanyan CMC®
China
zhang.yanyan@cmc-global.org

Gergana Mantarkova
Bulgaria
gergana.mantarkova@cmc-global.org

Jehona Lluka CMC®
Kosovo
jehona.lluka@cmc-global.org

Nick Warn CMC®
United Kingdom
nick.warn@cmc-global.org

Alan Blackman CMC®
Australia
alan.blackman@cmc-global.org

Immediate past Chair
Dwight Mihalicz CMC®
Canada
dwight.mihalicz@cmc-global.org

Reema Nasser
Executive Director
Jordan
reema.nasser@cmc-global.org

Secretariat: C/O Maurer & Stager AG
Fraumünsterstrasse 17/Postfach 318
CH – 8024 Zurich

W: www.cmc-global.org E: cmc-global@cmc-global.org

1. BACKGROUND

The FY 2022-2023 budget proposal was approved last year at the second ICMCI virtual Annual Meeting of Delegates.

This year we are presenting the FY 2023-2024 budget proposal which is prepared based on the recommendations of the Finance Committee for the membership fee calculation.

It is important to highlight that our membership base lost two members this year due to being members not in good standing. Furthermore, we have many institutes who are behind on payments as shown in the Treasurer's Accounts Receivable Report. Taking those facts into consideration, the Finance Committee had to address this matter in the FY 2023-2024 recommendations for the budget proposal.

We would also notice that even though expenditure for FY 2021-2022 was below budget, income was below budget as well, and the rebates provided to the IMCs along with the recovery plans offered to some caused a negative net revenue even though our flexible revenue was positive.

Though we are still going through the unusual times with COVID and the war on Ukraine, we will not propose any amendments to the approved budget for 2022-2023. However, we need to be forward looking and ensure that the 2023-2024 budget is more realistic while maintaining the same philosophy of relying on variable revenue from our strategic initiatives.

2. STRATEGIC POSITIONING

Our approved strategic plan was part of the papers presented two years ago, where the plan focused on main objectives and goals that meet with the vision of our organization as well as highlighting its mission. The document has been discussed and the board produced a Strategic Priorities document that enforces our goals and addresses initiatives related to ethics and standards, knowledge sharing and development, as well as the representation and visibility.

With your approval of the FY 2023-2024 budget proposal, we would do our best, regardless of the continuation of the current global situation, to implement many aspects of the initiatives.

3. BUDGET 2022-2024 WITH COMPARISONS

On the following pages, we present:

- The approved FY 2021-2022 Budget
- The actual FY 2021-2022 Revenue and Expenses
- The approved FY 2022-2023 budget (approved at the 2021-2022 virtual Meeting of Delegates).
- The proposed 2023-2024 budget.

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

Important note: the auditors included bad debts for one institute and provisioned for bad debt for some other open A/Rs as per best practices, those are reflected below, however, once the auditor's report is approved those will also be reflected in our accounting system.

ICMCI Draft Budget 2022/2024

In Euros

	Actual 2021-22	Approved 2021-22	Approved 2022-23	Proposed 2023-24
Fixed Revenues				
Application Fees	0	4,500	3,000	3,000
Membership Fees	116,203	142,700	142,700	145,000
Total Annual Membership Dues	116,203	147,200	145,700	148,000
Miscellaneous Revenue				
Contribution Congress / Conference	0	10,000	10,000	10,000
Pin Sales and signed CMC Certificates	775	2,000	2,000	2,000
Miscellaneous Revenue (bank transfer fees surplus)	3,930	1,000	1,000	1,000
Total Miscellaneous Revenue	4,705	13,000	13,000	13,000
Interest Revenue	-	-	-	-
Total Fixed Revenues	120,908	160,200	158,700	161,000
Flexible Revenues				
ICMCI Projects				
CMC-Firm	3,850	7,500	5,000	3,000
CMC-Registry	995	10,000	5,000	0
ISO 20700 licenses and training	6,580	20,000	10,000	10,000
Initial Authorization 17024:2012 Conformity Audit	1,000	-	2,000	1,000
Authorization 17024:2012 Conformity Audit	2,800	-	4,000	2,500
Re-Authorization 17024:2012 Conformity Audit	2,520	-	5,000	6,500
ICMCI Brokered Projects (UNIDO)	-	-	-	3,000
AMCC	-	-	1,500	-
Secretariat Services	9,000	9,000	9,000	9,000
Total ICMCI Projects	26,745	46,500	41,500	35,000
Total Flexible Revenues	26,745	46,500	41,500	35,000
TOTAL REVENUES	147,653	206,700	200,200	196,000
Core Expenditures				
Core Secretariat Expenses				
Salary & Benefits	92,765	96,500	96,500	98,800
Travel & Accommodation costs	2,837	8,000	4,000	6,000
Outreach and annual report	7,020	10,000	10,000	8,000
Dues & Subscriptions	2,264	1,500	2,100	2,500
Postage and Delivery costs	31	150	150	150
Stationary - Purchase	-	500	500	500
Printing and Reproduction (Pins)	-	1,000	1,000	500
Telephone & Fax	-	150	150	-
Other	-	150	150	-
Total Secretariat Expenses	104,917	117,950	114,550	116,450
Core Board and Governance Expenses				
Chairperson's Costs	142	10,000	5,000	5,000
Face-to-face Board Meeting	4,027	6,000	6,000	5,000
Total Board and Governance Expenses	4,169	16,000	11,000	10,000
Core Assessment & Re-assessment Expenses				
Assessment Expenses (Assessor Travel Expenses- Provisional applications)	-	2,000	1,200	1,200
Re-assessment Expenses (Assessor Travel Expenses)	-	8,000	5,000	5,000
Total Re-assessment Costs	-	10,000	6,200	6,200
Core Marketing & Communications				
M&C General costs	-	4,000	4,000	6,000
Newsletter	-	1,200	1,200	3,000
Other Marketing Expenses	58	500	500	1,000
Total Marketing & Communications	58	5,700	5,700	10,000

	Actual 2021-22	Approved 2021-22	Approved 2022-23	Proposed 2023-24
Core Internet/Website				
Development cost	-	-	-	-
Annual Maintenance Support (to include Hosting and domain)	5,503	7,300	3,000	3,000
Total Internet/Website	5,503	7,300	3,000	3,000
Core Treasury Expenses				
Bank & Credit Card Costs	3,624	1,500	2,000	2,000
Monthly Service Charge - Online Payment	51	250	250	-
Swiss Lawyer/Tax Expert/Insurance	12,874	5,000	5,000	5,000
Other Professional Support (BCO)	2,238	1,000	2,000	2,250
Annual Audit	4,000	2,500	4,000	4,000
Swiss VAT	3,074	3,000	5,000	5,000
Total Treasury Expenses	25,861	13,250	18,250	18,250
Total Core Expenditure	140,508	170,200	158,700	163,900
Variable, non-core Expenditures				
Business Process Automation	1,440	-	10,000	5,000
17011 Internal Audit and 17024:2012 Audit Expenses	4,180	-	6,000	6,000
CMC Directory	-	1,000	1,000	-
CMC Directory: Co-Sharing Credit to IMCs	-	2,500	2,000	-
Global Status (Consulting report)	2,427	2,000	2,000	2,500
CMC Firm	-	1,000	1,000	-
CMC-Firm: Co-Sharing Credit to IMCs	-	2,000	2,000	500
AMCC	-	2,000	1,000	-
ISO Development Costs	1,405	5,000	2,500	2,500
Admin Support	786	6,000	3,500	3,500
Trademarks	6,718	10,000	5,000	5,000
Other Expenditures (cost of sales+ cost of UNIDO project)	24	500	100	3,000
Total Non-Core Expenditure	16,980	32,000	36,100	28,000
TOTAL EXPENDITURES	157,488	202,200	194,800	191,900
RETAINED NET REVENUE				
From Fixed Revenue - Core Expenses	(19,600)	(10,000)	-	(2,900)
From Flexible Revenue - Non-Core Expenses	9,765	14,500	5,400	7,000
Bad Debts	16,711	-	-	-
Expected Credit Loss (provision for bad debt)	21,149			
TOTAL NET REVENUE	(47,695)	4,500	5,400	4,100

4. NOTES TO THE PROPOSED BUDGET

1. Revenues

Fixed Revenues: We continue to follow the recommendations of the taskforce in establishing the approach of fixed revenues covering our fixed costs. This was applied for the proposed budget for FY 2023-2024 with 0.25%-1.5% increase in membership fees. It is important to note here that fee 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, same as last year, those who have grown will pay a bit more, those who lost members will pay a bit less. On the whole we are making sure to cover core expenses from core revenues. Even though last year we did not meet that target, and our net revenue was negative, we continue to be a healthy organisation with net assets of €176.397, due to the strict spending on core expenses.

In the fixed revenues 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.

Flexible Revenues: the approved budgets to meet the approved strategic plan focus on the four main activities, and the same will apply for FY 2023-2024 budget as the strategic priorities document presented at this annual meeting will highlight the focus and the activities around Ethics and Standards, Knowledge Sharing and Development, and Representation.

- The CMC-Firm: unlike last year, we did not have any new applications, but we had one re-appraisal for one CMC-Firm. The promotion for the CMC-Firm will be reflected in the representation pillar through the communication and marketing campaigns.
- The CMC-Global Directory: the directory grew from 100 members last year to almost 180 this year, so the growth was close to 80% due to the fact that we offered the directory as a free service for one whole year, this way CMCs get to experience the positive impact of being in the directory and continue to renew their registration during the years to come.
- The ISO 20700: two more online trainings took place in 2021-2022, and the authorized IMCs to deliver the training reached 33, an increase of 3 IMCs since last year.
- 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.
- As advised earlier, the ISO/IEC 17024 audit (Conformity, Authorisation, and Re-authorisation) is reflected in the flexible revenues in the budget, and we were able to authorise one new IMC and conduct surveillance audits for another two during 2021-2022.
- The brokered projects continue to be in our budget but each year they result in zero revenue. In 2023-2024 we hope to realize income from our agreement with UNDO that is yet to be finalized this year. It is just a forecast so far and will become clearer during the course of this current year.

2. Expenditures

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 (ED), and an executive secretary (ES), while we had to end the services of the admin support officer since the CMC-Directory will be offered for free for one whole year.

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. A decrease to this budget is reflected in the proposed budget for FY 2023-2024 to keep the expected expense closer to actuals from previous years. Keeping in mind that part of our secretariat services is being recovered through the provision of services to the Global Institute.

In the FY 2023-2024 proposed budget you will notice that the Outreach and Annual Report expense continues to be part of the core secretariat expenses as per last year's decision instead

of being part of the variable expenses as was budgeted for 2021-2022. This budget line also covers any events that we might hold for promoting or celebrating our services.

Dues and subscriptions cover the virtual conferencing platform, QuickBooks subscription, Mailchimp, and the ICMCI Full membership with CoNGO, which reflects our association with the United Nations.

The governance and board expenses still cover the Chair travel expenses and the face-to-face board meetings but at a lesser budget than that of FY 2022-2023 to keep close to actual numbers as we were able during 2021-2022 to travel for the face-to-face meeting and the average of the actual expenses is now at hand.

This year, all the assessments that took place followed the procedures and are reported accordingly, with none of the assessments conducted on-site.

Bad debts are reported in the budget as they reflect on the net revenue but are not part of the budget itself. Those are also reported in the treasurer's report and the audited statements. This year bad debts were provisioned as some IMCs did not meet our MGS policies and we may face losing two IMCs from our membership.

Core Marketing and Communications is an important part of the budget, and we increased the amounts for FY 2023-2024 as communications and campaigns are major activities in the third pillar of our strategic priorities, Representation. We are planning on increased activity and dedicated campaigns to promote our services which will also help to increase flexible revenues.

Core Internet / Website activities include the maintenance and operational costs as all development has been finalized. Any future development costs will be charged to the services that would be launched via the website included in the non-core section. This is what we were able to do this year since we maintained the cost-effective deal with our providers since 2019-2020. As this is the fourth year where this expense is stable, we restricted it to only include the Annual Maintenance Support (to include hosting and domain) and decreased its budget to reflect an average of the actual.

Core Treasury Expenses are straight forward however you will notice that there was a tangible increase in expenses this year due to the:

1. Changing of our banking account.
2. Appointment of a Banking Compliance Officer as per the approved resolution of last year.
3. Update of our by-laws as per the approved resolution of last year which entailed translation costs as well as registry costs.
4. Increased direct costs of our lawyers' service hours to accomplish the above and support in the registry update.

In the proposed 2023-2024 we hope to resume the normal average of expense and therefore we maintained the same budget as per 2022-2023.

Variable Expenses: due to the maturity of some of the variable products, we have reflected them in our budget for variable expenses to be at just over 27k as follows:

- Business Process Automation is the new item on this budget from last year to reflect the expense for the purchase and orientation on the new CRM system. During 2022-2023 and 2023-2024 this item will address the development costs related to maximising the use of the CRM that will support our continued growth in an efficient way.
- The ISO 17011 Internal Audit and ISO/IEC 17024 Audit Expenses were also introduced last year in the variable expenses to meet the cost of the delivery of the audits that are required to support the revenue from this activity. ICMCI is required to maintain its status under the ISO 17011 to be able to deliver the audit to the IMCs under ISO 17024, which in itself incurs direct expenses per project.
- CMC-Directory and the related co-sharing: These budget lines are at 0 for 2023-2024 as the expense for the directory is related to that of the ICMCI website, and the co-sharing is not valid since the service is being offered for free. When this changes then the item lines would reflect that accordingly.
- Consulting Report (NCI): This budget line covers expenses directed towards the consulting report which was launched in June for the third year. The budget was used in FY 2021-2022 for purchasing data sets and it is maintained in FY 2022-2023 but closer to actual in the FY 2023-2024 proposed budget for the purpose of purchasing data when needed.
- The CMC-Firm: there is no budget allocated for maintaining the directory as it is now part of the annual agreement with the provider. A budget line reflecting the co-sharing scheme is at €500 since the application phase is not included in the co-sharing, but the annual renewal is and will be reflected when current CMC-Firms renew.
- ISO 20700: this service proved to be a successful one for ICMCI, and ICMCI are looking into addressing further needs to satisfy consulting firms as well. This budget line addresses any expenses that might arise from the business proposal being prepared by the taskforce, as it went on hold since it intersects with the business automation project which is now in progress. The current costs for 2021-2022 reflect the cost of training provided on the self-declaration checklist and will continue to show in 2023-2024 as we should maintain providing the training until all IMCs are authorized.
- Admin Support: this was a new budget line in the approved 2020-2021 budget. We consider this a variable expense, as it addresses contracting admin support to cover the increase in secretariat work and committees support based on the increased number of hours required for the multiple revenue generating services or dedicated projects, especially the campaigns during the next two years as per our strategic priorities.
- Trademarks: we launched the project for protecting our CMC trademark and were able to establish the registration since then in Switzerland and 8 other countries. It is a process that takes time and has many stages, and we hope that in FY 2022-2023 we will have maintained the steady registrations. Therefore, we budgeted the same for FY 2023-2024 as by then we would be at the final stages of the process.
This expense also included the registration of the NCI logo during 2021-2022 in Switzerland as a trademark for ICMCI.

3. Net Revenue

We have budgeted for a modest €4100 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 FY 2023-2024 budget will rely on the flexible revenues to build this reserve in order to assure fixed revenues cover all core expenses that are increasing due to the worldwide circumstances.

In the FY 2021-2022 actuals, the net revenue was -€47.695K, and as noted above, this is resulting from the rebates provided to the IMCs, the bad debts of the IMCs we lost, and the expected credit loss.

Submitted 16 September 2022



Reema Nasser

Executive Director, CMC-Global