



# BUDGET BLUEPRINT: STRATEGIES FOR SUCCESS

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# AGENDA

- Client budgets
  - Preparation / Assumptions / Presentation
- AMC Fees in the Budget Process
- AMC Budget
- Budget Scenarios

# BUDGET TIME – EVERYONE’S FAVORITE TIME OF YEAR.....

What can you do to prepare for your client’s budget?



# **budg·et** – A plan for the upcoming year

- ❖ Important control – board approved financial plan
- ❖ Guides priorities / decision making
- ❖ Involve key stakeholders early in the process

*Achieve association mission and maximize organizational impact*

# ASSOCIATION BUDGETS – PREPARATION

Strategic Plan – financial implications

Revenue sources / Opportunities / constraints

Historical trends and most recent forecast

Expenses

- Program costs
- Operating expenses
- AMC fee

# ASSUMPTIONS

- Review and get agreement from leadership several months before budget preparation
- Allow these assumptions to guide budget preparation

Membership Dues

Conference  
attendance / rates

Educational  
products sales

Promotional /  
Marketing activities

Fundraising efforts

Board and  
committee  
requirements

# BUDGET PRESENTATION

## Narrative

- Tell financial story – connect budget to operational goals and priorities
- Include charts and graphs
  - Summary of budget
  - Historical trends
  - Reserves at end of budget year
- Emphasize key items / decision points
- Program details – highlighting significant changes from prior year
- New Program or expense requests

## Summary of Financial Details – concise/easy to understand

- Revenue and expense details
- Budget year / Current year forecast
- Projections/Scenarios



# FUTURE PROJECTIONS / SCENARIOS

Consider adding 3-5 year projections to your budget process

- Inform strategic decision making
- Set financial goals/targets
- Anticipate challenges
- Enhance credibility

Scenarios useful when different options are being considered

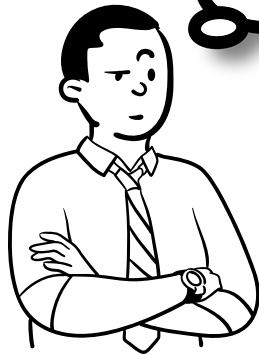


When it comes to the client fees and AMC budgeting, what's the biggest challenge you've encountered in aligning both your internal AMC budget and the client's expectations?



# FEES FROM YOUR AMC

I am the executive,  
I support my client.  
AMC fees are my  
AMC's issue, not  
mine



# FEES FROM YOUR AMC

As the Executive, you should understand and participate in discussions around the AMC fee



# AMC FEES & BUDGET PROCESS



Annual budget is good time to review scope and fees

- AMC fee often largest expense – not unlike any association as it includes all staff and infrastructure costs



Open communication important



Transparency important

- Build trust and buy in
- Encourage open communication / questions



Demonstrate relationship between AMC Fees and Services

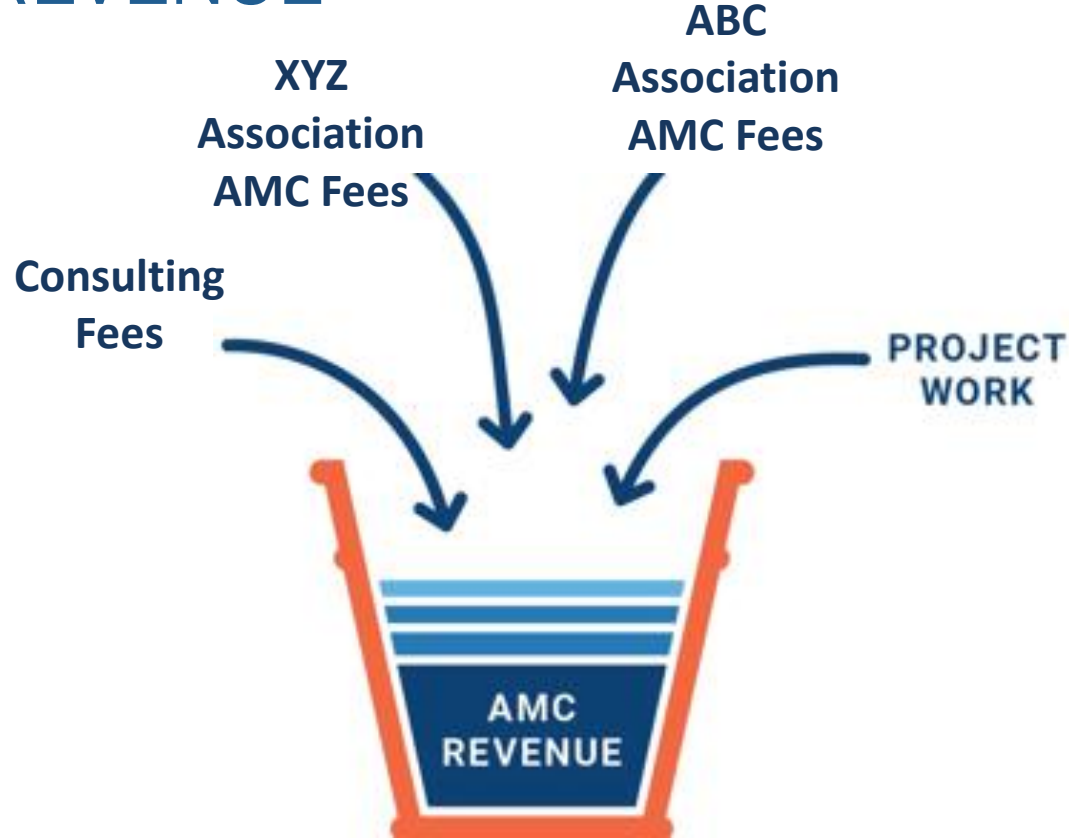
- Highlight value generated / key outcomes from relationship
- Provide benchmarks as applicable

# BENEFITS OF AMC

Don't be afraid to remind clients of benefits of working with an AMC

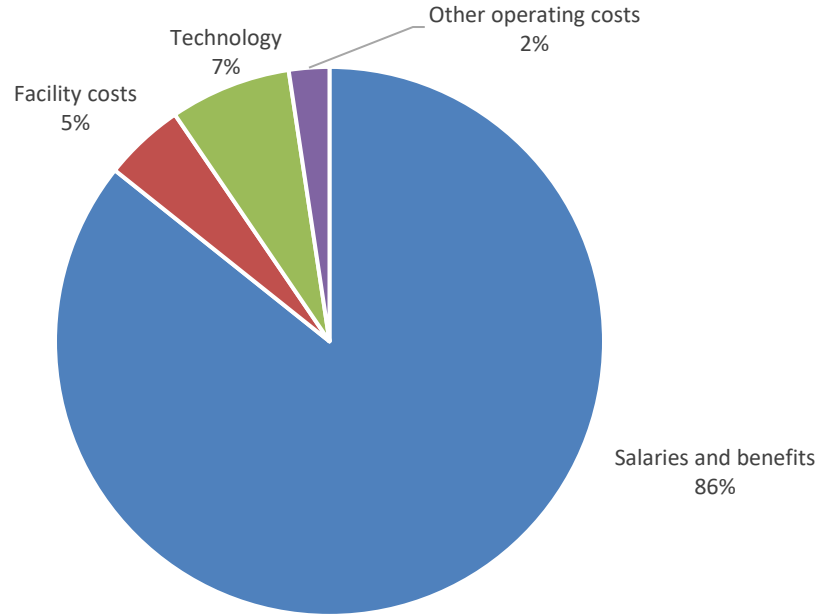


# AMC REVENUE



# AMC EXPENSES

AMCs sell a service –  
largest expense is  
staff and related  
benefits



# AMC BUDGET

**Revenue less Expense = \$ Profit \$**

**Direct impact on:**

**Benefits**

**Staff & Technology Investments**



# BUDGET SCENARIO

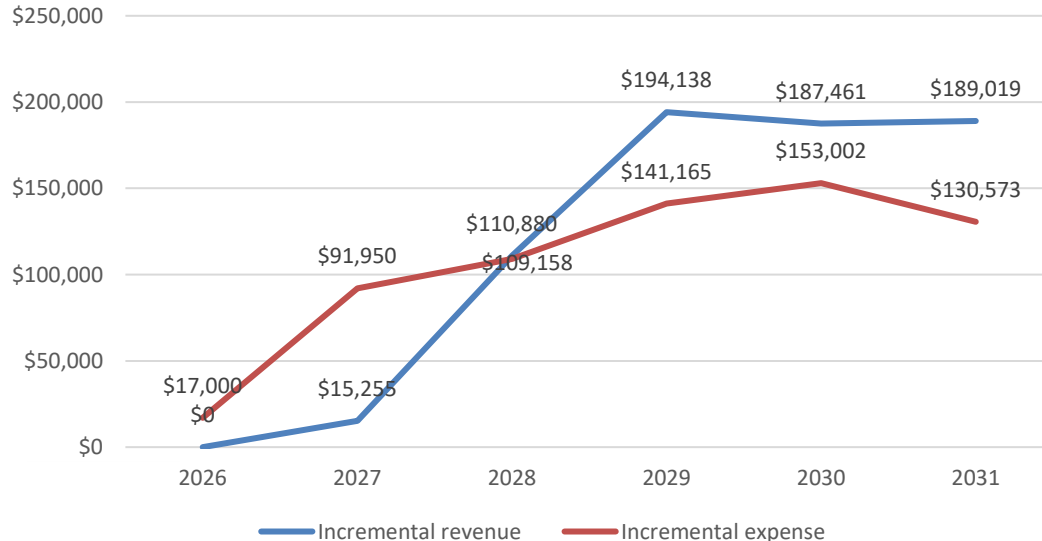
Your client board has a strategic priority to improve educational offerings for their members and would like to add an LMS and move some current products to the LMS. They also have data to suggest several other digital products would be valuable and want you to accelerate that product development. They want staff to dedicate significant time to make this happen in a relatively quick time frame, but existing staff do not have capacity to take this on.

As the executive you know this means adding staff resources to manage the LMS. How do you present this option and related added cost (increase in AMC fees) to your board for consideration? This added expense will likely result in a net deficit in the current budget year. Your client currently has 16 months of operating expense in reserves.

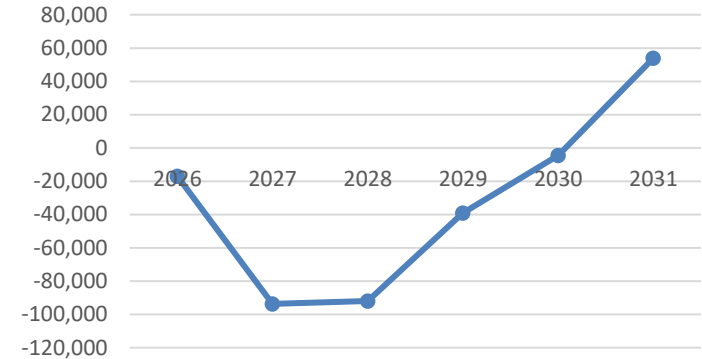
# BUDGET SCENARIO 1 – POSSIBLE APPROACH

- Show them the DATA
- Investment in first few years results in revenue later
- Break even in 2 years
- Within four years start making a profit
- Reserves dip for period of time but are adequate – they can afford this investment

Estimated LMS related financial results



Cumulative profit



# QUESTIONS OR COMMENTS

