

MAKING THE MOST OF YOUR REVENUE

THE EFFECTS OF THE CURRENT ECONOMIC SITUATION ARE A CONCERN FOR EVERYONE. ASSOCIATIONS MAY FEEL THE REVERBERATIONS OF THESE DIFFICULTIES FOR LONGER THAN SOME KINDS OF BUSINESS. THESE ORGANISATIONS SERVE AN EXTRAORDINARILY WIDE VARIETY OF PURPOSES, AND HAVE MANY FEATURES IN COMMON WITH EACH OTHER, ALTHOUGH MASSIVE BONUSES, CREDIT, DEBT AND MORTGAGES ARE NOT PART OF THEIR VOCABULARY.

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Most associations have a financial cycle, as well as a cycle of activity, of at least one entire year: income from members in the form of fees or subscriptions is paid on an annual basis, so the majority of this income is accumulated in the first quarter of the association's year (which may or may not correspond to a calendar year), whereas expenditure is spread more evenly through the twelve months.

Collected funds are deposited, then drawn down gradually, but secure short-term savings accounts are paying exceptionally low rates of interest. Most associations have no funds available for long-term investment, although some large charities revealed that they had startling sums at risk when the Icelandic banks failed.

In the current economic climate, those responsible for running associations should remain constantly aware of the state of their financial situation in relation to their budget. Associations are advised to maintain

reserves equivalent to six months' running costs, simply to cover the expense of closing down if they are obliged to do so.

MEMBERSHIP

What are the prospects for association membership? It is likely that numbers will shrink before they begin to expand again. Still, retaining members is easier than recruiting new ones. One can imagine that it is a difficult decision for a prospective member to take on a new expense, although some feel the need for greater support when times are poor.

Increasing membership fees appears to be a quick way to increase income, provided the association's own procedures are followed. But members have to agree to stay and to pay - if an increase of 5% in the subscription prompts 5% of members to resign, net

income is lower than it would have been without the increase. Whether members are individuals or companies, people feeling nervous about their finances can cut costs rapidly by cancelling association membership. Associations have to tread a fine line between keeping in touch with ex-members to encourage them to rejoin when confidence returns and sending so many reminders that the former members feel harassed.

Cases where a membership fee is levied as a proportion of company turnover may show a considerable delay before association income recovers, as results are assessed after the



close of a financial exercise and conditions may take a prolonged period to turn round.

SUBSIDIES AND GRANTS

Subsidies or grants from the EU or other public authorities are usually based on a project system as opposed to general maintenance. Promises already made will not be withdrawn, but in the longer term governments' contributions may be reduced before stability is re-established, resulting in limited funds being available and rejection of a

greater proportion of projects. The public body's own administration would be given priority over grants for projects. Associations' applications should be meticulously prepared, and, if approval is received, project management

and reporting punctiliously observed. It is

relationships as soon as economic recovery allows, meanwhile casting around for potential sponsors whose activity is reviving more quickly.

Associations with a slant towards environmental or social purposes can benefit from a sponsor's contribution of time and effort amounting to a team-building exercise. The company frees employees within working hours to carry out such practical work as nature conservation or redecorating accommodation. Although no money changes hands, all involved feel the advantage.

CONFERENCES

Conferences have been money-spinners in the past but are less so at present. Three-quarters of respondents to a UIA meetings survey expected participation to drop in the near future. If an annual assembly is a legal obligation, the organising association should maintain close control of expenditure, read the small print on contracts (permanent advice but not always followed) and allow for low attendance until participants once again feel justified in spending on travel and participation fees.

moment to allow service to decline and give members any reason to resign. Sharing some administration with similar associations or outsourcing specific regular jobs such as book-keeping can be considered, although the time spent explaining the task or checking the results should not be underestimated. Part-time work is burgeoning and unemployment is high, so if a new recruit is required, potential benefits and grants should be thoroughly investigated.

The length of the activity cycle is a benefit for those who work in associations: tasks are not the same day-in day-out, and experience and know-how are built up rather slowly, hence a rapid turnover of staff is a grave disadvantage. Staff members may be apprehensive about their employment prospects, and talking to them will reassure them, or even reveal fresh ideas.

Office rent is also a major item of expenditure, but a removal to smaller or cheaper premises is an upheaval which is often painful to contemplate, and is itself a cost in terms of transport, re-connection of services and making known the new address, as well as disruption to normal work.

Communication costs have diminished in recent years as electronic means flourished, although the cost of purchasing and upgrading equipment is not negligible. Sending a flurry of words may not be expensive if it is done electronically, but messages only count as communication if the recipient listens, just receiving is not enough.

Associations will survive the economic downturn, being creative and flexible, finding solutions, as they have in the past. The Union of International Associations has documented their activities for the past hundred years and will continue to make available its collection of information in the future.

www.uia.org

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always worth investigating which funds have money in reserve, as the less obvious or well-known may not be exhausted and a carefully directed application may succeed.

SPONSORSHIP

Sponsorship is subject to short-term decisions and firms can readily cut expenditure here. Associations can respond by maintaining their networks in the hope of renewing

EXPENDITURE

With income at a static level or decreasing, expenditure evidently has to be kept in check. For associations which employ their own personnel, the cost of staff is the largest item in the budget. Associations are renowned for functioning very effectively with small numbers, so it is unlikely that reducing staff will be a possibility - this is not the