1.1 Module 3: Internal and External Communication

1.1.1 Rationale and Introduction into Module 3

For an industrial association to perform its role well, proper communication is essential. A BMO that does not communicate with the outside world is basically a social club without radiating into the other spheres of society. External communication, though, will not work if internal communication does not flow properly. This means, that there needs to be consent within the association as to where it wants to go. Proper internal communication is a means to achieve this. For instance, if an advocacy campaign is about to be rolled out, the roles between Board, Committees and Secretariat need to be clearly defined. Proper internal communication is a means to achieve this.

Communication is a very personal thing. People communicate, perceive and react very differently. Communication techniques and devices reinforce peoples’ personality. It is therefore helpful to start with the basics of communication and to be clear about the interrelatedness between “senders” and “receivers” of communication. The essential lessons are (i) get your message clear and (ii) always have the “receiver” and his or her possible reactions in mind, if you communicate.

Therefore, Module 3 “Internal and External Communication” starts by familiarizing participants with the sender-receiver model (session 1). Key issues of internal communication are dealt with in session 2. Session 3 explores, among others, the target groups of external communication, the concept of corporate identity and some of the key tools for external communication (websites, press releases and the design of policy papers).

The sessions include the following topics:
- The sender – receiver model
- The perils of miscommunication
- Objectives of internal communication
- Tools for internal communication
- Communication flow
- Challenges in internal communication and how to address them
- Objectives of external communication
- Target groups of external communication
- Corporate identity
- Some tools for external communication (websites, press releases, policy papers)

The module takes a bit more than 9 hours. It comprises an interactive mix of various didactic means such as group work, plenary discussions and inputs from the facilitator or trainer. It is important to note that interactive training elements help to sustain participants’ attention and deepen their learning. This is especially important when trainings take place at evening hours.
1.1.2 Training Contents of Module 3: Internal and External Communication

Training Schedule of Module 3

<table>
<thead>
<tr>
<th>Day 1</th>
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<tbody>
<tr>
<td><strong>Session</strong></td>
<td><strong>Topics</strong></td>
<td><strong>Duration</strong></td>
<td><strong>Proposed time</strong></td>
</tr>
<tr>
<td><strong>Session 3.1</strong>: Introduction into Communication</td>
<td>1. The sender – receiver model</td>
<td>1 hour 5 min.</td>
<td>16.00 – 17.05 h</td>
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<td></td>
<td>2. The perils of miscommunication</td>
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<tr>
<td><strong>Session 3.2</strong>: Internal Communication</td>
<td>1. Objectives of internal communication</td>
<td>25 min.</td>
<td>17.05 – 17.30</td>
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<tr>
<td></td>
<td>2. Tools for internal communication</td>
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<tr>
<td></td>
<td>Coffee / tea break</td>
<td>15 min.</td>
<td>17.30 - 17.45 h</td>
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<tr>
<td></td>
<td>3. Communication flow</td>
<td>1 hour 50 min.</td>
<td>17.45 – 19.35 h</td>
</tr>
<tr>
<td></td>
<td>4. Challenges in internal communication and how to address them</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Session 3.3</strong>: External Communication</td>
<td>Coffee / tea break</td>
<td>15 min.</td>
<td>19.35 – 19.50 h</td>
</tr>
<tr>
<td></td>
<td>1. Objectives of external communication</td>
<td>50 min.</td>
<td>19.50 - 20.40 h</td>
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<td></td>
<td>2. Target groups of external communication</td>
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<tr>
<td>**Day 2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Session 3.3</strong>: External Communication (continued from day 1)</td>
<td>3. Corporate identity</td>
<td>1 hour 45 min.</td>
<td>16.00 – 17.45 h</td>
</tr>
<tr>
<td></td>
<td>Coffee / tea break</td>
<td>15 min.</td>
<td>17.45 – 18.00 h</td>
</tr>
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<td></td>
<td>4. Some tools for external communication (websites, press releases, policy papers)</td>
<td>2 hours 15 min.</td>
<td>18.00 – 20.15 h</td>
</tr>
<tr>
<td><strong>Closing</strong></td>
<td>Workshop summary and evaluation</td>
<td>10 min.</td>
<td>20.15 – 20.25 h</td>
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</table>
1.1.1.1 Session 3.1: Introduction into Communication

A Overview

Time: 1 hour 5 min.

Overview: Communication is not only about mastering technical communication devices. Understanding the underlying process between someone who sends information and someone who receives it is of equal importance. The sender–receiver model analyses each step of the communication process and their interrelatedness. Understanding the model and its implications for day-to-day business will help avoid pitfalls of miscommunication. It will also ensure effective communication that is oriented towards the target groups of an industrial association.

Learning objectives:
- Participants are familiar with the sender–receiver model.
- Participants are sensitized to the need to consider the perceptions, needs and background of the receiver of communication.
- Participants are aware on the need to follow key lessons of the sender–receiver model in day-to-day business.

Materials required:
Background reading 1 of session 3.1
Charts 3.1.1 – 3.1.6
Handouts
Projector
Flipcharts
Felt markers
### Session 3.1: Introduction into Communication

<table>
<thead>
<tr>
<th>Time</th>
<th>Steps</th>
<th>Methodology</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 min.</td>
<td>1. Introduction</td>
<td>Introduce the session by informing the plenary that the group will deal with the so called “sender – receiver model”. The model explores the basics of communication between someone who forwards information – the sender – and someone who receives information – the receiver. By going back to the basics of communication, one will be able to understand all communication processes better and to act in a way that avoid miscommunication. All communication processes are about sending and receiving. Chart 3.1.1</td>
</tr>
<tr>
<td>30 min.</td>
<td>2. The sender – receiver model</td>
<td><strong>Facilitator’s input:</strong> You introduce the sender – receiver model (charts 3.1.2 and 3.1.3). It is important to stress the interrelationship between sending and receiving. A message that is misperceived by the receiver might, in turn, spark off unforeseen reactions of the sender as well. Hence, good communication starts with encoding, getting a message across clear, always anticipating and avoiding sources of confusion. Charts 3.1.2 – 3.1.4</td>
</tr>
<tr>
<td>30 min.</td>
<td>3. Plenary exercise on the sender – receiver model</td>
<td><strong>Plenary exercise:</strong> Chart 3.1.4 displays an example of miscommunication. Ensure full attention of the group. You might ask a participant to read the story loud for everybody to listen. Then you will analyse the case with the plenary. You might wish to take note of the participants' contributions and close by referring to the points listed in chart 3.1.5 and the conclusion in chart 3.1.6. <strong>Please note</strong> that the example is a little bit on the lighter side. Please check the suitability of the example with the audience before the training. Normally, it should work well with industry associations, but there might be cases where it would deem inappropriate. If this is the case, develop an alternative example yourself or search for it in the internet. Charts 3.1.5 – 3.1.6</td>
</tr>
</tbody>
</table>
Background Readings

Reading 1 of Session 3.1: Introduction into Communication

Source: http://www.mindtools.com/CommSkill/CommunicationIntro.htm

Introduction to Communication Skills: Why Communications Skills Are So Important

The purpose of communication is to get your message across to others clearly and unambiguously.

Doing this involves effort from both the sender of the message and the receiver. And it's a process that can be fraught with error, with messages often misinterpreted by the recipient. When this isn't detected, it can cause tremendous confusion, wasted effort and missed opportunity.

In fact, communication is only successful when both the sender and the receiver understand the same information as a result of the communication.

By successfully getting your message across, you convey your thoughts and ideas effectively. When not successful, the thoughts and ideas that you convey do not necessarily reflect your own, causing a communications breakdown and creating roadblocks that stand in the way of your goals – both personally and professionally.

In a recent survey of recruiters from companies with more than 50,000 employees, communication skills were cited as the single more important decisive factor in choosing managers. The survey, conducted by the University of Pittsburgh's Katz Business School, points out that communication skills, including written and oral presentations, as well as an ability to work with others, are the main factor contributing to job success.

In spite of the increasing importance placed on communication skills, many individuals continue to struggle with this, unable to communicate their thoughts and ideas effectively – whether in verbal or written format. This inability makes it nearly impossible for them to compete effectively in the workplace, and stands in the way of career progression.

Getting your message across is paramount to progressing. To do this, you must understand what your message is, what audience you are sending it to, and how it will be perceived. You must also weigh-in the circumstances surrounding your communications, such as situational and cultural context.

Communications Skills – The Importance of Removing Barriers:

Communication barriers can pop-up at every stage of the communication process (which consists of sender, message, channel, receiver, feedback and context – see the diagram below) and have the potential to create misunderstanding and confusion.
To be an effective communicator and to get your point across without misunderstanding and confusion, your goal should be to lessen the frequency of these barriers at each stage of this process with clear, concise, accurate, well-planned communications.

You can find out which barriers your communications tend to stuck at by taking our How Good Are Your Communication Skills? Self-test. But in summary, here's some more information about each stage of the communication process:

**Source...**

As the source of the message, you need to be clear about why you're communicating, and what you want to communicate. You also need to be confident that the information you're communicating is useful and accurate.

**Message...**

The message is the information that you want to communicate.

**Encoding...**

This is the process of transferring the information you want to communicate into a form that can be sent and correctly decoded at the other end. Your success in encoding depends partly on your ability to convey information clearly and simply, but also on your ability to anticipate and eliminate sources of confusion (for example, cultural issues, mistaken assumptions, and missing information.) A key part of this knows your audience: Failure to understand who you are communicating with will result in delivering messages that are misunderstood.

**Channel...**

Messages are conveyed through various channels verbally, including face-to-face, meetings, telephone and videoconferencing; and written, including letters, emails, memos and reports.

Different channels have different strengths and weaknesses. For example, it's not particularly effective to give a long list of directions verbally, while you'll quickly cause problems if you criticize someone strongly by email.
Decoding...

Just as successful encoding is a skill, so is successful decoding (involving, for example, taking the time to read a message carefully, or listen actively to it.) Just as confusion can arise from errors in encoding, it can also arise from decoding errors. This is particularly the case if the decoder doesn't have enough knowledge to understand the message.

Receiver...

Your message is delivered to individual members of your audience. No doubt, you have in mind the actions or reactions you hope your message will get from this audience. Keep in mind, though, that each of these individuals enters into the communication process with ideas and feelings that will undoubtedly influence their understanding of your message, and their response. To be a successful communicator, you should consider these before delivering your message, and act appropriately.

Feedback...

Your audience will provide you with feedback, verbal and nonverbal reactions to your communicated message. Pay close attention to this feedback, as it is the only thing that allows you to be confident that your audience has understood your message. If you find that there has been a misunderstanding, at least you have the opportunity to send the message a second time.

Context...

The situation in which your message is delivered is the context. This may include the surrounding environment or broader culture (i.e. corporate culture, international cultures, etc.).

Removing Barriers at All These Stages

To deliver your messages effectively, you must commit to breaking down the barriers that exist in each of these stages of the communication process.

Let's begin with the message itself. If your message is too lengthy, disorganised, or contains errors, you can expect the message to be misunderstood and misinterpreted. Use of poor verbal and body language can also confuse the message.

Barriers in context tend to stem from senders offering too much information too fast. When in doubt here, less is oftentimes more. It is best to be mindful of the demands on other people's time, especially in today's ultra-busy society.

Once you understand this, you need to work to understand your audience's culture, making sure you can converse and deliver your message to people of different backgrounds and cultures within your own organisation, in this country and even abroad.
Session 3.1: Introduction into Communication

Topics:
- The Sender – Receiver Model
- The perils of miscommunication

Chart 3.1.1 - Topics
Session 3.1: Introduction into Communication

The Sender – Receiver Model

The sender-receiver model

Chart 3.1.2 – The sender – receiver model
Session 3.1: Introduction into Communication

Interpretation of the Sender – Receiver Model

- **Sender**: Be clear about the message you want to convey.
- **Encoding**: Transfer the information you want to communicate into a form that can be sent and correctly decoded (=understood) at the other end. Anticipate and avoid sources of confusion.
- **Channel**: Select the channel for conveying your message (verbally or in written form) carefully. Different channels have different strengths and weaknesses.
- **Decoding**: Make an effort to understand a message you are receiving well (for instance by carefully reading or actively listening).
- **Receiver**: Have in mind the actions or reactions you hope your message will get from an individual or an audience.
- **Feedback**: These are verbal and nonverbal reactions to your communicated message. Pay close attention to them.

Chart 3.1.3 – Interpretation of the sender – receiver model
Session 3.1: Introduction into Communication

What happens if you miscommunicate? See for yourself:

A young husband comes home one night, and his wife throws her arms around his neck: "Darling, I have great news: I'm a month overdue. I think we're going to have a baby! The doctor gave me a test today, but until we find out for sure, we can't tell anybody."

The next day, a guy from the electric company rings the door-bell, because the young couple hasn't paid their last bill: "Are you Mrs. Smith? You're a month overdue, you know!"
"How do YOU know?" stammers the young woman.
"Well, ma'am, it's in our files!" says the man from the electric company.
"What are you saying? It's in your files?????"
"Absolutely."
"Well, let me talk to my husband about this tonight."

That night, she tells her husband about the visit, and he, mad as a bull, rushes to the electric company offices the first thing the next morning.

"What's going on here? You have it on file that my wife is a month overdue? What business is that of yours?" the husband shouts.
"Just calm down," says the clerk, "it's nothing serious. All you have to do is pay us."
"PAY you? and if I refuse?"
"Well, in that case, sir, we'd have no option but to cut yours off."
"And what would my wife do then?" the husband asks.
"I don't know. I guess she'd have to use a candle."

Chart 3.1.4 – Example of miscommunication
Session 3.1: Introduction into Communication

Analysis of the miscommunication example

- The sender – the clerk from the utility – did not encode his message properly: “You’re a month overdue with your power bills”
- The receiver – the wife – did not decode properly: Not actively listening and paying enough attention to the context.
- The other receiver – the husband – did not make use of the feedback loop in order to scrutinize his wife’s perception.
- The other sender – the husband – did not encode properly too: His aggressiveness put the clerk on the defensive.

Chart 3.1.5 – Analysis of the miscommunication example
Conclusions:
The sender – receiver model helps you to be mindful about how your messages might be understood or perceived by the addressee. It helps to avoid miscommunication problems in our day-to-day business.
Handouts

Charts 3.1.1 to 3.1.6
Reading 1
1.1.1.2 Session 3.2: Internal Communication

A Overview

Time: 2 hours 15 min.

Overview: This session relates to the factors that make or break the communication flow within an association. It relates to members, the Board of Directors, Committees, the Secretary-General and the other staff of the secretariat. It deals with prominent tools for internal communication as well as the flow of information among the various stakeholders mentioned above. In a final exercise, challenges related to internal communication and possible ways of overcoming communication barriers are discussed.

Learning objectives:
- Participants are aware of the necessity to design efficient internal communication processes.
- Participants have identified communication barriers within their own organisation and obtained ideas of how to address them.
- Participants feel inspired to address a few of the challenges in the real-life of their industrial association.

Materials required:
- Background reading 1 of session 3.2
- Charts 3.2.1 – 3.2.8
- Handouts
- Projector
- Flipcharts
- Felt markers
- Pin boards
- Brown paper or flipchart paper
- Pins
- 3 charts on brown paper displaying the key stakeholders of a BMO (as in chart 3.2.6 of the presentation).
## Session 3.2: Internal communication

<table>
<thead>
<tr>
<th>Time</th>
<th>Steps</th>
<th>Methodology</th>
<th>Materials</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 min.</td>
<td>1. Introduction</td>
<td>This session relates to the factors that make or break the communication flow within an association. It relates to members, the Board of Directors, Committees, the Secretary-General and the other staff of the secretariat. It deals with prominent tools for internal communication as well as the flow of information among the various stakeholders mentioned above. In a final exercise, challenges related to internal communication and possible ways of overcoming communication barriers are discussed.</td>
<td>Chart 3.2.1</td>
</tr>
<tr>
<td>20 min.</td>
<td>2. Common tools for internal communication</td>
<td>Facilitator’s input and plenary discussion: As a first step, you may present the objectives of internal communication (chart 3.2.2), common tools (chart 3.2.3) and highlight their specific advantages (charts 3.2.4 and 3.2.5).</td>
<td>Chart 3.2.2 – 3.2.5</td>
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<tr>
<td>5 min.</td>
<td>3. Group work on challenges of internal communication within BMOs</td>
<td>Group work: This exercise will explore a few challenges of internal communication within BMOs. Proceed as follows: i) Form 3 groups. Ideally, each group would represent a different industry association. If you have participants from only one BMO, you might ask each group to work on a specific subject within the BMO, for instance the first group dealing with the relationship between Board – members - Committees, the second with Secretariat – Secretary-General - Committees and so on. If you have more than 3 associations in the training, either form more than 3 groups or have more than one association represented in a working group. ii) Task: Show chart 3.2.6, which displays the key stakeholders within a BMO. The arrows represent connections among the stakeholders. Thick arrows mean that the communication between them is particularly strong. Each group will have the task of identifying communication challenges and relate them to the stakeholders (for instance: Secretariat sending information on events late to members). iii) Visualisation: Each group should pro-</td>
<td>Charts 3.2.6 – 3.2.8 3 charts on brown paper with the key stakeholders of a BMO as in chart 3.2.6 of the presentation. Flipcharts Flipchart paper Felt markers Background reading 1</td>
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1 hour 50 min. in total
### Session 3.2: Internal communication

<table>
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<th>Time</th>
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<td></td>
<td>Produce two outputs: a chart similar to the graph displayed by the facilitator that either states <em>good communication</em> (“thumb up”) or <em>communication challenge</em> (“flash”) and a flipchart that mentions briefly, where the problems are. You should have prepared 3 charts on brown paper with a sketch of the key stakeholders of a BMO (as in chart 3.2.6) beforehand.</td>
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<td>iv) Presentations and discussions in the plenary: After the group work, the output is presented and discussed one group after the other. You are moderating the discussion. If you feel, there are wrong or misleading contributions, you gently intervene in order to keep the discussion on track.</td>
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<td>v) Closing: As a final step, you might present charts 3.2.7 and 3.2.8, which hint to a few common challenges in internal communication and proposals for addressing them.</td>
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Background Readings

Reading 1 of session 3.2: Internal Communication


Internal and External Communication

There are various types of communication: external and internal. Further there is top-down, bottom-up, horizontal, and two-way communication. In addition, communication can be informal or formal. There are four basic rules for effective communication:

- Precisely know/define the message you want to communicate
- Express the message in terms easily understood by the target group or person and generally acceptable (mind cultural differences!)
- Choose the best means of communication (verbal, written, etc.)
- Choose the best channel (circular, meeting, advertising, etc.) for the message

While top-down communication has its merits and advantages in internal communication, two-way communication involves members and staff more and is therefore often preferable. Meetings belong to the most prominent types of two-way communication in BMOs.

The following table gives an overview of typical problems and possible solutions with regard to the organisation and success of meetings in BMOs:

<table>
<thead>
<tr>
<th>Problem</th>
<th>Solution</th>
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</thead>
<tbody>
<tr>
<td>Meeting objective(s) not clear to participants</td>
<td>Define specific objectives, prepare agenda, and circulate objectives.</td>
</tr>
<tr>
<td>Too many or too few participants for meaningful discussion</td>
<td>Take strategic decision on who should participate, inform the participants and organise decision making.</td>
</tr>
<tr>
<td>Lengthy, chaotic debate; too much time wasted</td>
<td>Select manageable number of topics and discuss these only, set specific objectives to be achieved, set timetable for each topic in advance and follow the plan, choose good facilitator.</td>
</tr>
<tr>
<td>Unclear results at the end of meeting</td>
<td>Summarize results at the end of each topic’s discussion and at the end of the meeting.</td>
</tr>
<tr>
<td>No follow-up</td>
<td>Prepare and distribute brief report on results of meeting, list follow-up actions and responsibilities that were discussed and decided. Monitor progress.</td>
</tr>
</tbody>
</table>

Also ensure that the meeting venue and the seating arrangements are conducive for discussion (round table better than classroom style; etc.).

Meeting reports are often too long and boring, often they are not prepared, or if, not read. A brief report would only contain: Date of meeting, objectives, participants (annex list circulated during the meeting), results, but not (!) proceedings.
Session 3.2: Internal Communication

Topics:
- Objectives of internal communication
- Tools for internal communication
- Communication flow
- Challenges in internal communication and how to address them

Chart 3.2.1 - Topics
Session 3.2: Internal Communication

Objectives of internal communication:
Ensure that all stakeholders in a BMO dispose of sufficient and timely available information in order to

- be in the picture about the organisation’s performance and achievements,
- take decisions on time and based on facts,
- deliver efficient services and effective advocacy programmes,
- perform administrative duties adequately.

Chart 3.2.2 – Objectives of internal communication
Session 3.2: Internal Communication

Common tools for internal communication - overview:

- Phone calls
- Emails
- Meetings
- Annual reports
- Minutes
- Newsletters

Chart 3.2.3 – Tools for internal communication
### Session 3.2: Internal Communication

What are the specific advantages of these tools?

<table>
<thead>
<tr>
<th>Tool</th>
<th>Advantage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phone calls</td>
<td>One-on-one communication; especially if specific topics need clarification.</td>
</tr>
<tr>
<td>Emails</td>
<td>Forward information to a larger audience (for instance invitation to AGM; sending newsletters).</td>
</tr>
<tr>
<td>Meetings</td>
<td>Discuss topics in depth and obtain a common understanding. Allows for getting instant feedback.</td>
</tr>
<tr>
<td>Minutes</td>
<td>Document and disseminate decisions taken by the association’s bodies.</td>
</tr>
</tbody>
</table>

Chart 3.2.4 – Specific advantages of these tools
Session 3.2: Internal Communication

What are the specific advantages of these tools:

Newsletters: Crucial information tool with members regarding current developments and BMO’s events.

Annual reports: Serve accountability purposes within the association and demonstrate the BMO’s performance to a wider audience.

Chart 3.2.5 – Specific advantages of these tools II
Session 3.2: Internal Communication

**Group work:** Challenges in internal communication within your association.

**Task:** Identify communication challenges. Go through each of the relations displayed in the graph.

Use 😊 to signal good communication and 🙄 in case of challenges.

Chart 3.2.6 - Potential challenges in internal communication I
## Session 3.2: Internal Communication

### Potential challenges in internal communication I

<table>
<thead>
<tr>
<th>Challenge</th>
<th>How to address</th>
</tr>
</thead>
</table>
| **Emails:** No feedback as to whether recipients have taken note of an email. | Activate „read-receipt tracking mechanism“.
| **Meetings:** Meetings are lengthy, not productive and there is no follow-up on the outputs. | Define clear agenda and the expected output. Set a time limit and designate a time-keeper and/or moderator. Nominate persons responsible for the tracking of the decisions taken. Make follow-up on previous meetings a routine tool for upcoming meetings.
| **Minutes:** Take long to be drafted. | Define format for minutes of meetings. Focus on the decisions taken and less on the description of the discussion process and the various points of views of the participants in the discussion. Set a maximum period for the delivery of the minutes.

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Chart 3.2.7 - Potential challenges in internal communication II
Session 3.2: Internal Communication

### Potential challenges in internal communication II

<table>
<thead>
<tr>
<th>Challenge</th>
<th>How to address</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Newsletter:</strong> Are issued irregularly or not on time; try to cover too many topics, so that its production is time-consuming.</td>
<td>Cover a limited set of topics and concentrate more on regular and on-time publishing; expand scope of newsletter gradually. Issue electronic newsletter in order to save expenses.</td>
</tr>
<tr>
<td><strong>Annual reports:</strong> Reports reflect President’s opinion rather than containing facts and analysis.</td>
<td>Design a uniform structure for all annual reports. Make sure that facts on the BMO (for instance membership development or advocacy activities) are presented in the report. Systematically explore achievements but also drawbacks in the various activity areas.</td>
</tr>
</tbody>
</table>

Chart 3.2.8 - Potential challenges in internal communication III
Handouts

Charts 3.2.1 to 3.2.8
Reading 1
1.1.1.3 *Session 3.3: External Communication*

**A Overview**

**Time:** 4 hours 50 min.

**Overview:** External communication is about “getting the message across”. It is the basic channel for, say, “making the world change”. In order to influence policy makers, administrators and the general public, associations need to communicate in a professional manner with the “outside world”. External communication also helps to reach out at potential new members. Not that, due to the importance of the topic, this is a very extensive session.

**Learning objectives:**
- Participants have an understanding about objectives and target groups of external communication.
- Participants familiarized themselves with the concept of corporate identity and are motivated to either develop or update/modify their associations’ corporate identity.
- Participants familiarized themselves with basic ways, procedures and methods for developing websites, handling press releases and elaborating policy papers in a professional manner.

**Materials required:**
- Background readings 1, 2, 3 and 4 of session 3.3
- Charts 3.3.1 – 3.3.15
- Handouts
- Projector
- Felt markers
- Flash cards
- Pin boards
- Brown paper or flipchart paper
- Pins
### Session 3.3: External communication

<table>
<thead>
<tr>
<th>Time</th>
<th>Steps</th>
<th>Methodology</th>
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</tr>
</thead>
<tbody>
<tr>
<td>5 min.</td>
<td>1. Introduction</td>
<td>You may introduce the final session of module 3 by saying that external communication is crucial for a BMO to attain its objectives and grow in terms of public recognition and membership. You may briefly go through the topics displayed on chart 3.3.1 and mention that there are more tools for external communication than the ones dealt with in the session (for instance social networks such as Facebook, Twitter and YouTube). However, due to time constraints the training has to limit itself to the ones you just mentioned.</td>
<td>Chart 3.3.1</td>
</tr>
</tbody>
</table>
| 45 min.| 2. Objectives and target groups of external communication | **Facilitator’s input:** You introduce objectives and target groups of external communication according to charts 3.3.2 and 3.3.3.  
**Plenary discussion:** Next, you may start a plenary discussion. You can use the following guide questions for that purpose:  
i) Do you think that the objectives are right? Is anything missing?  
ii) With regard to the target groups, what groups is your association reaching out to?  
iii) Parliamentarians and medium-level technocrats are target groups that often do not receive so much attention from BMOs. What is your experience, have you addressed them and how?  
iv) What are your experiences with the press? Are they receptive to your concerns? Do they cover BMOs appropriately?  
Feel free to ask additional questions. It would be good if you took note of interesting contributions from the participants on flipchart. Please make sure that they are typed at the end of the day and handed-out the other day or at the end of the training. | Chart 3.3.2 and 3.3.3  
Background reading 1 |
### Session 3.3: External communication

<table>
<thead>
<tr>
<th>Time</th>
<th>Steps</th>
<th>Methodology</th>
<th>Materials</th>
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<tbody>
<tr>
<td>15 min. presentation;</td>
<td>3. Corporate identity I</td>
<td><em>Facilitator’s input:</em> You provide an introduction into the concept of corporate identity by explaining the idea behind the concept (chart 3.3.4). You may go on by saying that the definition of what your association stands for (your identity) is the first step to develop it. Then you go through the guide questions that help to define it (chart 3.3.5). Next, you may demonstrate the identity definition of the Federation of German Industries as an example (chart 3.3.6). <em>Group work:</em> Form 3 groups. Ideally, each group would represent a different industry association. If you have participants from only one BMO, each group will work on the same BMO. If you have more than 3 associations in the training, either form more than 3 groups or have more than one association represented in a working group. The task of each group is to develop an identity according to the BDI example, which includes mandate, objectives and mission. Group work lasts 45 minutes. You may tell the group that the time might not suffice to come up with a complete definition. After the training the BMO might refine and finalize the work. After the group work, the output is presented and discussed one group after the other. You are moderating the discussion. If you feel, there are wrong or misleading contributions, involve the group to make the necessary corrections. <em>Note:</em> If all associations in the training have already defined their identity, ask them to visualize them (write on brown paper or flipchart) and discuss them in the plenary. If you have a mixed group you may let the ones who already have their identity act as advisors to the associations without a defined identity.</td>
<td>Charts 3.3.4 – 3.3.6</td>
</tr>
<tr>
<td>45 min. group work;</td>
<td></td>
<td></td>
<td>Flipcharts</td>
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<tr>
<td>30 min. presentations.</td>
<td></td>
<td></td>
<td>Pin boards</td>
</tr>
<tr>
<td>1 hour 30 min. in total</td>
<td></td>
<td></td>
<td>Brown paper</td>
</tr>
<tr>
<td>15 min. presentation;</td>
<td>4. Corporate identity II</td>
<td><em>Facilitator’s input:</em> The second step in the development of a corporate identity is the development of the visual appearance of an association or company. This relates to all visual means (business cards, logo, letter format, website etc.). You may pre-</td>
<td>Flash cards</td>
</tr>
<tr>
<td></td>
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<td></td>
<td>Felt markers</td>
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<td></td>
<td>Background reading 2</td>
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</table>
# Session 3.3: External communication

<table>
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<th>Time</th>
<th>Steps</th>
<th>Methodology</th>
<th>Materials</th>
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<td></td>
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<td>sent a few rules of thumb regarding choice of colours, typo and logo (chart 3.3.7). The objective of this is to make participants aware that such rules exist and that their observance helps to create an appearance that coincides with the identity as an association. If time allows, you may also present chart 3.3.8 which displays mottos that support external communication (example from BDI of Germany).</td>
<td></td>
</tr>
</tbody>
</table>
| 45 min.| 5. Websites  | *Facilitator’s input and plenary discussion:* You may present an example of a website (screenshot on chart 3.3.9) and explain its structure. You may then ask the plenary, what they think about the example. You may also tell them what you see as strong points (e.g. the content; easy access to current news and events; the fact that the news section is updated etc.) as well as weak spots (e.g. YouTube URL too prominent and twisted) of the website example. Then, you may brainstorm with them on “tips for website design”. You take note of the contributions on a flipchart. You may then go to chart 3.3.10 which contains a few tips and compare the contributions from the plenary with the tips on the chart. | Charts 3.3.9 and 3.3.10  
Flipcharts  
Felt markers |
| 45 min.| 6. Press releases | *Brainstorming in plenary and facilitator’s input:* The next topic is the writing and distribution of press releases. You may start with a brainstorming in plenary. The task is: What tips do you have for writing and distributing press releases? You collect the ideas of the participants and take note of the tips for writing press releases on one flipchart and for distribution on another. Next, you may go through charts 3.3.11 and 3.3.12 and compare the contributions from the plenary with the hints on the charts. | Charts 3.3.11 and 3.3.12  
Flipcharts  
Felt markers  
Background readings 1 and 3 |
| 45 min.| 7. Policy papers | *Facilitator’s input:* You may present charts 3.3.13 to 3.3.15 on the nature, the structure and the process of designing policy papers. Background reading 4 gives you a good understanding of a well-designed paper.  
*Discussion in plenary:* In a plenary discussion you may explore the experiences | Charts 3.3.13 and 3.3.15  
Flipcharts  
Felt markers  
Background readings 2 and 3 |
<table>
<thead>
<tr>
<th>Time</th>
<th>Steps</th>
<th>Methodology</th>
<th>Materials</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>of the audience with policy papers and what are factors that contribute to a positive reception of these papers from the target group(s).</td>
<td>reading 4</td>
</tr>
</tbody>
</table>

*Hint:* This session is very interactive and participants will come up with many contributions. In order to preserve them and use them as an additional learning source, please make sure that the groups' output is typed and forwarded to the participants either by email or as hard-copy.
C Background Readings

Reading 1 of session 3.3: External Communication


Public Relations

BMOs maintain close contact with the press, radio and television. The objectives of such contacts are to disseminate information, to make to the public their position on certain questions as well as to make them understand the problems faced by the business sector. Sometimes BMOs create public opinion with the help of the press.

Public Relations at National Level

Public Relation (PR) is a linchpin of a BMO. The BMO publicises its opinions, arguments and activates both at national and international levels through its PR Section. With the help of press and media, the PR Section performs the following functions:

- Create public opinion against any changes in government policy which adversely affect the interests of the business community;
- Ventilating private sector grievances against any anti-business measure;
- Publicizing the activities of the BMO;
- Disseminating information;
- Give instant reaction to a public policy or decision;
- Publicity for any offer of training program/workshop seminar and for trade delegation etc.
- Circulate news on changes in the BMO i.e. new office bearers, decisions with regard to office management etc.

For creating a better image of the BMO, it maintains good public relations with different sections of the community. A strong and powerful BMO maintains good rapport with the concerned agencies/organisation/offices, through the PR Section. For performing these functions, the BMO

- Maintains close contacts with the government officials, sector corporation, researchers, academicians, NGOs, lawyers, educationists, defiance people, entrepreneurs etc.;
- Publishes its activities in its monthly/quarterly publications;
- Invites photo journalists to cover BMO activities;
- Publishes BMO views and activities in newspapers and journals; BMO preserves paper clippings and releases of press briefings.

International Level

The promotion of foreign trade has become one of the most important functions of the BMOs. They sign protocols and memoranda of understanding with foreign partners for promoting international trade and commerce. BMOs maintain good rapport with other associations of the world through exchange of delegations, visits and correspondences etc. BMOs also receive delegations from international agencies like International Trade Centre (ITC), ICC (International Chamber of Commerce), Export Promotion Bureaus. BMOs may want to accomplish the following activities at the international level:

- Maintain regular correspondences with relevant organisation abroad;
- Exchange publications with other BMOs;
- Visit particular associations with whom they are maintaining a close relationship; receive delegations from abroad;
- Share protocol services with the government when a foreign delegation visits the country;
- Arrange lunch/dinner for a foreign delegation hosted by the government
- Offer local hospitality to guests sometimes recommended by BMOs abroad with whom home BMOs are minting very good relations;
- Certify foreign nationals interested to deal with the entrepreneurs of the home country on a request from the country concerned;
- Organise seminars/workshops abroad with the help of foreign BMOs. The concerned organisation of the foreign country may sometime provide local hospitality.

**Meeting with the Press/Press Release**

**Press Publicity**

Press publicity is one of the most efficient ways of getting a BMO’s messages across to a wide public. Despite the fact that newspapers and magazines have many news competing for their space, editors and particularly business editors of specialized business magazines are always interested in printing news of local BMOs, particularly if they are genuinely newsworthy, tightly written and well presented. When writing press releases, care should be taken in making the release of sufficient interest to the readers.

The most effective vehicle for carrying the message of the BMO to the media is the press release. It is also one of the most inexpensive means of publicity. Moreover, press releases must be seen as part of a wide-ranging media relations program involving not only the press but also television and radio. The press release is an essential tool of communication with the media world but it should not be seen as a means in itself.

Most of the press related works conducted by a BMO will be with the written media, very often with the business press. The simple aim of a press release program should be to encourage and assist the media to publish news and other material that will advance the BMO’s objectives.

To do this, it is essential to know the media and the types of audience the BMO is seeking to reach. This is simplified for a BMO since it is assumed that its press relations program will concentrate on the media at home and will not extend to other countries.

One way for the BMO’s public relation officer to identify the media with whom s/he should be dealing with is to ask members which publications they read. In this way an understanding can be built up of which media are most valuable for the BMOs. The next step is to find out what news and other information these publication need and ensure that this is made available to them. For this a certain amount of personal contacts between the person in charge of the BMO’s information policy and journalists is necessary.
The mechanics of producing press releases

Press releases can cover all aspects of a BMO’s work: seminars conferences, appointments, interviews and dealings with other countries, etc. they should be issued whenever there is a genuine item of news to be disseminated, but the technique should not be over-used. Too many releases containing too little news will tend to make journalists throw away the future releases which might contain real news.

A press release should normally be typewritten, double spaced and printed on A4 paper. If possible, in order to attract the attention of the reader, it should be reproduced on an arresting letterhead, designed especially for the BMO. The news in a press release should be kept as simple as possible, with the salient facts concisely conveyed. No press release should run longer than two pages; further information should be prominently featured for readers wanting to have more details.

Press Conferences

The press conference is another frequently employed media-related technique which, again if used with care, can provide valuable exposure for a BMO’s ideas. But as with press releases, it cannot be over emphasized that this technique must be used with care. When scheduling a press conference, the BMO’s information officer must ask himself whether the event really merits a conference or whether a release would not do just as well. Furthermore he must ask this question not from the viewpoint of the BMO but from that of the journalists he expects to attend. Journalists are busy and often have to choose between several competing events. Thus if a BMO calls a press conference on a subject important for it but not for the media, it runs the risk of holding a conference without journalists. Publicity fiascos can easily be avoided by maintaining close contact with journalists, by informally exchanging views and by soliciting their advice from time to time.

The check list below lists some of the questions an information officer should ask himself before embarking on a press/media relations comparing.

<table>
<thead>
<tr>
<th>Questions to be answered in planning a media campaign</th>
</tr>
</thead>
<tbody>
<tr>
<td>What is the message that is attempted to be put across?</td>
</tr>
<tr>
<td>- Which media are most receptive to receiving it?</td>
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<tr>
<td>- Has an information poll of members been carried out to ascertain which media they consider to be most valuable to them for their business?</td>
</tr>
<tr>
<td>- Have business journalists been sounded out about the information they want from the BMO?</td>
</tr>
<tr>
<td>- Has a crisp and attractive layout been established for the press release paper?</td>
</tr>
<tr>
<td>- Have the targeted recipients of the press release been put on a list? Is this List regularly updated?</td>
</tr>
<tr>
<td>- Is the writing style of the press release crisp enough to attract the attention of professional journalists?</td>
</tr>
<tr>
<td>- Has it been ascertained whether a press conference is really more useful than a press release?</td>
</tr>
</tbody>
</table>
Reading 2 of session 3.3: External Communication

Source: Manja Korbella, Federation of German Industries (BDI). Handouts from a Communication Workshop conducted within the Partnership Project between BDI and the Association of Ghana Industries (AGI) in Accra, August 2010

Corporate Identity: An Introduction

Marketing Definition
Marketing is the process by which companies create customer interest in products or services. It generates the strategy that underlies sales techniques, business communication, and business development. It is an integrated process through which companies build strong customer relationships and create value for their customers and for themselves. (http://en.wikipedia.org/wiki/Marketing)

Marketing Definition for Associations
Marketing is the process by which associations create interests in services for members on the one hand and clients on the other hand. It generates the strategy that underlies lobbying, communication, and networking. It is an integrated process through which associations build strong member and client relationships and create values for them and for themselves. Clients are mostly politicians, journalists, NGOs et cetera

Corporate Identity Management (CIM) = Corporate Brand Management
CIM is coordinating scientific work, public relations, and press relations, marketing and online communication, and events – all category groups communicate in one direction.

Corporate Identity Management
Association Image Building

Values of an Association
Like a real person an association has values. Characteristics are important for recognizing the organisation. For example the BDI:
- Strong in Communication: big
- Fair in Communication: communicative
- Modern in Communication: distinct

Emotions become more important
In society values are changing. In Europe emotional characteristics become more important in marketing than factual data. Reason: the quality of almost all products and services is very high.
Who am I? Federation of German Industries (BDI):

BDI Mandate
- Strong Voice of German Industry
- Key Player in the Democratic Process
- Mediator between Industry and Politics

BDI Objective
- An Attractive Germany
- The Social Market Economy
- Strengthen Germany as an industrial country

BDI Mission
- Opinion Maker
- Service Provider
- Political Advisor
- A Shaping Force

Shaping Identity
The interaction between interior and exterior view ascertain the self-image of an association. Identity is supported by staff and members.

Questions to identify identity:
- Who am I?
- What am I able to do?
- What do I want?
- Who am I in the eyes of others?
- Who I want to be in the eyes of others?

All factors influence corporate identity management process / corporate brand management process in making an association towards a brand / a personality.
Corporate Design Management

Corporate Design Management
1 Colours
2 Logos
3 Typo
4 Pictures

Colours
Meaning of Colours

- Colours are more than a combination of red, blue, yellow and black:
- Non-verbal communication
- Symbolism and colour meanings
- Physical and cultural colour reactions: white as a colour for wedding or funerals, red as a colour for luck or raising blood pressure.
- Modern culture trends change meaning: orange as a hippie and relaxing colour in Western Europe since 70s – not to forget: the oranje soccer team.

Perception of Colour: Colour Wheel
Adjacent / Harmonizing Colours: two: red – yellow are next to one another;
trio: harmonize with one another: red-orange-yellow

Contrasting Colours: red-blue, red-green in different segments readability better, but can appear to vibrate and be very tiring on the eyes

Complementing Colours
on opposite sides: yellow – blue readability better / visibility higher;
may fit together or not

Colours should be defined in Pantone, CMYK, RGB.

Logos
How to use your Logo – Rules of thumb

- Name of organisation should be written in full length if possible on every product. Logo with claim is an easy way to fulfil this.
- Small space: Use the Logo without Claim.
- International Context: Use Logo in that distinct language or at least in English.
- Co-operations may need special logo combination.
- Your organisation is in charge of a project? Your logo must be on top and/or on the left side.
- More than one institution are the partners: One must be in charge, see above. The others should be arranged in alphabetical order or „importance”.
- Colourful surroundings or Black-White: Logo in black or white.
- Stick to safety margin. If you don’t know the parameters: Leave enough space that every Logo acts alone. Distances should be similar.
- Elements of the logo are good to orientate other elements of the marketing product.
- Never ever touch your Logo.

If you ever change your Logo, act gently.

**Typo**

**Rules of thumb**
- Use one typo for headline, one for running text.
- For Office use the typo should look similar to the print typo.
- Serif typo is better for print text, without serif better for online use.
- Headline in print products: without serif, text: with serif. No distinction between in online use.
- Readability versus Accentuation ◦ both are important

**Pictures**

**Rules of thumb**
- Copyright
- Pictures should tell the truth
- Natural colours
- Natural, real perspectives
- Natural portraits
- No Symbolism
- Focus
- No Arrangements
Reading 3 of session 3.3: External Communication

Source: Gunnar Goldmann, Federation of German Industries (BDI). Handouts from a Communication Workshop conducted within the Partnership Project between BDI and the Association of Ghana Industries (AGI) in Accra, August 2010

How to write a Press Release

1. Decide why you are writing a press release and determine your focus.
2. Keep it short and to the point. Usually, press releases are no more than one page.
3. Write your headers. The very top of the page should be your company's logo or, at the very least, the name of your company. The right hand side should state “FOR IMMEDIATE RELEASE,” all in caps. The left hand side should indicate a contact's name, address, email and phone number.
4. Create a headline and (centre) it in bold type just above the first line of the body of the press release. Headlines typically highlight the most important, significant or shocking fact in the release.
5. Create a dateline - the first line of the body of your press release - that includes the city where the release is generated and the date (i.e. LOS ANGELES, CALIF. - January 1, 2000).
6. Make certain the first paragraph includes all the vital information: the where, when, why, what and who.
7. Include some tantalizing peripheral details or facts to spark curiosity in following paragraphs. A good press release not only informs but also teases.
8. Wrap up the last paragraph with a “for additional information” line, a place to find more details. An annual report or a Web site can be great sources of information.
9. Write your boilerplate. This is a standard small paragraph about your business. You should be able to use it over and over again on other releases. After the boilerplate section, use 3 of the numeral symbols to indicate the end of the release (“###”).

Print your release on high quality paper using a good laser or inkjet printer. You only get one chance to make a solid first impression.
How to Distribute a Press Release

1. Ensure your drafted press release allows readers to quickly see the name of your company and contact person and the title of the release. If this information blends with the content, make the type larger and bolder for these sections. Consider placing the title all in caps, and make the company’s or organisation's logo prominent.

2. Create a current media list or make the appropriate calls to verify the accuracy of your media list. Tailor your list to include those outlets which are most likely to be interested in the release. Classify the news item as local, regional or national to help narrow your list.

3. Decide if you'll fax, mail or e-mail your release. Most releases are faxed, although some media contacts will request releases to be e-mailed. If faxing, test the piece to know that it is readable and will still be legible after being faxed. If e-mailing, consider sending a .pdf file rather than a word processing document that can be altered by others.

4. Plan the timing of your release. Ideal times are early in the day or on a slow news day. You won't always know when the news is slow, but if there is a natural disaster, major national news or a local story that has broken, refrain from sending the release that day. Mid-week is usually the best time to send a release.

5. Send your release to the targeted group by fax, mail or e-mail.

6. Be prepared to answer media questions regarding your press release.

Follow-up with some media outlets if your release announced an event and you need to know which members of the media will attend.
Example of a Policy Paper: Management of Oil and Gas Revenues in Ghana

Background

The discovery of oil in Ghana in commercial quantity by Kosmos in June 2007 brought the world’s attention on Ghana. Today, about 12 major oil companies have been issued licenses to operate in Ghana and the country’s first commercial oil production is expected by the last quarter of the year. The critical issue is how do we avoid some of the negative effects of oil resource that have come upon most oil producing countries, especially those in Sub-Saharan Africa.

Experiences from neighbouring countries such as Nigeria (Niger Delta unrest and corruption), Angola (civil war and high cost of living) and Equatorial Guinea (under-development and unequal distribution of income) suggest there is no correlation between discovery of oil and economic development. The fact is that the oil resource can only accelerate economic growth when there is conscious effort by the county’s politicians, policy makers and all key stakeholders to direct revenues from the oil industry into catalytic areas of the economy to accelerate economic growth.

This is the main reason why Ghana should draw lessons from countries like Kuwait (Kuwait Investment Fund estimated at about US$250 billion) and Norway (Norway Sovereign Wealth Fund estimated to be US$410 billion) to establish a sovereign wealth fund. This will help Ghana invest the fund money profitably and also minimize the impact that the huge revenue will have on our budget.

There is also a need to review Ghana’s Petroleum Legislation to enable the country take full advantage of the oil and gas resources. The Petroleum legislation which dates back to mid-1980s is outdated and may lack detailed coverage on many key issues. This exercise is critical since the opportunities under the Local Content could be improved tremendously when the Petroleum Legislation is reviewed.

Issues at Stake

- Ghana’s oil reserve is estimated at about 2 billion barrels (Oxford Analytica: 19/11/2009). Ghana’s share of the anticipated revenues from oil and gas could reach US$1 billion a year. IMF has also predicted that cumulative oil and gas revenues from the Jubilee field alone, could reach US$20 billion over 20 year period.
- How can Ghana manage the oil and gas revenues estimated at US$1 billion per year? Unlike the country’s share of gold revenues which is just about US$10 million per year.
- How can we avoid the Dutch disease (that is not neglecting traditional sectors like cocoa, timber, non-traditional crops, etc.)?
- How do we avoid the problems oil countries in Sub-Saharan Africa such as Niger Delta unrest (Nigeria), civil war in Angola, under-development in Equatorial Guinea, etc.?
- How can Ghana channel funds of oil and gas into development-oriented activities that will not only propel the country into middle income level but also save substantial part of this revenue for future generations.
AGI Position

The Government must:
- Establish Ghana Sovereign Wealth Fund (GSWF) before the country begins to produce oil and gas in commercial quantities.
- Create reserve currencies in major trading partners’ currencies like the US dollar, British pound and the Euro.
- Build rail network to link all the ten regions of Ghana and also improve road transport in the first 5 years of receipt of oil revenue.
- Improve energy infrastructure to improve quality of power supply.
- Invest 10% of revenues from oil in the first 5 years in research to improve manufacturing sector, especially agro processing sub-sector, and oil related products such as cosmetics and plastics.
- Earmark about 5% of oil revenue as budgetary support.

Recommendations

The Government should:
- Establish a sovereign wealth fund which could be called the Ghana Sovereign Wealth Fund (GSWF) by the end of 2010. The estimated annual revenue from the oil industry is US$1billion and using all as budgetary support may cause fiscal instability. About 20% of Ghana’s share from the oil revenues should be placed in GSWF and invested in stocks, bonds and other financial instruments.
- Create reserve currencies in major trading partners’ currencies like the US dollar, British pound and the Euro to stabilize the depreciation of the cedi against major trading partners’ currencies. The instability of the country’s macro economy (which is mainly due to depreciation of the cedi and inflation) makes companies operating in Ghana less competitive. The results of the 2009 Global Competitiveness Report has shown that Ghana dropped from 102 (2008) to 114 (2009) because of macroeconomic instability. About 5% of Ghana’s share from the oil revenues could serve this purpose.
- Develop basic infrastructure for economic diversification. About 60% could be used to construct roads and rail network to link up all the ten regions as well as food growing areas to the market centres in the first 5 years of commercial oil production. This will improve food security and also help the manufacturing sector get raw materials in time and at a lower cost. There is also an urgent need to improve the Mass Transport System in the country to ease traffic and thereby improve productivity.
- Invest 10% of revenues from oil in the first 5 years in research to improve manufacturing sector, especially agro processing sub-sector and oil related sectors like cosmetics and plastics.
- Use about 5% of oil revenue as budgetary support to reduce the reliance of the county’s budget on donor support.
Session 3.3: External Communication

Topics:
- Objectives of external communication
- Target groups of external communication
- Corporate identity
- Some tools for external communication
  - Websites
  - Press releases
  - Policy papers

Chart 3.3.1 - Topics
Session 3.3: External Communication

Objectives of external communication:

- Create public opinion against government policies that adversely affect the interests of the business community.
- Give instant reaction to public policies and their administration.
- Publicize the activities of the BMO.
- Create publicity for any offer of the BMO (for instance training programme, trade fair, trade delegation).
- Circulate news on changes in the BMO

Chart 3.3.2 – Objectives of external communication
Session 3.3: External Communication

Target groups of external communication:
- Top-level and medium-level government officials
- Parliamentarians
- The press (print and electronic media)
- Other national BMOs and civil society organisations
- Foreign BMOs
- Non-member companies

Chart 3.3.3 – Target groups of external communication
Session 3.3: External Communication

Corporate identity:
- Corporate identity reflects the “personality” of a company or BMO.
- The corporate identity is symbolized through visual means such as logos, colours, business cards, website design.
- The culture, mandate, objectives and mission of the BMO needs to harmonize with the visual appearance.

Chart 3.3.4 – Corporate identity
Session 3.3: External Communication

Developing corporate identity:
First step: Identifying identity
- Who am I?
- What am I able to do?
- What do I want?
- Who am I in the eyes of others?
- Who I want to be in the eyes of others?

Chart 3.3.5 – Developing corporate identity I
Session 3.3: External Communication

Developing corporate identity II: The example of the Federation of German Industries (BDI)

<table>
<thead>
<tr>
<th>Mandate</th>
<th>Objectives</th>
<th>Mission</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strong Voice of German Industry</td>
<td>An Attractive Germany</td>
<td>Opinion Maker</td>
</tr>
<tr>
<td>Key Player in the Democratic Process</td>
<td>The Social Market Economy</td>
<td>Service Provider</td>
</tr>
<tr>
<td>Mediator between Industry and Politics</td>
<td>Strengthen Germany as an industrial country</td>
<td>Political Advisor</td>
</tr>
</tbody>
</table>

Chart 3.3.6 – Developing corporate identity II
### Session 3.3: External Communication

#### Developing corporate identity III:
Second step: Developing visual appearance

<table>
<thead>
<tr>
<th>Some rules of thumb</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Colours</strong></td>
</tr>
<tr>
<td>- Choose colours that harmonize with one another.</td>
</tr>
<tr>
<td>- Choose a limited number of colours (2).</td>
</tr>
<tr>
<td>- Be mindful of cultural colour meaning (for instance orange as „hippie“ colour.</td>
</tr>
<tr>
<td><strong>Typo</strong></td>
</tr>
<tr>
<td>- Use one typo for headline, one for running text.</td>
</tr>
<tr>
<td>- Serif typo is better for printing text, a typo without serif for online use.</td>
</tr>
<tr>
<td>- Headline in print products: without serif, text: with serif.</td>
</tr>
<tr>
<td><strong>Logo</strong></td>
</tr>
<tr>
<td>- Name of organization should be written in full length if possible on every product (e.g. name card).</td>
</tr>
<tr>
<td>- Colorful surroundings or black-white: Logo in black or white.</td>
</tr>
<tr>
<td>- Keep margins between logo and text.</td>
</tr>
</tbody>
</table>

Chart 3.3.7 – Developing corporate identity III
Session 3.3: External Communication

Mottos need to be crisp and carry an emotional message

Genuine Values – German Industries

Strengthen Germany – The Country of Industries

Chart 3.3.8 – Developing corporate identity IV
Session 3.3: External Communication

Content of an industry association website:

Chart 3.3.9 – Website I
Session 3.3: External Communication

A few tips for website design:

- Provide compelling content; avoid overloading.
- Keep your “news” section updated.
- Avoid blinking text, animations or auto-loading sound.
- Avoid image background – they look amateurish. Use simple background to make your text easy to read.
- Limit page length to 2 screenfuls.
- Include a way to get back to the home page on every page.
- Compress image files for fast website appearance.
- Limit text width.
- Do not underline words if they are not links.
- Test links and remove dead ones.

Chart 3.3.10 – Website II
Session 3.3: External Communication

How to write a press release:

- Decide why you are writing a press release and determine your focus.
- Keep it short and to the point. Usually, press releases are no more than one page.
- Write your headers. Place the logo at the very top of the page. The right hand side should state "FOR IMMEDIATE RELEASE," all in caps.
- Mention contact name, address, email and phone number.
- Create a dateline that includes the city where the release is generated and the date.
- Make sure the first paragraph includes all the vital information: the where, when, why, what and who.

Chart 3.3.11 – Press release I
Session 3.3: External Communication

How to distribute a press release:

- Create a current media list, verify its accuracy. Tailor your list to include those outlets which are most likely to be interested in the release.
- Decide if you fax, mail or e-mail your release. Most releases are faxed, although some media contacts will request e-mails. If faxing, test legibility. If e-mailing, send a .pdf file.
- Plan the timing of your release. Ideal times are early in the day or on a slow news day.
- Be prepared to answer media questions regarding your press release.
- In case you announced a media conference, follow-up with media in order to know who will attend.

Chart 3.3.12 – Press release II
Session 3.3: External Communication

Policy papers I:

- Policy papers are more extensive and analytical discussions of policy issues.
- They are an important advocacy tool.
- Usually, they comprise about 5-8 pages of text.
- Papers either address current issues (e.g. elections) or more structural topics (e.g. red tape).
- Policy papers are written in a simple language taking a clear position on the issue.
- They are based on facts. Policy position and statements are developed out of these facts.

Chart 3.3.13 – Policy papers I
Session 3.3: External Communication

Policy papers II:
Structure of a policy paper (example from German Federation of Industries – BDI):
 Summary
 Background and current state of affairs
 What is the issue?
 Elements and arguments of policy position
 Proposals

Chart 3.3.14 – Policy papers II
Session 3.3: External Communication

Policy papers III - Designing a policy paper:

1. Define your position
2. Collect facts and data
3. Write draft paper
4. Discuss draft paper with Board/Committee
5. Produce final paper
6. Disseminate final paper
7. Monitor and document reactions

Chart 3.3.15 – Policy papers III
E  Handouts

Charts 3.3.1 to 3.3.15
Background readings 1, 2, 3, 4
Module 4: Financial Management

1.2.1 Rationale and Introduction into Module 4

Prudent financial management is crucial for the long-term survival of any industry association. For many BMOs it is quite a challenge to generate enough income in order to finance all the activities that their members expect from them. On the expenditure side, members demand a high degree of transparency in all financial dealings. While it takes quite some time for any BMO to build a reputation as a respected partner for the industry, the government and other actors, any financial lapse might rapidly erode its standing. Hence, there is a dire need to adhere to principles of sound financial management.

The first session of module 4 “Financial Management” starts by discussing a few principles and by defining the strategic objective of financial management – the orientation towards financial sustainability. It then deals with strategic options for balancing the financial situation of BMOs. A set of guiding questions, which help analysing the financial situation and taking appropriate actions for financial balance, is presented and discussed. The session also comprises a real-life example of the financial restructuring of an industry BMO from the Philippines and discusses key sources of revenue as well as their respective strengths and weaknesses. The session closes with a group exercise, where participants analyse the financial situation of their own BMO and develop ideas for improvement. Session 4.2 deals with the expenditure side of financial management by introducing the participants into budgeting and cash flow statements. It also comprises a proposal for the delegation of financial responsibilities within a BMO and briefly introduces tools that depict the financial results of a BMO (income statement and balance sheets). The session closes by conducting a case study exercise in which participants analyse the income statement and the balance sheet of a small BMO.

The two sessions include the following topics:
- Financial sustainability as objective of financial management.
- Strategic options for balancing the financial situation of a BMO.
- Financial restructuring of a BMO – an example from the Philippines.
- Revenue sources.
- Exercise on the financial situation of the participating BMOs.
- Budgeting.
- Assigning responsibilities in financial matters.
- Cash flow.
- Income statement.
- Balance sheets.
- Exercise on financial analysis.

The module takes around 5 hours and 30 minutes, the first session 2 hours and 40 minutes, the second 2 hours and 50 minutes. At the end of each session, group exercises provide the participants with the opportunity to engage into practical work, which allows the knowledge gained from the training to “sink in” more profoundly.
### 1.2.2 Training Contents of Module 4: Financial Management

#### Training Schedule of Module 4

<table>
<thead>
<tr>
<th>Session</th>
<th>Topics</th>
<th>Duration</th>
<th>Proposed time</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Session 4.1:</strong> Strategic objectives of financial management and revenue sources</td>
<td>1. Financial sustainability as objective of financial management. 2. Strategic options for balancing the financial situation of a BMO. 3. Financial restructuring of a BMO – an example from the Philippines. 4. Revenue sources. 5. Exercise on the financial situation of the participating BMOs.</td>
<td>2 hours 40 min.</td>
<td>16.00 – 18.40 h</td>
</tr>
<tr>
<td>Coffee / tea break</td>
<td></td>
<td>15 min.</td>
<td>18.40 – 18.55 h</td>
</tr>
<tr>
<td><strong>Session 4.2:</strong> Expenditure controls and financial analysis</td>
<td>1. Budgeting. 2. Assigning responsibilities in financial matters. 3. Cash flow. 4. Income statement. 5. Balance sheets. 6. Exercise on financial analysis.</td>
<td>2 hours 50 min.</td>
<td>18.55 – 21.45 h</td>
</tr>
<tr>
<td>Closing</td>
<td>Workshop summary and evaluation</td>
<td>10 min</td>
<td>21.45 – 21.55 h</td>
</tr>
</tbody>
</table>
1.1.1.4 Session 4.1: Strategic Objectives and Revenue Sources

A Overview

Time: 2 hours 40 min.

Overview: Prudent financial management is crucial for the long-term survival of any industry association. For many BMOs it is quite a challenge to generate enough income in order to finance all the activities that their members expect from them. On the expenditure side, members demand a high degree of transparency in all financial dealings. While it takes quite some time for any BMO to build a reputation as a respected partner for the industry, the government and other actors, any financial lapse might rapidly erode its standing. Hence, there is a dire need to adhere to principles of sound financial management.

This session starts by discussing a few principles and by defining the strategic objectives of financial management – the orientation towards financial sustainability. It then deals with strategic options for balancing the financial situation of BMOs which run into difficulties because their revenues do not match expenditures. A set of guiding questions, which help analysing the financial situation and taking appropriate actions for financial balance, is presented and discussed. The session also comprises a real-life example of the financial restructuring of an industry BMO from the Philippines and discusses key sources of revenue as well as their respective strengths and weaknesses. The session closes with a group exercise in which participants analyse the financial situation of their own BMO and develop ideas for improvement.

Learning objectives:
- Participants are familiar with the strategic objectives of financial management.
- Participants are cognizant about the strategic options for balancing financial mismatches.
- Participants are introduced into an example of a financial restructuring of an industry BMO.
- Participants have discussed key revenue sources and have taken back home ideas of how to improve the financial situation of their own BMO.

Materials required:
- Background readings 1, 2, and 3 of session 4.1
- Charts 4.1.1 – 4.1.14
- Handouts
- Projector
- Flipcharts and flipchart paper
- Felt markers
### B Trainer Instructions

#### Session 4.1: Strategic objectives and revenue sources

<table>
<thead>
<tr>
<th>Time</th>
<th>Steps</th>
<th>Methodology</th>
<th>Materials</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 min.</td>
<td>1. Introduction</td>
<td>Introduce the session by informing the plenary that the session will deal with the strategic objectives of financial management and common sources of revenue of BMOs. The session is divided into three topics (see chart 4.1.1). It will, first, define financial sustainability as the overall objective of financial management, second, discuss three strategic options of how to tackle financial imbalances and, third, briefly introduce the main revenue sources. Some aspects of the latter, for instance the management of membership dues, are taken care of in greater depth by session 4.2.</td>
<td></td>
</tr>
</tbody>
</table>
| 20 min.| 2. Financial sustainability as the objective of financial management | **Facilitator’s input and plenary discussion:** You may introduce this topic by saying that BMOs are non-profit organisations. This does not mean, however, that they are not bound by principles of prudent financial management. The opposite is the case. As member-based organisations, they have a moral obligation towards financial responsibility and transparency. They also have to avoid high financial risks and should be geared towards financial sustainability (chart 4.1.2). Technically, financial sustainability might be defined as a situation, whereby the BMO’s revenues exceed expenditures. This would enable the association to build financial reserves, so that any future financial crisis might easily be overcome by drawing upon its savings (chart 4.1.3). Then you might draw the attention of the plenary towards chart 4.1.4. The charts depict a simple graph which demonstrates higher expenditures than revenues. You might then ask the participants: “If your BMO is in a situation like this, what can you do to balance your accounts? Please, respond in very broad terms.” You may collect the answers and visualize them on flipchart. Then, you might go on with chart 4.1.5 which displays three options: An effort of | Charts 4.1.2 – 4.1.9  
Background reading 2
## Session 4.1: Strategic objectives and revenue sources

<table>
<thead>
<tr>
<th>Time</th>
<th>Steps</th>
<th>Methodology</th>
<th>Materials</th>
</tr>
</thead>
<tbody>
<tr>
<td>20 min.</td>
<td>3. Financial restructuring of a BMO – an example from the Philippines</td>
<td>Facilitator’s input and plenary discussion: You may then go on with an example of the financial restructuring of a BMO from the Philippines, the Cebu Furniture Industries Foundation Inc. (CFIF). Sparked off by the world economic crisis of 2008, the BMO encountered a severe financial crisis (see chart 4.1.10 and background reading 3 for detailed information). CFIF engaged into a restructuring plan, of which key aspects are displayed in charts 4.1.11 and 4.1.12. The plan demonstrates that the BMO fought at two front lines – the downsizing of its expenditures and, gradually, the build-up of services that corresponded to the economic situation the manufacturers found themselves in (for instance: training and information on potential new markets in Europe). You may then entertain questions of the participants to the best of your knowledge. The main message that we want to convey by the example is, that any financial crisis requires joint action of the key players (including the secretariat) of the BMO and that a systematic plan helps in any restructuring effort.</td>
<td>Charts 4.1.10 – 4.1.12, Background reading 3</td>
</tr>
<tr>
<td>20 min.</td>
<td>4. Revenue sources</td>
<td>Facilitator’s input and plenary discussion: You may then proceed with the topic of revenue sources. Chart 4.1.13 displays the five most common revenue sources of BMOs. You may present them and ask the plenary, whether their</td>
<td>Charts 4.1.13 – 4.1.14, Background reading 1</td>
</tr>
</tbody>
</table>
### Session 4.1: Strategic objectives and revenue sources

<table>
<thead>
<tr>
<th>Time</th>
<th>Steps</th>
<th>Methodology</th>
<th>Materials</th>
</tr>
</thead>
</table>
| 5 min. facilitator’s instructions; 45 min. group work; 45 min. for presentation and discussion; 1 hour 35 min. in total | 5. Exercise on the financial situation of the participating BMOs | own income sources correspond with the ones displayed in the chart or whether there is one or two that they do not have. You may also ask them, what their main source is and take note of the responses on a flipchart.  
Next, you may proceed with the following chart 4.1.14, which analyses the strengths and weaknesses of each revenue source in a generic manner. You may interactively discuss the analysis and check whether the participants agree with the content. If anything needs to be added, feel free to do so in the presence of the participants. | Flipcharts  
Flipchart paper  
Felt Markers |

**Group exercise:** You may then form three working groups. Each group ideally represents one BMO. If the participants come from one BMO only, ensure that each group has at least one participant somehow familiar with the financial situation of the BMO.  
The task is to respond the following questions and write the responses on flipchart for presentation in the plenary. The questions are as follows:  
1. What are the three main sources of revenue of your BMO?  
2. Does your BMO manage to incur financial surpluses at the end of each financial year?  
3. Did you ever experience times of financial crisis in the past? How did you deal with them?  
4. How can you improve the financial situation of you BMO further? How can you save expenditures and how can you increase your income?  
The groups write their responses on flipcharts. After the group work, the output is presented and discussed one group after the other. You are moderating the discussion. If you feel, there are wrong or misleading contributions; you gently intervene in order to keep the discussion on track. You may also provide your opinion on the responses. In closing the session you may ask all groups whether they agree with the no-
<table>
<thead>
<tr>
<th>Time</th>
<th>Steps</th>
<th>Methodology</th>
<th>Materials</th>
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<tbody>
<tr>
<td></td>
<td></td>
<td>tion that cost-cutting can generate effects in the short-term while efforts to raise revenue take normally more time to bear fruits.</td>
<td></td>
</tr>
</tbody>
</table>
C Background Readings

Reading 1 of Session 4.1: Strategic objectives and revenue sources


Prudent and Professional Management – Financial Management Aspects

Professional management is fundamental to ensuring an important role for the BMO in representing the interests of its associate members. There are various examples of BMOs that have had fantastic evolutions, doubling their number of associate members in a short time, after having been led by presidents who were both adept at and interested in new methods of administration. There are also examples to the contrary, BMOs that lost the support of their associate members owing to weaknesses in communication and organisation on the part of their leaders. It takes years to build up an organisation, but only a few months to destroy it completely. In order to ensure that presidents and other directors are sensitive to the need to “govern” a BMO in a professional manner, this part of the manual deals with the diverse managerial tools adapted to the reality of the organisations and with behavioural and personal attitudes that make a positive contribution towards a bright future for the organisation.

Revenue Sources

BMOs are non-profit organisations. However, they do require financial resources to fulfil their role of representing the associate members. A minimum structure of employees, equipment and office supplies are needed. There will only be extra resources to sponsor initiatives that are of interest to the associate members if the revenues are greater than the expenses.

The most common revenue sources are:
- Cooperation Programs
- Membership dues
- Donations
- Rents and investments
- Services

Cooperation programs: These are important for associations especially in developing countries, which often suffer from a very weak revenue base. Cooperation programs make some of the BMO’s projects or those of its partners viable that, otherwise, could not be maintained. Cooperation partners can be multilateral and bilateral donor organisations which, in many countries, run programmes for the strengthening of business BMOs and associations. Some of them have a specific focus, which may be regional, sector-oriented (e.g. in the field of vocational and technical training, finance for SME, a certain branch of business) or gender-related (e.g. promotion women entrepreneurs) in nature. Formerly, donors tended to focus on a single partner organisation and supported it through direct transfers of money. As this led to a “spoon-feeding” mentality, most donors have changed their approach. Today, they cooperate with several partners at a given time (“multi-stakeholder-approach”) and provide financial support in exchange for tasks carried out or services delivered by the cooperation partners. This approach is performance-oriented and spurs competition among the participating BMOs.

Also of interest are the cooperation programs maintained by foreign universities, foundations, non-governmental organisations and large companies that have an affinity with the activities of the association. The disadvantage of such programmes is that they are of a limited duration, and therefore cannot constitute a permanent and reliable source of revenue. Nevertheless, by becoming a professional service provider within cooperation programs, a BMO can build recognition and “sell” this expertise to other potential partners.

Membership dues: These are fixed amounts charged monthly (or for longer periods) to all associate members and should be sufficient to cover the administrative costs of the BMOs. Their main advantage is that they are a stable and easy-to-administrate source of revenue. However, often they are relatively low. If they are raised without adherence to specific criteria, many associate members will
generally stop contributing or make late contributions. When this occurs, it is difficult to take administrative measures to collect them, due to the small amounts involved individually, not to mention the mercantile character these measures would represent.

Experience shows that the membership dues are only regularly paid when the associate members recognize the trade association as an effective entity and receive satisfactory service in return. As we know, investors like to invest where they will realize a return, even if that investment is in the form of membership dues to trade associations. Thus, a BMO that wishes to reach a state of self-sufficiency solely through membership dues will need to either raise them or increase greatly its number of associate members. For this reason, a BMO has to offer something extra, something more than being simply the representative organ of a business community.

Few associations maintain a policy of charging differentiated membership dues, that is, contributions that are proportional to the size of the associate members. Micro and small businesses feel that they are being done an injustice when their contributions are equal to those of larger members. In truth, it is strange that a bakery should make membership dues in the same amount as those of a local branch of a large bank.

**Donations:** These are resources that are voluntarily provided by nongovernmental organisations, support organisations, large companies, foundations, service clubs (such as the Lions Club and the Rotary Club), etc. Their principal characteristic is that these funds are not required to be repaid, that is, these are “grace-funds”. Whenever they are made, they contribute significantly to the financing of the association’s activities. On the other hand, donations are made only occasionally, and so do not constitute a regular part of the cash flow. Excessive donations, in many cases, put the independence of the association at risk.

**Rents and investments:** Some BMOs have well located, idle real estate at their disposal. Sometimes, these properties are highly valued for their commercial possibilities and a good financial result can be obtained through renting them out. Others have resources invested in the financial markets, guaranteeing extra monthly revenues in the form of the interests received. These revenues, though important to the monthly balance of the BMO’s finances, have a finite duration, since the rents are generally long term and currently there are not any significant increases in their amounts. Investments also have a limited remuneration that cannot be increased through simple force of will on the part of the BMO or due to the necessity to cover unexpected expenses.

**Services** present many advantages over other sources. They contribute to an increase in the level of professionalism of the association and raise its representative power and the motivation of its employees. Because services are beneficial for the associate members, they motivate the members to fulfil their obligations on time as they feel convinced they are paying membership dues to an organisation that is truly useful. Another great advantage is that financial self-sustainability guarantees the political independence of the association.

In addition to contributing towards financial self-sufficiency and addressing one of the main demands of its associate members, the service delivery brings other advantages:
- Increases representative power (larger numbers of associate members);
- Maintains the independence of the BMO;
- Produces resources to subsidize other activities;
- Motivates employees;
- Promotes loyalty of associate members.
Assessment of the Financial Situation and Assets

When taking a first look at the organisation’s situation, the president should take the following measures:

<table>
<thead>
<tr>
<th>MEASURES FOR RAPID ASSESSMENT OF BMO’S FINANCIAL SITUATION AND ASSETS</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Request from the accountant a copy of the balance sheets and trial balances from the last two administrations in order to analyse the organisation’s assets and finances.</td>
</tr>
<tr>
<td>- Request from the executive director an analysis of all the BMO’s bank accounts and obtain a statement for each one.</td>
</tr>
<tr>
<td>- Verify, together with the accountant and the executive director that values on the accounting statements conform to those of the organisation’s accounting ledgers.</td>
</tr>
<tr>
<td>- Request from the executive director an analysis of all the accounts payable and accounts receivable.</td>
</tr>
<tr>
<td>- Procure the registers necessary to administrate the organisation’s accounts;</td>
</tr>
<tr>
<td>- Acquire the federal, state and municipal clearance letters in order to verify that the BMO has fulfilled all its obligations up to that date. Only with the up-to-date certificates can the organisation receive public grants or grants from par governmental organs.</td>
</tr>
</tbody>
</table>

Consolidating the results of these assessments permits the president to verify the organisation’s situations regarding its assets and finances.

Administrative Expenses

Following the assessment of the organisation’s condition concerning its finances and assets, it is important to verify its expenses. A typical example of main expenditures (are)... rent, personnel salaries, personnel labour expenses, consumables, newspapers and magazine subscriptions, taxes and other compulsory contributions, essential services, contributions and others.

Analysis of the BMO’s Revenues

The third step of the financial analysis of the BMO is the assessment of the revenues. This procedure should take into consideration only those sources that are of a permanent nature, as only these may serve for the financial and operational planning of the organisation. An impartial analysis will show the president and the directors of the Association the following:

- Which are the services and activities that continue to produce a deficit (make losses).  
- Whether the current prices and membership dues are adequate, in terms of sustainability.  
- Which services were producing deficits, but which have now entered a recuperation phase, and show a trend towards positive results.  
- Which services and activities the association has to continue to render, though they are producing a deficit, owing to their importance, especially to micro and small businesses.
Reading 2 of Session 4.1: Strategic objectives and revenue sources


Income and Financial Management

BMOs are non-profit organisations, but they have to cover their cost of operation. The contribution to total income of income sources varies greatly from one BMO to another:

- Small associations (particularly in developing countries) rely heavily on membership fees and donations.
- A BMO in Bangalore/India generates most of its income from renting out BMO-owned buildings/offices that have been built with earlier member donations.
- BMOs of the continental type draw a high percentage of their income from membership fees, because business enterprises must by law be BMO members, hence their membership is large and all have to pay membership fees.
- Governments in many countries support BMOs, e.g. by providing them with rent-free buildings; in other countries, even staff salaries (or a portion thereof) are paid by the state.
- Governments may also support BMO events, e.g. training of entrepreneurs. Government support for BMO programs is in most cases a result of good lobbying and of the quality of the BMO which strives for this support.
- Governments can also delegate functions to BMOs which are income-generating, e.g. issue of Certificates of Origin, licenses, permits, testing certificates for materials, etc. Delegation of government functions to BMOs is widely done in countries which have a continental type of BMOs.
- A high income from services is not easy to achieve, because BMOs have to compete with other business support providers (among them private enterprises) on the market.
- A BMO in Thailand derives its main income from organizing an annual football cup event. Other BMOs earn from golf tournaments. Both activities may be good as crowd draws and money earners but are not compatible with the main mission of a BMO: to support business enterprises. From this angle, earning income by conducting commercial fairs is a better alternative.

Some BMOs hesitate to charge members for BMO services (at all or above cost), because their understanding of BMO principles forbids ‘profit making’. This attitude keeps BMOs chained to low income and donations, which are not a reliable source of income and which may come with ‘conditions’. Government subsidies may also be given only to ‘well-behaving’ BMOs.

The only solution for BMOs to grow beyond the threshold of membership fee income without strings attached and within their vision is to develop business services which earn an income higher than the cost of these activities. When BMOs conduct income-generating activities, they will remain non-profit organisations because their aim will remain to be non-profit. A surplus income from services is meant to cover the costs of the BMO’s operations and not to generate a profit for its members.

Financial Management of BMOs includes forward planning of expected income and expenditure, budgeting, as well as cash flow calculation, accounting of actual income and expenditure, preparing statements of accounts (e.g. on income, profit and loss, etc.) and balance sheets.

The actual bookkeeping and accounting of BMOs will depend on the regulations of the relevant country and for the relevant type of BMO (e.g. different for a larger BMO than for a small association). The prevailing regulations in each country will prescribe the books and records that BMOs have to keep and provide rules for tax-acceptable vouchers and receipts, for inventory as well as for profit and loss account statements, balance sheets and audit procedures.

A necessity in financial management is cash flow planning which projects the amount of incoming and outgoing cash on a monthly or weekly basis, so that BMOs retain liquidity.
Reading 3 of Session 4.1: Strategic objectives and revenue sources


Brief assessment on the Cebu Furniture Industry Foundation Inc.

The furniture industry of Cebu finds itself in a deep crisis. Apart from increasing competition from manufacturers in other Asian countries such as China and Vietnam, the global financial crisis that broke out in the 3rd and 4th quarters of 2008, took a huge toll on the sector. With 80% of exports going to the US market, a large number of manufacturers from Cebu had to shut their operations. The company of one of the board members had to close one of its two factories and reduce the number of staff on its payroll from 1,400 to 500. Though not all companies were hit that hard and despite current signs of improvements in the market, the overall picture is gloomy. The board members present in the meeting describe their present situation as a constant fight between production and accounting. The main strategy is to reduce the break-even point by decreasing production capacity to the point where fixed costs can be covered by limited sales. There are also reports that banks have started to recall their loans to the industry which means that liquidity is further curtailed. Although there are also efforts towards innovation and tapping other markets, belt tightening appears to be the rule of the day. In the medium to long-term, enhancing competitiveness in terms of pricing as well as venturing into new markets such as Europe are key issues to work on. However, the segmentation of the European market with its myriad of different tastes and styles appears to be a major challenge. In this context, the SMARTCebu programme with its emphasis on sustainability and on the European market can help bridge existing gaps. For instance, actions in the field of energy efficiency or the recycling of production waste can help lower production costs and, consequently, product prices. Most probably, though, these actions need to be complemented by other activities not related to “green” issues such as trimming production processes, enhancing the versatility of workers in the production process and staff remuneration.

CFIF was founded in the year 1974 and holds an image as a professional, modern and well-structured BMO. It owns an office with a floor space of 1,200 m². The lot on which the building is located covers 2,300 m². The office is quite new and provides up-to-date infrastructure. The location is outside Cebu City but in proximity to most of its member companies. Presently, the BMO has 10 staff members and 2 consultants on its payroll. One of the consultants is the former Executive Director who held her position for 18 years. The position of the Executive Director is still vacant. The staff is now headed by an Office Manager. Membership meetings are held quarterly. The BMO offers a fairly wide range of services, among them the Cebu International Furniture and Furnishings Exhibition (CebuNEXT); management, technical and design-oriented trainings for decision-makers and rank-and-file staff of the industry and its suppliers; a Design and Product Development Programme supported by the Export Development Commission (EDC). An outbound mission to Eastern Europe and Russia was conducted in an effort to tap new markets supported by the Province of Cebu. It is also involved in advocacy with regard to the streamlining processes in the importation of wood in conjunction with Philexport and has staged information seminars on legal and administrative requirements of overseas markets (for instance on the labelling of wood products with plant species and their sources as well as the banning of certain chemicals in children’s products as demanded by the US). In a collaborative effort between the Department of Science and Technology (DoST), ECCP and CFIF a materials library was opened in August 2009, which is hosted at the CFIF office. It provides access to a variety of traditional, indigenous and mixed media materials that can be integrated to come up with innovative products.
Notwithstanding this broad range of activities, the assessment revealed that the association is facing severe challenges. Most of its members, but probably not all of them, were propelled by the global economic meltdown. The challenges are listed as follows:

- **Membership base**: The number of member companies fell by one third, from 180 in 2006 to 120 in 2010. For the BMO the shrinking size of member companies means a loss in the number of potential payers of membership dues and a loss in importance relative to BMOs with a more stable membership base.

- **Financial situation**: During the last two financial years 2010 and 2009, CFIF was running at a loss. The loss was more pronounced in 2010 as compared to 2009. Between 2008 and 2010, revenues decreased by 35%, mainly due to a loss in income from CebuNEXT. The foundation reacted by saving costs. Its number of staff was reduced from 32 in 2006 to the present number of 10. Still, these measures did not suffice to break-even.

- **Human resource development**: The former Executive Director has left her position after 18 years in office and in 2009 and is now acting as a consultant to the organisation. After her successor left CFIF a few months later, the post has been left vacant. Only recently one staff member was nominated as Office Manager. Assuming that an Office Manager wields less executive powers than an Executive Director, the present set-up requires a constant and hands-on involvement of the Board and especially the President in the operations of the BMO. This situation cannot be considered ideal and is probably more temporary in nature.

- **CebuNEXT Exhibition**: The exhibition, which is run since 1989, is equally hit hard by the crisis. According to the annual report 2009, the number of exhibitors plummeted from 100 in 2007 to 55 in 2009. While there were 1,483 buyers registered in 2007, there were 1,167 in 2009. Sales dropped from 15.0 million USD to a mere 3.9 million USD. These figures put the relevance of the exhibition at stake. Unless a robust recovery of the industry brings the exhibition back to its previous glory, radical consequences seem inevitable. One of them could be the merger with the ManilaNOW International Furniture Show.

Demand for services: Demand for services such as trainings and the materials library is reported to have been going down (trainings) or low from the onset (materials library). For instance, only 2 visitors are dropping by the materials library in a month. One of the key reasons is the economic slump affecting the industry. Other reasons might be the inadequacy between supply and demand of services especially in times of crisis. Board members admitted that there might be a certain degree of fatigue on part of the members and that the BMO was not able to offer fresher trainings. With regard to the materials library, there are doubts whether enough is done for its promotion. It also needs to be mentioned that, with the exception of the CebuNEXT exhibition, outcomes and impact of the services at company level are not tracked. This makes it difficult (i) to convince members of the usefulness of a certain service and (ii) to develop the service programme according to where good outcomes and impact are recorded.

**Strategic planning**

Based on the preparatory meeting between board members, staff and consultant, it was agreed to focus the workshop on two areas, (i) the internal reorganisation of CFIF and (ii) the development of a programme of services offered by CFIF that would meet the interest of members in times of crisis. These two topics were meant to help safeguard the immediate financial survival of the BMO and to curb the erosion of its membership base. Note that the issue of the CebuNEXT exhibition was subject of another workshop that took place a week before the strategic planning event.

The main outputs were two action plans, one on each of the two topics. In a further meeting with board and staff members at the CFIF office on the 3rd of June, the action plans were completed. The plans as well as the outputs of the action plan are displayed on the following pages.
**CFIF Action plan 1: Reorganisation of CFIF**

**Objective:** To reorganise CFIF to ensure efficiency improvement and revenue enhancement.

**Indicators:**
- Cash break-even achieved by January 2011
- Power consumption is reduced by at least 30% until the end of July 2010
- Building is earning income before the end 2010
- All activities pertaining to HRD have begun by September 2010 latest

<table>
<thead>
<tr>
<th>Activities</th>
<th>Time frame</th>
<th>Responsible/ collaborators</th>
<th>Cost/budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>COST SAVINGS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Review the physical arrangement of the office tables. Positioning=less power consumption versus work flow</td>
<td>Transfer date: July 8, 2010</td>
<td>Board: Ann Staff: Cheryl</td>
<td></td>
</tr>
<tr>
<td><strong>COST SAVINGS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Do inventory of facilities and equipment for efficiency/cost saving (telephones, PCs, office space, etc.)</td>
<td>Start: May 27, 2010, end June 15, 2010</td>
<td>Lead: Reymund Support: Matt, Laurie</td>
<td></td>
</tr>
<tr>
<td><strong>COST SAVINGS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Do inventory on old supplies and materials and dispose/sell these (ex. Garage sale, contact junk shops)</td>
<td>May 27-June 15, 2010</td>
<td>Lead: Reymund Support: Liberty</td>
<td></td>
</tr>
<tr>
<td><strong>BUILDING INCOME</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aggressively push rental of building facilities by:</td>
<td>May 25, 2010</td>
<td>Lead: Evelyn Selma Support: Tina Staff: Reymund</td>
<td>allot share 1 month of rental upon deposit</td>
</tr>
<tr>
<td>- assignment of property portfolio to realtors, brokers, agents</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>- put out ads in newspapers/online</td>
<td></td>
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<tr>
<td>- assign staff and board to focus on rental business</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td><strong>RELATIONSHIP WITH MEMBERS:</strong></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>Pulong2: q3, q4, 10 q1, q2</td>
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</tr>
</tbody>
</table>
**CFIF Action plan 1: Reorganisation of CFIF**

<table>
<thead>
<tr>
<th>EVALUATION of PROGRAMS:</th>
<th>To be done during Ku-</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Assign Cost to programs, assess programs, re-design if needed</td>
<td>mustahan to get inputs from members q3 2010</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EXPOSURE TRIPS:</th>
<th>Start: August 2010, monthly</th>
<th>Lead: Laurie</th>
</tr>
</thead>
<tbody>
<tr>
<td>Schedule factory tour for staff (exposure to the industry)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>HR ACTIVITIES:</th>
<th>On-going</th>
<th>Lead: Laurie</th>
</tr>
</thead>
<tbody>
<tr>
<td>Schedule HR activities for staff like learning sessions, sports, etc. every 2nd/4th Friday pm to build/strengthen rapport/teamwork</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| STAFF EVALUATION: | Beginning of August until end of August 2010 | Lead: Angela, Support: Ruby, Tina, Staff: Cheryl |
| Revisit, Evaluate Secretariat units: Re align/regroup according to what adds more value | | |

| EVALUATION of CONTRACTS: | Start: August 2010 | Lead: Cheryl, Support: Ruby, Daphne |
| Review Contracts of service providers (retirement- BDO, security guards, health insurance) | | |

**CFIF Action plan 2: Services attuned to the members’ needs**

<table>
<thead>
<tr>
<th>Objective: CFIF to be proactive in providing value added services to members by helping them become resilient in times of crisis and actively response to opportunities</th>
<th>Indicator: No indicator formulated</th>
</tr>
</thead>
</table>

<table>
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<tr>
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<th>Time frame</th>
<th>Responsible/ collaborators</th>
<th>Cost/budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>COMMUNICATION STRATEGY</td>
<td>Proactive information dissemination through websites, e-newsletter and social network</td>
<td>Lead: CFIF Secretariat (Liberty) Support: DTI /DOST / Bureau of Customs / DENR / PhilExport</td>
<td></td>
</tr>
<tr>
<td>NEW PROGRAMS</td>
<td>Organise material sourcing on eco-friendly and sustainable materials</td>
<td>Lead: CFIF Secretariat (Liberty) Board (Pete Delantar) Support: ECCP/ SQUA/ SUF (NC) and CPE Lead: CFIF Secretariat (Liberty) Board (Angela)</td>
<td>Funding partner DoST</td>
</tr>
</tbody>
</table>

EMP:
### CFIF Action plan 2: Services attuned to the members’ needs

| Focus group discussion with CBI and PhilExport | June 10th 2010 | Support: PhilExport/ CBI /DTI |
| Develop manual on “How to do an EMP?” | Pending funding from CBI or other sources |
| Source funding | |

#### TRAININGS AND SEMINARS

**Trainings:**
- Lean manufacturing
- Material manipulation
- Resource management
- Cost reduction and energy audit, paradigm shift/transforming mind-sets for staff

**Seminars:**
- Alternative markets
- Understanding culture and lifestyle, trends and preferences
- Government regulations.

Follow up implementation of the trainings both participants and the company

Costing seminars (supplies, subcontract, work on the mind-set)

| Q4 2010 until Q4 2012 | Q4 2010 until Q4 2012 |
| Lead: CFIF Secretariat (Reymund) | Lead: CFIF Secretariat (Reymund) |
| Board (Bob Booth) | Board (Bob Booth) |
| Support: ECCP / SE-QUA / SUF (NC) and CPE | Support: ECCP / SE-QUA / SUF (NC) and CPE |

Funding through SMARTCebu

#### NETWORKING AND COLLABORATION

**Capacity and technology sharing:**
- Initiate discussion with other BMOs on sharing of capacities (e.g., during shows)
- Gather information on technology, equipment of members and document (part of profiling process under SMARTCebu)
- Initiate discussion among members re: capacity and technology sharing

Industry collaboration for shows:
Initiate discussion with GTH to get

| 1st week July Q4 2010 | 3rd week June 2010 |
| Lead: CFIF Secretariat (Cheryl) | Lead: CFIF Secretariat (Cheryl) |
| Board (Edwin) | Board (Edwin) |
| Support: ECCP / SE-QUA / SUF (NC) and CPE | Support: ECCP / SE-QUA / SUF (NC) and CPE |

No funding required. Sector Unit Facilitator can have a role in gathering information and networking in a systematic manner. Actual technology sharing may
## CFIF Action plan 2: Services attuned to the members’ needs

<table>
<thead>
<tr>
<th>Activity</th>
<th>Frequency</th>
<th>Start Date</th>
<th>Lead and Support</th>
<th>Funding</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>their participation in CebuNext instead of ManilaNow</td>
<td>Once per quarter</td>
<td></td>
<td></td>
<td>not start before Q4, because it takes time to open up.</td>
<td></td>
</tr>
<tr>
<td>Information sharing (market and technology) – use Pulong-Pulong as a venue for this</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>CLUSTERING:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Capacitate and contract cleaner production experts and Sector Unit Facilitator.</td>
<td>3rd and 4th Q 2010</td>
<td>Lead: CFIF Secretariat (Ruby as project manager) Board (Angela) Support: ECCP / SEQUA/ SUF (NC) and CPE</td>
<td></td>
<td>Funding through SMARTCebu</td>
<td></td>
</tr>
</tbody>
</table>
Session 4.1: Strategic Objectives and Revenue Sources

Topics:
- Financial sustainability as objective of financial management.
- Strategic options for balancing the financial situation of a BMO.
- Financial restructuring of a BMO – an example from the Philippines
- Revenue sources.
- Exercise on the financial situation of the participating BMOs.

Chart 4.1.1 - Topics
Session 4.1: Strategic Objectives and Revenue Sources

Financial sustainability as the objective of financial management I:

- BMOs are non-profit making organisations.
- As member-based bodies, they have a high moral obligation for dealing responsibly with all financial matters.
- This means that incurring high financial risks must be avoided.
- It also means that emphasis must be placed on financial transparency and controls.
- The strategic orientation should be towards financial sustainability.

Chart 4.1.2 – Financial sustainability I
Session 4.1: Strategic Objectives and Revenue Sources

Financial sustainability as the objective of financial management:

- Financial sustainability = Revenues exceed expenditures in the medium- to long-run, so that financial reserves can be build to shield the organisation against times of financial difficulties.

Chart 4.1.3 – Financial sustainability II
Session 4.1: Strategic Objectives and Revenue Sources

Strategic options for balancing the financial situation of a BMO:
- What do you do if your financial situation looks like this?

Chart 4.1.4 – Strategic options I
Session 4.1: Strategic Objectives and Revenue Sources

Strategic options for balancing the financial situation of a BMO II:
1. You try to increase revenues.
2. You decrease expenditures.
3. You do both.

Chart 4.1.5 – Strategic options II
These guiding questions may help in identifying cost cutting and/or revenue increasing measures:

**Analysis of expenditures:**
1. Which are the key overhead cost items (amount and % of total overheads)?
2. Is there any way of reducing overhead costs (for instance by renting a less costly office)?
3. If overheads are reduced, what would be the effect on the overall cost situation?
4. Are staffing levels adequate to the BMOs operations?
   Or is there potential for rationalization (= less personnel doing the same amount of work)?
5. If staffing can be reduced, what would be the cost incurred in laying off people according to labour laws?

Chart 4.1.6 – Guiding questions I
Session 4.1: Strategic Objectives and Revenue Sources

Guiding questions II:

6. Which services are run at a cost? Can loss-making services be eliminated or are they vital for the BMO?

7. Which are other costly activities that may not be vital for the BMO (for instance a yearly banquet)?

8. Which loss-making activities or services does the BMO need to continue to render, owing to their importance?

Analysis of revenues:

1. Can prices for services rendered or membership fees be increased without running the risk of losing clients/members?

2. Which services were loss-making but are now showing signs towards positive results?

Chart 4.1.7 – Guiding questions II
Session 4.1: Strategic Objectives and Revenue Sources

Guiding questions III:

3. What are existing and successful services/activities that the BMO can enhance in order to increase income?

4. Are there potential and promising new services or other activities that the BMO can develop?

5. Are there donor or government programs that the BMO can draw upon in order to raise income?

Chart 4.1.8 – Guiding questions III
Session 4.1: Strategic Objectives and Revenue Sources

Hints:

- Cost cutting can normally produce faster results than activities towards raising income.
- It is suggested to follow a two-pronged approach:
  - Cost cutting in the short-term.
  - Development of revenue-generating activities in the medium- to long-term.

Chart 4.1.9 – Hints
Session 4.1: Strategic Objectives and Revenue Sources

Financial restructuring – an example from the Philippines:

Background information:

- The Cebu Furniture Industries Foundation Inc. (CFIF) is the largest association of the furniture sector in the Philippines.
- The outbreak of the world economic crisis in 2008 hit the industry, which is heavily dependent from exports to the US, hard.
- CFIF suffered equally: The number of member companies fell from 180 in 2008 to 120 in 2010 and the association was running at a loss in 2009 and 2010. Revenues decreased by 35% between 2008 and 2010.
- In 2010, CFIF engaged into a restructuring plan (see excerpts on the next slides):
Chart 4.1.11 – Example Philippines II

Please note: For a better visibility of charts 4.1.11 and 4.1.12 refer to reading 3 of session 4.1 which displays the entire action plan of CFIF in word.
## CFIF Action plan 2: Services attuned to the members’ needs

<table>
<thead>
<tr>
<th>Objective: CFIF to be proactive in providing value-added services to members by helping them become resilient in times of crises and actively respond to opportunities</th>
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</thead>
</table>
| **COMMUNICATION STRATEGY**  
Reactivate Information dissemination through websites, e-newsletter and social networks | | Lead: CFIF Secretariat (Liberty)  
Support: DTI / DOF / Bureau of Customs / DENR / PhilExport | |
| **NEW PROGRAMS**  
Organize material sourcing on eco-friendly and sustainable materials | October 2010 | Lead: CFIF Secretariat (Liberty)  
Reach (Teri Delfinazia)  
Support: ECCP / SEQUA / SDF (NC) and CPE  
Lead: CFIF Secretariat (Liberty)  
Reach (Angela)  
Support: PhilExport / CBI / DTI | Funding partner DoST |
| **EMP**  
Focus group discussion with CBI and PhilExport  
Develop manual on “How to do an EMP”  
Source funding | June 10th, 2010  
Pending funding from CBI or other sources | |

### Chart 4.1.12 – Example Philippines III
Session 4.1: Strategic Objectives and Revenue Sources

Revenue Sources:

- Membership dues
- Services
- Fund raising/donations
- Government/donor programmes
- Investment returns

Chart 4.1.13 – Revenue Sources I
### Session 4.1: Strategic Objectives and Revenue Sources

#### Revenue sources – their strengths and weaknesses

<table>
<thead>
<tr>
<th></th>
<th>+</th>
<th>-</th>
</tr>
</thead>
<tbody>
<tr>
<td>Membership dues</td>
<td>A constant source of income.</td>
<td>Normally, a significant percentage of members does not pay dues.</td>
</tr>
<tr>
<td>Services</td>
<td>• Provide political independence</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Can be lucrative, especially in the case of delegated functions (for instance certificates of origin).</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Provide tangible value for members.</td>
<td>• Can take time to develop.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Requires a high degree of professionalism on part of the staff.</td>
</tr>
<tr>
<td>Fund raising / donations</td>
<td>Usually, this source does not require a lot of effort.</td>
<td>Little predictability.</td>
</tr>
<tr>
<td>Government/don or programmes</td>
<td>A BMO acting as intermediary can build its reputation towards business community.</td>
<td>Such programmes do mostly not finance a BMOs overhead costs and infrastructure.</td>
</tr>
<tr>
<td>Investment returns</td>
<td>Can be a stable source of income, for instance renting out property.</td>
<td>If it requires capital investments, it can diminish a BMOs liquidity.</td>
</tr>
</tbody>
</table>

**Chart 4.1.14 – Revenue Sources II**
E  Handouts

Charts 4.1.1 to 4.1.14
Reading 1, 2 and 3
1.1.1.5 Session 4.2: Expenditure controls and financial analysis

A Overview

Time: 2 hours 50 min.

Overview: Session 4.2 deals with the expenditure side of financial management by introducing the participants into budgeting and cash flow statements. It also comprises a proposal for the delegation of financial responsibilities within a BMO and with tools for depicting the financial results of a BMO (income statement and balance sheets). The session closes by conducting a case study exercise in which participants analyse the income statement and the balance sheet of a branch of the Namibian Chamber of Commerce and Industry. Please note that, although the example is about a small chamber, its characteristics are very similar to that of an industry association, since it is recruiting members on a voluntary basis.

Learning objectives:
- Participants are introduced into the functions and formats of common tools for financial control (budget and cash flow statements) as well as for financial analysis (income statement and balance sheets).
- Participants have gained an understanding on the necessity to define clear financial responsibilities at each tier of the hierarchy within the BMO.
- Participants have strengthened their capacity for financial analysis.

Materials required:
- Background reading 1 of session 4.2
- Charts 4.2.1 – 4.2.18
- Handouts including copies of the income statement and the balance sheet of the case study
- Projector
- Flipcharts and flipchart paper
- Felt markers
### Session 4.2: Expenditure controls and financial analysis

<table>
<thead>
<tr>
<th>Time</th>
<th>Steps</th>
<th>Methodology</th>
<th>Materials</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 min.</td>
<td>1. Introduction</td>
<td>The topics are displayed on chart 4.2.1. After having gone through the topics you may ask the plenary, which of these financial tools the participating BMOs are already using, and take note of the responses on flipchart.</td>
<td>Chart 4.2.1</td>
</tr>
<tr>
<td>20 min.</td>
<td>2. Budgeting</td>
<td><em>Facilitator’s input and plenary discussion:</em> Chart 4.2.2 presents an introduction into the function of the budget. It also describes the types of budgets that are required for financial control purposes (operating, capital and manpower budget). Charts 4.2.3 to 4.2.5 display formats or templates of the respective budgets. Please note that the items on the left-hand side of the templates need to be adjusted to the real sources of revenue and expenditures incurred by the associations. After having gone through the charts, you may ask the participants whether they have anything to add or comment. You may also refer to the BMOs working with budgets about their experiences with budgeting.</td>
<td>Chart 4.2.2 up to 4.2.5 Back-ground reading 1 Flipcharts Felt markers</td>
</tr>
<tr>
<td>20 min.</td>
<td>3. Assigning responsibilities in financial matters</td>
<td><em>Facilitator’s input and plenary discussion:</em> The next topic is about assigning responsibilities or authorities according to functions within a BMO. You may go through each of the items on charts 4.2.6 to 4.2.8 and discuss the usefulness of the proposals with the participants.</td>
<td>Charts 4.2.6 up to 4.2.8 Back-ground reading 1 Flipcharts Felt markers</td>
</tr>
<tr>
<td>20 min.</td>
<td>4. Cash flow planning</td>
<td><em>Facilitator’s input and plenary discussion:</em> The following tool is the cash flow or liquidity planning. After discussing the objective of the cash flow statement (chart 4.2.9) you may go through charts 4.2.10 and 4.2.11 in order to demonstrate the format or template of a cash flow statement. Please note that the table is divided into two slides in order to allow visibility in PowerPoint. In practice, this is one table. Again, you may ask the participants whether they have anything to add or comment and inquire into their experiences.</td>
<td>Charts 4.2.9 up to 4.2.11 Flipcharts Felt markers</td>
</tr>
</tbody>
</table>
### Session 4.2: Expenditure controls and financial analysis

<table>
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<tr>
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<th>Materials</th>
</tr>
</thead>
<tbody>
<tr>
<td>20 min.</td>
<td>5.</td>
<td>Income statement and balance sheet</td>
<td>Charts 4.2.12 up to 4.2.15</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Facilitator's input and plenary discussion: Charts 4.2.12 up to 4.2.15 provide brief introductions into the functions and formats or templates of the income statement and the balance sheet. While the former demonstrates accumulated income or losses over a certain period of time (for instance the entire fiscal year), the latter depicts the financial situation of an organisation at a specific point in time. You may go through the above mentioned charts and entertain questions in case they arise. You may close the overview of these tools by saying that their use will enable any BMO to have a sound understanding of their finances.</td>
<td>Flipcharts</td>
</tr>
<tr>
<td></td>
<td></td>
<td>You may go through the above mentioned charts and entertain questions in case they arise. You may close the overview of these tools by saying that their use will enable any BMO to have a sound understanding of their finances.</td>
<td>Felt markers</td>
</tr>
<tr>
<td>5 min. instruc-</td>
<td>6.</td>
<td>Group work: The objective of this exercise is to train the analytical capacities of the participants through a case study. The tasks of the group work are displayed on chart 4.2.16. By double-clicking on the excel tables in charts 4.2.17 and 4.2.18 you can access and demonstrate the income statement and the balance sheets of the Ongwediva Branch of the Namibian Chamber of Commerce and Industry as per the end of 2008. Go through them on the projector and distribute the two statements on paper for each of the participants. You may then repeat the group work tasks (chart 4.2.16) and ask the participants to form three groups and start work. After the time for group work elapsed, each group presents its responses and you provide opportunity for the plenary to discuss their analysis. Please note: As a facilitator, you should acquaint yourself with the case and be able to respond the two questions for yourself (just in case, someone from the groups asks for your opinion).</td>
<td>Charts 4.2.16 up to 4.2.18</td>
</tr>
<tr>
<td>tions; 45 min.</td>
<td></td>
<td></td>
<td>Flipcharts</td>
</tr>
<tr>
<td>group work; 45</td>
<td></td>
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<td>Felt markers</td>
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<tr>
<td>min. for pre-</td>
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<tr>
<td>sentation and</td>
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</tr>
<tr>
<td>discussion.</td>
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<tr>
<td>1 hour 25 min.</td>
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<tr>
<td>in total</td>
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</tr>
</tbody>
</table>

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Manual(Part2).docx

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Internal Controls

Internal controls are essential to ensure that the Secretariat operates efficiently within the framework of policy guidelines and regulations laid down by the Board of Directors.

These controls can be broadly classified under two general categories – financial controls and administrative controls. It would be practical to spell these out in an internal controls manual.

<table>
<thead>
<tr>
<th>RULES APPLIED IN AN INTERNAL CONTROL MANUAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authority to incur expenditure (usually vested with the President, Honorary Treasurer, Chairman of Finance Committee, Secretary-General and Finance Director, etc. subject to different tiers of authorised limits)</td>
</tr>
<tr>
<td>Authority to make financial commitments on behalf of the BMO (usually vested with the President who is expected to obtain the Board’s endorsement)</td>
</tr>
<tr>
<td>Operation of bank accounts (for effective control, usually 2 authorised signatories – the Secretary-General plus the President, Honorary Treasurer or Chairman Finance Committee, are required to jointly operate the account)</td>
</tr>
<tr>
<td>Petty cash (specify the staff in charge of petty cash, limit of amount in cash, procedures for topping up the cash and for making payments/reimbursements)</td>
</tr>
<tr>
<td>Proceeds from cash sales (e.g. from sale of directories) and issuance of official receipts (specify the staff authorised to sign receipts)</td>
</tr>
<tr>
<td>Cash reimbursements to staff for out-of-pocket expenses (e.g. transport costs) payments should be effected only if requests are submitted with supporting vouchers (bearing authorisation for expenditure by Secretary-General, Finance Director or heads of department)</td>
</tr>
<tr>
<td>Advances and reimbursements to staff for travel-related expenses (airfares, airport taxes, hotel, meals, registration fees where applicable)</td>
</tr>
<tr>
<td>Quotations and tenders (guidelines on invitations to quote or tenders for BMO jobs and acceptance of bids)</td>
</tr>
</tbody>
</table>
Financial Controls

Financial controls - these are foremost in importance in any BMOs. At the beginning of each financial year, the Secretary-General with the assistance of the heads of the various divisions or departments in the BMO should prepare an annual budget and submit it to the Finance Committee to endorse and recommend it to the Board of Directors whose approval is needed for the budget to be adopted.

Budget

The budget should comprise

1. An operating budget that envisages income and operating expenditure;
2. A capital budget to allocate funds for acquisition or replacement of capital assets;
3. A manpower budget to cover staff cost for the year (including provisions for new recruitment).

The Secretariat should operate within the approved budget and any deviation should have the prior endorsement of the Finance Committee. In addition, project budgets should be prepared by the organising division/committee and should be cleared by the Finance Committee for the approval of the Board.

Financial Planning

In the context of BMOs financial planning would likely encompass forecasting income, projecting expenditure and managing funds and cash flow.

Revenue-generation is important for the survival of a BMO. However, some basic services such as trade referrals, listing in the BMO's directory of members, secretarial support for meetings, etc. are expected to be rendered without charges to members: otherwise there will be no "perceived membership benefits" and this would have an adverse impact on membership retention and recruitment.

In cases where subscriptions are the main source of income, the BMOs will have to be diligent in building up their financial reserves because in a recession, membership attrition can be quite serious and the BMOs must have adequate reserves to see them through the lean times. BMOs could consult their members in the banking and finance sector on the advisability of investing their reserve funds in properties, government bonds or even stocks and shares.

Cash flow is another area where planning is relevant. It is common for BMOs to collect subscriptions on a bi-annual or annual basis, hence they are likely to be cash-rich in the months the subscription invoices are sent out (and paid) and cash strapped in other months. This should be taken into consideration when the BMO plans its expenditures e.g. if it is purchasing expensive equipment, it might wish to do so in the months when cash in hand is at peak. The BMO may want to influence the time of payment of fees by offering discounts for early settlement.

Collection of subscriptions and other dues from members present another problem for a BMO. While it cannot afford to carry a large bad-debt position, it also cannot afford to offend members by initiating litigation to recover outstanding dues. Some BMOs circumvent this problem by factoring out their dues.
Session 4.2: Expenditure controls and financial analysis

Topics:
- Budgeting
- Assigning responsibilities in financial matters
- Cash flow
- Income statement
- Balance sheets
- Exercise on financial analysis

Chart 4.2.1 - Topics
Session 4.2: Expenditure controls and financial analysis

Budgeting:

- A budget is a tool for expenditure control. Mostly done annually.
- It allows the secretariat to operate within defined financial boundaries.
- Any deviation needs to have the endorsement of the BMO’s authorized body (for instance Finance Committee).

- The budget should comprise
  1. An operating budget that envisages income and operating expenditure.
  2. A capital budget to allocate funds for acquisition or replacement of capital assets.
  3. A manpower budget to cover staff cost for the year (including provisions for new recruitment).

Chart 4.2.2 – Budgeting I
### Session 4.2: Expenditure controls and financial analysis

#### Budget format I:

**FINANCIAL YEAR 01/2012 - 12/2012: BUDGET**

<table>
<thead>
<tr>
<th>Items</th>
<th>January 2012</th>
<th>February 2012</th>
<th>March 2012</th>
<th>April 2012</th>
<th>May 2012</th>
<th>June 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Income</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>1. Membership dues</td>
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<tr>
<td>2. Services</td>
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<tr>
<td>2.1 - Trainings</td>
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<tr>
<td>2.2 - Information services</td>
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<tr>
<td>2.3 - Start-up advice</td>
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</tr>
<tr>
<td>2.4 - Legal advice</td>
<td></td>
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<tr>
<td>2.5 - Fairs and exhibitions</td>
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<tr>
<td>2.6 - Other services</td>
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<tr>
<td>3. Fundraising / donations</td>
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<tr>
<td>4. Government / donor programmes</td>
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<tr>
<td>4.1 - GIZ Umbrella Programme</td>
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</tr>
<tr>
<td>4.2 - Competitiveness Programme GvL</td>
<td></td>
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</tr>
<tr>
<td>5. Investment returns</td>
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<td></td>
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<tr>
<td>Total</td>
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<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Chart 4.2.3 – Budgeting II
Session 4.2: Expenditure controls and financial analysis

Budget format II:

Chart 4.2.4 – Budgeting III
Session 4.2: Expenditure controls and financial analysis

Budget format III:

<table>
<thead>
<tr>
<th>Items</th>
<th>January 2012</th>
<th>February 2012</th>
<th>March 2012</th>
<th>April 2012</th>
<th>May 2012</th>
<th>June 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>C. Capital Expenditures</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>1. 2 laptops</td>
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<tr>
<td>2. 2 flat screens</td>
<td></td>
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</tr>
<tr>
<td>3. Furniture for the meeting room</td>
<td></td>
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</tr>
<tr>
<td>4. LCD Projector</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Total</td>
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<td></td>
</tr>
</tbody>
</table>

Chart 4.2.5 – Budgeting IV
Session 4.2: Expenditure controls and financial analysis

Assigning responsibilities in financial matters – a proposal I:

<table>
<thead>
<tr>
<th>Items</th>
<th>Authority within the BMO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authority to incur expenditure.</td>
<td>To be vested with the President, Honorary Treasurer, Chairman of Finance Committee, Secretary-General, Finance Director etc. subject to different tiers of authorised limits.</td>
</tr>
<tr>
<td>Authority to make financial commitments on behalf of the BMO.</td>
<td>To be vested with the President who is expected to obtain the Board’s endorsement.</td>
</tr>
<tr>
<td>Operation of bank accounts.</td>
<td>For effective control, usually 2 authorised signatories – the Secretary-General plus the President, Honorary Treasurer or Chairman Finance Committee.</td>
</tr>
</tbody>
</table>

Chart 4.2.6 – Assigning responsibilities in financial matters I
**Session 4.2: Expenditure controls and financial analysis**

**Assigning responsibilities in financial matters – a proposal II:**

<table>
<thead>
<tr>
<th>Items</th>
<th>Authority within the BMO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Petty cash</td>
<td>Specify the staff in charge of petty cash, limit of amount in cash, design procedures for topping up the cash and for making payments/reimbursements.</td>
</tr>
<tr>
<td>Proceeds from cash sales and issuance of official receipts.</td>
<td>Specify the staff authorised to administer proceeds from cash sales and sign receipts.</td>
</tr>
<tr>
<td>Cash reimbursements to staff for out-of-pocket expenses (eg. transport costs)</td>
<td>Payments to be effected only upon submission of supporting invoices/receipts. Authorisation for expenditure by Secretary-General, Finance Director or heads of department.</td>
</tr>
</tbody>
</table>

**Chart 4.2.7 – Assigning responsibilities in financial matters II**
Session 4.2: Expenditure controls and financial analysis

Assigning responsibilities in financial matters – a proposal III:

<table>
<thead>
<tr>
<th>Items</th>
<th>Authority within the BMO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quotations and tenders.</td>
<td>To be vested with the Secretary- General, Finance Director and heads of department.</td>
</tr>
</tbody>
</table>

Chart 4.2.8 – Assigning responsibilities in financial matters III
Session 4.2: Expenditure controls and financial analysis

Cash flow planning:
- A BMO may be in a financially sound position, but not be able to honour current liabilities because of lack of cash funds.
- Cash flow planning allows an association to ensure sufficient liquidity in order to pay current invoices.
- The format of the cash flow statement is presented on the following charts.

Chart 4.2.9 – Cash flow I
Session 4.2: Expenditure controls and financial analysis

Cash flow statement:

<table>
<thead>
<tr>
<th>Liquidity Planning (Cash flow)</th>
<th>Month</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
<th>11</th>
<th>12</th>
<th>Total Year 1</th>
<th>Total Year 2</th>
<th>Total Year 3</th>
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</thead>
<tbody>
<tr>
<td>Membership dues</td>
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<td>Services</td>
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<tr>
<td>Fund raising / donations</td>
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<tr>
<td>Government / donor programmes</td>
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<tr>
<td>Investment returns</td>
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<tr>
<td>Total inflows</td>
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</tr>
</tbody>
</table>

Chart 4.2.10 – Cash flow II
Session 4.2: Expenditure controls and financial analysis

Cash flow statement contd.:

<table>
<thead>
<tr>
<th>Personnel</th>
<th>Office rent</th>
<th>Consumables</th>
<th>Services</th>
<th>Utilities</th>
<th>Further expenses</th>
<th>Capital expenditures</th>
<th>Total outflows</th>
<th>Cash Flow (Total deposits/payment s)</th>
<th>Accumulated cash flow</th>
</tr>
</thead>
</table>

Chart 4.2.11 – Cash flow III
Session 4.2: Expenditure controls and financial analysis

Income statement:
- The income statement demonstrates whether the BMO is making losses or generating a surplus.
- A surplus enables the association to build financial reserves that serve as a financial “cushion” in times where the BMO is incurring losses.
- The format of the income statement is presented on the following charts.

Chart 4.2.12 – Income statement I
Session 4.2: Expenditure controls and financial analysis

Format of the income statement:

<table>
<thead>
<tr>
<th>Income Statement</th>
<th>Month</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
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<th>9</th>
<th>10</th>
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<th>12</th>
<th>Annual</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Membership dues</td>
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<tr>
<td>Fund raising / donations</td>
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<tr>
<td>Government / donor programmes</td>
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<tr>
<td>Investment returns</td>
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<tr>
<td>1. Total Revenues</td>
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<td>Consumables</td>
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<td>Further expenses</td>
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<td>2. Total Operating Expenses</td>
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<tr>
<td>3. Net income</td>
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</tr>
</tbody>
</table>

Chart 4.2.13 – Income statement II
Session 4.2: Expenditure controls and financial analysis

Balance sheet:

- Whereas the income statement depicts the overall status of your profits (or deficits) by looking at income and expenses over a period of time, the balance sheet depicts the overall status of your finances at a fixed point in time.
- A balance sheet compares all your assets with all your liabilities.

Chart 4.2.14 – Balance sheet I
Session 4.2: Expenditure controls and financial analysis

Balance Sheet Template

<table>
<thead>
<tr>
<th>Month ended:__________</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Assets</td>
</tr>
<tr>
<td>Fixed Assets</td>
</tr>
<tr>
<td>Other Assets</td>
</tr>
</tbody>
</table>

Chart 4.2.15 – Balance sheet II
Session 4.2: Expenditure controls and financial analysis

Exercise:

- Please have a look at the income statement and the balance sheet of the Ongwediva branch of the Namibian Chamber of Commerce and Industry.

- Please, try to analyse the two statements and respond the following questions:
  - How would you characterize the financial situation of the branch? Healthy or difficult? Why?
  - Do you have any suggestions for improving the financial situation? What can they do?

Chart 4.2.16 – Exercise I
Session 4.2: Expenditure controls and financial analysis

INCOME STATEMENT 01.01.2008 - 31.12.2008

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>INCOME</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Membership dues</td>
<td>154,896.20</td>
<td></td>
</tr>
<tr>
<td>Sponsorships</td>
<td>2,287.50</td>
<td></td>
</tr>
<tr>
<td>Interest earned</td>
<td>18,214.22</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>175,397.92</td>
<td></td>
</tr>
</tbody>
</table>

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EXPENSES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade &amp; investment expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade missions/fairs</td>
<td>400.00</td>
<td></td>
</tr>
<tr>
<td>CEO expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Travel costs</td>
<td>3,047.00</td>
<td></td>
</tr>
<tr>
<td>Finance &amp; administration expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Certificate</td>
<td>300.00</td>
<td></td>
</tr>
<tr>
<td>Dinner meetings</td>
<td>8,428.70</td>
<td></td>
</tr>
<tr>
<td>Bank charges</td>
<td>4,956.21</td>
<td></td>
</tr>
<tr>
<td>Office expenses - general</td>
<td>59.95</td>
<td></td>
</tr>
<tr>
<td>Printing &amp; stationary</td>
<td>8,883.79</td>
<td></td>
</tr>
<tr>
<td>Staff refreshments</td>
<td>518.60</td>
<td></td>
</tr>
<tr>
<td>Courier costs</td>
<td>2,000.00</td>
<td></td>
</tr>
<tr>
<td>IT-maintenance</td>
<td>6,036.94</td>
<td></td>
</tr>
<tr>
<td>IT-subscriptions</td>
<td>143.00</td>
<td></td>
</tr>
<tr>
<td>Motor vehicle expenses</td>
<td>29,798.14</td>
<td></td>
</tr>
<tr>
<td>Administration - salaries</td>
<td>147,784.77</td>
<td></td>
</tr>
<tr>
<td>Travel &amp; Accommodation</td>
<td>4,613.60</td>
<td></td>
</tr>
<tr>
<td>Meeting expenses</td>
<td>15,753.91</td>
<td></td>
</tr>
<tr>
<td>Telecommunications</td>
<td>33,191.88</td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>1,733.60</td>
<td></td>
</tr>
<tr>
<td>Rental</td>
<td>25,149.40</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>290,020.68</td>
<td></td>
</tr>
</tbody>
</table>

|                      |          |          |
| **NET PROFIT/ (LOSS) BEFORE TAX** | (114,622.66) |          |
| **NET PROFIT/ (LOSS)**            | (114,622.66) |          |

Chart 4.2.17 – Exercise II
### Session 4.2: Expenditure controls and financial analysis

**NCCI Ongwediva**

**BALANCE SHEET at 31.12.2008**

<table>
<thead>
<tr>
<th>Current Assets</th>
<th>Current Liabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>1659/000 FNB ONGWE INV</td>
<td>107,292.56</td>
</tr>
<tr>
<td>0008/000 Petty cash</td>
<td>764.46</td>
</tr>
<tr>
<td>Ongwediva 65420023041</td>
<td>22,766.99</td>
</tr>
<tr>
<td>32 Days Notice Acc. FNB</td>
<td>32,827.89</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fixed Assets</th>
<th>Long-term Liabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land&amp;buildings - net value</td>
<td>120,000.00</td>
</tr>
<tr>
<td>Motor vehicles - net value</td>
<td>(0.08)</td>
</tr>
<tr>
<td>Office equipment - net val.</td>
<td>2,559.01</td>
</tr>
<tr>
<td>Furniture&amp;fittings - net val.</td>
<td>(0.16)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Other Assets</th>
<th>Retained income/ accumulated funds</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>216,210.45</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total Assets</th>
<th>286,210.67</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>286,210.67</td>
</tr>
</tbody>
</table>

Chart 4.2.18 – Exercise III
### Session 4.2: Expenditure controls and financial analysis

#### Chart 4.2.18 – Exercise III

**BALANCE SHEET at 31.12.2008**

<table>
<thead>
<tr>
<th>Current Assets</th>
<th>Current Liabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>1659/000 FNB ONGWE INV</td>
<td>107,292.56</td>
</tr>
<tr>
<td>0008/000 Petty cash</td>
<td>764.46</td>
</tr>
<tr>
<td>Ongwediva 65420023041</td>
<td>22,766.99</td>
</tr>
<tr>
<td>32 Days Notice Acc. FNB</td>
<td>32,827.89</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fixed Assets</th>
<th>Long-term Liabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land &amp; buildings - net value</td>
<td>120,000.00</td>
</tr>
<tr>
<td>Motor vehicles - net value</td>
<td>(0.08)</td>
</tr>
<tr>
<td>Office equipment - net value</td>
<td>2,559.01</td>
</tr>
<tr>
<td>Furniture &amp; fittings - net value</td>
<td>(0.16)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Other Assets</th>
<th>Retained income/ accumulated funds</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>216,210.45</td>
</tr>
</tbody>
</table>

**Total Assets** 286,210.67 286,210.67

NCCI Ongwediva
E  Handouts

Charts 4.2.1 to 4.2.18
Reading 1
Copies of the income statement and the balance sheet of the case study.