

# FINANCIAL STRATEGY: A SOLUTION FOR THE NETWORK

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78th International Council Meeting

10.11.2020

14h30 - 16h00

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# Financial Strategy

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“A plan for the successful operation of a business/an association”

- Define **use of resources** and how to make them grow in the interest of the association.
- **Financial management tool**, complementary to Strategic Planning in ELSA
- Implementation, Focus and Execution
- Not flexible

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# What makes a sustainable organisation?

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- Balance mission and money;
- Don't plan only small periods of time;
- Income Strategy;
- Investments policy.



# Balance mission and money

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*Article 9.2 of our Statutes: “Any income or profit from ELSA’s activities shall only be used to carry out its aims in accordance with its philosophy, and never for the profit of its members”.*



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# Don't plan for small periods of time

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- Creating a supporting tool for your Annual Budgets;
- Understanding better your targets and goals;
- Improving your financial planning
- Supporting the uniform plans on your Group.



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# Income Strategy

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## Standing Orders of ELSA 14.2 Main sources of funding

*“The costs of running the activities of ELSA are to be funded mainly by the annual membership fee and other fees, fundraising from private and public sources, sales and advertisement revenue, subsidies, donations or grants whether in cash or in kind. “*

1. Understanding how can gain obtain more revenues from other sources (Funds, Grants, Partnerships, Online Advertisement).
2. Stipulating goals from what we can expect from our sources.
3. Always be informed about the sources at your disposal

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# Investments Policy

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- Be aware of the risks;
  - Don't smash your liquidity;
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- Invest to supply needs;
  - Invest to generate more money.



# Why do we need one Financial Strategy?

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- Evaluating Financial Performance
- Financial forecasting
- Cash flow budgets
- Budgetary control activities
- Leverage



# Implementation

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- Describe the way the Financial Strategy has to be adapted and maintained.



# Focus

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- Describe the fundraising focuses of the respective Financial Strategy.



# Execution

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- Specify the focus part on a technical level by determining the ratios, or individual amounts of the income or expenses stated.



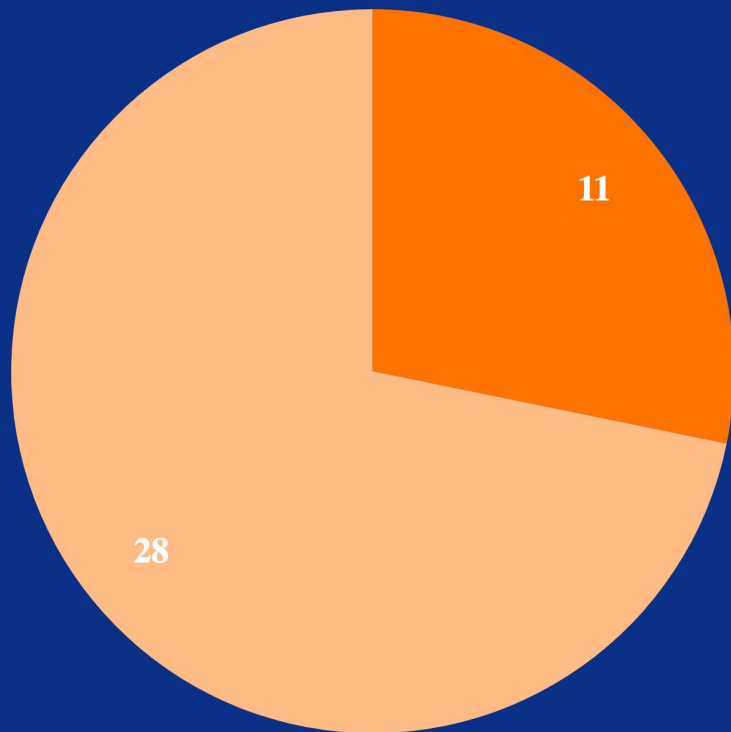
# Procedure

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- During the final year of **implementation** – open call for a Working Group
- WG – Draft Financial Strategy **proposal** during the Spring ICM (not accepted = the implementation of the current Financial Strategy continues)
- After the end of the Implementation = **Evaluation**

# Financial Strategy (Current Situation - SotN)

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- **Has a Financial Strategy**
- **Does not have a Financial Strategy**

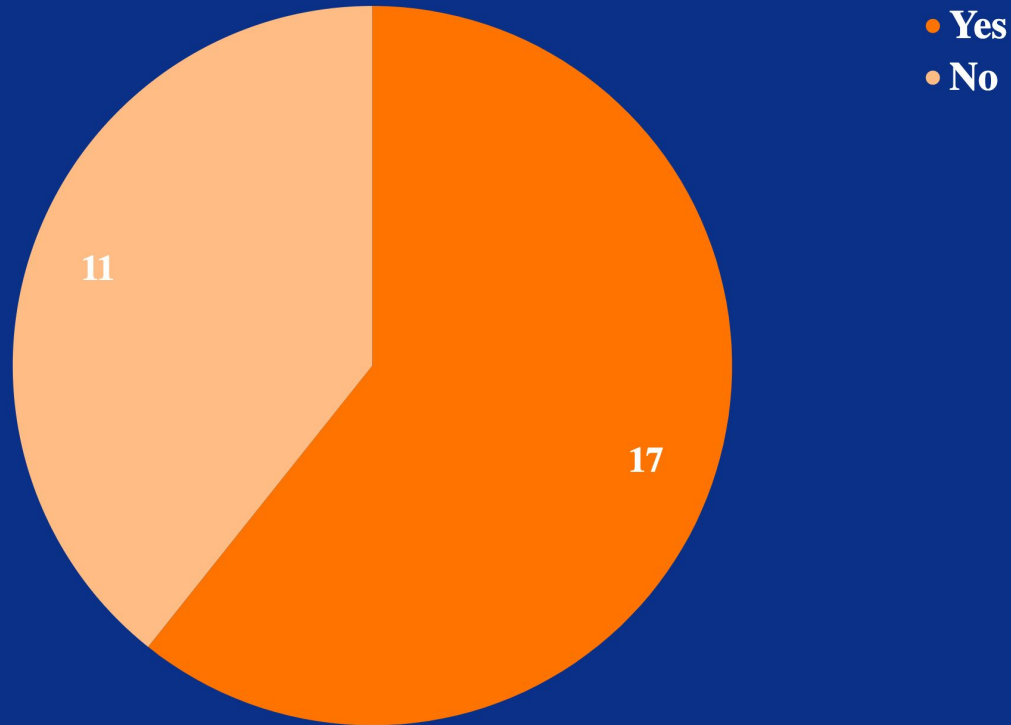
# Time Period for Financial Strategy Implementation (If such exists)

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- 2018-2023; 2019-2024
- May 2021
- Annual
- Before the end of the term
- No specified time period
- Same period as general strategy period

# Creation of an Financial Strategy this term (if it does not exist yet)

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# Time Period for Financial Strategy Implementation (If such exists)

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- 2018-2023; 2019-2024
- May 2021
- Annual
- Before the end of the term
- No specified time period
- Same period as general strategy period



# Structure

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1. General
2. Working Groups
3. Drafting Procedure
4. Implementation Procedure
5. Provisional changes to the Financial Strategy of ELSA (...)
6. Evaluation of the implementation of Financial Strategy of ELSA (...)

# Topics

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1. Fundraising
2. Membership Fee
3. Professionalisation
4. Fundraising events
5. Reserve
6. National Board Support
7. Projects



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# National Financial Strategy Draft

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# Working Groups.

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# Practical Case

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## WG 1

ELSA Neverland wants to establish a Financial Strategy, in this present year of 2020/2021. After their first NCM, their budget for 2020/2021:

**Expenses: Total - 4500€** (1000€ for General Obligations - Membership Fee and EDF Contribution, 2500€ for projects and 1000€ from a debt with an external service provider);

**Incomes: Total - 4500€** (1000€ from Membership Fees from NG's; 500€ from a Grant; 2500€ from Projects; 500€ from a donation from ELSA Alumni provided every year)

Please establish a Financial Strategy defining:

- Number of years; Investments; Fundraising and Goals during these period.

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# Practical Case

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## WG 2

ELSA Springfield wants to establish a Financial Strategy, in this present year of 2020/2021. After their first NCM, their budget for 2020/2021:

**Expenses: Total - 4500€** (500€ for General Obligations - Membership Fee and EDF Contribution, 1000€ for projects and 3000€ from a debt with an external service provider);

**Incomes: Total - 2800€** (800€ from Membership Fees from NG's; 1000€ from Projects; 500€ from a Project Partnership and 500€ from a Non Project Partnership )

Please establish a Financial Strategy defining:

- Number of years; Investments; Fundraising and Goals during these period.

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