

# NABE

## Administration & Finance Section

### e-communiqué

Autumn 2003

#### From the Chair

By Fred Parker

Hello everyone from one of the Hurricane Capitals of the South. I wish this report could be sent from some area such as Paris, London or Chicago, but such is life. Hopefully all is well. By the time you read this, those of us in the hurricane belt will have gone through another one. I am getting ready for the arrival of Isabel, by making sure that the generator is working so that the beer will remain cold and the wine can stay at the right temperature.

It was good to see all of you who made the trip to wonderful San

Francisco. There were many positive comments about the NABE program. There is a general discussion now as to whether the section will sponsor a program at the Mid Year meeting. More on that later.

I wish to thank Trudy Levindofske and Greg Derwart for their work in putting the section newsletter together this past year and we all owe Greg continued thanks for editing the newsletter for the upcoming year. Under Craig Combs' outstanding leadership the section sponsored a Technology Show prior to the midyear meeting in Seattle. The Council will study whether to sponsor another show, but not before 2005.

I look forward to chairing the section this year and hope that many of you will volunteer to assist in any section projects



planned for the future. Please feel free to contact me if you have any suggestions for the betterment of the section. While we have 115 members, publish this newsletter and this past year sponsored a tech show, the Council wants to do more to make membership in the section a more rewarding experience. The section meeting is a breakfast meeting during NABE meetings. Attendance varies. Should the meeting be held at a different time? Should the Council study whether to have a workshop separate from the NABE meetings? Let me have your feedback.

#### Section Leadership 2003-2004

Fred Parker, *Chair*  
Helen Druce, *Vice-Chair*  
Allen Kimbrough, *Secretary*  
Greg Derwart, *Treasurer*

#### Council Members

Dana Collier Smith (2004)  
Trudy Levindofske (2004)  
Judith Dugar (2005)  
Monica Mackie (2005)  
Colleen McManus (2005)

Craig Combs, *Immediate Past Chair*

- Fred

## Budgeting: Back to Basics

By Robert T. Price

No matter what budgeting method you use – program-based budgeting, activity-based budgeting, zero-based budgeting – you are allocating limited resources to areas where there are perceived needs. To assign your resources to the most appropriate programs, your budget should be a constantly evolving plan for:

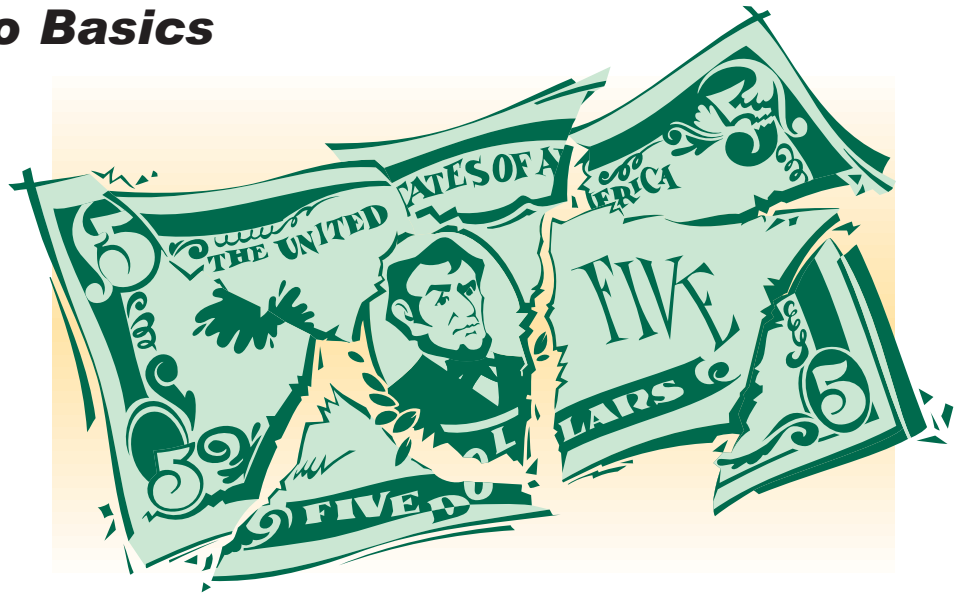
- setting priorities;
- adjusting resources and priorities;
- measuring results; and
- forecasting future performance.

### How important is the budget?

In a word, *very* – and it's critical that everyone involved in creating it understands this. Without total buy-in, the planning and budgeting process will not be effective. Conversely, when all parties involved in the process assume ownership of the budget, it becomes a powerful tool for promoting a better understanding of the organization's goals and objectives and the most useful device for evaluating how well it is meeting them.

The budgeting process should begin with a formal kickoff meeting, led by executive management, where priorities are discussed, new programs or projects are identified, and budget milestones are set. Subsequent regularly scheduled meetings should provide timely information on resource decisions and changes to the process or timeline.

Two means of increasing staff participation and emphasizing the



importance of your budget:

- training or refresher courses at the beginning of the process; and
- a “budget management” section in personnel evaluations to add an element of accountability.

### Setting priorities

Executives, managers, and the board should each have an opportunity to propose new programs or projects and to suggest the expansion or reduction of existing programs. Inclusiveness is the idea here, with all managers having a voice in the organization's plan to meet agreed-upon goals and objectives and become “owners” of the budget. The priority-setting process should include an evaluation of existing programs. Better-performing programs will have more clout when requesting resources than poorer-performing programs. If you don't have a formal program-evaluation function, adequate meeting time should be devoted to assessing the performance of existing programs so that there is some basis for

determining which programs are most worthy of resources. Time should also be devoted to a discussion and review of legitimate new initiatives—those proposed by staff and those called for in the organization's strategic plan.

Once the owners of the budget have had their input, it's time to establish priorities. Executive management should first determine what resources are going to be available, then make the difficult decisions regarding which programs will receive support and how much. The order of decision making can vary, and existing programs and new initiatives may be revisited several times. Resources for existing programs are usually assigned before new initiatives are considered.

Some initiatives may result in an increase in revenue, and as the process moves forward, you should expect cost estimates to change as well. Therefore, a constant re-estimating of available resources and costs will be necessary until

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## Budgeting

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final funding decisions are made.

### Adjusting resources and priorities

Simply put, a budget represents an organization's best guess as to what will happen next year without the benefit of knowing the results of the current year. For this reason, it is useful to revisit the budget after the "now previous" year closes and the final revenue and expense results are in. Significant modifications to revenue and expenses can occur at year-end as a result of audit adjustments or other adjustments that were not calculable before the budget was completed. Once the previous year-end results are in, you can better estimate the current year's revenue and expenses.

Using this new information, you also can adjust your previously approved budget or prepare a projection of revenue and expenses that is maintained and monitored along with your budget. Modifying the previously approved budget requires less paperwork and focuses attention on one budget report, which helps when you meet with managers throughout the year to discuss variances. Some of the procedures in the budget modification effort are the same ones used to prepare the original budget. Managers are given the opportunity to adjust their previous estimates based on the new year-end data. This extra step further advances the goal of maximum participation and broad-based

ownership of the budget.

### Measuring results

Useful reporting of budget versus actual variances requires accurate information. That is, accurate budget information and accurate actual revenue and expense information. Accurate budget information means not only that budgeted line items represent accurate estimates of annual revenue and expenses, but also that monthly revenue and expense estimates are accurate. In most instances, your monthly budgeted revenue or expense should reflect one twelfth of the annual cost. While that may not be a precise measurement, it still provides a baseline against which to measure actual revenue and expenses. In other words, five months of budgeted expenses is five twelfths of the annual budget and can be easily compared to five months of actual expenses. However, there may be seasonal line items, in which case a nonsymmetrical monthly allocation might be more useful. Only use nonsymmetrical allocations when the revenue or expense line items are relative to the overall budget and the method used to calculate the monthly, nonsymmetrical amounts can be easily understood. Otherwise, you end up with information that may confuse, more than help, the user.

As with budget numbers, actual expenses should accurately and consistently represent what is happening across the year. Wherever possible, your monthly revenue and expenses should represent revenue recognized and

expenses incurred in the reporting month. This provides a consistent baseline for measurement.

Unfortunately, this is not always possible because of timing issues (untimely invoicing by vendors, untimely reporting of revenues by fulfillment contractors). For example, if invoices are received too late to record in the appropriate month (invoices for January expenses are received in March), your consistency in recording the expenses becomes important.

### Forecasting future performance

Your budget can provide an excellent baseline for forecasting future performance. Produce a three-year revenue and expense forecast using the budget as a baseline and historical data as the principal means of calculating a rate of revenue and expense growth. While it is not critical that the budget be used as the forecasting baseline, it likely contains the most recent board-approved financial data. And because there has been broad participation in the budgeting process, managers, executives, and the board understand the format and the numbers. Using the budget as the baseline makes it that much easier to explain your forecast.

If you can use your budgeting process to set and adjust priorities, allocate resources, measure results, and forecast future performance, it will prove an invaluable resource for your staff and board in measuring the organization's performance.

*Robert T. Price is director of finance, American Physiological Society, Bethesda, MD. He can be reached at [rprice@the-aps.org](mailto:rprice@the-aps.org). Copyright 2003 Robert T. Price.*

## HR Professionals & Employees Expect Heavy Turnover When Job Market Improves

*“Job Recovery Survey” finds employees cite better comp & benefits as top reasons for beginning new job search*

The majority of HR professionals and employees agree that turnover will rise significantly once the job market improves, which both believe will most likely improve in the next year according to the latest Job Recovery Survey. The survey is produced by the Society for Human Resource Management (SHRM) and CareerJournal.com ([www.CareerJournal.com](http://www.CareerJournal.com)), the free executive career site of The Wall Street Journal. It includes responses from 451 HR professionals and 300 managerial or executive employees.

Eighty-three percent of employees said it was extremely likely or somewhat likely that they would actively seek new employment once the job market and economy improved. In addition, 56 percent of HR professionals agreed it was extremely likely or

somewhat likely that voluntary turnover would rise due to the improving economy. However, survey results also show that HR professionals have in place retention programs to address many of the issues expressed by employees, which may help to lower voluntary turnover rates as the job market improves.

HR professionals and employees also were asked whether the job market would improve in the next three months, six months, 12 months, or more than a year from now. Twenty-three percent of HR professionals and 42 percent of employees thought the job market would improve in the next three to six months. Forty-two percent of HR professionals and 36 percent of employees thought it would improve in the next year, while 34 percent and 22 percent, respectively, thought it would be more than a year.

“HR professionals constantly address the reasons employees give for pursuing other job opportunities,” said Debra Cohen, SPHR, Ph.D., SHRM vice president of Knowledge Development. “However, given the percentage of employees who plan to seek new employment opportunities, HR professionals need to place even more focus on retention efforts to ensure employers retain good, productive employees.”

“We’re surprised by the

percentage of executive employees who say they plan to jump ship once hiring rebounds,” says Tony Lee, editor in chief/general manager of CareerJournal.com. “And with 56 percent of HR professionals agreeing that turnover will rise, we’re interested to see what types of retention efforts those companies launch to keep their best employees on board.”

Employees cited the following three top reasons they would begin searching for a new job: 53 percent said better compensation and benefits; 35 percent said dissatisfaction with potential career development; and 32 percent said they were ready for a new experience.

HR professionals were asked which programs or policies they use currently to help retain employees. The following three are the most common retention programs: 62 percent said tuition reimbursement; 60 percent said competitive vacation and holiday benefits; and 59 percent said competitive salary.

Forty-one percent of HR professionals in small organizations (1-99 employees) said it was extremely likely or somewhat likely that there would be an increase in turnover and 53 percent of respondents from medium organizations (between 100 and 499) thought the same.

*The Society for Human Resource Management (SHRM) is the world’s largest association devoted to human resource management. Visit SHRM Online at [www.shrm.org](http://www.shrm.org).*



## Update on FCC “Do Not Fax” Rules

### MEMORANDUM

**TO:** State Bar Presidents,  
Executive Directors and other bar  
leaders

**FROM:** R. Larson Frisby, ABA  
Governmental Affairs Office

**RE:** Update and Request for Action  
on FCC “Do Not Fax” Rules

**DATE:** August 22, 2003

### Update and Request for Action

On August 18, 2003, the Federal Communications Commission (“FCC”) issued a temporary stay until January 1, 2005 of new rules that would prohibit all bar associations from sending unsolicited facsimile advertisements to their own members and others who are interested in their products and services without first obtaining the express written consent of the recipient. These FCC rules were scheduled to go into effect on August 25, 2003.

While we are pleased with the temporary stay, the FCC statement implied that the purpose of the 16-month delay was simply to provide extra time for companies to prepare for the new rules and to give the FCC additional time to learn more about how the new rules might affect businesses. In granting the stay, the FCC made it clear that the extension did not signify a retreat. Instead, the FCC would use this

time to respond to concerned parties and reconsider the rules.

**Therefore, because the FCC rules have been merely delayed and not withdrawn, we must continue our efforts to defeat the new rules.** In light of the serious detrimental effects that these new rules would have on all bar associations, we urge you to send a letter to FCC Chairman Michael K. Powell expressing your opposition and asking the FCC to (1) permanently withdraw the new rules that would eliminate the “established business relationship” (“EBR”) exemption to the do-not-fax rules under the Telephone Consumer Protection Act of 1991 (“TCPA”) and (2) issue a clarification that tax-exempt nonprofit organizations are exempt from the do-not-fax rules under the TCPA.

If you have any questions or comments regarding the new FCC rules, please contact me at (202) 662-1098 or [frisbyr@staff.abanet.org](mailto:frisbyr@staff.abanet.org). In addition, please fax a copy of your letter to the FCC to our office at (202) 662-1762 so that we can coordinate with you and follow-up on your efforts.

### **Background**

On July 3, 2003, the FCC released revised rules implementing the TCPA, a statute that prohibits the faxing of “unsolicited advertisements.” Included in the new rules are provisions eliminating

the EBR exemption to the “do-not-fax” rule under the TCPA. As a result, bar associations would no longer be able to fax unsolicited advertisements, defined as “any material advertising the commercial availability or quality of any property, goods, or services,” to their own members or to anyone else. Before such advertisements are sent, bar associations would be required to obtain the signed written consent of each fax recipient—including their own members—and the consent forms must be sent by some method other than fax. Anyone violating the new regulations will be subject to stiff fines and potential judgments, ranging from \$500 to \$11,000 per unsolicited fax. A link to the FCC’s new rules is referenced above.

On August 8, 2003, the ABA Board of Governors adopted a policy opposing the new FCC rules. Subsequently, on August 22, ABA President Dennis Archer sent a letter to the FCC praising their decision to stay key portions of the new rules until January 1, 2005, but urging them to withdraw the rule abolishing the EBR exemption and to issue a clarification that tax-exempt nonprofit organizations are not subject to the TCPA’s do-not-fax rules.

Many other organizations, including the U.S. Chamber of Commerce and American Society of Association Executives (“ASAE”), have also expressed strong objections to these new rules.

## How to Be a Real Leader

By Polly LaBarre

*Kevin Cashman advises leaders from companies such as American Express, Pillsbury, and Rollerblade. His message: "To be more effective with others, we first need to become more effective with ourselves."*

If leadership is so important, why are effective business leaders so rare? Kevin Cashman, a Minneapolis-based leadership coach, thinks that he has the answer: "Too many people separate the act of leadership from the leader. They see leadership as something that they do – rather than as an expression of who they are."

Cashman is the founder and CEO of LeaderSource, which has helped executives from companies such as Pillsbury, American Express, and Rollerblade to explore what it means to lead. His flagship program, the Executive Leadership Institute, has been dubbed "the Mayo Clinic of Leadership." Why do leaders come to Cashman for a checkup? "Leaders lead by virtue of who they are," he replies. "If we want to be more effective with others, we first need to be more effective with ourselves." Cashman's most recent book, *Leadership from the Inside Out*, distills his insights about becoming a real leader. In an interview, he distilled his thoughts even further.



### What does an effective leader look like?

There are three core qualities to leadership: authenticity, self-expression, value creation. "Authenticity" refers to a link between the inner and the outer person. Truly authentic leaders are open both to their gifts and to their underdeveloped qualities. People who understand who they are tend to have a more powerful voice – and to make a more profound contribution to an enterprise. We do a lot of work with Pillsbury. The current CEO, Paul Walsh, came to the job from finance. He had none of the marketing experience that's so critical to running a consumer-products company. The first thing he did was to admit to that knowledge gap; he then created a plan to learn everything he could about

marketing. Because he was so open, people enthusiastically helped him.

### What separates authentic leaders from the rest of the pack?

Most of us know more about our favorite sports team or vacation spot than we know about ourselves. Leadership comes from one of two places: persona or character. Persona is the coping part of our personality – a mask that we create to protect ourselves from external stresses and internal fears. Character is the essence of who we are; it goes beyond what we do. It's critical to spot the cues that signal when you're in character and when you're relying on a persona: Under what circumstances do you tend to get stuck? When do you overreact?

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## How to Be a Real Leader

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When does everything come together and flow?

### The second attribute of leadership is self-expression.

Does that mean “straight talk”? It means something more than straight talk. How often have you held back from saying something that you felt was important – just because you were worried about how you would express yourself? How often have you feigned modesty about something

that you were really proud of? Authentic expression goes beyond telling the truth: It demonstrates a total congruence between who you are and what you do and say.

### Leaders are measured by results. How does authentic expression translate into value creation?

Leaders create value through relationships. But many leaders still have the illusion that they are the ones who really “make things happen.” Admitting that you don’t have all the answers is a big part of building good relationships — and a big part of getting good results.

### Sidebar: How Authentic are You?

It’s impossible to lead people who don’t trust you, and it’s impossible to build trust without cultivating authenticity. According to Kevin Cashman, asking these three questions will help you to explore your authenticity.

**1) Do you know yourself?** Get in the habit of asking yourself two crucial questions: “Why do I pursue the work and the life that I do?” and “What do I act like during the most fulfilling times of my life?” Your

answers will help you spot the defining thread of your experiences, and they will lead you to your purpose.

**2) Do you know how to listen – and to hear?** Most leaders think that not speaking is the same as listening. But hearing people’s words is only the beginning. Do you also hear their fears? Their intentions? Their aspirations? When you start to hear at a deeper level, you’ll start getting information from people. Better yet, people will know that you care about them, and they will eagerly commit to you.

**3) What’s your appreciation ratio?** In the business world, confrontation, criticism, and even hate are more socially acceptable than expressions of appreciation. That’s too bad, because appreciation is a truly value-creating activity. It energizes people, and it makes them want to exceed their goals and perceived limits.

For more information, visit [www.leadersource.com](http://www.leadersource.com) or contact Bill McCarthy at [billmccarthy@leadersource.com](mailto:billmccarthy@leadersource.com). Originally published in Fast Company magazine, May 1999.

