

NABE

Administration & Finance Section

e-communiqué

Winter 2004

From the Chair

By Fred Parker

Greetings once again from North Carolina. Raleigh, but not the eastern part of the State escaped major damage from Hurricane Isabel, and hopefully we will not have an ice storm like the one in December 2002.

I hope all experienced Happy Holidays and are roaring into 2004. We are just a short time away from the mid-year meeting to be held in San Antonio, Texas from Tuesday February 3, 2004 through Thursday February 5, 2004. There will be plenty for members of the Administration and Finance section to see and do, so please plan to attend. The Program Committee put together a number of track programs that will interest section members.



One of Fred's ancestors fought to the end at the Alamo.



Those of us who attended the Seattle meeting should notice quite a difference, not only in the weather but the dress in San Antonio. We are moving from a chilly overcast climate to one that is sunny and hopefully warm, where you will not only be able to network with your fellow members but tour The Alamo and other interesting spots.

The section breakfast will be held Thursday morning February 5, at 7:30 a.m. Please make an effort to attend, since this will be the only opportunity for our section to meet.

The Council with the able help of Jill Werner has planned a pleasant surprise for Administration

and Finance Section members, which you will find when you open your registration packet. Please let me have your feedback.

Greg Derwart continues his outstanding work in publishing this newsletter and the Council has appreciated the able assistance of Jill Werner for keeping us on track.

I look forward to seeing you in San Antonio.

- Fred

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*

Flexible Budgets Account for a Changing World

By John Schlenker

The annual budget exercise forces organizations to prioritize and plan for the future by allocating resources and forecasting revenue. A successful budget should present a macro view for senior management and stakeholders as well as a detailed plan for department managers to monitor internal controls and performance benchmarking.

Although crucial to an organization's fiscal direction, many budgets actually foster problems because they lack the flexibility to navigate the constant changes of the real world, and create barriers that limit accurate financial reporting. Nowhere is this a bigger

concern than with organizations that must constantly adjust their resources to fund new and changing issues.

Collecting reliable, meaningful data

One of the greatest obstacles to generating accurate financial reports is the notion that actual expenses must have corresponding budget line items. It is unreasonable to expect that revenue and expenses will equal budget. Of course, when actual receipts and disbursements match perfectly with the budget, there are fewer questions raised and fewer explanations required. But

oftentimes, the lack of variances is a mask that hides the real story.

Coding an expense to a budget line item simply because it's easy to do compromises the usefulness of the report and the accuracy of the variances. Furthermore, if the following year's budget is built on a platform of inaccurately recorded data, managers will be relying on faulty information to construct their budgets, perpetuating the problem.

Accurate data are necessary for preparing a realistic budget – and the only way to collect them is through budget amendments that require all revenue and expenses to be coded to the proper accounts throughout the year, regardless of

continued on page 3

Midyear Meeting in San Antonio

The DBS staff looks forward to seeing everyone in San Antonio, TX. Please go to the NABE website at www.nabenet.org for updated information on the Midyear Meeting in San Antonio. The program and registration information are currently

posted, and handouts will be added as they arrive. DBS will again be copying handout materials on CD and posting it on the website. However, we are also asking presenters to provide an outline for us to copy and distribute on site to attendees who like to take notes as they listen to the presentations.

Jill's Corner

News from NABE Staff Director Jill Werner



Residents of San Antonio are much more laid-back compared to years past.

Flexible Budgets

Continued from page 2

where the budget resides. Only then will the data collected be reliable and meaningful.

If done properly, much of the analytical review – which is necessary to account for discrepancies between “actual” and “budget” – will be done on an amendment entry before the expenses are actually committed. Because future material variances between actual and budget will be documented on the amendments, management will be informed of budget discrepancies and potential problems and be better prepared to take proactive measures.

Creating budget amendments

To make amended budgets work, your accounts payable operation must provide effective policing. The AP staff must be familiar with the organization’s chart of accounts as well as its programs and activities. A strong accounting department will understand the organization’s goals and objectives, making sure financial data are coded to reflect an accurate picture of what’s actually going on. Disbursements coded to the wrong activities or programs must be sent back to whomever initiated the disbursement for corrections.

An easy way to create an amended budget is to start with the numbers used in the original budget. Amendments to the regular budget should be entered into the accounting system, then fed into the



purchasing system so that new expenditures can be made or further expenditures prevented. Adding a new program, for example, necessitates a new source of funding or a reduction in some other expense. Likewise, when a meeting’s projected net income falls short, a budget amendment must be performed to reflect the variance.

Budget amendments should be assigned tracking numbers, similar to regular journal entries. They should also have various levels of approval. If budget amendments and purchase orders are prepared correctly on the front end, with the necessary approvals, payment on the back end is easy. This gives management an accurate picture of

all material budget variances – and a good idea of whether the organization is on track to meet its financial goals.

Bringing it all together

Amended budgets should be tracked alongside the original budget and actual results; all three sets of data help to tell a story. At the conclusion of the fiscal year, there may be many variances between the original and actual budgets, but the amended and actual budgets should

pretty much mirror one another.

Original budgets are invaluable when planning programs and forecasting future results, but an amended budget can greatly increase the accuracy of year-end results. If amended budgets aren’t used to track and preapprove budget variances, organizations can be left with less-than-accurate actual data. They are also more likely to base important decisions on misleading information.

John Schlenker is director of internal accounting at the Edison Electric Institute, Washington, D.C. He can be reached at jschlenker@eei.org. Reprinted with permission by ASAE, www.asaenet.org.

Selecting and Working with Outside Consultants/Resources

By Colleen McMannus

In light of new ways of doing business and ongoing budgetary challenges, many organizations are considering the use of outside consultants/resources for projects and services. If administered appropriately, these arrangements can provide highly specialized, professional services, often in a more cost effective way than if full-time staff were hired. Having procured and worked with outside consultants in a number of different capacities, I thought it would be helpful to provide some tips that have benefited me and the organizations with whom I've worked.

Tip #1: Hire the best consultant possible. You, your department, and your organization may be judged by the consultant you hire – a good selection will serve all interests well, but a bad selection can haunt you for years.

Tip #2: Always obtain bids. There are two typical ways this can be done: invited bids, solicited from a select group of consultants who perform the services needed; and open or competitive bids, where the bidding process is liberally publicized and advertised, and any qualified consultant may apply.

Since my work deals primarily with Human Resources, I find that invited bids serve well for many purposes. For example, if I am soliciting bids for health insurance, I do not want to deal with bids from insurance companies who are in a questionable financial position and/or who have a reputation of service problems.

Tip #3: Develop a Request for Proposal (RFP). There are a number of things you'll want to include in the RFP:

- A complete description of the project, including exactly what the work will entail
- Information regarding the anticipated interaction with staff and applicable information regarding their functions and responsibilities
- Detailed information regarding any special requirements (e.g., percent of time to be spent on-site, expected travel, reporting requirements, etc.)
- Information regarding criteria to be used to evaluate proposals (e.g., experience of bidders on similar projects, record for completing projects on time and within budget, proposed cost, etc.)

You'll also want to ask for the following information to be provided in the submitted proposal:

- Proposed start and complete dates
- Proposed cost
- Information on firm/organization
 - Names of officers and principals
 - Number of years in business
 - Number of full-time employees
 - Resumes of employees expected to work on project, percent of workload each is expected to assume and hourly fees
 - List of similar projects conducted within last year, including names, titles, and phone numbers of references
 - Estimated billings per employee for time, travel, and expenses

Tip #4: Include a cover memo. This memo should not only invite proposals, but can provide additional

information that would help the consultant/resource in the preparation and submission of a proposal. Items to consider including in the cover memo are:

- Information regarding the organization and its philosophy and/or mission
- Number of copies of proposal needed
- Date and time proposal is due (30-60 days is fairly standard)
- Consequence of late proposals
- Recipient contact information
- Any restrictions on the process (Some organizations allow no individual contact with bidders until contract has been awarded – all bidders are invited to a pre-bid meeting to have their questions addressed)
- A list of enclosures (e.g., the RFP, a sample contract, etc.)

Tip #5: Develop a sound contract that is specific regarding expectations. Items to include in the contract are:

- Effective dates
- Compensation – specify exactly what you will and will not pay for
 - Hourly rates plus actual out-of-pocket expenses
 - Coach vs. first class flight accommodations
 - Mileage or rental expenses for auto
 - Fees for travel time, if applicable
 - Reimbursements for telephone calls and other business related expenses
- Expense cap (If this is exceeded, it is the consultant's responsibility to absorb costs required to complete the project)

continued on page 5

Outside Consultants

Continued from page 4

- Billing information
- Insurance requirements
- Termination clause
- Independent contractor status

(The consultant is responsible for paying all federal, state and local taxes as required on all fees received)

Tip #6: Thoroughly review RFPs, and carefully check references.

Much is revealed during this due diligence; however, in our haste to get someone on board and get our project going, we sometimes shortchange these very important steps.

It is absolutely appropriate to disqualify RFPs that do not address everything as requested and/or are sloppy work products themselves. If there are few details regarding the work to be performed, you may reject the RFP or request that the vendor provide additional information. One word of caution, though – if you have to “babysit” the RFP process, chances are you may end up “babysitting” the project if this consultant is selected. I also do not recommend granting any extensions for submission of the RFP. If a vendor can’t meet a reasonable deadline, he/she may have difficulty meeting project timelines.

Factors to be evaluated in the RFPs include: appropriate methodology for the project; work/services will meet federal, legal and professional standards; references; problem resolution; whether proposal is tailored to your organization’s project or whether it appears to be standard, “off the shelf” fare; timelines; and cost.

In terms of references, I like to obtain the name of six to eight clients that I can contact regarding the consultant’s services. If you don’t recognize the names or types of

organizations provided as references, ask the consultant to provide more specific information. It is not unheard of for an unethical consultant to provide the names of friends and family members as references. When you do talk with references, ask about: the scope of the project; the specific work performed by the consultant; the quality of the services delivered; whether timetables were met; whether the project was completed within budget; whether the consultant was easy to work with; and whether the client would use him/her again.

Tip #7: Successfully monitor the consultant throughout the project.

Monitoring a consultant can take a significant amount of time, but consider this an investment of your time in making the project, the consultant, and you and your team successful. Regularly meet with the consultant to receive progress reports and discuss any issues. Review billings to make sure they are consistent with the contract. Talk with employees who are working with consultants to get their feedback and to identify any problems or issues. The more you can do to eliminate surprises, the more successful this component of the project will be.

Tip #8: Review a draft of the final report. Ask to receive the final project report in draft form before it is officially presented. Read it thoroughly, checking for accuracy of information, spreadsheets, etc. Request revisions if appropriate. Remember that a good technical report provides enough detail so that the project or the research could be duplicated.

Tip #9: Ensure you get what you pay for. I was once informed that a “search firm” had been contracted to

fill a fairly high level position within an organization where I worked. I had never heard of or worked with this particular firm. The firm referred candidates and, when one was subsequently hired, the organization paid the firm a substantial amount of money (typically 20% of the person’s annual salary for the first year). When the “employment” package got to the HR office, though, we found that the candidates referred were already on file with the firm and that no real recruitment was done for the needs of this particular position. Further, we found that the firm did very little to verify the accuracy of the information on these candidates’ resumes. They did absolutely nothing in the way of reference checking or background investigations. These are steps that should never be overlooked, regardless of who is doing the hiring, especially for higher level and/or more visible positions within an organization. The bottom line is that the organization paid a substantial amount of money for that “search firm” to be nothing more than a resume referral service for already established clients.

Tip #10: Take advantage of many resources to assist you. The ABA Division for Bar Services has a significant amount of information available on this topic that they are happy to provide. Fellow NABE organizations and colleagues can be great resources as well. For example, The State Bar of Wisconsin has an excellent “model” RFP for audit and accounting services that it has willingly shared through the NABE network.

Happy contracting!

Colleen McManus is Director of Human Resources for the State Bar of AZ. She can be reached at colleen.mcmanus@staff.azbar.org.

Beat the Clock --

Time management training can improve productivity and morale by helping employees balance work & family.

By Kathryn Tyler

Which is more precious, time or money? The answer is clear: You can always earn more money, but time is finite. Yet employees spend so much effort managing money and so little managing time that the result often is a stressed and less productive workforce, cramming work and home needs into shrinking hours.

HR professionals are finding that time management training can help employees juggle both work and family. Time management no longer focuses on time-saving tricks, such as using your commute to return calls. Instead, time management emphasizes a more holistic approach that teaches employees to set priorities and achieve goals in all areas of their lives.

“People used to look at time management as doing what we’re doing faster, running the conveyor belt more quickly,” says Don Wetmore, president of The Productivity Institute, a time management training firm in Stratford, Conn. “We’ve taken it to a different level. Time management is more than making up a to-do list. Not doing the right things to begin with gets you nowhere faster. Time management is the foundation for creating balance in our lives in vital areas, such as health and family,” Wetmore says.

But that foundation is missing from many employees’ lives. LifeCare Inc., an employee benefits organization in Westport, Conn., recently polled employees of its 1,000 client companies and found that 47 percent of respondents ranked time management as the No. 1 source of stress in their lives—an increase of 25 percent over last year, says CEO Peter Burki.



Employers can pay a high price for that stress. “The retention of key employees becomes a big issue as workers in droves leave companies to search for a better life,” says Laura Stack, president of The Productivity PRO, a time management and employee productivity consulting firm in Highlands Ranch, Colo. “If [employees] don’t leave, they’re stressed about wanting something different while being terrified to let go of a well-paying job in a tough environment, resulting in an unmotivated workforce.”

Time management training can increase employee morale, increase productivity and decrease turnover, Stack says. “It’s not how long you work, it’s how you work,” she says. “You could work a 12-hour day and be more unproductive than someone who works a six-hour day.” Teaching employees to be more productive and get the same amount of work done in less time can help them get home earlier, Stack says.

Defending Your Time

What does time management training teach? Employees should learn

how to plan, set priorities, avoid procrastination and become more organized. Basic skills include how to use a daily planning calendar and how to set priorities and goals, says Jim Bird, president of WorklifeBalance.com, a time management training company in Atlanta. Advanced skills focus on relationships and project management, he adds.

Time management also can train employees to examine tasks more critically. For example, Wetmore says, a time log helps employees catalog how they spend their time. Employees rate their time “in terms of its productive value: critical is A, [worthwhile] is B, not much value is C and little value is D,” says Wetmore. When employees do this, “almost universally, 20 percent of time is spent on A and B, 80 percent on C and D. They have to learn how to shift over some of the unproductive time—Cs and Ds—to As and Bs.” Once employees recognize which tasks have less value, they will choose higher-value tasks, Wetmore adds.

Coors Brewing Co. in Golden, Colo., began time management training in one division after an employee survey. “Based on the results and [employee interviews], I heard many comments about ‘people working a lot,’” says Eva Milko, Coors’ director of strategic sourcing in corporate procurement. “Our team needed a refresher on how to manage disruptions, manage priorities and work with their values in mind.”

Coors’ training program offered three sessions delivered over two months, Milko says. One full-day session for all employees covered personal productivity, addressing reasons for stress and the ways stress affects performance. The session also

continued on page 7

Beat the Clock

Continued from page 6

discussed work/life balance and strategies for leaving the office earlier, Milko says. The second full-day session for all employees dealt with information overload, giving employees hands-on training in setting up filing systems, managing incoming e-mails and documents, and using Microsoft Outlook calendar and e-mail software effectively. Finally, a half-day session for managers covered delegating work and managing others' time.

The results? "Team members reported finding 30 to 60 minutes per day of incremental 'free' time because of the training," Milko says. "The work we did on filing systems and using Outlook more effectively allows us to retrieve information faster for quicker decision-making and project management. Many employees began to use Outlook to manage not only their work activities, but also their personal appointments, reducing the



redundancies of managing two different calendar systems."

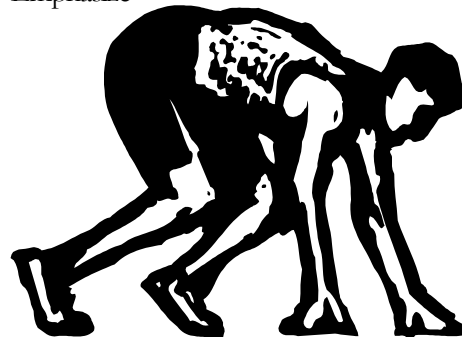
The training also inspired employees who work in cubicles to defend their work time against interruptions. Now, employees have a scarf that they can draw across the cubicle entrance, telling others not to stop by. The signal has "eliminated

many of the daily disruptions, allowing people to get work done," Milko says.

What's the Problem?

To find the most effective time management training for your workforce, determine what types of time management problems employees have, decide who should attend training and choose the training style and vendor that best suit your needs.

Focus training on specific issues. Are employees complaining about working late? Seek techniques to help people leave the office earlier. Are employees feeling overwhelmed by paperwork? Emphasize

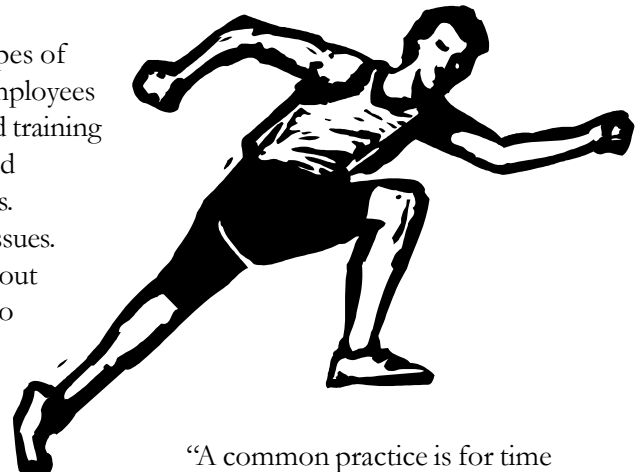


systems that streamline paperwork and eliminate redundancy.

For example, Denver Water, a government utility in Denver, Colo., implemented a time management program called "Handling Information Overload" because huge amounts of information were overwhelming employees, says Lori Wurth, manager of training and organization development. The training gave participants tips to keep on top of e-mail, voice mail, snail mail, paper, meetings and projects.

Who should attend the training? "The simpler and more repetitive the job, the less impact time management training will have," Bird says. So focus

training on employees who have a great deal of flexibility—and the potential for conflicting priorities—in their schedules and projects.



"A common practice is for time management training to be thrown at poor performers," notes Stack. However, time management is best suited for peak performers whose departure would jeopardize the company.

Should you require participation? Stack says participation should be optional because "no one will learn anything if forced," but Wetmore disagrees.

"The least effective way of approaching training is on an optional basis," Wetmore says. "If [employees] understood what they needed, they would get it. They don't understand what they need. The folks who sign up are often not the ones who need it most."

The best way to market time management training to employees is to pitch its personal benefits, Wetmore says. Don't say that the program will make the company more profitable. Say, "You will accomplish more, have more time and less stress, go home on time, be a better parent," Wetmore suggests.

continued on page 8

Beat the Clock

Continued from page 7

Although the emphasis is on employees' personal needs, the employer also will benefit, Bird adds. Time management tools applied off the job will become a habit that workers will carry over to the workplace.

Shopping for a Vendor

Seek a training vendor that is willing and able to customize training. "All programs need to be tailored to the individual company, focusing on their burning needs," says Wetmore.

Avoid training that focuses solely on using any vendor's particular calendar or daily planner products, cautions Bird. "In most organizations, a high percentage of individuals are highly committed to their current planner type" and aren't likely to surrender favored planners, Bird says. So look for training dealing with behaviors and techniques rather than products alone.

Training delivery takes many forms, including seminars, books, audiotapes, videotapes, videoconferences and online training. What you use should depend on your audience and needs. Some consultants and employers say in-person seminars seem to have the greatest impact, especially when followed by individual consultations, and that other media are economical and useful for reinforcement. However, some consultants tout blended learning or web-based training.

"The most effective time management [class] is best performed in person, at least initially," says Burki. "Once you have that firm foundation,

you can use [technology] for online reminders, follow-up instruction, refresher courses, etc."

But Bird says, "The ideal is the blended approach, using live and web-based training for advanced training and ongoing reinforcement of skills. High quality video-driven, web-based training can produce results equal to or exceeding high-quality live training. Not text-based or talking heads. I'm talking about high production—with multiple camera angles—web-based training."

Linda Holmes Rogers, vice-president of HR for Fiserv Southern Region, a financial technology company in Atlanta, recently completed a web-based work-life balance training program. "We compared it to the instructor-led program and were very impressed," Rogers says. "It is a time-saver. The quality of the web-based product is just as good as the instructor-led program."

Individual Follow-up

No matter which training method you choose, individual follow-up, over time, is key, Wetmore and Stack add. "Huge changes [in behavior] take place over an extended period of time—six months to a year," says Wetmore.

After an initial one-day class, Denver Water gives each participating employee a one-hour session with a time management consultant, Wurth says. The consultant and the employee develop a six-week action plan, and, after six weeks, the consultant reviews the plan and holds the employee accountable.

"The program has been very popular and well received—the one-on-one [consultations are] consistently cited as the most beneficial part," Wurth says. "We find the accountability and personal attention really increases the application. We follow up with the employee and supervisor three months later to determine what worked and if they are satisfied with the results."

Wurth found that selling senior management on paying for individual follow-up sessions was not easy, but "the results spoke for themselves, and now support is given without question," she says.

"You can do a one-shot, full-day training for \$7,500 or so for 20 people, but the organization will not experience long-term change in employee behavior" from one-time training, Stack says. Some short-term training can cost less, around \$3,000 to \$4,000 per day for a group of about 20 people. But for a year-long program with follow-up, expect to pay about \$2,000 per employee, Stack says.

Employers have to find new customers, cut costs and improve productivity daily, Coors' Milko notes. "We need a healthy and engaged workforce to help us in reaching those objectives," she says. Time management training helps employees "be more effective throughout the day so they can leave the office and be with their families and friends, support their communities, and pursue their passions," she says.

Kathryn Tyler, M.A., is a freelance writer and former HR generalist and trainer in Wixom, Mich. Reprinted with permission, Society for Human Resources Management (SHRM) www.shrm.org, HR Magazine, November 2003.

