



LLD - Budgeting for Success Lodge Leadership Development Training

Session Length: 30 Minutes

Learning Objectives:

- Articulate their goals relating to event budgeting
- Conduct research necessary for formulating a budget
- Identify fixed and variable costs and revenues
- Use a basic Microsoft Excel model to formulate a budget
- Manage their budget once it has been approved

Required Materials:

- Screen and projector
- Notebook Computer with Microsoft Excel
- Budgeting for Success PowerPoint
- Simple Excel model file

Outline of the Session:

- I. Introduction – 5 minutes
 - a. Introduce trainer
 - b. 3-minute buzz session at table: design an event. Determine the following:
 - i. Event name and theme
 - ii. Projected number of people
 - iii. Rough program schedule
 - iv. Event location

Ask participants to keep these factors within reason. Make them realistic.
Tell them to keep their event in mind, because they will use them later to build a budget.
- II. Think like a business person – 5 minutes
 - a. What is a budget?
 - b. Draw parallels between an OA lodge and a business
 - c. Businesses seek to maximize profit, an OA lodge seeks to maximize program efficiency
 - d. When budgeting, you're not just budgeting cash. You're allocating resources.



- III. Budgeting: A Roadmap for Success – 20 minutes
 - a. Step One: Define Guidelines – How many people do you expect to register? Do you want to make money? Do you want to reduce your costs over the previous year? Do you want to increase revenues over the previous year? Identify your goals as they relate to your budget.
 - b. Step Two: Do Your Research – get quotes, look at past budgets, solicit donations, talk to Arrowmen in your lodge with accounting/finance backgrounds
 - c. Step Three: Identify Fixed and Variable Costs and Revenues – variable costs will change based on the number of people in attendance (insurance, food). Fixed costs are the same no matter the number of people (rental fees).
 - d. Step Four: Formulate your Budget – at this point, the trainer will pull up the sample Excel budget model and manipulate it, showing how to piece together a budget in Excel
 - e. Step Five: Evaluate and Balance – step back and see where you need to adjust. At the very least, make sure expenses and revenues balance.
 - f. Step Six: Get it Approved – learn how to articulate it to your Lodge Chief, adviser, and LEC
 - g. Step Seven: Execute and Record – track your expenses and revenues as they happen
- IV. Summary – 3 minutes
- V. Take Away Challenge – 2 minutes

Trainer Preparation:

General Preparation: The trainer should be a youth experienced with lodge budgets, like the treasurer or an event coordinator. Having some background in accounting, finance, and Microsoft Excel is also helpful.

Logistical Preparation: Be sure the LLD attendees are broken up into groups. This will be helpful for the activity.

Microsoft Excel Preparation: The trainer should have the basic Microsoft Excel budget model that accompanies this session pulled up on the presentation screen for use later in the session. The trainer should practice using this model well before delivering the presentation.



Session Narrative

Introduction: Planning an Event

5 minutes

Trainer briefly introduces himself then jumps right into the opening buzz session.

Trainer Tip: Stress to the Arrowmen participating in this session that the hypothetical event they plan should be as realistic as possible.

Each table or group of Arrowmen should take 3 minutes to plan an event for their lodge. Your event idea should be *as realistic as possible*. In this short amount of time, determine the following:

- Type of Event. Is it a lodge fellowship? An induction weekend? A banquet?
- Event name and theme.
- Projected number of people. On average, lodges in the Order of the Arrow see one tenth of their membership show up to an event.
- Rough program schedule. Will you do training/service in the morning and activities in the afternoon? Don't get too specific.
- Event location. Is it at your council camp? A state park?

The only rule is to keep this realistic. Don't say that your event is at Disney World with 60,000 people showing up. Staying realistic will help you later in this session. Once you have figured out these few things, keep them in mind as we progress through the rest of the session.

Think Like a Businessman!

5 minutes

You've probably guessed by now from the title of this session that the reason I've asked you to keep your event plans realistic is because we're going to build a budget for your event! That's exactly the topic of today's training session, *Budgeting for Success: Managing Lodge Event Budgets*. This session will overview what I like to call "the budgeting roadmap," a 7-step process that every good lodge budget should follow. In the next session, we'll put you to work by applying these principles to the event you've just created.

Before we dive too deeply into this session, I have a simple question for you: What is a Budget?



Trainer Tip: You will get various answers to this question. Some may refer to it as a record of money, some may call it a spreadsheet, others may say that it's that thing the Lodge Adviser handles. Ultimately, a budget is a *plan*. Lead the group to this answer.

Ultimately, a budget is a *plan*—a plan of what revenues will be raised, how resources will be allocated, and how money will be spent. Even if you're operating on a tight budget, or even if a past event budget failed or exceeded expectations, your budget can be a success as long as you approach it with a clear purpose and the right mindset.

The mindset that you want to adopt is one of a businessman. A business wants to maximize profits. In the OA, we also want to maximize something - the impact of our program.

The impact of a lodge event is often measured by how fun or memorable it is. The job of the lodge event budgeter is to allocate the limited *resources* at his disposal in such a way that he can maximize the fun. You want to get the "most bang for your buck." Notice that I used the word "resource." This is important, because when you're budgeting, you're not just choosing where to spend money, but you must also consider the resources that you have at your disposal. For example, if your Associate Lodge Adviser runs a bakery, consider if you can ask him to donate loaves of bread for lunch instead of buying them.

Budgeting: A Roadmap for Success

20 minutes

Over the next 20 minutes, I will walk you through the "budgeting roadmap," a 7-step process for budgeting success. Please be sure to ask questions—some of these steps may take time to grasp. Let me know where you need clarification.

In the second budgeting session, we will actually create budgets for the events you imagined in our opening exercise.

With that said, let's take our first step on the roadmap: defining our guidelines.

Step One: Define Guidelines

You will want to establish a clear set of guidelines that you will follow when making and executing your budget. You can set these guidelines yourself, or sometimes the Lodge Executive Committee will mandate that you follow certain guidelines.



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If you're planning a budget for an annual event, it's usually a good starting point to look at the previous year's budget. But, whether you have a past budget to follow or not, you will want to consider the following:

- First, how many people do you reasonably expect to attend? The number of people determines the magnitude of many of your expenses.
- Do you want to make a profit or break even? Do you want revenues to be higher relative to expenses, or should they be the same?
- What kind of event programs do you need to finance? Is there a service project? What activities will be offered? What equipment/licenses/facilities do these programs require?
- What is the event menu? How will the food be provided?
- What items can you get donated (program equipment, food items, facility space)?

It is helpful to begin the budgeting process with as much of this information known as possible, though the answers to many of these questions may be revealed/change in the later steps of the process.

Step Two: Do Your Research

Don't guess about any of your expenses. Find exact quotes, and get multiple quotes. For example, present artwork for your event patch to multiple patch producers. If your event is being catered, look at prices from multiple caterers.

After considering which items you can get donated, review the items that you have determined you will have to pay for. Is there any other way to procure these items without the use of money? Ask this question of the adult advisers and youth leaders in your lodge, and find out what connections your lodge has to make it happen.

Get as many people involved in the research step as possible. Approach your event planning committee/team about their needs. Talk to adults in your lodge with accounting/finance backgrounds. The more you learn, the better the budget will be.

Step Three: Identify Fixed and Variable Costs and Revenues

Revenues are monies that you bring in. In general, there are only two types of event revenue sources: event registration fees and sales revenues earned by selling patches, shirts, etc. Expenses are monies that you spend. Revenues and expenses fall under two categories: variable and fixed.

- Variable: variable expenses and revenues depend on the number of people that register for your event. If the number of people registered goes up, these revenues and expense will increase as well, and vice versa. The costs for insurance, food,



patches (if one is given for free) are all variable expenses. The registration fee is a variable revenue.

- Fixed: fixed expenses and revenues are static and do not depend on the number of people that attend an event. A good example is the fee for the use of the facility or to rent equipment. Often, these fees are just flat rates.

Trainer Tip: When discussing Step Four below, you will use the sample Excel model. Point variable costs and revenues are represented in the sample by those cells in which you have to insert both costs and quantity. Fixed expenses are represented by those cells in which you only have to insert costs, and the quantity is listed with "n/a"

Step Four: Formulate Your Budget

The most common computer program for writing a budget is Microsoft Excel. Apple's Numbers or Google Sheets are two other commonly used programs. Today, we'll walk through formulating a budget using Excel.

Trainer Tip: On your presentation screen, minimize the PowerPoint and pull up the excel model.

To start, you'll want to classify your budget. This involves listing your revenues and expenses under sensible categories. List food, program, and facilities expenses with each other, for example.

Trainer Tip: Note the classifications in the sample Excel model. Under revenues, the classifications are "fees" and "trading post". Under expenses, the classifications are "facilities", "insurance liability", "food", "program", "trading post", "administration", and "contingency".

Insert your event attendance into the sheet and put revenues and expenses in per capita, or per person, terms where possible. Doing this will change your variable revenues and costs to reflect how much you'll make or spend on those in total. Estimate your event attendance conservatively. The revenue you'll make from each person's registration fee sets the upper limit of your expenses. Estimating a low attendance and registration fee revenue while finding that more people registered than you expected is better than the reverse.



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You'll want to budget in a contingency fund of at least 10% of your anticipated revenues. The word "contingency" refers to events that can possibly happen in the future but cannot be predicted with certainty. In other words, by creating a contingency fund, you're putting some money aside for expenses that will arise that you didn't expect when you were putting your budget together. This almost always happens, and your contingency fund will allow you to cover those unexpected costs.

Trainer Tip: In cell C9 on the first tab of the Excel model, insert a random registration fee, like "\$25.00". In cell D9, set a random estimated event attendance, like "200". Do this for staff fee and attendance as well. Notice how the totals in column F will change.

Trainer Tip: At this point, type in random numbers in the rest of the highlighted cells to arrive at a full budget. This should not take long. Refer to cell F52 in the Excel budget model. Note that this figure is equal to ten percent, or one tenth, of the total amount of money raised from registration fee (represented in cell F11).

One last note: don't worry about balancing, yet. In this step, your goal is simply to get all the demands of the event planning team on one sheet. There will be time to play with the numbers later.

Step Five: Evaluate and Balance

After putting the budget together, let it sit, then come back to it. When you were setting your parameters in step one, you probably told yourself that you either want to make some money on the event (revenues are larger than expenses) or you want a balanced budget (revenues equal expenses). Now is the time to make those things happen.

Let's assume that the budget you put together in step four isn't balanced or doesn't make you money. How can you address that? Go over each category in your budget with a fine tooth comb. Mark expenses that you think can be cut or replaced with non-cash resources like donations. Go back to the members of the lodge planning the event and challenge them to shave down their budget.

Trainer Tip: While discussing this step, use the simple Excel model to demonstrate how registration fee increases, budget cuts, and replacing budgeted items with non-cash resources can help to manipulate the final balance. Take a look at the other tabs in the Excel model sheet, which provide examples of budgets that provide a profit, a loss, and are balanced.



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Raising the registration fee should be the last resort, and any increases should be modest (aim for only a 1% - 5% increase if you decide to raise the fee). If you still can't balance, then it's time to consider across-the-board budget cuts. Sometimes it's necessary.

Step Six: Get it Approved

Your Lodge Executive Committee will likely want to review and approve your budget before you can start spending money. Here are some tips for presenting your budget for approval:

- Explain the process you followed, the "budgeting roadmap"
- Overview the guidelines you set and provide your research
- Walk through your spreadsheet slowly and in simple terms
- Justify your budgeting decisions and explain why you made them

Step Seven: Execute and Record

Document and track expenses and revenues as they happen. Keep a particular eye on revenues. If registrations come in slower or faster than you thought, you may have to adjust the budget accordingly. Keep receipts.

It's likely that your council office will manage the expenses and revenues. Your lodge staff adviser or a clerk in the office will likely be in charge of accepting and documenting registrations, making payments for budgeted expenses and issuing reimbursements. Stay in constant contact with these folks. Make notes on how the budget is working between approval and the end of the event. Refer to these when setting your budget next year.



Summary and Wrap Up

3 minutes

From this session you should be able to create budgets for the events you imagined in our opening exercise.

Trainer Tip: Stress to the Arrowmen participating in this session that they should keep their notes on the hypothetical event they planned handy because they will need it for session two.

Before we wrap up, let's take a second to review some of the key points we discussed today:

- Planning a budget requires the proper mindset and a clear purpose. You must think like a businessperson, and seek to maximize your event's program impact.
- A good process to follow when budgeting is the "budgeting roadmap":
 - Step One: Define Your Guidelines
 - Step Two: Do Your Research
 - Step Three: Identify Fixed and Variable Costs and Revenues
 - Step Four: Formulate Your Budget
 - Step Five: Evaluate and Balance
 - Step Six: Get it Approved
 - Step Seven: Execute and Record

Takeaway Challenge

2 minutes

Please take out your notebook and pen. For the final two minutes, think about how your lodge runs events currently. Using ideas presented in this session, write down three ways that you yourself could help improve the program or make those events run more efficiently. During your break time later today, share these ideas with one of the lodge officers.



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Appendix: Resources and Source Material

- 2008 Lodge Finance Manual, available online at <http://www.oa-bsa.org/pages/content/publications#lfm>
- Lodge Budget Template, available in the OA Best Practice Repository online at <https://oa-bsa.org/uploads/resources/bestpractices/BudgetsMadeSimple.pdf>
- 2012 Guide for Officers and Advisers, available online at <https://oa-bsa.org/uploads/publications/GOA-2012.pdf>