

BAC 101: BAC SURVIVAL TIPS

OPERATING BUDGET

Many discrete separate budgets administered at low levels by different people leads to chaos, duplication and waste.

Make every effort to have one big college budget with sub-parts including both hard and soft dollars. Understand the interrelationships between all budgets.

The business officer may be the only non-educator in top management. You are responsible to teach good business/management principles and good stewardship of resources.

The business officer has a built in conflict. You need to be conservative in use of resources. This leads to skimping on business office staff in order to set an example – to show how to get along with less. This is a sure path to failure.

The Operating budget is a rare opportunity. Preparing the annual operating budget is much more than identifying a sound fiscal plan. How you manage this very public event is critical – building credibility and effectiveness that will define your perceived value to the entire campus community. Don't blow it.

- High visibility – Everyone waits with great interest to hear how bad it will be for their college. They're watching the news, hearing from the union, and seeing the reactions of other colleges. And since funding ultimately dictates what gets done, everyone wants a voice in budget decisions.
- It's your show and you are on stage – Since you and your budget officer may well be the only folks on campus that truly understand the big financial picture, everyone is looking to you for information, for explanations, and to run the show. Nobody really wants to do the heavy lifting themselves, but they do want to entrust it with someone who looks like they know what they are doing. Be confident and prepared.
- Political capital – Depending on how this process is handled, you stand to gain or lose a fortune in political capital on your campus. Proceed with caution.
- The budget process is all about LISTENING – Folks can accept a “no” if they get to “have their say” and believe they have been heard. Follow up with frequent updates, emails, briefings, web posts, etc.
- What you show – Ninety percent of what folks know and believe about the college budget is based on what you have shown them and how you have framed the issues.

*“Sincerity is everything.
If you can fake that, you've got it made.”*

George Burns

As of March 2017

- Paychecks and silos – Keep this in mind, “They may talk-the-talk, but the majority of folks don't really understand finance and don't care about the institutional Big Picture.” They are acutely aware, however, of even the smallest impact to their own department, program and personal compensation.
- An exercise in resource management – The annual budget is the manifestation of your strategic plan out *on the front lines*. What gets funded, gets done. It's political because what we choose to fund dictates the institution's direction. (It also says volumes about who has influence.)

Your local process – Each college will have slightly different procedures for budget development. Most begin developing the annual budget in January or February, compiling add-on requests and preparing for the day (hopefully late April or early May) that the final allocation numbers are calculated and sent out by the state board staff. Your process will likely include some of these activities:

- Preliminary and ongoing discussions with your president and cabinet
- An advisory committee with broad representation
- Training sessions about Operating Budget basics – open to all
- All College forum(s) to explain the fiscal environment, provide campus updates, and answer questions—often really tough questions.
- A budget “road show” for departments to talk with you directly
- Iterations of budget worksheets posted to the intranet
- Preparing budget proposal document
- Presenting to the Board for adoption

Operating Budget Equation:

Listening x (Participation+Reporting) = Integrity = Peace

CAPITAL

Keep your president informed of all things relating to capital projects.

- Opportunities/Challenges often come up quickly and require fast action.
- Making sure your boss is up to speed saves time and energy later.

Keep your president informed of all things relating to capital projects.

- Capital projects are the most tangible thing that a president can point to as a demonstration of success for the College.
- Capital projects also make news in the community.

Keep your president informed of all things relating to capital projects.

- The single largest amount of money at the College is in this area.

If you think you can't do something, call Wayne Doty for his advice.

- He often sees new ways of approaching an issue that will get you the end result you need.
- Take Wayne to lunch. He is a great ally.

Have a current master plan.

- Make sure it is flexible enough so that you can take advantage of opportunities that come up.
- Make sure your college's leadership team is familiar with it.
- Use it to your advantage to keep conversations focused and grounded in reality.
- Carry it with you to all meetings. It will be handy.

Develop a process for prioritizing RMI funds and other "discretionary" capital funds

- Make sure emergency and necessary items are "skimmed off the top."
- Involve your president and the other executive leaders in the prioritization of the remaining RMI funds.
- Make sure decisions tie to the strategic plan of the college.
- Hold folks accountable to the process (try not to let anyone skip the line).

Follow SBCTC's calendar leading up to the PRR submission deadlines.

- Use it to inspire action from others as well.
- Assign someone internal to memorize the capital budget development guidelines.

Make sure your Facilities director has the resources he/she needs to manage capital projects.

- Hire the best capital/facilities manager you can afford. They will save you money in the long run.

Become familiar with the staff at the Department Enterprise Services E&AS and develop a rapport with them so that you have a say in your assigned project manager.

Be willing to “play the field” with architects.

- Different types of buildings require different types of consultants.
- Don't get locked into one firm.

You and your architects may not have the same interests.

- Be aware of this upfront and question your architects.
- You want a functional building within budget and on time that commissions well.
- Architects want a profit, a signature building they can show their grandchildren and no responsibility for timelines, costs, or change orders.

RMI are not remodel funds.

- You need to guard against other areas wanting to use these funds to remodel their offices or instructional space.
- The appropriate priority for RMI is:
 - 1) emergency items,
 - 2) need to do things,
 - 3) nice to do things.

Work to legitimately (facility rentals channeled into 147) build up your local plant fund. You never know when you might need it.

Serve on the capital subcommittee of BAC.

Work to build a campus that serves the entire campus community.

STRATEGIC PLANNING

Simplify.

- Most of us can only remember two or three points. Keep the most important parts of your strategic plan short.

Use the college's strategic plan in your decision-making.

- We all have too many worthwhile things to do and not enough time or resources. Use the strategic plan to prioritize.

As a business officer, you may not get invited to some strategic planning sessions.

- Invite yourself.
- Be involved.
- Be well versed in the strategic plan.
- As the person responsible for the budget planning for the college, it's imperative that you make sure these two processes are aligned.

Make sure your team understands and uses the strategic plan in their work.

- Everyone needs to know why what they are doing contributes to the greater good of the organization and the broader community.
- It feels good to know that what you're doing contributes to the greater good.

LOCAL FUND MANAGEMENT

Make them do budgets – no, that is not a good excuse or reason not to.

Track the budgets at least quarterly – don't forget the revenues!

How close are you managing your tuition dollars? That's not close enough!

What is your reserve policy? Does it include all funds? It should. Does everyone understand it and does it get reported to the Board, at least annually?

How often do you list all of the cash balances by department? Don't get fooled by offsets with fund; they can and will bite you!

Do you hold people accountable for negative cash balances in each department and for a correction plan? Is this plan monitored?

Don't get cash balance and fund balance confused! If you don't understand these differences, sit down with your controller and listen as well as ask clarifying questions until it is crystal clear.

Pick a few areas at random to ask about every few months. Get a briefing on those areas. There will be many surprises, some of them unpleasant!

Embrace “holy crap” information from your fiscal staff! It is hard, it is scary, but it is better than the alternative.

Do a trend line by fund over the past five years, and keep it going year to year. Ask lots of questions about these differences.

QUESTIONS EVERY PRESIDENT SHOULD ASK THEIR BUSINESS OFFICER

What is the status of correcting all items identified in the last **audit report**, including management letter and exit interviews items?

Are the following items in place, and who is responsible for them?

- **Bank reconciliations**, are they correct and current?
- Authorized **signature controls** – are they in place and managed?
- Are **over expenditures** flagged and corrected/managed?
- Are **receivables** current?

Are actual **expenditures** compared regularly with the budget and discrepancies addressed?

What are the **fund balances** for the college and how are they managed?

What are the **delegations of authority** within the college? Are these policies in writing and are they adhered to?

Who administers the college's **internal control systems**? What are those systems and how are they managed on a daily basis? What are the qualifications and authority of those managing internal controls?

Is the college's **budget process** tied closely with accurate accounting information? How are revenue estimates derived, and how are they monitored throughout the year? How is the budgeted updated regularly, and compared with actual revenues?

Does the college have a formal **ethics policy**? Is it in writing; are employees regularly provided training and updates on current ethics issues; and how are new employees trained in this regard?

Does the college have any **long-term debt**, or other long – term commitments? What are they, and how are they accounted for, and where are the funds to support these commitments?

THOUGHTS FROM SURVIVORS

1. If you don't like what you are doing, wait a minute and the topic will change.
2. Your staff assistant is your support, your lifeline and 90% of the reason you will be successful. Pick carefully, nurture, appreciate and reward as much as possible.
3. Know yourself – your own preferred operating style, your own strengths and weaknesses, how you like to interact with your staff, your colleagues and your president.
4. Information is precious – cultivate your staff. They will know where all the bodies are buried on campus.
5. Treat yourself to the productivity tools you need and will use (i.e. technology).
6. Take care of your staff and they will take care of you.
7. Know what the issues are, when you will put your job on the line, and be prepared to do it if necessary. Your integrity is your most important asset.
8. Don't accept the position or stay unless you have an understanding with the president that you are free to tell him/her what you think and you have the courage to do it.
9. Be able to resign. It will improve your value to the president and do wonders for your performance.
10. Develop a relationship with your president.
11. Say "I don't know" often. Find out what you don't know and report back.
12. Make friends with other BACsters and BARsters. They have probably already run into the walls you are facing.
13. Participate in BAC, CCBO, NACUBO, WACUBO, SCUP and other professional groups – perspective in this job is everything and professional colleagues are the ones who walk in your shoes.
14. Participate in the life of the college and the CTC system– go to events, show up, surprise people that the business officer is interested in something not related to money. Keep a sense of humor. Remember that your job is to help and facilitate – within the rules – so be generous with your time and energy. Help out your colleagues. Volunteer for system-wide work groups

15. Make sure your office is seen as customer-service focused. It is the major internal service-provider for the college.
16. Read the Chronicle of Higher Education (not just the job ads!).
17. Volunteer to share your triumphs and failures with others (present at a conference, write an article, etc.).
18. Find out what motivates your staff and give them lots of it.
19. Visit with your predecessors if possible. They know the ropes and can help you see around some corners. Try to make original mistakes, rather than repeating those made by others.
20. Know that your manner, tone, and tempo will reflect the president's.
21. If you foul up, tell the president and correct it fast. Delay only compounds mistakes.
22. Don't divide the world into "them" and "us." This means faculty, classified or students versus the administration.
23. Amidst all the clutter, beyond all the obstacles, aside from all the static, are the goals. Put your head down, do the best job possible, let the flak pass, and work towards those goals.
24. Don't speak ill of your predecessors or successors. You didn't walk in their shoes.
25. Don't blame the boss. He/She has enough problems.
26. Don't think of yourself as indispensable or infallible.
27. If you are not criticized, you may not be doing much.
28. Don't "over control" like a novice pilot. Stay loose enough from the flow that you can observe, calibrate and refine. Observe things from a distance.
29. Many people around the president have sizable egos, some with good reason. Learn to live with it.
30. Control your time. If you are working off your inbox, you are working off the priorities of others. Be sure your staff are working on what you move to them from the president, or the president will be reacting, not leading.
31. Look for what is missing. Many advisors can tell a president how to improve what is proposed or what has gone amiss. Few are able to see what isn't there.

32. Work continuously to improve the quality of the business office staff from your first day to your last. All the pressures you will encounter are to the contrary.
33. Don't do or say things you would not like to see on the front page of your local newspaper.
34. Be sure to include others. The opposition to proposals often comes from, "Why wasn't I consulted?"
35. If in doubt, don't.
36. If you try to please everybody, somebody is not going to like it.
37. With the media, there is no "off the record".
38. Avoid public spats. When disputes get to the media, it reduces the president's options.
39. Napoleon was asked, "Who do you consider to be the greatest generals?" He responded, "The victors."
40. Reduce the number of lawyers and auditors. They are like beavers – they get in the middle of the stream and dam it up.
41. The two most important rules at your college are:
 - Rule One: "The cover-up is worse than the event."
 - Rule Two: "No one ever remembers the first rule."
42. It's never a budget problem – it is a spending problem.

MAINTAINING IN THE FACE OF CHANGE

Once you have been a Vice President for Administrative Services for at least four years you:

- Are responsible for the results of the audit because you have been there long enough to correct deficiencies.
- Are accountable for the personnel problems in all your areas because you have had time to do evaluations and take corrective action.
- Are considered the “boss” depicted in Dilbert cartoons.
- Are the leader of administrative services and are one with your department. If you are seen in a positive light, then administrative services is also seen in the same light and vice versa.
- Know you should never criticize your president. After all, do you want your assistants criticizing you?
- Should maintain a “service” mentality towards the rest of the campus and work continually to improve the service you do deliver.
- Will have lost and then regained your sense of humor.
- Should continually strive to do excellent work and be a credit to your college and to your president.
- Will have learned that problem solving occurs outside of meetings not in them.
- That your fellow business officers are your real peer group.

***With sincere thanks and gratitude to many
business officers, past and present!***