

Appendix 3 – From the SALTO project management 2001 course report

Planning and finance workshop

Session notes

Aim

To develop members' ability to select, develop and use a variety of planning and financial management tools for use in European youth projects

Objectives

- To understand the essential elements of effective planning
- To explore a variety of planning tools and assess their advantages and disadvantages
- To establish some principles of effective financial management and explore the use of some financial management tools.

Approach

Given the time constraints of the session, the idea will be to use examples to generate a set of principles which can be used to test new models, tools and techniques.

1. Some principles for the session

Learn what works for you

Learn from your experience and the experience of others

2. What is project planning?

Plan 'a drawing intended to exhibit (show) the relative position and size of the represented parts', 'a tabulated statement or scheme', 'design, intention, way of proceeding'

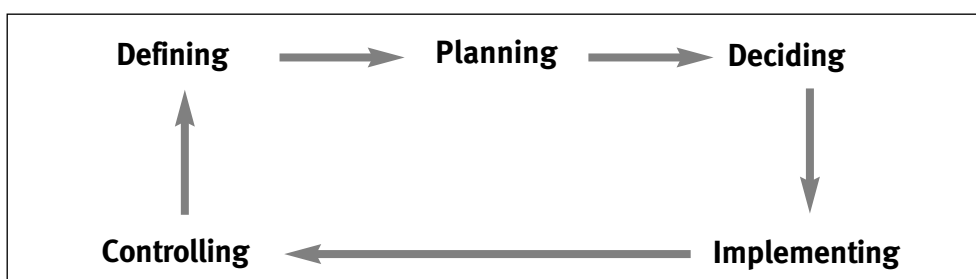
Planning is the creation of a plan, a dynamic map of a journey

Exercise:

Draw a pictorial map of your journey home from the course

How will/might it change during the journey?

The process of creating the plan can be seen as a cyclical one



It is also a continuous one which does not stop until the project is complete.

80% of project management effort goes into planning – 20% into realisation
The 5 P's: Prior Planning Prevents Poor Performance

And KISS: Keep It Simple, Stupid!!

3. What's included?

How do you eat an elephant sandwich?

Exercise: In pairs or threes discuss all the possible elements of project planning

- Content – aims, outcomes, quality indicators, monitoring and evaluation strategies
- Organisation – structure, roles, allocation of tasks, phasing, communication
- Interaction – forming and managing teams, culture, conflict
- External environment – analysis, marketing, dissemination
- Finance and administration – costs, resources, contracts, controls, reporting

Culture – internal, social

Environment – external, factual

Phases – stages of development

Milestones – stop, go or return, motivation

Outline.....detail

4. Start with the stakeholders

Exercise: make a mind map of the possible stakeholders in an international youth project.

Consider spheres of influence – knock-on effects

Is their influence cultural or environmental? (subjective or objective?)

Exercise: complete the sentence.

“Stakeholders influence.....”

Stakeholders influence deadlines, customs, expectations, capacity/resources, communication needs, decision-making processes.

5. Eating the sandwich

The Gantt chart is one way of representing (and therefore communicating) the plan – there are versions on the theme but the main thing is to be able to break down the whole project into measured tasks. Tasks should be defined by objectives, which in turn are defined by aims.

Aims are general and short, and present the direction and the overall desired outcome. Objectives are more specific, support the aim, can be seen as steps along the way or (better) a set of results which together will ensure the aim is achieved.

Objectives should be:

Concrete

Multiple

Assessable

Timed

Realistic

Flexible

Recognisable (in the activities or tasks)

Objectives should be SMART

Objectives are NOT activities

Phases give a breakdown of the life of a project. See charts from Project Management T-Kit, pp 33,34,36, 37, 43.

Milestones indicate particular points in the life of the project.

Tasks start and stop at various points in the life of the project.

Tasks need resources - they have financial implications.



6. The W questions

- Who does what?*
- With whom?*
- When?*
- Where?*
- With what?*

- What's the output/result?
- What's available to do it?
- When does it need to be done by? When does it start and finish?
- Who do you check with/report to?
- What does this task have a bearing on? (How does it fit?)

7. Critical Path Analysis

or time analysis.

Early dates – the earliest date a task can start or finish whilst obeying all the constraints of its predecessors. Found by working forwards.

Late dates – the latest date a task can start/finish whilst still obeying all the constraints of its successors. Found by working backwards.

The difference between early and late finish dates is the “total float” or “slack”. If the plan results in negative float then the project cannot be completed on time.

If float is zero or negative for an activity or task it is said to be “critical”. Delaying the start will delay the whole project. Those with positive float can be delayed.

Task relationships

- Finish.....start
- Finish.....finish
- Start.....start
- Start.....finish

Exercise: Consider if and/or how you would use critical path analysis. If not then why not? How could you make it more user-friendly? What are the benefits?

8. Finances

Money is the cross-cutting theme – it affects all tasks.

Projects can't exist without it – nor can they exist without accounting for it.

Budgets and forecasts – show what resources in total are needed/available.

Need to consider eligible costs, desirable costs, breakdown, effective estimating, contingencies. Budgets need to balance! Income and expenditure. What about capital?

Cash flows – show when the money can be spent, the effects of doing things late or early. Think about funders. Exchange rates and bank transfers.

Management accounts – show how financial resources have been used – to compare with the budgets and create forecasts. They are used to help manage resources.

Financial controls – enable you to prove how you have spent the money and trace where (if) it went wrong. They are the systems used to manage the resources.

Exercise: For each of the four tools above, generate a set of guidelines for good practice in European youth projects.



9. Application

Use your own project

Who are the stakeholders?

What are the aims and objectives?

What are the milestones?

What are the phases?

What are the tasks?

Draw a chart.

Draw up a checklist for tasks.

From the SALTO project-management handbook

Preparing a budget

When calculating budgets it is worth taking a look at the application of forms the funders you intend to apply to. They may have items of expenditure that you have not thought of and may want you to arrange the headings in a particular way. If you do this at the budgeting stage then you will have a simpler job to convert your budget into the format they require, including any ineligible costs.

If you have run a similar project in previous years, or if you have access to the accounts from a project run by someone else, then this can be a handy starting point for budgeting. Take care, though, not to include items just because others did. You need to be sure that you can justify every item of expenditure and to be able to prioritise items if money becomes short.

You should prepare the budget in the following four stages.

A. Calculate expenditure

Possible headings under expenditure include:

- Travel costs: what costs are you responsible for?
- Hire costs: how much and when do we pay?
- Activity costs: how much will it cost to run the exchange?
- Exceptional costs: are there any hidden costs?
- Telephone: what admin costs do we have to pay?
- Expenses: are there likely to be any staff costs?
- Sundries cash: make a reasonable judgement about these small amounts.
- Fees: including specialist staff, interpreters etc
- Food and accommodation – don't forget travel days and all visitors and guests

B. Calculate income

Income will be made up of guaranteed income, i.e. income which has already been agreed by a funder or funders, and non-guaranteed income, i.e. income which you plan to raise.

Possible headings under income include:

- Statutory funding including the EU
- Corporate gifts
- Private donations
- Personal contributions from participants
- The value of gifts in kind
- Income from fund-raising events

C. Compare income and expenditure

Total income and expenditure should now be compared with each other to establish if there is a surplus or deficit.



We recommend that you budget for a surplus of about 5% (i.e. ensure that income exceeds expenditure by about 5%). This should ensure that any unforeseen expenditure can be met. Such a surplus is sometimes known as a contingency fund but you should check that your potential funders allow you to have one.

Once the budget shows an adequate surplus, then you have to 'phase the figures' or produce a 'cash flow forecast'; i.e. analyse when the different items of income and expenditure will arise.

D. Phase the budget (produce a cash flow forecast)

Phasing is a most important aspect of constructing a budget. It involves analysing both income and expenditure month by month (or quarter by quarter, or week by week, depending on the level of detail and the length of your project). This is important because, whilst the total budget for the year may show a surplus, it is quite possible to have sizeable deficits in individual months.

If there is a deficit in a particular month, then it may be possible to arrange for funders to pay earlier or to defer expenditure to a later date. If there is a significant surplus in any month then it may be appropriate to invest the money in a higher-interest bank account.

It is important to have the budget for the project approved by those responsible for the finances of your organisation. Make sure also that you know what will happen if the project makes a loss. Who will meet any obligations to pay bills or repay funders if the project does not go ahead as planned?

