



Budgets & Business Plans

Budget Plans

LeTip International is committed to helping every member reap financial reward through professional networking. Our seminars, program structure and networking tools are designed to convey information, experience and understanding to our members. As we continue to expand these programs, you will continue to put more “Dollars in your pocket!”™

A budget is a working tool. It serves as a guide to help members better understand chapter finances and provide direction to grow a fiscally sound chapter. Being proactive in your decisions about spending the chapter's financial resources, is the essential, underlying principle to the budget process. It is NOT an exact science! And, it will change as the chapter's needs change, and as dictated by the size of the chapter.

Budgets will require review and evaluation to ensure that the chapter stays on track and accomplishes its primary objective... to have the funds to promote the chapter.

A well-planned budget will allocate funds for contests, chamber functions, business mixers, newsletters, postcard campaigns, chapter brochures and other promotional events.

Chapters also need funds for lunch bunch meetings, training seminars, recognition plaques and other such activities deemed necessary by your board of directors.

Business Plans

In addition to the budget, a well-run chapter should have a basic chapter business plan, which anticipates the future needs of the chapter.

It is not our intent to tell chapters how their budgets and business plans should appear. It is however, our intent to encour-

ITEM	\$ AMOUNT
1. Membership today	
2. Membership in 12 months	
3. Cost of meal/member today	
4. Number of guests/week today	
5. Number of guests/week in 6 months	
6. Number of guests/week in 12 months	
7. Chapter Dues (initial dues paid to chapter)	
8. Loss of members (attrition rate) in 12 months	
9. Room charge for meeting (if applicable)	
10. \$S'er Days	
11. Reminders	
12. Unqualified guest costs	
13. Business mixer costs	
14. Training seminar costs	
15. Board of director's meeting costs	
16. Chapter roster/brochure cost	
17. Chamber membership	
18. Trade show costs	
19. Advertising, mailings, membership drives	
20. Letterhead, envelopes, stamps	
21. P.O. Box rental for chapter	
22. Chapter newsletter for members	
23. LeTip banner	
24. Tip bucket	
25. Miscellaneous costs	
26. Other	

age these tools be incorporated in every chapter and utilized to generate business for every member.

Budget Review

Elements of your business plan should always include:

- Determining whether or not your current meeting location will suffice a year from now.
- Ways your chapter can reach and exceed membership goals in the upcoming year.
- Evaluating meal costs per member.

LeTip Budget Fundamentals

25 Essential Budget Elements

1. Membership today
2. Membership in 12 months
3. Cost of meal per member today
4. Number of guests per week today
5. Number of guests per week in 6 months
6. Number of guests per week in 12 months
7. Cost chapter charges to join (local dues only)
8. Loss of members (attrition rate) over 12 months
9. Rent for meeting location (if applicable)
10. \$5'er days
11. Reminders
12. Unqualified guest cost
13. Business mixer cost
14. Training seminar costs
15. Board of director meeting costs
16. Chapter roster brochure cost
17. Chamber membership
18. Trade show cost
19. Advertising, mailings, membership drive
20. Letterhead, envelopes, stamps
21. P.O. Box for chapter
22. Chapter newsletter (for members)
23. LeTip banner
24. Tip bucket
25. Miscellaneous costs

We have taken each element and written a short summary to explain how it pertains to the chapter budget.

1. Calculate your membership today

This figure represents the number of members in your chapter today. Use this number as a reference point to help you determine an acceptable budget for the current year.

2. Calculate your membership in 12 months

This figure involves some planning and understanding of what

it takes to expand your chapter, and will vary depending on how committed your members are to growth. This number represents NET member growth -- (adding new member projections and subtracting members lost through attrition).

On average, a well run, healthy chapter will grow by one new member per month, while losing one out of every four members during the year. Your chapter may adjust these figures accordingly.

It is worth noting that there are some statistical "growth plateaus" that most chapters experience. These plateaus occur at 15-20 members, 25-30 members and at 45-55 members. These periods of stagnation can be offset by chapter contests and high energy levels amongst members.

3. Calculate the cost of meals per member today

This is the price of the members' meals. Remember to include the gratuity and sales tax. This figure will vary greatly from chapter to chapter. Depending on the venue, an average meal cost for most chapters is between \$8 and \$12 per person including gratuity. Remember, a meal is NOT why members join, and the location of the meeting is, in fact, far more important than the cost of the meal.

4. Calculate the number of guests per week today

If a chapter wants to pay for a guest's first meal, (and this is not necessary), it should only be done during membership drives. A chapter never pays for unqualified guests, (someone who could not become a member -- an employee, friend, spouse of a member or someone whose profession is already represented in the chapter). For budgeting purposes, only consider first-time qualified guests for meal costs. The sergeant at arms should enforce these rules.

5. Calculate the number of guests over a 6 month period

When estimating chapter growth, anticipate members bringing qualified guests on a regular basis. If your chapter is doing \$5'er days, runs contests and is expanding, then seriously consider these factors when estimating this entry.

Note: On average, a typical chapter will have added one new member a month. To achieve this, at least four qualified guests per month will be required. To **guarantee** one new member per month, six to ten guests are required. Use the corresponding meal cost for six guests as a budget guideline. If your chapter historically has had more guests and is growing at a

faster rate than one per month, then use a number that corresponds to your chapter's growth pattern.

6. Calculate number of guests over a 12 month period

Follow the instructions in number 5 and expand it to 12 months.

7. Establish quarterly chapter dues

Chapter dues are established by the board of directors. The method by which the board calculates the amount, is based upon a simple cost analysis of guest meals. If it takes four qualified guests to grow by one new member, then it follows that it will cost a chapter the price of four meals.

When establishing chapter dues, never charge less than the sum total of four meals, otherwise a chapter will deplete its funds quickly and the cost will become prohibitive for members. Although there are other sources of income, your chapter needs to spend money on items other than guest meals.

The dues also help to cover the cost of P.O. boxes, promotions, chapter checking account and general supplies.

8. Calculate loss of members over 12 months

It is a fact - throughout a 12 month period, there will be memberships lost. How many depends on chapter maintenance, commitment, and on caliber of people joining.

It is possible to estimate what this loss will be in a "typical" chapter. Due to factors which have nothing to do with the chapter itself, about one in four members will resign within a year. For example, if at the end of the year your chapter grew by 12 new members and you had 10 members to start with, it is likely that your chapter will have had five or six people that drop out or are dismissed. Because your chapter is growing, this loss will not have any significant impact on your budget. We have addressed it here because it always comes up in any discussion about the budget. If your chapter isn't bringing in new members, it WILL have an effect on your ability to conduct the chapter and adjustments in the budget will be required.

9. Calculate the rent for meeting location

It is rare, but some chapters use facilities that charge for the use of the meeting room. If so, this will certainly need to be included in your budget. As a general rule, this cost is difficult for a new chapter to cover, but as a chapter moves beyond 20 members, it becomes less of an issue. Keep it separate from other costs so that you have an accurate picture of the chapter's finances.

10. Calculate \$5'er Days

The purpose of this event is to grow your chapter! It's simply a numbers game: The more members you have, the more Tips each person will receive. This program is not about building the chapter coffers, but about building the membership.

The program: On \$5'er Day, the chapter requires each member to bring \$5 and a guest. If they bring a guest, they keep their \$5. If they don't bring a guest, their \$5 goes into the Tip bucket.

About a third of the members will bring a qualified guest on \$5'er Days.

Example: For a chapter with 15 members, expect five to bring a guest and keep their \$5. Ten members will not bring guests and will put \$5 each into the Tip bucket, bringing \$50 into the chapter.

In this example, this income defrays the expenses and adds an additional \$50 to the treasury. Chapters would rather have a new member, but at least the additional funds can be used for other events that will promote chapter growth (contests, mailings, business mixers). Pay attention to \$5'er Day income. If a chapter misunderstands the concept and perceives that it is "making money" on \$5'er Day, they are not "making progress."

11. Reminders and how they benefit the chapter

Until recently, "reminders" used to be referred to as "fines." LeTip International no longer accepts or promotes this mind set because fines are a penalty, a punishment and negative energy. Members should not feel punished, but rather feel positive about, and responsible to, their chapter and members. Reminders do just what the word means: They remind members of the commitment they signed upon joining. LeTip is meant to benefit all, through the hard work of all.

In a properly run chapter, reminders will average \$1.50 per week/per member. This is not a great deal of money, however what reminders represent is the important issue!

The sergeant at arms must read the list of reminders before circulating the Tip bucket, and ask members not to forget that they are "on their honor" when it comes to paying reminders. Good members will pay; those who don't will eventually leave.

12. Calculate cost for unqualified guests

If the sergeant at arms is performing a thorough job, there will not be any cost here. If a member brings a guest who is not qualified, then that member is responsible for the guest's meal cost. When the sergeant at arms reads the reminders, they should remind members of this cost. This is a way to tell unqualified guests that their meal is not covered and explain the cost to them.

13. Calculate business mixer costs

\$10 per member/per quarter is the average business mixer cost. Most chapters hold one mixer per quarter. Business mixers must be approved by the board before the chapter can commit to spend funds.

Business mixers count as a regular chapter meeting for guest and member attendance. The chapter does not meet the

week of the mixer, so the cost is further deferred. Business mixers are intended to be an after-hours, or before hours, business meeting. These events provide an informal setting to do business, pass Tips, meet guests, and have door prizes.

14. Calculate for board training seminars

Two times a year, board members and chairs will be required to attend training sessions to help better define their roles in the chapter and cover new material. These seminars are generally held at breakfast times, and it is proper that the chapter anticipate this expense as part of their budget.

Note: To emphasize the importance of training, this fee is always assessed to the chapter regardless of attendance. All board members are invited and, if unable to attend, member substitute(s) must be sent.

15. Calculate board of director's meeting cost

This is not an optional expense for the chapter. Although new chapters may not have the funds for these meetings, it is appropriate for the chapter to pay for the board of director's meals at these meetings. Chapter leaders give generously of their personal time for the good of the chapter. Once a month the board is required to meet, and LeTip recommends that all officers and chairs (except ethics) attend. If non-voting members attend, the meal cost is their responsibility.

16. Calculate chapter rosters/brochures cost

The graphic design and printing costs for brochures and rosters is regionally determined. Every chapter should have a brochure which lists its members and their respective occupations. Each member should pass brochures out every week to promote their chapter. Depending on how fancy your chapter wants to get, brochure costs usually range between \$300 to \$1,000 per quarter.

17. Budget for chamber of commerce membership

In most cases, it makes good business sense for the chapter to belong to the local chamber. Two points to consider when determining whether or not a membership is wise are: the size of the chamber and how many members are active in the chamber. Chamber mixers are also a great opportunity for recruiting new LeTip members and help to build good relationships with other business people in the community. The cost generally ranges from between \$150 and \$500, and is well worth the investment.

18. Budget for trade shows

As chamber members, your chapter will be invited to participate in various functions which provide opportunities to introduce LeTip to other business professionals. These events vary in size and cost, but a fair estimate for your budget would be \$300 to \$400 per year.

19. Budgeting for ads, mailings, membership drives

LeTip is known for "face-to-face" networking. Ads, mailings and mass marketing efforts can also be very effective but re-

quire follow-up, just as any prospecting does. Membership contests are another powerful incentive for members! A trip, getting your next quarterly dues paid... these do work! Setting a part of your budget aside for this is wise.

20. Cost in letterhead, envelopes and stamps

Your chapter will need to set aside funds for mailings which should be coordinated by the secretary. Initially, \$200 will be required.

21. Cost for post office box

The post office box is optional, but it gives your chapter a fixed address. A post office box runs in the neighborhood of \$40 per year, and will provide continuity through subsequent administrations.

22. Calculate chapter newsletter

Every chapter should commit itself to a quarterly newsletter. A budget should include graphic design and printing costs generated by a quarterly newsletter. Start with a minimum of \$500 plus postage. This figure may increase, or decrease, depending on a chapter's size and needs. Don't presume your chapter can do without a quarterly newsletter. It allows the board to communicate with members beyond your weekly meeting.

23. Costs for LeTip banners

Image and branding do make a difference. A LeTip banner is a helpful tool for trade shows, socials, and weekly chapter meetings. This one-time investment is available for purchase on the corporate website store (letipwired.com).

24. Costs for Tip bucket, miscellaneous items

A Tip bucket is one of our strongest symbols and a part of our branding effort. Do not assume that a box or a plastic container will have the same effect as a silver champagne bucket. When you think of financial success symbols, nothing can compare to an authentic Tip bucket.

25. Costs for miscellaneous items

Miscellaneous costs are actually unexpected financial burdens and should comprise about 3% of your budget.

Each chapter's budget will be different in some areas, and will reflect its own unique needs and expectations. Your treasurer should give the chapter a written monthly report showing the actual figures versus the proposed budget. The board of directors should review this information monthly.

If you have questions, please call LeTip International, Inc. It is reasonable to assume that after your chapter has been established for a while, creating your own budget will become second nature.