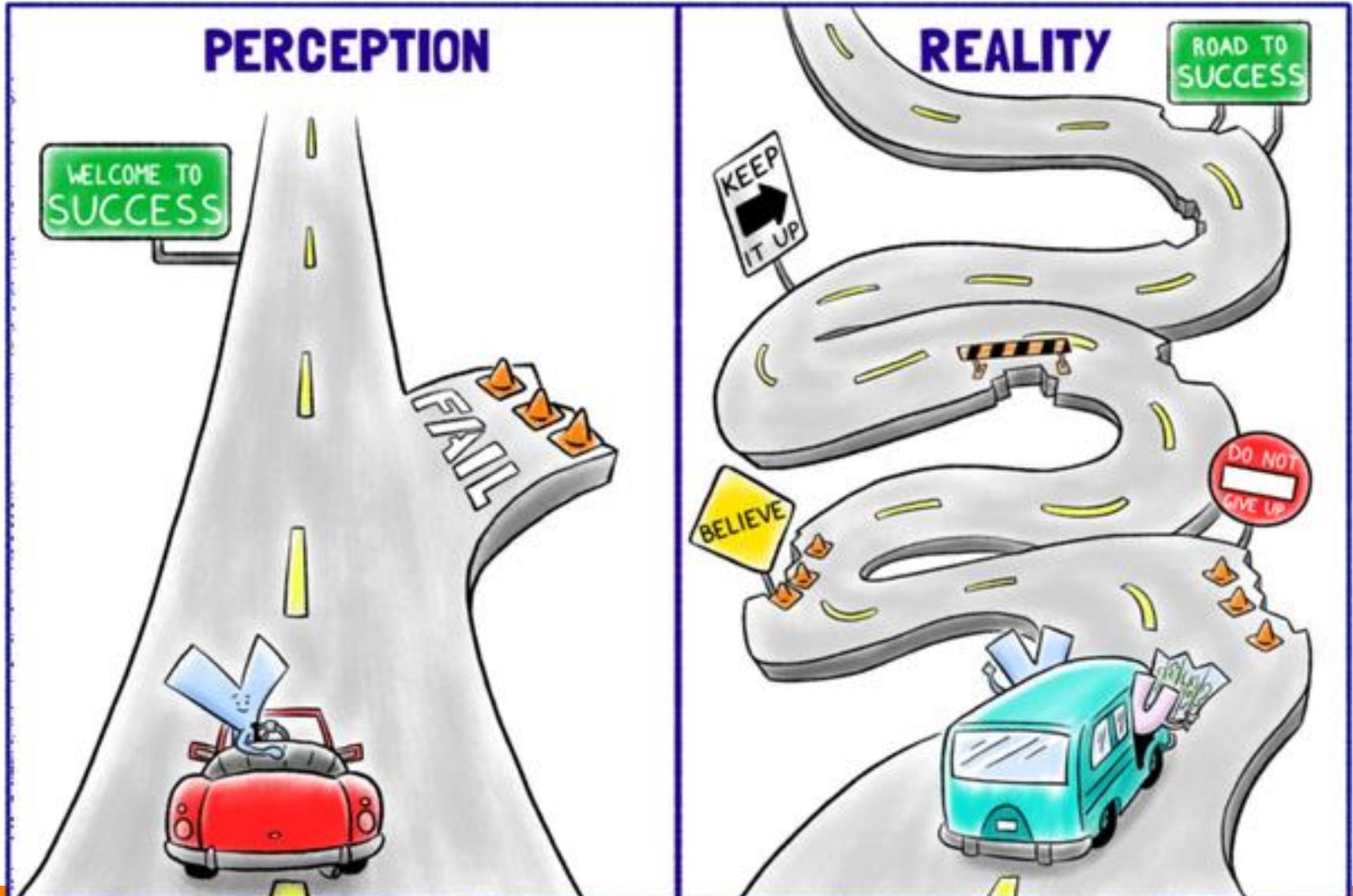


Chapter 8: Coming up with a Game Plan



The Great Game of Business - Overview

The heart of the Great Game of Business is the annual game plan.



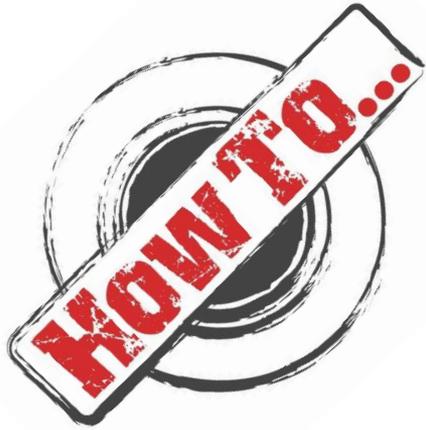
Without an annual plan, people have no target they can use to organize, motivate and challenge themselves.



How would you know if the goals were achieved?



'Foster, just what kind of game plan is "Don't Worry, Be Happy"??'



- ✓ Encourage everyone to participate
- ✓ Decide what winning means
- ✓ Think about obstacles ahead
- ✓ Decide what YOU are willing to contribute

— YOU —
GOTTA
WANNA.

The Game Plan:

A set of financial statements which spell out what the organization expects to do month by month for the entire year.

GENERAL FUND REVENUE July, 2017	<i>July Year End Projection</i>	<i>Change In Projection Better (Worse)</i>	<i>Projection Better (Worse) Than Adj. Budget</i>	
Sales Tax	13,242,000	0	(171,500)	-1.3%
Property Taxes	6,198,208	1,486	(122,754)	-1.9%
Other Taxes	847,097	(17,811)	(133,403)	-13.6%
Sheriff Fees	7,258,843	965,981	(1,141,638)	-13.6%
Collector's Comm.	3,276,337	4,707	48,331	1.5%
Recorder Fees	1,134,000	0	(2,500)	-0.2%
Bldg & Planning	890,700	0	(44,200)	-4.7%
Pub. Admin Fees	309,133	79,133	(60,867)	-16.5%
Other Fees	1,085,457	(16,047)	59,101	5.8%
Grants	2,574,646	(3,974)	51,670	2.0%
Interest	325,653	1,871	1,653	0.5%
Other Rev & Trfs	985,668	(489,953)	(616,880)	-38.5%
Finance Comm Adj	(1,163,458)	(1,215,850)	(1,163,458)	0.0%
Total	36,964,283	(690,456)	(3,296,445)	-8.2%



GENERAL

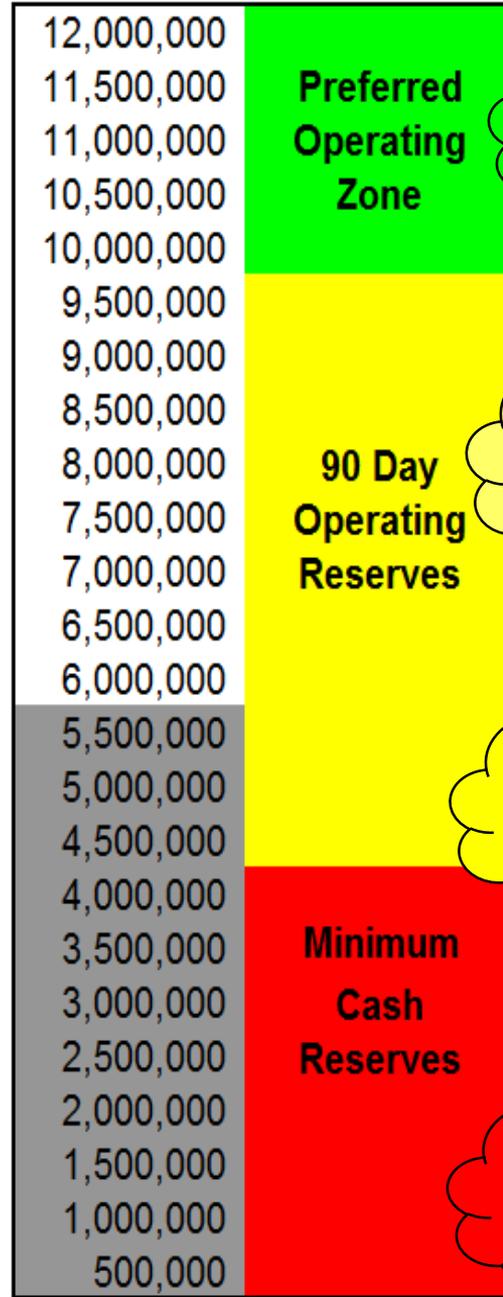


July 2017

Beginning Balance	Projected Revenues	Projected Expenses	Estimated End Balance
9,509,492	36,964,283	(40,654,847)	5,818,929

Are we following the plan?
Revenues & Expenditures

Critical Number =
YE Cash Projection



Well Managed Fund

Safe – Still proceeding with caution

Can handle emergencies only

Dangerously low cash balance

Current Estimated Change in Balance:	(3,690,563)
Last Estimated Change in Balance:	(3,726,866)

The Game Plan tells you if you are:

- ✓ Ahead of schedule
- ✓ Behind schedule
- ✓ On schedule
- ✓ Who is carrying the load
- ✓ Who is falling behind



For the Plan to succeed:

- All the players must be ready to make the plan work.
- They have to want it to work.
- They must be willing to do whatever it takes to win.



Simon Sinek
Leadership Expert
TED Talk: How Great Leaders Inspire
Action

They must know that they can count on everybody else to do the same and that everybody else is counting on them.

Set the Game up so people know that they own the process, that they have a stake in the process, and that they are responsible for what comes out of it. Otherwise they'll regard the goals as yours, not theirs, which defeats the purpose of having them.

Make sure each person is consulted about the decisions affecting his or her job.

Decide what winning means:

SRC

- **Better debt to equity ratio**
- **Inventory accuracy**
- **Decreased charge out rate**

Greene County

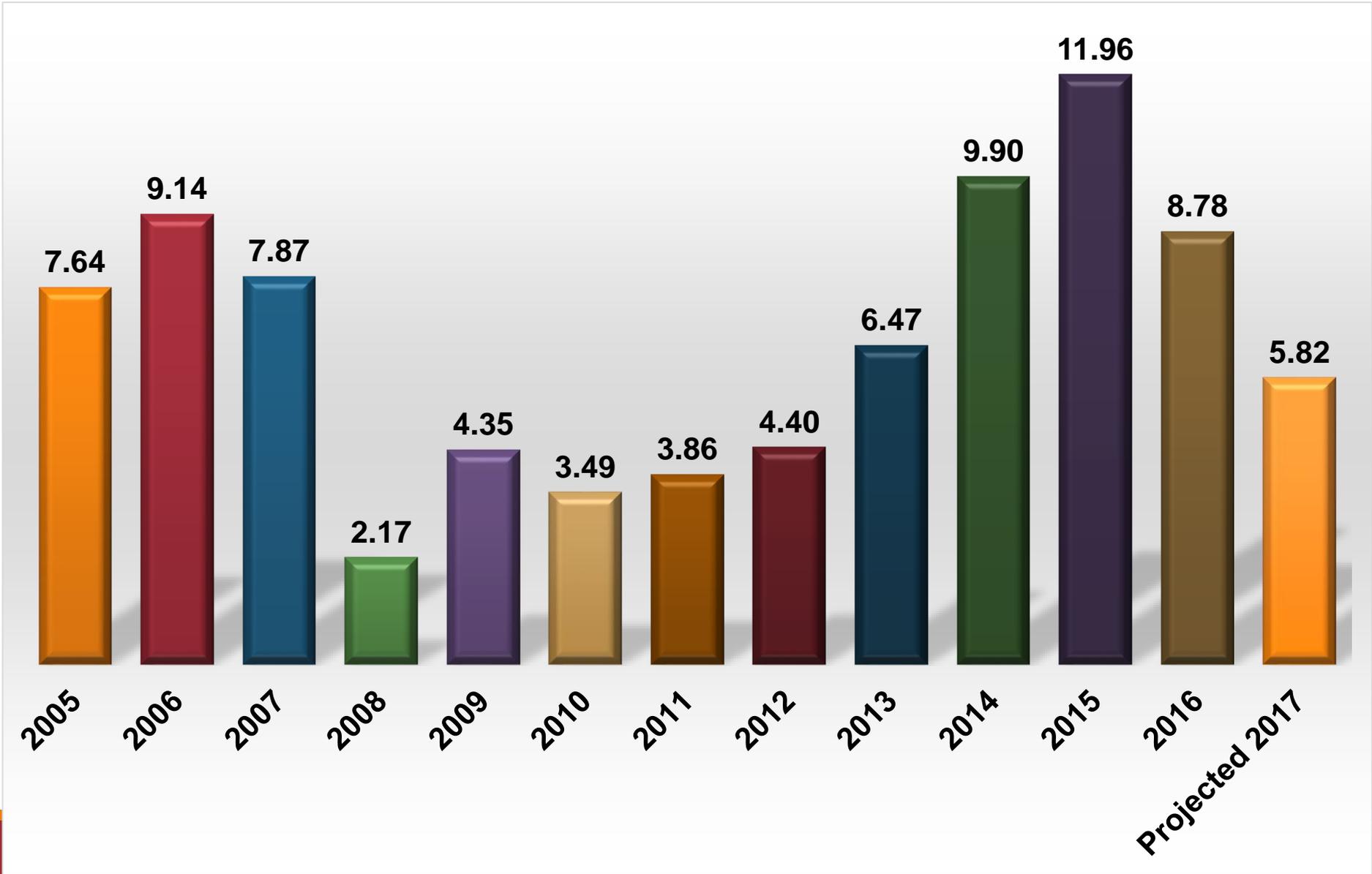
- **COLA/Raises**
- **Healthy Fund Balance**
- **Job Preservation**

The planning process is a time to think about the future and think about potential dangers that lie ahead so that they can be avoided.

Four phases to SRC's annual plan:

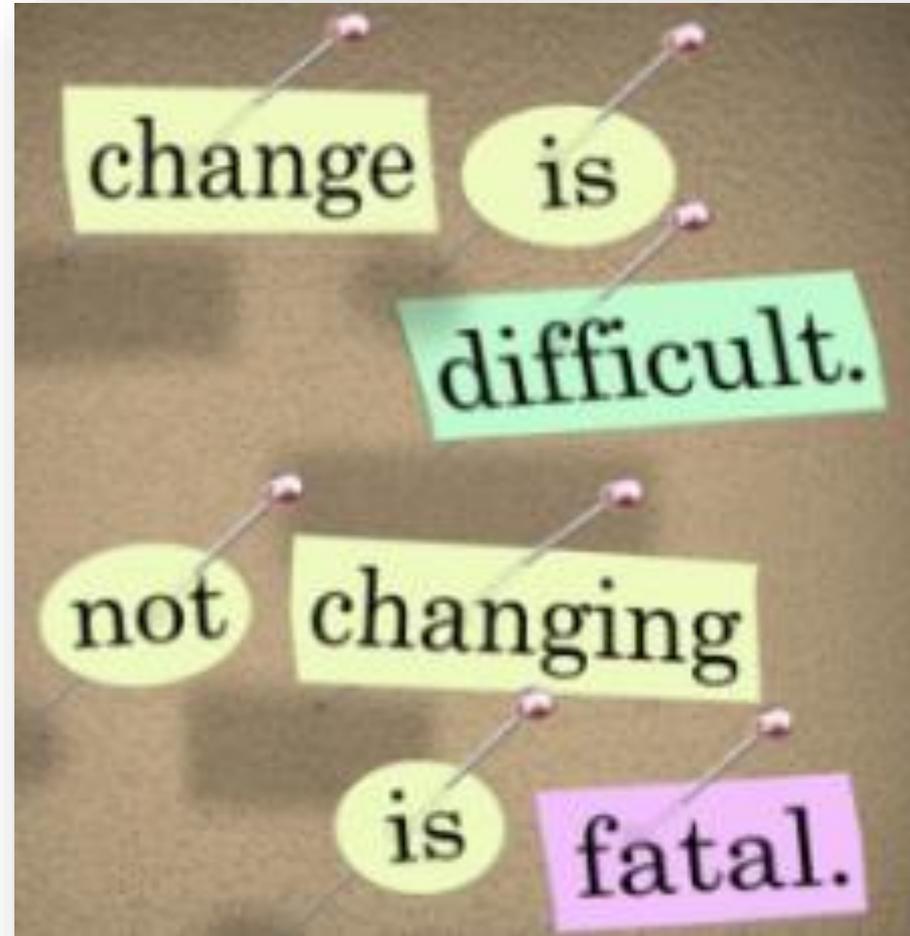
1. Determine what sales are likely to be
Project County sales tax and other income
2. Figure out what it's going to cost to produce those sales and how much cash you expect to generate
Project the costs of meeting the County's obligations and ending cash balance
3. Decide what to do with the cash
Don't let the County's cash balance fall below \$4 million
4. Choose your bonus goals for the year
Maintain healthy reserves (\$10M)

General Fund Cash Balance



Pick which image you would like to keep?

If Nothing Changes...





CHALLENGES

I EXPECTED TIMES LIKE THIS- BUT NEVER
THOUGHT THEY'D BE SO BAD, SO LONG, AND SO FREQUENT.

SRC takes more than 6 months to produce the plan.

They play a game of “what-if” - ask hard questions to anticipate challenges to the plan.

SRC

- What if interest rates rise?
- How likely that a customer will cancel orders?
- Can we get needed parts
- What’s the fallback position?

Greene County

- What if sales tax revenue falls?
- What if jail population rises?
- What if NID payments fail to come in?
- What if the Tax Initiative fails?

Ask early enough in the process so that there is time to come up with new answers or devise new contingency plans.

The 8th Higher Law:

When people set their own targets, they usually hit them.



If they don't have a chance to contribute, they won't take responsibility for the plan and you may make mistakes that could have been avoided.

When you choose your own targets, you can't blame any one else if you miss. *Don't let people let themselves down!*

A vague forecast is useless. People can't respond to it and you can't base plans on it

It's better to be wrong than vague.



How the customer explained it



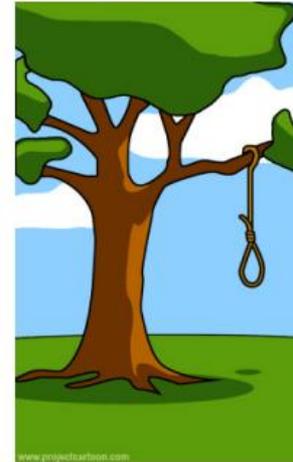
How the project leader understood it



How the analyst designed it



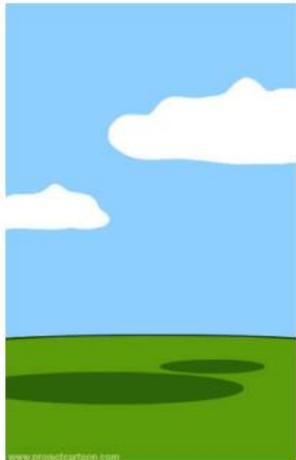
How the programmer wrote it



What the beta testers received



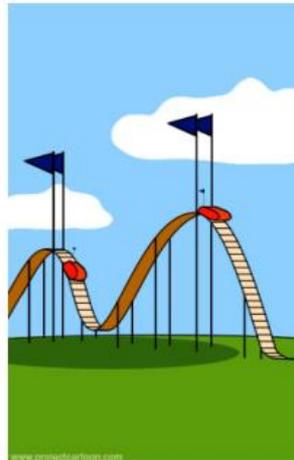
How the business consultant described it



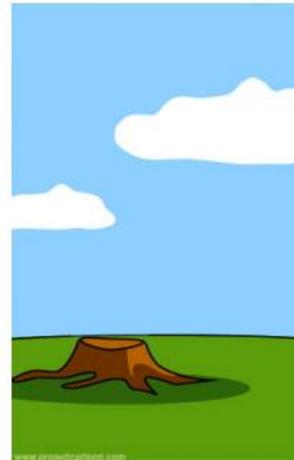
How the project was documented



What operations installed



How the customer was billed



How it was supported



What marketing advertised
iSwing



What the customer really needed

Greene County's Multi-Year plan



GOVERNMENT

IF YOU THINK THE PROBLEMS WE CREATE ARE BAD,
JUST WAIT UNTIL YOU SEE OUR SOLUTIONS.

High-Involvement-Planning

WE'VE GOT A PLAN!

After months of looking at discouraging numbers and swimming in facts and information, the fog is beginning to lift, and the path ahead is becoming clear. **It won't be easy**, but there is a way we can work through this.

Step 1—Stabilize our Finances

If we don't do this, nothing else is possible.

How do we do this? We have recommended that the Commission consider putting a USE TAX on the ballot in November.

(What's a Use Tax? – see inset.)

A Use Tax could provide just enough additional income to stabilize our finances *without* increasing our sales tax rate.

Step 2—Stabilize Salaries

This means a COLA ASAP, which is no news to you. We have got to stop our salaries from falling any further behind. But...(see Step 1 above)... if our finances aren't stable, we can't even consider raises. We will, instead, be scrambling to save jobs.

Step 3—Restore Operations

This includes the things we called "Phase 2" in the H-I-P meetings in June: building maintenance, computer hardware and software upgrades, supplies, training, enough support staff...in other words, all the stuff folks in GR have been living without.

But sustainable operations includes more than that: we've also got to expand the Judicial Courts and Juvenile Buildings. We need more jail space now, and a major jail expansion is on the horizon.

Restoring operations includes restoring salaries to a competitive level: COLAs keep us from losing more ground, but we also have to catch back up.

Step 4—Sustain Operations in the Future

Getting salaries back up to competitive levels would be great, but you've also got to keep them there! Once you increase payroll, it's hard to go back. So, we have to make sure we have sufficient funds to sustain the salary plan long term.

When we are fortunate enough to fund construction of the buildings we need, we also have to equip and operate them. This means more maintenance staff, IT staff, Human Resources and other support services. We had to neglect these services when we passed the LEST II. They are stretched too thin. So, our plan must include sustainable operations.

We need to accomplish Steps 1 and 2 **now**. To that end, we are proposing a Use Tax be placed on the November 2013 ballot. If it passes, we will have the financial stability to turn our attention to pay and work for a cost of living increase (COLA) as soon as possible in 2014.

The PLAN comes down to three words:
STABILIZE.....RESTORE.....SUSTAIN

Working with the principles of open book management, you will be able to follow the action and keep score. As the 2nd "Higher Law" says, *"It's easy to stop one guy, but it's pretty hard to stop 100"* – or in our case, 800. We've got a game plan. Now, let's win the game! Watch for details in the coming days and weeks.

What Is A USE TAX?

In short, it is sales tax you pay for something purchased in another state but used in Missouri (where you permanently reside). Use tax applies to catalog purchases, online purchases, vehicles purchased in another state, etc.

A Use Tax does not increase the present sales tax rate. It just provides a way to collect our existing sales taxes on out-of-state purchases.

A Use Tax helps level the playing field for our local businesses, particularly now as internet sales are soaring.

How much money does a Use Tax generate? Our estimate is \$600,000 annually per each ¼-cent of sales tax. This means a turn around of \$1.2 million for the General and LEST 1 funds.

The City of Springfield already has a Use Tax. Greene County does not.