

BUDGETING: How much to ask for in 1993?

If increased expenditures are proposed, revenues must increase proportionally to ensure financial balance, says this park manager.

by Greg Petry
Waukegan Park District

■ It's time again to prepare and present your budget proposal for the 1993 fiscal year. Whether you work for a government agency or a privately-owned enterprise, budget battles are never fun.

First and foremost, look at the "big picture." Keep in mind our national economic climate. Analyze your local economy and your own facilities' status in comparison to the nation's, and keep this in mind when preparing your budget.

Even solid enterprises, operating profitably, seem cautious and apprehensive about the future. Less stable facilities are scrambling to stay afloat. Everyone is scrutinizing operations to eliminate waste and increase efficiency.

Next, you must pro-

vide sound justification. Show clearly why you are going to do what you propose. Verify what you are doing, who you are serving and why you are serving them.

Be prepared to justify maintaining your existing level of financing. Also, justify the need for any planned expansion projects. Why are they necessary? What do they accomplish? If approved, what impact will they have on the level of service and financial status of your facility?

Research the short- and long-term ramifications of any new projects for 1993. Justify each part of the proposed project in terms of what it will do for those you serve and how it will affect the financial picture. (This may not be the time to take on risky projects. It must be the time to sit tight and hold the fort.)

Honesty is a key. By showing what has

been a cost drain, as well as what has been worthwhile, and explaining the reasons behind each outcome, you're establishing a visible record of your overall operation.

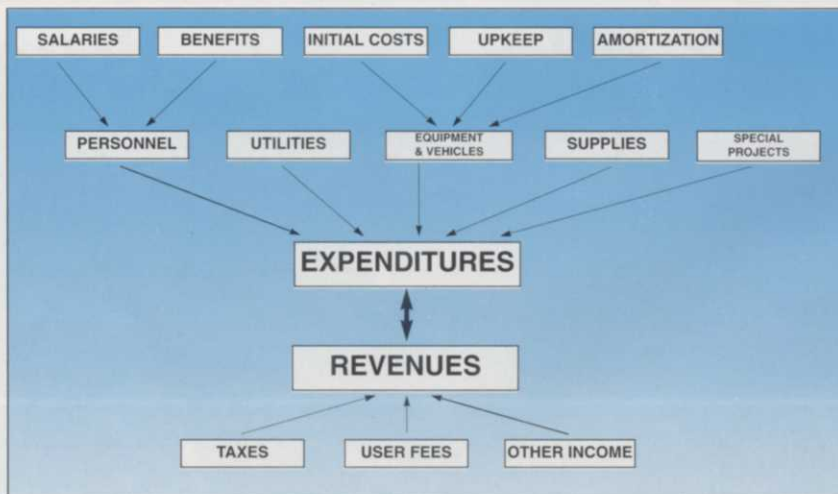
Document all costs—Keep track of labor, equipment and material/supply costs. Compile similar information on all of your equipment and vehicles, and on any outside rental equipment brought in for specific procedures or to supplement out-of-service units.

Know the complete cost figure for each one of your full- and part-time personnel—not only salary, but the costs of their tax and benefits package as well. Know the costs of contract labor and outside service firms you might use. Have these figures available as a yearly total, yearly total per individual, and also broken down by work hour per person.

Assemble data on each procedure your staff performs. Be able to supply the information on each procedure as a separate cost center.

There are two major parts of the budget: revenues and expenditures. If increased expenditures are proposed, revenues must increase proportionally to ensure financial balance.

One way to increase revenues in the next fiscal year is to increase fees and charges and field rental rates. (With the low inflation rate and short dollar supply, consider holding the



Budgeting tips

1) Establish a photographic record. Show the equipment and procedures that save money, both those that reduce the actual output of funds and those that result in a cutback of personnel hours. Show what wastes valuable resources.

2) Solicit support or testimony from user groups such as the youth baseball or soccer association. After all, budgeting is a political process as well as a mathematical process. Letters from these special interest groups can help justify that the services you provide are those that people want and need. Ask these groups to send representatives to public hearings and board meetings, where appropriate.

3) Check with vendors for the availability of donations of materials and/or supplies. Try setting up demonstration areas as a "show place" for products or programs.

4) Ask soccer or baseball organizations if they can fund specific capital improvements or subsidize a specific procedure. Most of these groups understand the budget crunch and are willing to provide support.

5) Pay bills early to take advantage of regular term discounts and anticipation discounts. Ask your suppliers if greater discounts are available, perhaps for volume purchases or for working from a yearly master order.

6) Look closely at utility costs. Lighting and irrigation are major budget items. Reduce consumption where you can. Investigate utility savings from every angle, including special pricing from volume and non-peak period use.

—G.P.

line on user fees. If rates must increase, keep them very minimal.)

Consider soliciting donations or tap the user groups for more financial support.

The labor factor—Personnel costs, which make up a large portion of the annual budget, are sure to be closely examined. In this economic climate, management raises will probably be rejected. Today, no one is irreplaceable. Try, however, to get a raise for the people below you, if the added costs can be justified.

Cost-of-living adjustments are being reduced or eliminated. Merit increases, based on performance, are shrinking. People are being asked to work harder at the same pay rate. Right now, the reward is having a job.



Greg Petry: back to the basics

General benefits are being cut back also. The out-of-pocket funds employees are asked to pay for health benefits is increasing. And, health care costs for the employer have skyrocketed.

Where possible, cut material, supply and equipment costs.

Be realistic throughout the budgeting process. Undoubtedly, you will be called on to tighten your belt. Support the mission of your organization or company. Be part of the solution, not part of the problem. Avoid pie-in-the-sky ideas and projects. Instead, go back to the basics with proven, documented results.

Your budget may take a beating in the next fiscal year. As bad as it may be, it can get worse. But it can get better. Those who manage their operation well, budget wisely, and produce results will be rewarded. Those who live day-to-day with no vision of long-term results and production will find themselves facing deep cutbacks.

—Greg Petry is superintendent of parks for the Waukegan (Ill.) Park District and president-elect of the national Sports Turf Managers Association.

The effects of price-cutting

■ Seldom do business-owners think through what real effect a price cut will mean to the company's profitability and ultimate market survival. This chart will give you some indication of what price-cutting means to you:

Price off	Selling price	Dollar profit	% increase in \$ vol for same \$ profit	\$ sales needed for same \$30 profit
0%	\$100	\$30	—	—
-1%	\$99	\$29	3.45%	\$102.42
-2%	\$98	\$28	7.14%	\$105.00
-3%	\$97	\$27	11.11%	\$107.78
-4%	\$96	\$26	15.38%	\$110.76
-5%	\$95	\$25	20.00%	\$114.00
-10%	\$90	\$20	50.00%	\$135.00
-15%	\$85	\$15	100.00%	\$170.00
-20%	\$80	\$10	200.00%	\$240.00
-25%	\$75	\$5	500.00%	\$450.00

Source: American Sod Producer's Association

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