Budget and Finance Chair's Report

Rod MacNeil

Building Our Resource Base to Achieve LAMA's Mission and Vision

Financial Strategies 2005–2007

LAMA, like many organizations in the first part of this decade, has been struggling with a financial fact of life: combined revenue from all existing streams (dues, publications, continuing education, donations) is not sufficient to balance the division's operating expenses. The situation developed as a result of a combination of internal circumstances and external economic factors. After more than a decade of sharing administrative staff and expenses with ALCTS, LAMA became a separate administrative unit in 2001—at the very time that the economy began its tailspin and the terrorist attacks of 2001 and the SARS scare in 2003 caused many members to curtail travel plans, reducing attendance at preconferences and institutes. LAMA's heavy reliance on regional institute licensing, limited publication revenues, and lower-than-anticipated attendance at the 2002 national institute added to the economic woes.

At the 2004 Annual Conference in Orlando, the board approved a three-year plan, Financial Strategies 2005–2007, that intends to turn around the situation and to put our organization on a stronger financial footing. This blueprint for action builds directly on the goals and objectives of LAMA's strategic plan. The overriding assumption of this plan is that LAMA will be in good financial shape if we meet our organizational objectives. The blueprint makes no judgment whether the current staff and volunteer leadership is capable or has the skills to meet those objectives nor does it put forward any opinion as to whether our current organization is appropriate for an association of our size and type.

The document outlines the steps that have been taken in 2003 and 2004 to cut costs, including a staff reduction, the streamlining of activities, and the increase of revenues. In order to reach financial stability in the future, LAMA needs to generate sufficient revenue to meet its ongoing expenses. We also must generate an additional 2 percent net excess of revenue above expenses annually to achieve the ALA benchmark for financial stability and rebuild the minimal two-month operating reserve. We project that it will take LAMA seven years at current projections to achieve this goal. (The full report is available at www.ala.org/ala/lama/lamacommunity/lamamemresource/boarddocuments.htm.)

What are the ways LAMA can achieve solvency and a sound financial footing? The proposed strategies for the next three years are:

1. Increase net membership by two hundred.
2. Meet target goal of attendance and sponsorship at the 2004 national institute.
3. Increase regional institute bookings to twelve in FY 2005, sixteen in FY 2006, and twenty in FY 2007.
4. Proceed with Web-based continuing education as proposed by the taskforce on Web course delivery: Begin with one course in FY 2005, and if it generates a minimal 5 percent net revenue, plan for an additional one in each succeeding year.
5. Increase publication revenues by 15 percent in FY 2005, 20 percent in FY 2006, and 25 percent in FY 2007.
6. Establish a three-year endowment campaign to double the current endowment size through a combination of one-time contributions, multiyear pledges, special events, and proceeds from sale of specialty items.

Our next steps will be for the LAMA board to work with the appropriate committees and groups to develop specific actions, timelines, and benchmarks, and regular reporting to the board about progress in meeting the goals. The budget and finance committee will provide oversight on how well we are doing to reach our overall targets.

Let us know if you have any questions. You can e-mail Rod MacNeil (rmacneil@mail.med.upenn.edu), budget and finance chair, or Lorraine Olley (lolley@ala.org), LAMA's executive director.