



Financial Planning and Operations Toolkit

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The Purpose of this Toolkit

Knowing the clubs finances in great detail and bettering the financial operations of the club will allow for effective planning and the club to focus attention on other development projects. Importantly, sound financial planning and operations allow for the club to financially protect themselves. The toolkit is based around frequently asked questions and has two main chapters: financial operations, followed by financial planning.

Acting upon the financial planning area of this toolkit allows the club to better understand their financial position. We have provided information and templates which will help the club make better informed decisions and investments at the right time. This will make the club more effective and could enhance the development rate of your club.

The initial area of this toolkit focuses on financial operations. If the right practices are adopted, the club will be more effective and save time on reporting, bringing club growth matters to a focus. Acting upon this area will ensure the clubs planning is of high quality. The club should take their time to read through the toolkit. There are templates and external links where further information is provided.

Should the club have any issues adopting any practices or require more clarity, please contact us and we can spend time helping the club better their financial operations and planning.

Section 1 – Financial Operations

- Why look into Improving Financial Operations?
- Would our Club benefit from a Finance Management Package for Making, Collecting and Monitoring Payments?
- We use a Membership Payment Process which is Time Consuming. Are there Alternatives?
- We need Ideas to Generate Non-Membership Income.
- We have Highlighted the need to Increase Membership Income, but we Require Advice on the Appropriate Levels.

Why Should we Look at Improving our Financial Operations?

When we talk about improving your clubs financial operations, we mean working with you to improve financial effectiveness and efficiency. This can be done by analysing your accounting and technology. Improvements can be made in transaction processing and financial reporting to name just a few. Investing in this area means your club will have more time to focus on making better business and sporting decisions.

Financial operations and financial planning work hand in hand. If you have the planning fundamentals right (section 2), your club can focus on improving decision support capabilities and driving sustainable cost savings and revenue through the clubs operating systems.

Would Our Club Benefit from a Finance Software Package?

Engaging in a software package to maximise your clubs capacity and deliver sound financial management has significant benefit. There is no one financial software package that suits all sport clubs, but there is software which deals with the activities required to be undertaken by a sports club allowing you to view the live financial status of your club and saving the club administration time to focus on other business and sporting projects. The key advantages of using a financial software package include:

- Run smooth payroll which is essential if you are employing to grow the club
- Send and track professionally designed invoices which also send reminders so the club save time chasing
- Connect to the clubs bank account allowing automatic import transactions, staying in control and understanding the clubs cashflow In real-time
- Financial reports can be generated for the club in seconds
- Submit VAT and other tax reliefs online, maximising club revenue

Check out the recommended software options below and chose the one which is visually appealing and one which your club views as easy to manage. It is important that the software selected is easy to understand and use, allowing the club to maximise its potential by focusing time in other areas with less time spent on financial administration.

- [Free Agent](#)
- [Xero](#)
- [Quickbooks](#)

We use a Membership Payment Process which is Time Consuming. Are there Alternatives?

A lot of sports clubs collect their monthly membership fees by cheque, cash or standing order. This can be fairly time consuming and frustrating if the club has to chase their members regularly to collect cash. Whilst standing order can be great, it can be difficult to keep on top of payments unless your club is very small. For our basketball clubs who wish to grow their membership, collection of membership fees through direct debit should be considered.

With standing orders, the club won't know whether a payment has been set up or if a payment has failed without the club manually checking the bank account every time. With direct debit, the club set up the payment and are immediately notified of any failures with the payment. The club know exactly when and when they haven't been paid without needing to check the bank statement each time for every individual. If you have 100 members, this is 100 checks using standing order. Direct debit reduces this administrative heavy task.

Gocardless allows the club to set up direct debit and sync with any financial management software (previous slide) used. **Gocardless** do all the heavy lifting, making it easy for clubs to take recurring payments from their members.

We need Ideas to Generate Non-Membership Income.

For all sport clubs it is essential to have additional income streams away from membership income. This will allow the club to be more profitable and build reserves. There are a number of additional streams available. It is important the club understand what they can manage. Click the link for more information:

- Gift Aid
- Grants/Funding
- Fundraising
- Online Easyfunding
- Merchandise
- Sponsors
- Partnerships
- Events

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Increasing Membership Income

Many sports clubs rely heavily on revenue from membership fees. So it is important to get these right. Despite inflation, it can be a common occurrence that sport clubs haven't increased the price of their membership for a number of years. Increasing your membership by just 50p or £1 can make a significant difference to the clubs accounts. A single member may not mind paying an extra £1 per season for membership. If your club has 150 members, this would be additional income of £150. The additional income generated can then be used to improve and develop the club.

The [Membership Pricing Toolkit](#) linked will help the club explore the impact of a membership price increase.

Below are some questions to ask whilst thinking about the clubs membership fees:

- Has the club researched to see if the current price is competitive with other basketball clubs?
- Does the membership fee reflect the value of services offered?

Raising membership fees can be an emotive process, so make sure the clubs members know exactly what they are getting. Be open and transparent with the clubs overall finances. A rise in membership can be more acceptable if members are more informed about the financial position of the club.

Section 2 – Financial Planning

- Why look into Improving Financial Planning?
- How can we Analyse our Capacity to Observe our Programmes Financial Weaknesses and Know our Strengths to Impact Further?
- Why have a Current Cashflow Statement and 1 Year Cashflow Projection and how do we Achieve this?
- Is there a Need and how do we Financially Project for a 4 year Period?
- We want to Secure the Long-Term Future of our Club, is there Advice on Reserves?
- Should our Club's Assets be taken into Consideration when Planning?

Why Should we Look at Improving our Financial Planning?

Understanding the clubs finances in great detail allow for effective future planning and measurement of associated risks. With a full understanding of the clubs financial position, the club can make better informed decisions and investments at the right time. Planning the clubs finances in advance is highly important to ensure the clubs leadership is meeting expectations. It is just as important that current cashflow is analysed to ensure the projections for that year are being met, allowing the club to be successful. The club should also have a full understanding of their assets so the club know their true value.

Clubs will need to collate and manage the following financial information:

- Current Cashflow Statement
- Profit and Loss Projections for 4 Years
- Asset Monitoring

The information which follows will give the club and understanding of each long with templates which the club are able to use.

How can we Observe our Programmes Financial Weaknesses and Know our Strengths to Impact Further?

This **Capacity Analysis Toolkit** allows the club to thoroughly analyse each sessions strengths and weaknesses, both in terms of attendance and financial income. It demonstrates the revenue and expenditure of each club session and with that paints a picture of how each session impacts the clubs financial position.

The sessions identified for improvement allows the club to understand which sessions they need to push in order to meet the financial expectations of the programme as a whole. It will also highlight if the club are charging enough fees. The club may need to increase the price of one of their sessions or push session numbers in order to meet financial expectations. It will also highlight if you are paying too much for coaching or facility hire.

If there are clear profitable programme areas, the club should think carefully about how they can capitalise on this further. Perhaps it is an age group where capacity is high and there is demand for more sessions. An added session could bring increased profit.

Why have a Current Cashflow Statement and 1 Year Cashflow Projection?

Creating a Current Cashflow Statement is essential for the treasurer to produce. However, this can relate to the Financial Software package used where this will be demonstrated. Your committee need to be fully aware of the current financial situation to ensure the 1 year cashflow projection and 4 years is being met in this current month. If the club are under or over achieving, the club can act on this. Without a current cashflow, the club may act too late to better the situation or take advantage of any unexpected profit. [This template](#) can be used should software not be available.

Creating a 1 year cashflow projection is essential so the club are planning effectively for the season ahead. Before doing this, the club need to create a full business plan which identifies key objectives, what they will cost, the outcomes and when they will be achieved. This will allow the club to financially plan the future based on the club objectives. Be detailed in all areas as getting this wrong will lead to major financial issues.

Is there a Need and how do we Financially Project for a 4 year Period

Looking further ahead into the clubs future is pivotal to create the clubs journey which aligns with the clubs vision. Like the cash flow projections, this can only be completed once the business planning has been complete. The 4 year projection does not need to detail every month, but should be an accurate annual projection based on the clubs objectives outlined in the business plan, overall vision and inflation.

Most likely, not like the current and 1 year forecast, the 4 year projection will have to be detailed out with the financial software. [The template for the 4 Year Projection](#) can be found by clicking the link and will allow the club to design the projection.

Financial Reserves

Building club financial reserves is important for clubs as it provides the club with invaluable security and demonstrates sound financial management. The reserves should be linked to the club's vision and objectives, ensuring all reserves match the future investment required and additional financial security. Some of the areas to consider when setting minimum reserves are:

- How will the club's threats impact the club financially?
- What is the lifespan and value of club equipment?
- Do we want to invest in a facility in the future?
- What other areas of development will we want to invest in? e.g. performance or coaching
- What is the agreed minimum level set by the committee members/leadership group?

Having too much reserves could impede the club. If the club holds reserves beyond what is required then the club's development may be impacted. The club should consider investing reserves to develop and grow the club.

Should our Club's Assets be taken into Consideration when Planning

Yes, the club should have an understanding of what the club owns. This again should be done in advance of the business plan to allow for accurate and successful planning as the club may not have the adequate assets to meet the vision.

The club should identify the estimated or actual value of each item they own. The club should attach a lifespan to each equipment item and when the item is reaching the end of its lifespan, factor in its replacement or repair in the 1 year and 4 year forecasts. Once the club know the asset information, the club can build financial reserves well in advance so the club is in a position to upgrade at the right time. Doing this will protect the club in the long run as they will not be taken by surprise by any sudden and unexpected equipment expense required to be withdrawn which may be large.

For example; Item: basketball U18 Senior men jerseys, Value: £X, Lifespan: X years, Year of Replacement: 20XX

The year identified in the replacement should be identified as an expense in that year's financial planning. The asset list should be updated each season.

Finally

Should you have any questions or require any support on financial planning, please contact Adam Szymoszowskyj at **basketballscotland** on:

adam.szymoszowskyj@basketball-scotland.com

We will aim to support you deliver the financial plans and operations which will support the future of your club.