



Resolve News

Welcome to the 20th edition of Resolve News!

This month marks the 6th Birthday of Resolve Consulting Group and we also celebrate the 20th edition of Resolve News (1st issue was September 2005).

Over the past 6 years we have been grateful for the opportunities we have been given to assist so many wonderful (and occasionally challenging!!) clients across Australia as well as impacting over 20 other countries around the world.

Our staff team have been fantastic as the work has grown and developed, with new service areas explored and new issues tackled wherever our clients may be located.

Inside this edition you will find a wide range of information as always, but of special interest to our school clients in particular is the launch of our new Resolve Fee Management Solution which we have been piloting with a number of schools. The collection of school fees has become a particular challenge with recent economic conditions—this new solution has already proven itself in a number of locations in providing a new systematic and successful approach to debtor management.

We trust you enjoy this edition of *Resolve News*.



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Special points of interest

- Understanding the Dark Side of Leadership
- New Fee Management Solution
- Top 10 Issues facing schools
- Completion of Conflict Resolution series

Keep an eye on tax reform

There has been significant media attention in recent months around tax reform, in particular the Henry Review and of course the Mining Super Profits Tax.

One of the areas in the Henry Review which has been picked up by the media is in the area of tax concessions for Not for Profits and their staff through such things as FBT concessions.

The Henry Review believes that labour markets are distorted through the FBT concessions, using an example of nurses being able to earn 6% more by working in a not for profit hospital and salary packaging than they would otherwise receive.

The Henry Review calls on the ending of such concessions and instead the government assist charities through direct funding rather than the tax system.

Sounds great in theory because the whole FBT and salary packaging area can get very complex very quickly (and we have seen some not for profits get in a tangle over it). However It is hard to see how the government could easily replace the benefits of the existing concessions through direct funding without either a major disadvantage to organisations, or a major overhaul to all aspects of the not for profit tax system to try to keep things somewhat even.

In short, continue to watch this space.

Good to Great: A culture of Discipline

Continuing our series drawn from the book *Good To Great* by Jim Collins.

The fifth attribute of Good to Great companies is that they had a culture of discipline

For organisations to move from good to great they need to have a blend of entrepreneurial spirit blended with a culture of discipline.

If all staff are entrepreneurs organisations will move all over the place and suffer from what we call “the tyranny of the good idea” as they keep jumping around from idea to idea. Conversely if staff are all discipline and no entrepreneurial thought they will be slow to respond to issues and likely to not be particularly innovative. Organisations will be ultra-conservative and “safe” to the point of stifling.

Collins in his book talks about a number of aspects of have a culture of discipline including:

1. *Not just making rules for the wrong people to follow*

If the organisation is not working properly because people are not doing the right thing it may not be a matter of making more rules and procedures, it may be that the wrong people are in the organisation. You can't create “Black letter law” for every issue that is going to come up - you need to have staff who will know what the right thing is intuitively without constantly referring to a rule book.

2. *Having people with self discipline*

A staff of people who can self manage makes life easier for everyone and the organisation becomes far more effective as the whole team works together. By staff not thinking for themselves you become reliant on 1 or 2 people to do all the thinking, with the rest being drones not contributing to the development of the organisation

3. *Having a “Stop Doing List”*

It is easy in an organisation to keep adding activities, systems and operations. Sometimes you need to sit down and ask the question “what do we need to stop doing?” or even just look for ways to de-clutter processes and operations.

Book Review: Overcoming the Dark Side of Leadership

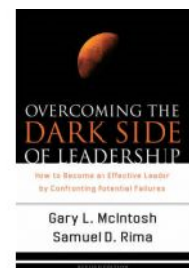
Overcoming the Dark Side of Leadership is designed for those working in Churches and other Christian Organisations who want to understand and grapple with some of the harder parts of leadership.

Building on case studies from both the corporate and not for profit world the book explores 5 problem areas for leaders:

- The compulsive leader
- The narcissistic leader
- The paranoid leader
- The co-dependent leader
- The passive-aggressive leader

The book is not as negative as it sounds, but instead helps leaders reflect on their strengths and weaknesses as well as looking at ways we can seek to overcome our “dark side”

Overcoming the Dark Side of Leadership is available from on the online [shop](#) on the Resolve website for \$32 (+P&H)



Resolve Fee Management Solution

A key issue for any business, organisation or institution is managing its cash flow and in particular making sure its clients pay on time.

In our work with hundreds of school clients across Australia and a recent survey undertaken by The Bursars Forum one of the biggest challenges facing schools today is managing their fee collections. The size of the challenge has been exacerbated by the recent global economic issues where schools that perhaps have traditionally not had fee problems are suddenly finding themselves facing new issues.

Built on thousands of hours helping schools manage their debtors we are pleased to announce the launch of the Resolve Fee Management Solution. A full suite of documents and procedures designed to streamline and assist in fee collections.

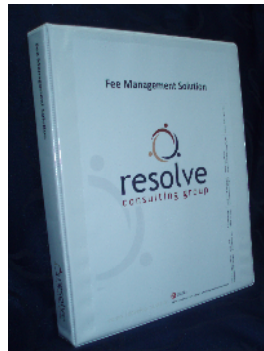
Some common questions that schools should ask themselves:

1. Do we have a debtors policy in place?
2. Are our staff trained in recovering outstanding fees?
3. Do we have a proper fee rebate system in place?
4. Do we know what our parents are paying and how to get them to meet their commitments?
5. Are our enrolment procedures clear about fees?
6. Do we offer enough payment options?

If you answered YES to most of these then it is likely you are doing well with fees. If you answered NO or DON'T KNOW then perhaps it is time to have a good look at your fee collection processes.

Some of the key ingredients we have found to assist with fee collections include:

1. Being clear and upfront about expectations on fees—don't be ashamed that there is a cost attached



"We found the Fee Management Solution developed by Resolve Consulting to be comprehensive in design, relational at its heart and grounded in 'on the ground experience'".
John Cross, St Andrew's Cathedral School, Sydney

2. Build a relationship with parents in respect of fees. This involves regular contact with your problem families and ensuring they know that it is best to be talking to you about problems than just sitting on it
3. Having good documentation that develops a clear trail of discussions and agreements that tells the story of that family and their fees
4. Keep all fee discussions confidential
5. Don't panic into making deals that you can't afford just to retain students—work through what can and can't be done
6. Be prepared to make hard decisions if you have to—having a family build up a \$30,000+ debt is not good for anyone.

The Resolve Fee Management Solution seeks to assist schools in this sometimes difficult area in providing mentoring and training of staff, calculators, forms and a system of standard letters to help in debtor management as well as advice around procedures, timelines, etc.

We have already seen a number of clients improve their debtor positions in using this system as well as providing a better understanding of how and when fees are to be paid.

For more information please contact Resolve to confidentially discuss your school's needs and circumstances.

In February 2010 the Federal Government released a report undertaken by the Productivity Commission on the contribution of the Not For Profit sector.

The report found that Australia has 600,000 not for profit organisations contributing \$43b to Australia's GDP. The report also indicated that if you include the contribution of 4.6 billion volunteers in the sector at the imputed value of \$15b, the contribution to the economy of the not for profit sector as a whole is similar to that of the retail sector.

Key recommendations from the report included:

- Developing a Centre for Community Service effectiveness and improving the knowledge base of the sector
- Improving regulation of the sector including interaction with the tax system, a new definition of charities and the development of a Registrar to administer the sector
- Improving giving to the sector by broadening the scope of tax deductible giving
- Reforming government purchasing and contracting arrangements for not for profits.

A full copy of the report is available from the Productivity Commission website www.pc.gov.au

Tax Concession Charities FAQs

The ATO has recently launched a new fact sheet that deals with a number of FAQs for not for profit organisations.

The document provides answers to areas such as:

- Tax Concession Charities
- Endorsement requirements of TCCs including application process
- Types of tax concessions available
- How to check if an organisation is a Tax Concession Charity
- Common errors made in making TCC applications and reasons why they fail
- Common questions re: Fringe Benefits Tax
- Common questions re GST

There are also answers to a number of other general questions on not for profits available.

To access the FAQ document just go to <http://tinyurl.com/37g2mao>

Not For Profit Fraud Survey

The accounting firm, BDO has just released its bi-annual not for profit fraud survey.

The survey had 272 respondents from Australia and New Zealand with the majority of those from the Health (22%) and Social Services (18%) sectors.

The survey found the following key items:

- 15% of respondents had suffered a fraud in 2010 (which was down on previous surveys of 16% in 2008 and 19% in 2006)
- The number of respondents who saw fraud as a problem in their organisation was 14%, while 89% saw it as a problem for the sector as a whole
- 80% of respondents had reviewed their internal controls in the past 2 years
- The average size of the fraud committed on the organisations in the survey was \$14,291

- The most common sector to suffer fraud was Housing and Development with 36% of respondents suffering a fraud
- The most common type of fraud was cash theft (24%) and the average duration was 10 months
- The typical fraudster is in their 30's or 40's and is a paid employee in a non-accounting role
- Internal controls (40%) and tip offs (31%) were the most common ways frauds were discovered
- In consequence to the fraud the majority were not reported to the Police and 36% of organisations did not terminate the employment of the person who committed the fraud.

As always this survey provides a timely reminder of the need for strong internal controls in all organisations.

Staff Profile: Dean Morton

Dean Morton recently joined Resolve as a Senior Consultant in our Gosford Office.

Dean is CPA with a Bachelor of Business and an Advanced Diploma in Management.

His career includes commercial roles ranging from management accounting and financial management to general management. It has also included professional roles where he has worked in the areas of personal insolvency and later in business development. He has worked within diverse industries including manufacturing, mining, construction, health, service and retail. In these roles, he has particularly enjoyed working closely with business leaders to assist them in providing strategic direction.

Dean worked as a Programs Coordination Director with the Adventist Development and Relief Agency (ADRA) in Papua New Guinea (PNG). This role, was part of the AusAID Church Partnership Program,

involved coordinating and mentoring project managers in the delivery of water & sanitation, adult education, small enterprise development, HIV & AIDS prevention as well as assisting in the improvement of governance and institutional strengthening of the Adventist Church's health clinics and schools.

In his role with Resolve, Dean looks forward to assisting a wide range of clients in the areas of Governance, Leadership and Financial Management so they are better positioned to achieve their missions.

Dean is married to Sandy and they have one daughter Hannah who recently celebrated her 1st birthday!



Survey: Issues Facing Schools

In March 2010 Resolve, along with The Bursars Forum, conducted a survey of the 1000+ members of The Bursars Forum asking them what were the biggest issues they face. A list of 50 possible issues were provided for them to select from.

The following is a brief summary of the top 10 issues identified and matters surrounding these issues. (the figure in brackets is the % of respondents who identified that issue).

1. Keeping school fees down—not becoming too expensive (54%)

The cost of education and school fees has increased strongly over the past 20 years with the Australian Bureau of Statistics Education Fees Index increasing an average of 6.5%pa while CPI has increased an average of only 2.9% - placing considerable strain in many cases on the affordability of fees.

2. Finding new enrolments (48%)

This appears to have been an issue across the spectrum of school types—impacted by the GFC, increasing fee costs as well as changing demographics for some schools. For a number of schools it has not been so much an issue of students leaving, as them never arriving. There are some indications that early primary years have started to improve for 2010, 2011 and the future.

3. Salary costs getting higher (42%)

On average 75% of school expenses are salary related. Salaries in NSW in particular have been growing strongly for many years, with significant increases now feeding through in WA and Victoria. Schools have also added to staffing levels with significant reductions in the average

student/teacher ratios over the past 20+ years. Salary increases are placing pressure on fees.

4. Increasing requests for fee assistance (41%)

Job losses due to the GFC or even reductions of hours for working parents, along with increasing fees places pressure on affordability. Schools also with downward pressure on enrolments have been keen to retain existing students to maintain government funding levels and therefore have been more likely in recent year to offer fee concessions to keep students.

5. Effective strategic planning (34%)

Many schools of all types and sizes have implemented strategic planning in recent years with varying degrees of success. The key problems have included “stickability” of strategic plans as well as participation by staff in their development and implementation.

6. Collecting school fees (34%)

Related to a number of items above re affordability of fees. In working with schools we have noticed many struggling with a consistent and systematic approach to fee collection while maintaining relationships with families and not losing them from the school. In a number of cases schools have been experiencing cashflow issues due to slow or non-collection of fees

7. Finding quality Board Members (33%)

The perpetuation of a quality board is becoming an important priority for many schools, with willing volunteers with the right skills and abilities to govern a school becoming harder to find. Some school are already operating well below their optimal levels and will need to address this issue urgently if they

are to survive in their current ownership structure.

8. Attracting donations to the school (33%)

Data from around the world has shown that during the Global Financial Crisis there has been a significant decrease in the amount of giving to charity, so it is not surprising that schools are finding this a difficult area. The reduction in giving may also be an issue as families have less disposable income due to increasing fees, etc.

9. Managing/maintaining technology in the school (31%)

Technology has become an increasingly large part of school budgets and the resources and quality personnel to maintain systems has become integral to the smooth functioning of the school. A future challenge we can see will be in 3-5 years time when all the computers currently being purchased under the Digital Education Revolution funding package become obsolete and schools will have to finance their replacement on their own. In addition there is the current challenge of managing such a significant increase in hardware in the school.

10. Coping with compliance issues (ATO, OH&S, DEEWR, etc) (31%)

Compliance has been a growing area for the past 10+ years with both volume and complexity increasing. For boards and management to keep track of all that needs to be done and doing it has become a task in itself, let alone actually having the necessary knowledge to be able to cover all the areas.

This article is adapted from materials presented by Resolve at the 2010 Education Future Forum held in Melbourne and Sydney.

Service Profile:

Admin Reviews

One of the most enduring services of Resolve is our Admin Review.

Ranging from one day highlight reviews through to multi-day full organizational reviews. Resolve takes the opportunity to carefully listen to staff, look at systems, processes and structures to provide practical recommendations to improve the effectiveness of the management, administration and financial operations of schools and organizations.

The knowledge used in the reviews comes from our work across hundreds of schools and organizations to help find the best solutions for your organization.

Conflict Resolution: Be gentle

This is the final step in our continuing series on 12 steps to resolving conflict.

Be gentle. People are fragile

Treat people with grace and kindness. They are fragile like eggshells. The person with whom you are in conflict may seem like a hard-hearted jerk. But trust me. They are fragile even if hardened. So be gentle.

Gentleness is the same word for meekness. Someone has said, "Meekness is not weakness." And it isn't. Meekness or gentleness means "strength under control." So think of a wild horse whose will has been broken but whose spirit is alive and well.

You should be dynamic, powerful and intentional.

Hey, your job is to speak the truth, but you should also be gentle, kind and gracious.

Don't hold back. Be a leader and take action.

The principles in this series have taken you through the process of clarifying and resolving conflict. So now start practicing connecting with those closest to you!

Adapted from an article by Ron Jenson (www.futureachievement.com) – used with permission

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Resolve's mission is to *Equip, Develop and Sustain* Healthy Schools, Churches and Not for Profit Organisations through the provision of high quality, cost effective Governance, Leadership and Financial Management solutions.

Over recent years Resolve has provided one-off assignments, multi-project assignments over extended timeframes, as well as on-going assistance and resources to over 400 organisations across Australia and in more than 21 countries.

Resolve has an experienced team who can assist your organisation in a wide range of services and through our strategic partners.

Resolve also operates the highly acclaimed The Bursars Forum—an online community of over 1,000 Bursars and Business Managers in schools across Australia and overseas.

DISCLAIMER: The contents of this publication are general in nature and Resolve Consulting Group accepts no responsibility for persons acting on information contained herein.