

ELEMENTS OF FINANCIAL STYLE

Financial Management 101

Hotsheets

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Chances are, you didn't start working in the magazine industry because you love financial management. Your strengths lie elsewhere—perhaps in editorial, design, marketing or circulation. But in magazines as in one's own personal life, financial management is a basic skill that makes everything run just that little bit more smoothly if you figure out how to do it well, do it consistently, and most importantly, do it in a way that works for you and your magazine.

Every magazine's situation is a bit different, but there are some basics that are common to all of them. It's easy to get bogged down by detail, and many of us have emotions and value judgements that come into play when we talk about money, but financial management is essentially about two things: acquiring resources and the effective use of those resources.

CREATE A BUDGET AND (MOSTLY) STICK TO IT

There are as many ways to create a budget as there are organizations. In a perfect world, we'd be able to create a budget that is somehow both accurate and aspirational—it would give us a clear picture of where an organization's resources sit and would demonstrate potential for growth. The reality of small-to-medium magazine publishing is that things don't always work out like that.

The biggest thing to keep in mind is that budgets are living documents. They can and should change according to your needs and evolve throughout the fiscal year to best reflect what's happening within an organization. When devising your annual budget, simple is best. Use only as many categories as you'll realistically need and have them align intuitively to your General Ledger accounts. Create a document that includes several years of past information (with both projected numbers and actuals) along several years' worth of future projections and keep it up to date. Having this information readily at hand enables you to notice patterns—both in your own conceptions of how the organization is faring financially, as well as of trends in the industry. For example, if you overestimate advertising sales in projections only to consistently fall short in actuals, having that information right in front of you can make you aware of blind spots in your thinking or of changes happening overall. This in turn helps you make decisions about the budget, adjusting as you go.

Good financial management is iterative and having a broad view—one that includes the past, present and future—of the organization makes financial decisions less nerve wracking.

STAY ON TOP OF THINGS

Ever look at your bank balance at the end of the month and think: "Whoa, I spent how much money on designer berets?!" Probably not. The point is that it's important to know where the organization's money goes. This is a challenge, especially for small to medium magazines, when staff or volunteers are routinely overloaded with the task of publishing and solid financial management can feel like just another onerous task.

Staying on top of the organization's financial situation doesn't mean you need to slavishly check the account balances every single day, but it does pay to keep tabs on where the monthly expenditures are. Make sure bookkeeping gets done regularly and that budget actuals get updated to reflect new information. Get into the habit of looking at your numbers regularly. It can make the difference between, "Let's reconsider or postpone this DM campaign," and "Oh No! We should not have done that DM campaign."

KEEP NOTES

If you're part of an organization that receives any kind of public funding—be it municipal, provincial or federal, or from another type of organization—chances are you're familiar with the financial reports that come as a requirement of most grants. Normally, a magazine must include a copy of the previous year's financial statements with applications or reports, and every funding body has a different format for their financial reporting. Develop a legend to accompany your budget that describes which budget categories map to which General Ledger accounts. Having this information at hand when filling out reports helps you maintain consistency year over year and enables new staff members to jump in and be able to tell what's going on at a glance.

SHARE AND SHARE ALIKE

Responsibility for financial oversight doesn't have to just belong to just one person. In fact, it's helpful for anyone who makes decisions on behalf of the magazine to have a handle on the financial position of the magazine. Certainly, not

everyone needs to be an expert, but a basic understanding of how the budget works helps. If there are staff members who are in charge of discrete portions of the budget, say in marketing, circulation or design, giving them a holistic picture of the budget overall enables them to better see the bigger picture in terms of the role of their activities to the magazine overall. Having this understanding of the magazine's financial position can empower good decision making, and, in the case of small to medium magazines, having someone with whom to go over the budget can help clarify thinking about how to spend the magazine's resources.

No matter what the financial position of your magazine is, good management involves transparency and good record keeping. Keeping your budget basic and, most importantly, understandable and usable is the foundation of solid management.

