

Are your clubs finances looking rosy?

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Many people have kicked off the new year with healthier diets and a desire to get fitter; the question is will your club be enjoying an equally healthy new year? Statistics show that the number of business failures in the UK in the last quarter of 2006 were just under 6,000, one of higher figures of recent times and that the number of businesses subject to corporate fraud have increased.

It is not unusual to find that members regard their club as a special entity; one where the committee do a fantastic job and where there is a great atmosphere for members. Anyone who has experienced running a club will have realised that they are running a small business and in the case of some clubs a medium sized business. The banks now view a club as they would any other commercial customer and expect them to have financial plans in place accordingly.

Many clubs do not have a medium term plan for their finances and cash flow. They are likely to have set themselves an ambitious objective of getting promoted to a particular league, but frequently the finances are relegated to historic figures studied at the AGM.

A few years ago, one club, who shall remain nameless, got into financial difficulties. Having arrived in that unwelcome position the committee wisely sought professional advice. As a result of this advice the club developed their first medium term plan, have worked their way out of the financial difficulties and is now thriving.

In this competitive climate it is essential that all clubs spend time planning their finances. They should have a structured management, budgeted income expenditure and cash flows and access to external professional assistance. Targets should be set for income based on expected membership levels, spectators, sponsorship, bar and function room income and other sources. Cash flow forecasts are equally important. After the end of the season many clubs' income drops and also often this is for seasonal reasons, for example, in January and February when adverse weather can result in cancelled matches. It is essential that these seasonal drops are planned for so that you can cover any cash flow requirement. Having one person in charge of collecting subscriptions can help with cash flow management. It is essential to assess the performance throughout the year, rather than just putting a budget in place. The treasurer should produce periodic financial statements to ensure that the management and committee know how the club is performing.

Many clubs assess their corporate structure, but it is important to make certain that it is the right structure. For example has the club registered as a Charitable Amateur Sports Club to gain tax refunds from appropriate donations? One area that some clubs have successfully developed is providing a coaching service to local schools. This is a good way of introducing rugby to a wider audience. Another way to boost your income is to make your facilities available to other local organisations. It is often a good idea for clubs to consider outsourcing certain functions. A way of overcoming administrative issues would be for the bar to be run by a professional manager and his remuneration and anyone else's could be outsourced to a payroll operator such as that run by your auditors or your bank. However if a bar is outsourced it is important that a rota of help is organised so that the bar manager is not under undue pressure and that there is adequate division of responsibilities.

Taking these tips on board should ensure that your club is well on its way to financial success this year.

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