

Financial sustainability through budgeting for a non-profit project – Case Study

Cécile-Evelyn Makweri

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<p>Author Cécile-Evelyn Makweri</p>	<p>Group or year of entry GloBBA</p>
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<p>The purpose of this study was to determine and to present how a non-profit project will benefit from deeper knowledge and understanding in budgeting, and possibly other financial key factors, in order to facilitate and enable stability in its operations in the future. Due to the expected changes in the project's funding structure this study offers elements of financing and accounting of both non-profit and commercial aspects.</p> <p>The study is made for – and about – a non-profit project, Keys to Success [Finnish: Menestyksen avaimet], of which main goal, and mission, is to prevent social exclusion in the young, by offering social activities with an educational touch, to children. The project has been granted funding until the end of 2016, after which its financial existence and status will again be reviewed and under examination. The project will be looking at deadlines for applying for new funding again not so far in the future, and can use any additional insight to support the process. This study aims to be of the project's assistance in that. The case project needs to find out how its finances should be managed in order for the project to gain or maintain financial sustainability even after the three current funding period 2012-2016.</p> <p>This study was made in an evaluative and propositional take, in order for the project's management to gain better understanding of how it can work with its budgeting process, and to have better tools at facing the funders and to have more to show them for. This study aims to offer the project better understanding over its past and current financial situation, and more importantly, the tools to build on them, and make better-established budgets in its future.</p> <p>The study aims to offer its readers basic understanding in budgeting, and further focuses on the themes that more acutely or relevantly are found to be beneficial for the case project. The theoretical framework, research methods, data collection and assessment, the research gap and the hypothesis of the study are completed with conclusions and future recommendations at the end.</p> <p>Ultimately, the analysis and information will contribute to Keys to Success gaining further, and more funding to be able to proceed – and possibly expand – its operation.</p> <p>Budgetary advice is the main focus, and in addition, some elements of financial analysis, themes of financial management, scenario based forecasting and financial sustainability will be covered. The overlay matrix will describe the core questions that are answered in the study, and methodological decisions will be presented and explained. At the very end of this report, you will find future recommendations and considerations for the case project, based on results and conclusions of this study.</p>	
<p>Keywords Budgeting, financial sustainability, non-profit, financial management, scenarios, managerial accounting.</p>	

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1 Introduction

This study is conducted as a part of the Bachelor of Business Administration studies at Haaga-Helia University of Applied Sciences, in the degree programme of International Business, with the specialisation track of Financing. The goal of the study in this respect was to produce a peak to the skills, teachings and knowledge that have been gained from the studies in that degree programme. This study focuses on elements of managerial accounting, and their use and benefits to a non-profit project called Keys to Success.

This thesis has been carried out as a case study, as the study will answer to the needs of the actual non-profit project. As there are changes to be expected in the project's funding structure (sub-chapter 4.1), this study offers elements of both non-profit and commercial financing and accounting. The reason the project wanted for someone to have a second opinion on their finances, was that it is now getting close to the current funding – one of five years – that is to end by the end of 2016. The project will start to work on finding funding for the period after the current one, from RAY, and amongst other parties. If the project wouldn't focus on the task, it would risk losing the best possible sponsors, and if it were to drop the whole process, its operations will cease to have the prerequisites for existing. Keys to Success doesn't have separate funds for carrying out a more substantial research, such as one commissioned as an outside service – which would most possibly have been consultancy-based. To bring some relief in that part, this study was made. Non-profit organisations and projects are usually under more frequent funding and financing decisions, as their operation is subject to outside – and sometimes quite random – funds. The resources that such organisations are dependent on, are highly competed for, and in order to get granted that financial support, it calls for preparation and evidence of meaningful and efficient operations.

The study is going to look for answers and solutions for the theme that the topic gives light to: "Financial sustainability through budgeting for a non-profit project". This thesis aims to offer some insight when answering the question of "how can budgeting, and financial management's as well as other tools help Keys to Success in the process of gaining the financial support and income sources and sponsors in the future in the way that the project will gain or maintain financial sustainability after its current funding period?" The baseline here is to find the means and ideas that the project management will be able to work with. A requisite that was to be taken into consideration, were the constraints that the project's current status set; the workload and the financial situations, i.e. timely and monetary budgets. The budgetary process that the project is currently working with, will be ana-

lysed. Further, new budgetary possibilities will be offered, based on the relevant findings in light of this research; propositions, support, and new ideas for future plans and actions.

The scope of the work encompasses the financial aspects of the project. Although, the results of this research have determined whether some aspects of marketing or strategies of a larger scope are considered in the conclusions and future recommendations (chapter 5). Ideally, as a result of this study, Keys to Success would get some insight into how it can further develop its budgeting process and financial analysis, as well as some tools and ideas for planning their future operations.

1.1 Case Project Introduction and Background

In the following passage, I will go through the basic information concerning the case project this case study is about, that is Keys to Success. The information about the case project has been gathered through and conversations and interviews with the project staff, as well as some data received directly from them. All information about concerning the financial data that was handed by the project manager, is to be handled with confidentiality.

Keys to Success is a project that started operating in 2012, and has been granted funding until the end of 2016, by their sponsor, Finland's Slot Machine Association RAY. There are four operational areas in Finland; Helsinki, Lahti, Tampere and Oulu. Each operational area has a coordinator, and the project manager is based in Finland, which means, that during the course of the active operations of Keys to Success, there have been five employees at the most, per year.

The project produces programs for children and pre-teens between the ages 12 and 15, that are engaged in any sort of group or team activities. The kids can be a part of a sports club, have a music-related hobby, or be one of the scouts – there is no distinction made between relevant or not relevant group and activity that the kids are involved in. In addition to the kids, the project's target group includes their nearestmost adults; the parents and coaches, instructors or teachers. Keys to Success produces a development-driven program for the 12-to-15-year-olds, that has a strong emphasis on the areas that are characteristic to their age group, and things that are strongly connected to their experience environment. The operating model is built from four elements, forming a vast, comprehensive and uniform educational entirety, that supports – and is supported by – for example the sports associations work in health promotion. The four elements are health, social skills, education and time management skills, and emotional well-being. Things such as the importance of physical exercise, good nutrition, teamwork skills, friends, the importance of education, personal goals, self-confidence and recognition of feelings, are

things that are processed in the four themes of the program. Through this activity, the project has specific goals: I) Creating a formula to support the concept of healthy lifestyle; II) Promoting the conceptions the kids that are a part of the piloting groups have on healthy lifestyles, social skills and the meaning and importance of education and time management; III) Getting the Keys to Success model to become a part of the piloting clubs' regular operations; IV) Getting the Keys to Success model to expand nationally beyond the piloting clubs.

The basis is a template, with the help of which each coordinator conforms to the needs and purposes of each group of kids, and their parents and instructors when they're present, and to each session spent with them. The concept and formula the project offers, is unique. There is no organisation that is known to offer the exact same thing as Keys to Success does; hobby clubs, sports associations and other after-school activities don't offer the exact same things and services. The project has wide acceptance and trust from various experienced and knows athletes, artists and other public figures, that are recognised and looked up to, by children and teenagers.

As an example of the project's influences and operations already in 2015, the amounts of people it has affected directly – and even more so if you counted the people that have affected indirectly – in different cities has reached 2272 (Figure 1–1). And that is only the kids, and their parents and coaches that are incorporated in the calculation. The number is a lot higher when counting in the schools, clubs, and other associations that have been active and important parts of the process; in Oulu alone, there are nine associations and 13 teams that are partaking (Keys to Success, 2015).

Helsinki	Lahti	Oulu	Tampere	Total
•Kids: 506	•Kids: 612	•Kids:270	•Kids: 551	•Kids:1939
•Parents & Coaches: 136	•Parents & Coaches: 49	•Parents & Coaches: 24	•Parents & Coaches: 124	•Parents & Coachces: 333

Figure 1-1 Number of Participants in 2015 (excl. schools, clubs and other associations)

Keys to Success is a project that by definition goes quite naturally under the definition of *social entrepreneurship*. “Social entrepreneurs are individuals and groups who create independent organisations to mobilise ideas and resources to address social problems, typically earning revenues but on a not-for-profit basis. (Johnson, G., Whittington, R.,

Scholes, K., Angwin, D. & Regnér, P. 2013. P. 317). Keys to Success is a privately owned project that has links to the public sector, mainly through its current funding policy. For the current funding period, that spans from 2012 to 2016, Keys to Success's got funding for its operations from the Finland's Slot Machine Association (RAY). Social enterprises are there to generate income to help meet their social missions. At its current state, the project's strategy is lined towards working on tackling the ever-worrisome issue of young kids and teenagers' free-time use. More precisely, the challenge is the fact that the number of elementary and high school kids, are left to themselves, with no adult supervision, and with no educational or recreational activities from the moment their official school time is over. Keys to Success tries to offer solutions to this problem, and it does so with the help and cooperation of different associations, hobby clubs, youth organisations as well as parents. The ultimate, or underlying goal, of Keys to Success is to be a contributor in the work against the social exclusion of the young in Finland. At the moment, the target group has been narrowed down to show good success in piloting, and due to resource constraints. The project will need to look for new funding and possibly new sponsors, to generate revenue for it to be able to carry on working towards its social mission in the future.

Social entrepreneurships cannot be classified only under the private or public sector companies, and in the past times they have been referred to more often; there are in fact quite many largely, even globally known social entrepreneurships, such as companies offering microcredits in the less developed world, such as the Grameen Bank in India, or the Global Footprint Network, the Amazon Conservation Team, or First Mile Solutions. Social entrepreneurships are there to tackle social issues; ones that otherwise are usually too complicated for organisations of the public sector bureaucracy-wise, or by imposing too strong political constraints for them. Social entrepreneurs are flexible and dynamic in their operation, thanks to the independence and revenues that are generated in the open markets – they do not suffer from the vulnerability of depending purely on subsidies or for example individual donations. There are a huge variety of social entrepreneurships, yet all of them have something in common; they are to clarify to themselves the way they will tackle three key challenges they face in planning and executing their operations. (Johnson, G., Whittington, R., Scholes, K., Angwin, D. & Regnér, P. 2013).

It is no coincidence, that RAY is, and has been, the main sponsor of Keys to Success ever since it started its operations in 2012, since RAY holds the image of a socially responsible organisation. RAY is without a doubt one of the biggest sponsors and supporters in Finnish non-profit activity, if not the biggest. Its societal and civic affects in the Finnish society are undeniably considerable; it has more than two million partakers in various associations and organisations. RAY employs about 30,000 people, and has an estimated 24,000

voluntary workers (RAY, 2015). RAY has also a lot to show for its [social] responsibility, with 78% of the Finns stating that they trust the organisation, and 73% think RAY is a responsible organisation (RAY, 2015). It is quite unique in its operations and support system for example towards the war veterans, putting 113,7m€ to their care and rehabilitation in 2014. The amount of money RAY transferred to social and health organisations, is a notable 308m€ in 2014, and the amount will be increased by one million, in 2015 (RAY, 2015) (Appendix 1.2.)

As one might tell by the name, social entrepreneurs are all about their social mission; that is their primary task and main focus. A social entrepreneurship can be going by the end objective, the operational process, or by both. In the case of Keys to Success their social mission incorporates them both; the end objective is to have constructive alternatives for kids' and teenagers' free-time use. The operational process through which Keys to Success puts into effect their social mission, is by providing, and further developing a model to help create and build an educational, supportive and self-reflective environment for young people in a vulnerable and quite easily impacted on. Working with different free-time associations, clubs and schools is an example of how the concept affects its partakers and environment, at the same time building connections and creating links between the kids and the adults in their lives. The second key element that social entrepreneurs need to overcome is the *organisational form* they will go by. Cooperative forms are quite usual, as they promote democratic involvement of the employees and stakeholders, and further creating strong commitment between all involved parties, and providing a safe, open and motivating surface for new ideas and brainstorming. The challenge in this kind of strategy is being able to choose the right and appropriate stakeholders in connection with each initiative. In light of this information, it would be advisable for Keys to Success to make sure that only the relevant organisations and interested people are taken into negotiations, and presented the new business prospects and cooperation ideas. Closely-knit cooperatives do risk becoming complicated to run information and decisions through, which could also put the fluency of decision-making of Keys to Success at risk; going with a more company-like organisation model would therefore be something to look into. The third point for social entrepreneurs to look at carefully, is the business model they will go by. Now, as mentioned before, social enterprises do not rely completely on government subsidies or private and voluntary donations, but actually survive a lot on revenues generated in the general market, just as any other enterprise. Similarly, social entrepreneurs and any other enterprise share the need to design and maintain a business model that is both efficient and effective. It is not uncommon for social entrepreneurs to end up having quite innovatively formed and variedly composed value chains, and therefore it can be a struggle and a timely process for them to find a properly fitting busi-

ness model. Keys to Success seems to have a well-put together model, that serves their current needs really well. Would their service – and later possibly product – offering, operating scale, finances, strategic goals change significantly or drastically, it will be necessary for them to review their business model at that stage. The project should however bare in mind, that coming up with an innovative and different business model – or organisational form at that – can become a perfect advantage and create some great head way for them as well. Keys to Success has been dependant on cooperation, which it actually is striving from, with big and well-established organisations, such as RAY, and the Finnish YMCA, which is world-known, and has experience and operations in various branches and lines of business. It is a benefit for Keys to Success to have had such big actors on its side ever since the very beginning of its existence. Often it is considered a necessity for social entrepreneurs to combine forces with bigger actors in the market, due to the lower-hand position they can in the worst case be left in. There is, however considerable synergies there to be gained from in such cooperation, and in the case of Keys to Success, it has learned to work those synergies for their own good – who knows whether it would be where it is now, if it wasn't for the big brother's help. As often is the case, there can be positive synergies found for all parties joining their forces. For the bigger actors such prospects can be attractive thanks to, feel good publicity, and getting closer to being able to develop new clientele or products, and giving themselves a more attractive image to new employee bases, government agencies and other significant players. Joining forces and cooperating with social entrepreneurs doesn't need to mean only charity for established companies; it can rather work as a facelift and an image booster, which is something Keys to Success could well use as their forté if and when looking for new connections, partners, and business opportunities. (Johnson, G., Whittington, R., Scholes, K., Angwin, D. & Regner, P. 2013)

1.2 Research Question and Overlay Matrix

The research questions are designed to answer to the core meaning of the study. The research questions were defined by the topic and have been redefined by the course of the study. The project manager was the first-hand source of information. The relevance of each question in the work is described in the Overlay Matrix (table 1–1), which has worked as a roadmap for the assembly of the study. The research questions, as well as other parts of the overlay matrix, have been updated and altered along the course of the study; the only constant was the number, not the constitution of the research questions. The final research questions are presented in the Overlay Matrix, as well as in the list below:

- 1. What can be said about the project’s current financial status – based on given data? (2012-present)
- 2. What are the possible (financial and operational) scenarios for the project in the future – based on financial status, budgetary outlook, and strategic and financial goals? (2015-future)
- 3. What follows in coming operations – based on research results? (2017 – future)

Research Problem: Finding ways to help the case project to get more out of their own budgeting and financial reporting process			
<i>Investigative Questions</i>	<i>Theoretical Framework</i>	<i>Qualitative Topic Areas</i>	<i>Results</i>
IQ 1: What can be said about the project’s current financial status? (2012-present)	I) Horizontal and vertical analyses, ratio analysis	I) Financial analysis – past and present key figures and ratios II) Performance indicators, cost budgeting	Chapters 2, 4
IQ 2: What are the possible (financial and operational) scenarios for the project in the future – based on financial status, budgetary outlook, and strategic and financial goals? (2015-future)	I) Budgeting process (with relevant strategic outlines and outlooks) II) Horizontal and vertical analyses, ratio analysis III) Non-profit aspect	I) Analysis based on budgetary estimate and relevant analysis II) Budgetary commentary and tools for financial sustainability III) Expansion and scalability	Chapters 2, 5
IQ 3: What follows in coming operations – based on research results? (2017 – future)	Financial and sustainability analysis – looking at potential and viable future scenarios and opportunities	Hypothetical, likely and ideal scenarios for the coming	Chapters 4, 5

Table 1—1 Overlay Matrix

The Overlay Matrix holds in itself the main questions that this research is to find the answers to (table 1–1). It has worked as a tool for framing the research, and to make sure

that the scope of the work is in line with the demarcation, and that the results at the end would give answers to the questions. In the overlay matrix (table 1–1) you are presented the research structure with the Investigative Questions in the theoretical framework in the second column, and the qualitative topic areas in the third one. The results from the research that has gone behind each investigative question are found in the chapters referred to in the fourth column of the Overlay Matrix. The evolution of the analysis has been at the core of the research in that without the combination of the theoretical frame and the data about the case project, there would be no questions to answer to, nor results or further recommendations to be given to the case project. For that reason, the analysis is given the attention it needs in two parts of four, in chapters two and three, as shown in the Overlay Matrix.

The overlay Matrix in its current and final mode is not the exact copy of its initial contents. Along the course of the research process, the answers for the qualitative research questions, as well as the results of the quantitative research have required slight changes to the structure and contents to the Matrix, due to some data related requirements to alter the approach of the study.

1.3 Demarcation

In this section, the target is to answer two questions: “what exactly is under research, and why exactly?” and “what exactly is not under research, and why exactly?”. The demarcation serves as a guideline for the readers of this study, to get a quick and simple understanding of what the research on one hand is about, and on the other hand is not. Due to the expected changes in the project’s funding structure (sub-chapter 4.1), this study offers elements of both non-profit and commercial financing and accounting.

The research topic and the scope of this study in this case is something that needed a lot of taming down in order to keep it as clear and simple as possible. The emphases on what will be studied and what not, have changed, and some areas of focus have been modified along the process. This has happened – as was foreseen as something that might – due to the information available, concerning the project’s financial history. Only one past year’s information was received from the case company, due to confidentiality matters. Therefore, the analysis and research in this study is based on the budgetary information that spans from the past, the year 2012, up until a year ahead in to the future to 2016. In order to answer to the first investigative question, and to establish a thorough analysis on how the project has been doing so far based on actual financial figures; the information of at least two consecutive financial years would have been required – ideally all three years

that have already ended. To be able to make calculations for key ratios, and to carry out any analysis, solid, trustworthy and accurate accounting-grade figures are a necessity. That is the case especially when the case project would have been given recommendations based on the potential and intended analyses. Therefore, that side of financial accounting is not incorporated in this study as much as planned. The possibilities in that theme are however handled some more in the results and conclusions (chapter 4). The scope of the study is hence strongly emphasised first on the budgetary aspects, and second, in its future financial outlook.

The scope of this study is focused on the budgetary aspects, and some financial figures, of the case project. The financial ratios and key figures are not under inspection here, mainly due to the lack of financial data that was available for the research. As opposed to the historical data of the actual financials, the budgetary figures were available for the whole time Keys to Success has been granted funding for so far, that is from 2012 to 2016. The goal is to offer the project some tools with help of which it can make its budgeting process more efficient and useful, so that further down the line it will keep on getting funding for its operation. The theories that offer support and that suit the project's needs are presented, and applied to the project's situation where possible and relevant. To be able to present the tools that best serve that purpose, the advantages of budgeting will be presented, and some general elements of the budgeting field. The revised purpose of this study is to provide some more understanding and information to Keys to Success about the way it can get more out of the budgetary and other possible financial reporting it now does. Secondly, the purpose is to offer them better tools and ideas to prepare themselves for what might lie ahead in the opportunities it might face after the current funded period. With the possible help of those tools will not be the last one, so that the Keys to Success will have a future of striving and financially stable operations.

Each organisation is different from the next one, and each case is unique. This is true with respect to the project and case that are handled in this study. The terms "budgeting", "scenario" and "future" among others, are often mentioned in this study, all the time under the scope of financial and project management and accounting. That generates the scope of the study and acts as demarcation at the same time. Various scenarios for the company's future, based on the budgetary estimates and strategic and financial aspirations the project has, will be sought after, and mirrored with the hypothesis and eventually discussed in the future recommendations and end results. Personal matters have been acknowledged when it comes to the demarcation, as the topic and field of study is of personal interest, and there are various grace notes that have needed to be steered clear from.

2 Theoretical Framework

The theoretical framework will not be gone through in this chapter alone, as a lot of the theory and for example the key figures and the financial analysis results will be resented in their own chapters, as shown in the Overlay Matrix (table 1–1). From one hand, the theoretical framework is defined by the cooperation with and information gained from the case project, as any analyses made for this work should be to support the case project's goals and needs. On the other hand, future recommendations and scenarios pointed for the case project require some further research to be made by itself, or by its chosen outside actors, further down the line. The future considerations will be presented according to the theory, explored per information gained from the case project, and then comprehensively analysed to gain confident results to benefit further decision making for the case project. The theoretical framework is chosen to best apply going through the past and current financial situations of the project, to establish a solid basis for any analysis for further discussion and decision-making. The focus of this chapter is making the key concepts familiar to a reader of any background.

The theoretical framework is most concretely linked to managerial accounting, more precisely to budgeting, and to financial accounting at parts. The key budgetary and financial concepts are the basis of the work, and the other themes, such as business strategy and forecasting are incorporated to support and to solidify the scenarios offered and to result in conclusions.

2.1 Literature review

There is almost no limit to what this work might encompass and source from when it comes to literature. The number of publications that have to do with the key elements of the work: budgeting, financial sustainability, project management, financial scenarios and financial analysis and forecasting. A rather wide range of literature has been gone through for this work (References), which was a perquisite all the way from the start, due to the nature and vastness of the topic.

The literature chosen to go through for this study was to be current, ideally not more than a couple of years new. It also was to be of high-quality and trusted sources, and authors. The literature has consisted mostly from the widely used and acknowledged managerial and financial accounting publications, as well as specific non-profit publications. When sourcing for information for this study, versatile use of different sources was targeted. The sources used for this study vary from well-established publications, to various Internet sites, one-on-one interviews and e-books. Most of the literature used for the study had

been made quite easily accessed, however some of the more specific publications were either scarce, or not available at all. For one, there is not much up-to-date literature about non-profit organisations in Finland. There is not much research about non-profit organisations in Finland, in the first place. However, the scope of managerial and financial accounting made it possible to go through with investigations about the topic. The end results when it comes to the used literature and sources, offered multi-faceted possibilities, from large-scale understanding to detailed-oriented information. Current issues in the media have been followed regarding the study, which only showed that the topic is not an active matter in our society. To note, no surprising or alarming were found in the literature processed for this study, other than the lack of material in Finnish non-profit research. What also resulted in big alterations from the start, was the amount of financial data which was available for assessment (sub-chapter 3.2).

2.2 Budgeting

The starting point of this research has been a small project, most of which budgetary work is done by the project manager alone (Keys to Success, 2015). As one of the purposes of this work is to provide the project a second opinion about which way it should and could go in the future with their business and service offering, the main ideas of budgeting will be presented in the coming passages. The analysis made on budgeting is therefore as relevant for the case project as is for this research; a managerial point of view in budgeting is altogether primary and inevitable. Budgeting offers the benefits of following up a plan, which has in the first place been set to work as a guide towards the end result one has set oneself up to. There are several kinds of budgets for different needs and purposes, of different scopes in time and extent (Braun, K. & Tietz, W. 2012). Budgets can be used as a tool to prove a point, to obtain a resource one might be after, or simply to give you an idea of how much profit – ideally not loss – you will be making. Budgeting can be seen as a sort of gap analysis, which for one is a tool for comparing your achieved goals to the desired performance (Johnson, G., Whittington, R., Scholes, K., Angwin, D. & Regnér, P. 2013. P. 369).

Budgeting is relevant for Keys to Success in the respect that its further funding depends for one part of how its financial future looks like – as no one can for certain what will happen in the future, budgeting is a sensible choice to get prepared for it as well as possible. Keys to Success is currently at the stage where it has the financial conditions for actively effectuating its business idea or marketing a service or product offering. Budgets are by their nature made for future periods of different lengths, and to come up with a feasible budget, there is a lot of effort and work to be done. Keys to Success is on the verge of

having to present a planned budget for its current and sole funder, Finland's Slot Machine Association, RAY. With good planning, and as accurate as possible budgets to show for, Keys to Success could well focus on finding several other funders as well. If it had funding from various kinds of organisations – both private and public – it would at the same time extend their potential customer and co-operator base. If Keys to success was to opt for making it for profit in the future, it would at the same time preparing itself for that.

Budgeting in general, is a common, and even a not so eager-to-get-my-hands-on-and-start-working-with-it part of the management's tasks, nonetheless it is one that is company basics, and needs to be focused on and examined regularly. Budgets can be made for practically any purpose, on basically any possible project and venture. Some of the most significant outcomes that are to be resulted from thorough and up to date – or even up to scratch – budgeting, are *planning, communication and coordination, and benchmarking* (Braun, K. & Tietz, W. 2012). In addition to the previously mentioned, there are more advantages when it comes to budgeting; *model scenarios, profitability review, assumptions review, performance evaluations, prediction of cash flows, cash allocation and cost reduction analysis* (Bragg, S. 2013). *Planning* is crucial for managers of all levels and statuses. It doesn't go without saying, that planning can be benefited from, and helpful to all professionals, managerial level or not. However, when it comes to budgeting, the responsibilities lie on the manager's shoulders. Without decent plans, managers will see a big enough part of their time to go to all quotidian activities day in day out. That applies for Keys to Success as well, as has been manifested by the busy schedules and endless to-do-list of the project manager – a common situation for any ambitious and hands-on manager (Braun, K. & Tietz, W. 2012. P. 516-520). By making proper budgets, one is automatically forced to plan things ahead. A Finnish proverb, "hyvin suunniteltu on puoliksi tehty", says it quite descriptively in a nutshell; it would freely be translates to English as *a job well planned is a job half done*. When you have a good plan, it makes the job a lot easier to accomplish. Any planning process can simply be put to a start by finding the answers to the questions "what" and "why", to see the whole purpose behind the budgeting process, and to make the road ahead a little easier. It is advisable for companies, such as Keys to Success, to take time to make a viable plan – as soon as possible – and act on them. That way, you increase the chances of reaching your targets, and doing so with more satisfactory and feasible end results, in comparison to a state where no plan would have been made. *Planning orientation* is the main objective of budgeting; it makes the management focus on the long-term goal. Whether the plan will come true, or the goals reached as such, is secondary; as long as the competitive and financial positions' and future outlooks are actively thought about and worked on (Bragg, S. 2013, p. 1). Building

different *model scenarios* can help when you want to view a variety of different paths to take, and the different estimates of their financial results.

A *Profitability review* is all about cash; the purpose is to know, and to keep close watch on what the aspects of the business that either [help] create, or use up cash. A profitability review is at the same time a managerial tool to help understand if certain parts of the business should be closed down or expanded. An *assumptions review* urges management to answer the question “why do we operate” or “why are we in business”. Along with that question, what more needs to be answered is the main assumptions about the organisations’ operating environment. *Performance evaluations* are to do with reward systems and incentives, when it comes to achieving goals and hitting targets. They are most often concerning financial goals, where comparisons between budgets and actual figures are easier to make. Nonetheless, performance evaluations on operational functions are often used as well. Other advantages of budgeting are to do with cash, such as being better able to *predict cash flows*, and coming up with appropriate *cash allocation*. *Cost reduction analysis* is an advantage specifically for entities that have a constant cash reduction mechanism, as they will be able to gain the benefit from getting indicated where costs can be reduced at the easiest. *Shareholder communications* is an advantage that many companies can benefit from, through for example benchmarking. Benchmarking is something Keys to Success would benefit a lot for in the future, especially in the case of [notable] expanding of their operations.

Setting up a viable budgeting process, is a tool for the manager to communicate the effects and linkages inside the budget, to all parties involved and interested. In bigger organisations, where there are several different departments or teams, the importance of good *communication and coordination* between different functions is even more important. The organisation will work much more effectively towards the common goals, when each department knows their own part in the big picture. By sharing information about the totality of the company, the professionals of the organisation can be expected to be more involved, interested, and willing to work for their own as well as the common goal. In order for an organisation to gain such synergies, and to benefit from them, the whole process needs to be started and thought out thoroughly by, again, the management. It is crucial for the management to take every aspect into consideration, and to look at their mutual impacts and causations to each other, as the value chain, and its ability to perform is not much more than the sum of its parts. Keys to Success doesn’t for example currently have separate departments or teams for marketing, or for research and development. The project would however be ready to incorporate such aspects and dimensions to their budgetary planning, for the parts that are applicable now, and especially for their coming ven-

tures and future plans for expanding their operations. (Braun, K. & Tietz, W. 2012. P. 516-520).

Being relatively small in size, and having very low hierarchy for internal decision-making, Keys to Success at its current state isn't wasting, or risking to waste, resource in complex and overly participative budgeting and reporting processes. The validity of the use of budgets in managerial work in general, are the constant development of strategy, meaningfully made plans, taking according actions, and gaining a means of control (figure 2–1). All those elements of budgeting are inter-connected, with each element leading to the next, forming an endless cycle of change and progress.

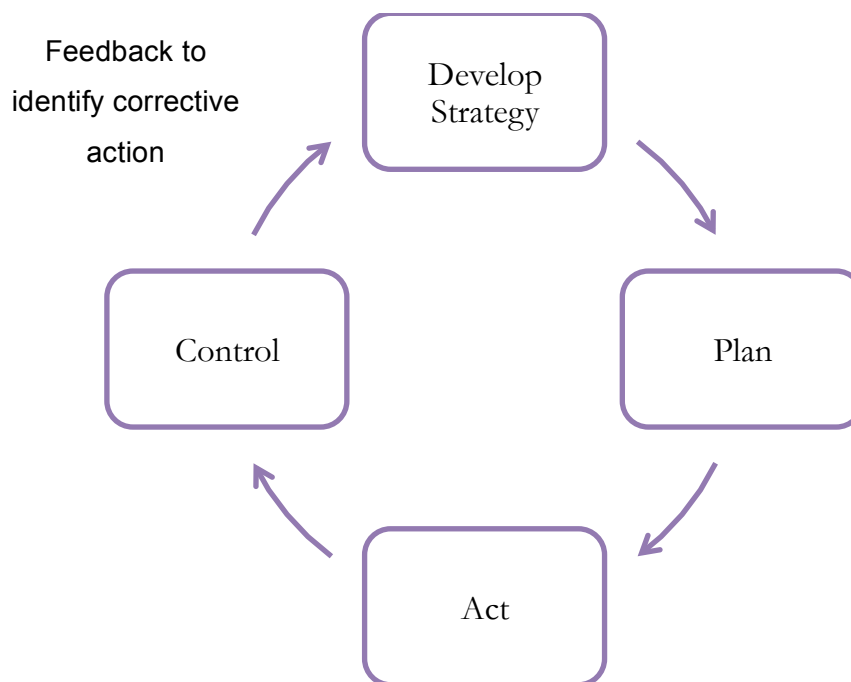


Figure 2-1 Managers Use [Budgets] to Plan and Control Business Activities (Braun, K. & Tietz, W. 2012)

In order for Keys to Success gain a stable situation in the markets it is operating in, and for them to gain financial stability and sustainability – and later down the line possibly even financial profits – the regular use and updating of budget(s) is really advisable. Once the main budgets have been clearly and reliably established, they can be quite light to keep dated. Rolling budgets keep on getting updated, so that the coming periods of operations always have an up to date budget concerning them (Braun, K. & Tietz, W. 2012). The budgets are in these cases made monthly, or for example quarterly, depending on preference.

As there isn't one without the other, the advantages of budgeting don't come without some disadvantages. *Inaccuracy* is the biggest disadvantage of budgeting; you can never be sure what awaits you, no matter how up to scratch budgets you have come up with. Budgets are always based on assumptions, and therefore cannot be used as factual information of what will happen. *Rigid decision-making* is a risk, when the budgets are only paid attention to and revisited around the turn of the fiscal year. In the case of Keys to Success that will not be an issue, as the project will be advised to use rolling budgets (sub-chapter 2.3). Budgeting can also be *time consuming*, if the procedure is carelessly designed, the employees are not accustomed to it, and if no appropriate budgeting software is not utilised if and when needed. *Gaming the system* is the way a manager can knowingly make budgets seem to be offering positive and favourable outcomes, by over-estimating the expenses and underrating the incomes; the budgetary goals then are seemingly often, well and effortlessly achieved. This can be a serious issue that is not easily spotted and eliminated. Another down side of budgeting is *blame for outcomes*. It manifests itself for example through blaming another department or person for their actions, which are alleged to have caused their own department or performance to fail the goals or expectations. *Expense allocations, the use it or lose it-approach and budgets are only considering financial outcomes* are other downsides about budgeting (Bragg, S. 2013, p. 3-4). When taking these too into account, when planning their operations and going through the budgetary process, and actively working against the pit-falls of budgeting, Keys to Success can be expected to benefit from the many advantages that budgeting does offer.

Based on the previous, you can think of the budgeting process as one that is vast, one that combines different inter-connected elements, and many distinct traits and processes. It forms a structure that, especially in light of this study, can only be characterised as a pattern that holds those several tightly knit elements together. The advantages of budgeting, and the reasons for manager's budgetary use (figure 2-1) can be seen to come together in that entity (table 2-1). They both encompass such principles that would rather be seen as a coherent and unified entity, which holds the useful traits of the two, thus resulting in a big picture, that at the same time describes both the advantages of budgeting and their use for managerial and all other possible purposes, that especially projects like Keys to Success would benefit to take into consideration. The afore mentioned benefits that budgeting offers, are best evaluated in tandem with the budgeting process (table 2-1) that management uses budgeting for in the first place.

Advantages		Disadvantages
Planning orientation		Inaccuracy
Model scenarios		Rigid Decision Making
Profitability Review	<ul style="list-style-type: none"> • Planning • Cooperation • Communication • Benchmarking 	Time required
Assumptions review		Gaming the system
Performance Evaluations		Blame for Outcomes
Predict Cash Flows > Over-ruled for Keys to Success		Expense Allocations
Cash Allocation		Use it or Lose it
Cost Reduction analysis > Overruled for Keys to Success, OR just combined to the previous		

Table 2—1 Causation of Budgeting

Cooperation and communication are handled as two separate objects in this model, as it is not a given, that both of them exist no matter how useful and hoped for it would be. Cooperation can happen without communication, whereas communication doesn't really exist without cooperation. In order to eliminate cooperation between functions, sufficient and relevant information needs to be provided to all relevant, appropriate and included parties. By doing so, any miscommunication that works against the main targets is avoided.

2.3 Key concepts and current situation of the case project

The key concepts of this study are the financial key figures and ratios: key figures and factors of financial management, managerial accounting and financial sustainability and its management. The analysis and scope of all calculations are subject to the information the case project was able to provide. The concepts presented are chosen in target to benefit the non-profit organisations' future decision-making, through gaining a factual understanding of the project's financial state, which was another expected outcome of the analysis. They will be closely examined in this part of the paper. Transparency in financial reporting has been key in this process, as calculations of each key ratio were known to be subject to that. In the process, it became all the more evident, that the financial analysis was to be based on budgetary elements, and for that reason a closer look to Keys to Success' budgetary outlooks have been taken under inspection on a heavier weight. The following paragraphs will be giving answers to the first two investigative questions. Also, questions such as "How is sustainability established?" and "What levels of the key ratios and num-

bers need to be attained in order for an enterprise to be or get stated financially sustainable?” will be discussed in the following subchapters.

Evaluating the financial state of a company is dependent on data of at least two years of operation. Presenting financial statements requires comparative information; hence companies – for example in annual reports – usually offer their financial results in sets of three consecutive years. This gives the reader a better chance to see how the company is doing, compared to its previous situation. And as such, the scope of three years is quite satisfactory, and most financial analyses do, in fact represent the development of three to five years, to provide a better view on their situation. One of the objectives of financial analyses is predictability. They give the possibility to understand what the company’s prevailing status is, and where it seems to, and can be assumed to be headed in the future. All this is based on the financial information and trends and crucial financial factors of its past situation. Income statement data is one of the most common tools. (Harrison, Horngren, Thomas & Suwardy 2012, p. 747). Statements of cash flows are another tool and source of information; however, that information from Keys to Success is not presented as it was not available. When going through the results and presenting the conclusions, there is a possibility, that a simple MS Excel tool will be provided and presented for the project to use later when planning and forecasting its future operations (chapter 4).

Horizontal analysis is the study of percentage changes between different years of inspection. Horizontal analysis is used, because it describes the change of the company’s situation far better, than only presenting numbers. For example, you get a far comprehensive idea of Keys to Success’ budget, when you know that the budget for the second year of operation, 2013, has been 96,5% more than that of the first year, compared to the mere information of the budget for 2013 being 222,000€. The use of percentages instead of numbers also makes it possible to compare your own financial figures to those of another company; an example of this is shown (table 2–2) in a common-size income statement assembled for two imaginary companies (Braun, K. & Tietz, W. 2012 p. 838). The horizontal analysis comes down to quite simple computing: first you calculate the remainder between the first and second inspection periods, and then, you get the quotient by dividing the initially calculated remainder by the base-period’s amount. (Harrison, Horngren, Thomas & Suwardy 2012, p. 748). In general, horizontal analysis can be used to compare two or more organisations financial statements; when making the comparison in a percentage basis (table 2–2), you will get a far better idea of how they compare to each other, as opposed to a purely number based comparison. In essence, horizontal analysis method communicates the increases or decreases based on the financial statements or analyses. Trend percentages, as one form of horizontal analysis, depict the difference

between any chosen non-consecutive years' numbers. Trend percentages are used when inspecting two separate years' information. In the case of Keys to Success, this might mean comparing the financial status of the launching year, and that of the most recent financial year. (Harrison, Horngren, Thomas & Suwardy 2012, p. 751). In this work, the financial analysis of Keys to Success is made using both the horizontal and vertical analyses.

Comparison between industries and companies is quite normal, and if not crucial or vital, then at least beneficial, especially in the case of a new venture, or when penetrating a new market. (Butler, 2014, p. 89). In this study, the focus is more on the case project's own [financial] situation, and comparative financial analysis is therefore [mostly] left for other contexts. Comparative analysis is benchmarking explained as simplest; benchmarking means the comparison made between entities. (Harrison, Horngren, Thomas & Suwardy 2012, p. 754). Benchmarks are most commonly chosen from amongst direct competitors from the same industry or market, although they can be chosen from far further. A highly motivational benchmark, for example, can be found in a very successful and considerably bigger company, when a company has high expectations and aspirations for its own operations. The best result from benchmarking is said to be in the interpretation of your own data, in the relevant context.

	Company X	Company Y
Sales revenue	100%	100%
- Cost of Goods Sold	67,5	42,9%
= Gross Profit	32,5%	57,1%
- Operating Expenses	21,5%	30,4%
= Operating Income	11%	26,7%
- Interest Expense	1,6%	3,1%
= Income Before Income Tax	9,4%	23,6%
- Income Tax Expense	2,6%	3,5%
= Net Income	<u>6,8%</u>	<u>20,1%</u>

Table 2—2 Use of percentages in Common-size Income Statement

Keys to Success could well use horizontal analysis when it is comparing different years' ratios with each other (figures 2–3, 2–4). That can be done for the different expense items it currently has; knowing how much other costs have changed in comparison to past years will form a picture of which way you are headed. If, especially in the case of other costs, the level of the expense item is growing surprisingly or surprisingly fast. That is especially

troublesome for other costs, because the better you know where these consist of, the better you can manage your finances and steer the route ahead.

Vertical analysis is another way of interpreting a company's numbers and financial ratios, and eventually its financial status. Although it isn't as such a financial analysis method, as opposed to the horizontal analysis, but more of a tool to illustrate ratios over a certain base number, it offers another angle for going through numbers. Vertical analysis makes visible the difference between a number compared to its full 100% value, and the resulting numbers are also offered as percentages. Vertical analysis is most commonly done in comparison to the figures of a company's income statement, with the base number being the total revenue, which in most company's case means total sales. Vertical analysis can also be performed with the balance sheet, which means that the defining number, i.e. the 100% value, would be the amount of the total assets. Vertical analysis then gives you the ratios of each element of the balance sheets as ratios from the total assets. For example, it can show you the percentage or ratio of the operating costs against the total assets. This is a good way to present financial statuses and figures, as those percentages can be presented in pictures and charts. That helps in providing the information of different financial statements in a more reader-friendly form. (Harrison, Horngren, Thomas & Suwardy 2012, p. 752). This is relevant for Keys to Success to bear in mind as well, when looking ahead to its growth and expansion potential and planning.

Ratio analysis is the third means for analysing financial statements. It can be used as a tool to evaluate relationships between different components of financial statements (Braun, K. & Tietz, W. 2012). The ratio of income over operational costs (Figure 2–2) for instance, can be important for management to understand and follow, if something unusual is read from the numbers. As an example, that information about Keys to Success tells that, last year in 2014, every euro of operational costs – when management's operational costs are excluded, as in the Budgetary estimate – contributed to 5,76 euros in income. For the coming year 2016, the ratio is only 3,10, which means that it will have dropped by a whopping 43,5 percent. This means, that 2014 seems to have been more costly to run, than the coming 2016, when it comes to operational costs. The same kind of analysis can be carried out for any element of the budget; salary expense for one, would be something to compute.

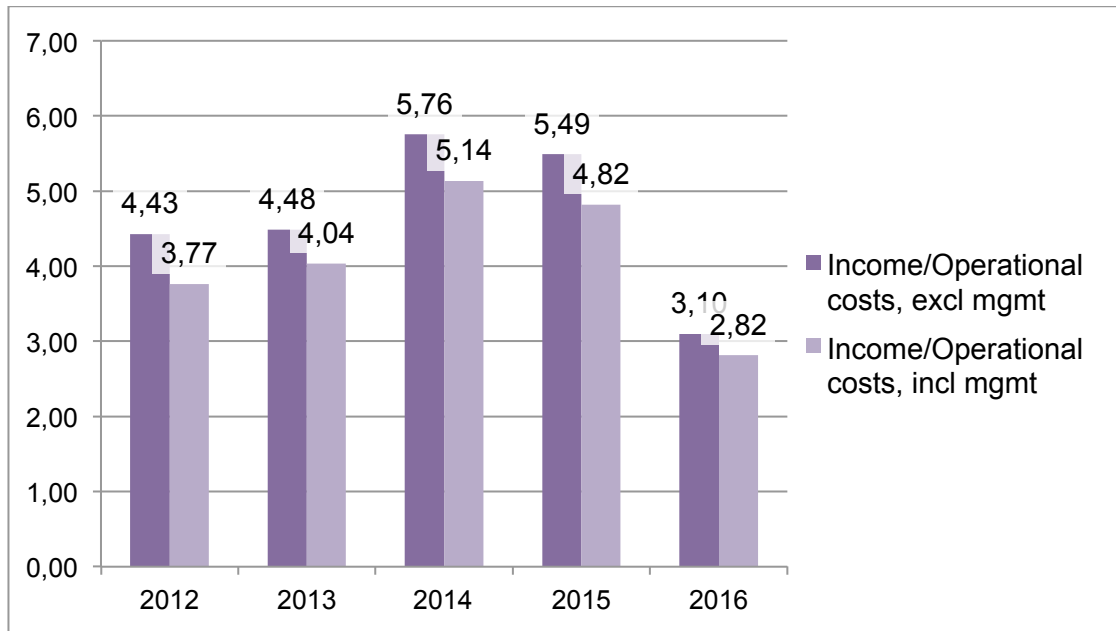


Figure 2-2 Ratio of Income over Operational costs

The financial situation, and therefore the future financial outlook of a company, can be calculated with different financial ratios. There are several key ratios, and their use depends on the need of each party of interest. The ones presented in this paper, are the most important ones, in regards of the available data, for assessing the situation of the case project, Keys to Success, in the context and scope of this work. (Harrison, W., Horn-gren, C., Thomas, W. & Suwardy, T. 2012, p.758-775)

Strategy is, however considered as the scenarios and future recommendations cannot be given based solely on financial analysis; Cost Leadership is one of the market penetration strategies, with its downside being in its too narrow a focus on low prices, and not quite enough on other valuable benefits for the customer. (Butler, 2014, p. 91). A business entity is a sum of several interconnected elements, one of which, is marketing strategy – marketing and otherwise – and one of which finances. That is why when looking at a business status, based on my interpretation on the matter, a single element cannot be retracted from the whole. Furthermore, it would be dangerous to make any assumptions or decisions based only on such a narrow and one-sided analysis. A multi-faceted analysis on any business' state in every stage of its life cycle, is the professional and recommended approach.

Keys to Success has four operating areas, which are Helsinki, Lahti, Tampere and Oulu. Each operational area has one coordinator, when active, and the project manager is based in Helsinki. Due to the small size of all of the personnel, and for clarity, when mentioning personnel in this study, both the coordinators and the project managers are re-

ferred to, unless otherwise mentioned. The number of employees has varied from two, in 2012 and budgeted for 2016, to five, in 2014. When looking at the current budgeting of Keys to Success, the itemised list of the Budgetary Estimate is divided into three main categories: Project management, Salary Expense and Operational costs (Appendix 1), as is described below (Table 2–3). Each cost category consists of different expense items.

Project Management	
	Salary expense, project manager
	Travel Expense
	Other Expense
Salary Expense, regional coordinators	
	Helsinki
	Lahti
	Tampere
	Oulu
Operational costs	
	Publicity
	Piloting
	Steering & Evaluation
	Travel Expense
	Administration Expense
	Rent Expense
	Follow-up, training and contacting
	Other Expense

Table 2—3 Budgetary Estimates – Detailed List of Cost Items (Keys to Success, 2015)

In the Budgetary Estimate of Keys to Success, the coordinators and management are handled as one when it comes to their salaries, and the personnel expense. When it comes to the operational costs, a different approach has been applied. The operational costs consist of different expenses, that in the budgetary estimate are divided in eight expense items, which are as follows: “*Publicity*”, “*Piloting*”, “*Steering & Evaluation*”, “*Travel Expense*”, “*Administration Expense*”, “*Rent Expense*”, “*Follow-up, training and contacting*”, and “*Other Expense*” (table 2–3). In the Budgetary estimate, the total operational costs are calculated as a sum of the previous expense items, which would indicate, that all of the project’s operational costs are included in the amount. This is not however the case, as under both Project Management and Operational there are “travel expenses” and “other expenses”. This shows that a part of the operational costs have been deliberately

placed under project management. There can be several reasons for this; however, the numbers themselves don't offer one clear explanation. One reason could be that those specific items want to be kept separate because they are of different scale in each case. For the management, the average yearly travel expenses are 22,2% higher than for the rest of the project, and the average yearly other expenses are 66,6% less than what is budgeted for the project's use for the rest (Appendix 1). Further analysis on this is presented in the results (subchapters 4.2., 4.3.).

The travel expenses should also be considered as one in the budgetary estimate (Appendix 1). It cannot be recommended to have a part of the operational costs separately reported for the project management, especially when in this case, it consists of one project manager. It can be counted as a downside for the project management by possible financiers, to see how much the management is actually requiring money. Therefore, the operational costs should be counted as one, where all "other costs" would be combined, all "travel costs" as well, and the rest following the same pattern. This topic is described in more detail in the results (sub-chapters 4.2., 4.3.).

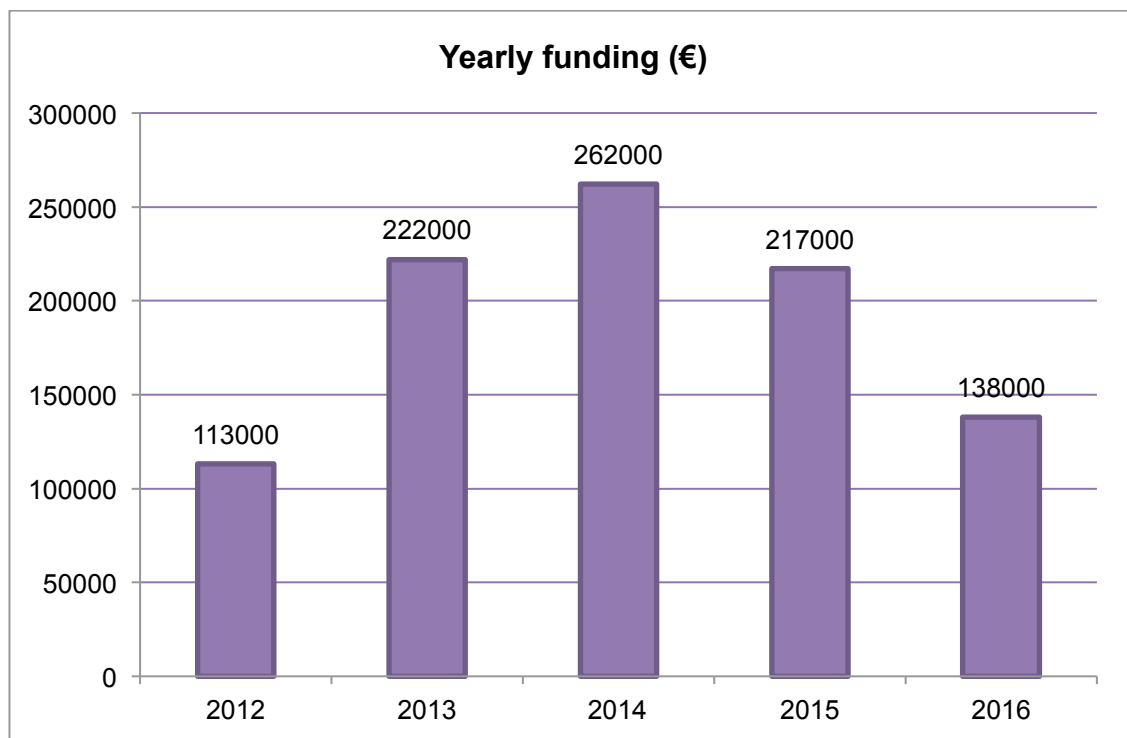


Figure 2—3 Yearly funding (€) for the project (Keys to Success, 2015)

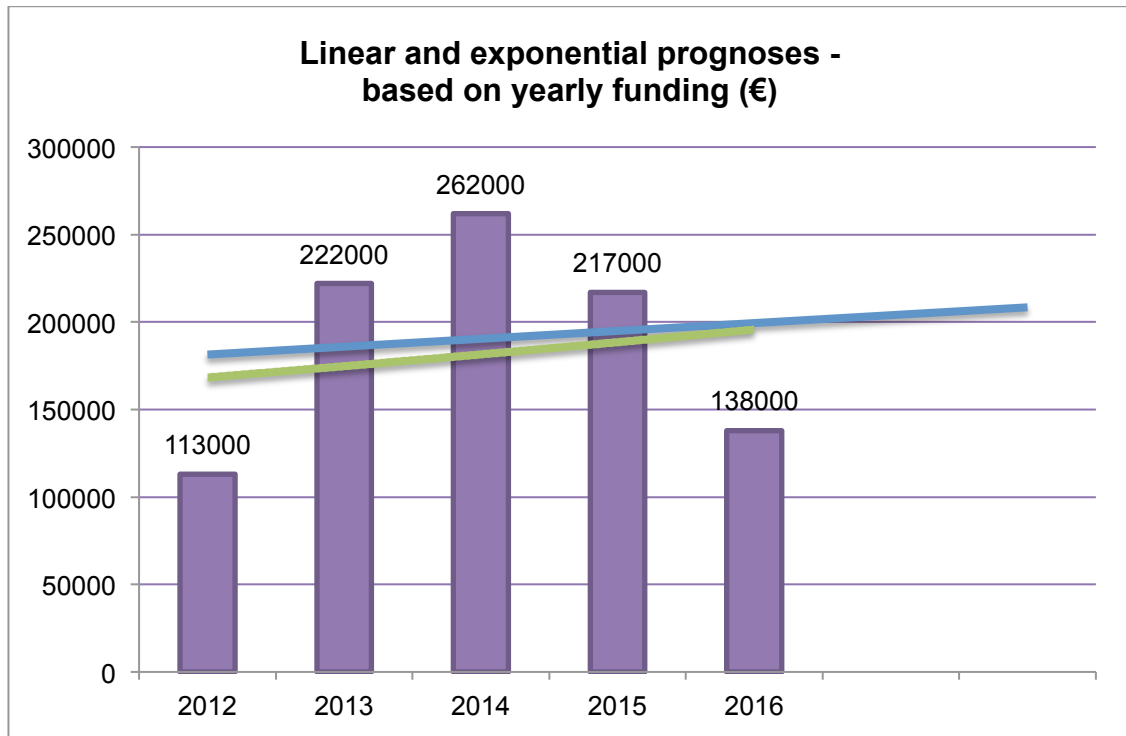


Figure 2—4 Linear prognosis for funding (Keys to Success, 2015)

Having one expense pool divided under separate expense categories, for the assessor of the budgets and finances, can be confusing. The biggest risk lies in that it can be seen as a downside by the potential funders, to whom it may appear as if the management is eating a considerable chunk of the total expense in question. Surely, if these numbers are presented with an oral or otherwise reported explanation as to why and how the expenses are separated as they are, it would ease the situation. If, however, the numbers can be unequivocally presented in the budgetary estimate, as well as other budgets and financial scenarios, the message will be clear and concise to the audience. This can, especially in the case of Keys to Success, be of great significance, considering that the audience can consist of funders who can either help make or break the future for the project. The division of the expenses could be presented in a more simple manner, as it doesn't have to follow any IFRS standards, as would – or will do in the future – the actual balance sheet and income statement. Any project will be greatly appreciated when they carry through their budgeting process with the same ethical standards that are expected for any managerial accountant; credibility, integrity, professional competence and information confidentiality (Braun, K. & Tietz, W. 2012. p.12). No matter the age or the operating area of the company, these values will not only be appreciated by all stakeholders, but also make it easier for the reporting and self-assessment of the budgeting process. Keys to Success was unable to provide financial information from the past, without risking confidentiality issues – this is an example of how one of the ethical standards of confidentiality of information is put to practice by the case project. The analysis and research in this work is

therefore based [solely] on the budgetary information that spans from the past, the year 2012, up until a year ahead in to the future to 2016.

“To value a business. If intangible assets represent the majority share of your market value, you should make every attempt to measure them and improve their worth” (Hope, J. & Player, S. 2012. p. 111). Keys to Success doesn’t currently have specific products or categorised services (chapter 1). Intangible assets are an area that Keys to Success should look into with some more detail. It will be advisable for the project, in order to re-evaluate its current biggest asset when it looks to expand its activity; it will add to the understanding it has, and with the help of that knowledge make it easier for the project to hold on and support the strengths it already has, and more actively and consciously develop the areas that are yet to live up to their full potential. This is advisable particularly in the case that it decided to carry on without a specific product or service range; hence the human capital will still be the most significant part of its value. Keys to Success works mainly by the human capital it has, which gives it all the more reason to try and benefit from any calculations and estimations that can be made based on that. Beyond Performance Management; why, when and how to use 40 tools and best practices for superior business performance. 2012. p. 106-113). As a start, there is information available about the numbers of participants, for every operating region. The information is categorised by the different participant groups such as *kids, parents, coaches or instructors, schools, and clubs or associations*. This is good basis for data collection and assessment, and reporting these kind of figures would serve a valuable purpose to the project’s evaluation, assessment and follow-up related needs. It is therefore advised to make sure each operational area – which in this context serves as a reporting unit at the same time – is comparable to the next, by applying the same number of things that are measured, and similarly the same criteria for each; at the moment the information that is presented about one operating areas results differ from that of the next. A combination to measure each operating regions’ – and simultaneously each coordinator’s – efficiency in gaining contacts, which would in a possible future operating model be synonymous to customers, be a first step towards better understanding the value of the intangible assets.

In any operation it is important to keep costs at bay, and to use money in the key elements and tasks that are to bring in revenue. At best, every invested euro will bring back itself and more. Keeping costs at bay is not trivial, once an understanding is established about the staff being a vital source of potential results and therefore financial outcomes. Already at the recruiting stage, it is best to go for applicants that are non-financially driven: non-profits do not [often] compete with their ability to provide highly comparative salaries in the markets. “Usually also, the managers of non-profits are very quality-oriented” which

is a very promising set up for any ventures management; it should be the same starting point when looking for and choosing employees be as well. Hence, high-quality performance is much likely to give high-quality results, and further contribute to gaining high potential for growth and for expanding. That is something that Keys to Success should consider when it is reasoning whether it will strive for profit in the future – to see whether something needs to change comparing to its current state, and if so, how. Going for another type of business model, for a different operating plan, a new kind of service offering or not, or doing any more or less prominent changes in operation, it would be wise to keep hold on those thoughts, as the climate in the professional market seems to be leaning more and more towards quality instead of quantity, in various areas of a business (Hope, J. & Player, S. 2012).

Keys to Success could well consider starting to utilise rolling budgets, as it would then be able to react to any novel situations flexibly, and to stay on top of their own situation. Rolling budgets are updated often, but as it is not likely to be able to make any big alterations monthly, or otherwise often, the benefit for staying on track pays off, as opposed to making the relatively light, recurring changes. Also, for Keys to Success to be presenting the project to existing and potential stakeholders, it will give a good impression of itself for being interested and open about the way it is going budget-wise. When the operations in the future grows at the same time changing the amount of effort that needs to be put in the budgeting, Keys to Success will need to review the best way to manage its budgeting process. One of the benefits of having a rolling budget – especially when combined with long-term budgeting – are follow-up, control, analysis and monitoring. When you have a solid budget, and once you get to have the actual of the period in question, you can directly see how [well] you have done. As for another benefit of budgeting, benchmarking is a notable one. It offers motivational boost as well as practical help to set the benchmarks, and to be able to compare your performance in the end. This touches the management as it does employees, if the budget-based benchmarking were communicated to them, as would be advisable to do. Simply put, a budget provides a target that is ideally achieved. The benchmarks act as better motivators, the more involvement there has been, and the more realistic level the budgets have been set at. Too far-reaching a tactic is more likely to prove to be demoralising (before you even reach the end of the period), and if they offer no challenge, they are not worth much to begin with. (Braun, K. & Tietz, W. 2012. P. 516-520). Managers have the power and responsibility to set the targets at a reasonable level, and the set-up and follow-up need not be too complicated; a simple exemplary for Keys to Success to consider is presented below (table 2–4). Variance, is the remainder of the budgeted and actual values, and is the one to keep an eye on. The variance values inevi-

tably tell exactly how well the control – managers’ point of view – and acting up on – employees point of view – the budget have been worked on or achieved.

	Budgeted 2015	Actual 2015	Variance (= Budgeted - Actual)
Travel Expense	3,000€	4,200€	+ 1,200€
Steering and Evaluation	14,000€	11,700€	-2,300€
Other Expense	2,500€	3,000€	+500€

Table 2—4 Budget Variance; examples for Keys to Success

Using such benchmarks is advisable, and particularly so in the key areas of the business. The key areas can be both, the ones that [are expected to] bring in the most results, or they can be the ones that are more likely to pose some challenges [in some other crucial functions] to reach their best potential. Other less significant factors, that are also referred to as non-value-added or waste factors (Braun, K. & Tietz, W. 2012 p 195), such as rent expense, can be considered as quite constant – unless there are new premises to be had – and therefore don’t need that much attention.

If the budget and the actual are really far away from each other, the only option is not for you to establish that you have failed miserably, the staff has been totally off-course and that the service or product is not at all what the public wants. When in the situation of the outcomes being dramatically unequal to the targeted or anticipated ones, the situation calls for critical examination of the attributes and key figures that came out to offer the unexpected and discouraging results. Here, we come to the concept of zero-based budgeting, as elaborated further in the study.

Budgets can be made for longer periods of time, and for the use of the nearest most future. Usually shorter-term strategies, which are more detailed in nature, are to be used in tandem with long-haul strategies, that for turn are there to have the pre-set goal in sight, and to provide focus if and when it is missing, or made to help strive for and have in sight, and attain the goals that have been set. (Braun, K. & Tietz, W. 2012. p. 514-587) A service project, such as Keys to Success needs not only to know where it wants to see itself in five or 10 years, but in order to follow and stretch to achieve that bigger picture, it also needs to know in which month of next year it is expecting to do some marketing, when it is most likely to have the busiest times in terms of business activity, just to point out a couple of examples. In this respect, it is understandable why companies usually have either a

monthly – or a quarterly budget at the least – for every fiscal year. According to general practices, the basis for the coming year’s – or period’s – budget is very often the one that is just preceding. By definition, *Incremental budgeting* is exactly that; it is based on minor changes in respect to the preceding period’s, either budgeter or actual results (Bragg, M. 2013). Carefulness is needed when starting to put together any new budget based on an old one; not to overdo the year-after-year “automatic increases” of every cost item. Each component in each number needs to be reasoned, and cannot solely be taken from any historical data without enacting it for the expected period or situation. Things such as market changes, new competitors, updates in [general] labour contracts, inflation rate, changes in raw material and service costs, and such need to be taken into consideration. Incremental budgeting is not the recommended choice for it encourages budgetary slack, fosters overspending, it offers little or no incentive for frequent budgetary reviews. Incremental budgeting is also incremental by nature, as it only assumes slight changes are made in the new period, and it perpetuates resource allocations for basically the same reason – considerable changes won’t be made between different period’s, neither when it comes to resources and their allocations. Incremental budgeting doesn’t encourage even educated risk taking, and it also often happens that the gap between actual and budgeted figures seem to get further apart from each other. Incremental budgeting is even stated to “*help destroy a company over the long term*” because it doesn’t offer an innovative offset that companies need to stay healthy and vital; engagement in strategic re-evaluation and detail-oriented focus in expenses are key when drawing up a budget. That way, the goal of improving the competitive position of your business through targeted operational changes, is much closer (Bragg, M. 2013. p. 156-157).

Zero-based budgeting in that sense is the most cautious thing to do; to start from scratch with every expense item, and see how the budget gets formed, with no distractions from past years, and therefore with the least temptation to turn to old figures just because they are already there. With so much effort and time that goes into zero-based budgeting, it means more significant use of resources to get one done. The most sensible way to go, can well be a combination of the two; freshening up the rolling budgeting process by turning to zero-based budgeting regularly.

Budgeting is for certain one of the actions that Keys to Success, as well as any other project will need to take into account continuously in its actions, whether non-profit or profit based operations await in its future. This is subject to new inspection, if the project were to reach its goals of expanding. Then it will be timely to review the project’s establishment. It can be moved towards a more geographically focused or city-based setting, or it might prove to be wiser to work with a model that is more operation-based. Depending on the

possible new model, Keys to Success would be looking at a situation where the budgetary, monitoring and follow-up responsibilities will be spread from the current, sole manager, to other employees, be it then new future managers, or other employees in a more responsible role. In that case, the budgetary scopes and areas need to be revised. No matter how the project – or any other company – is organised in for example 2025, there will still be the head management that needs to be aware of, go through, and systematically follow the sub-operations or sub-areas of the business.

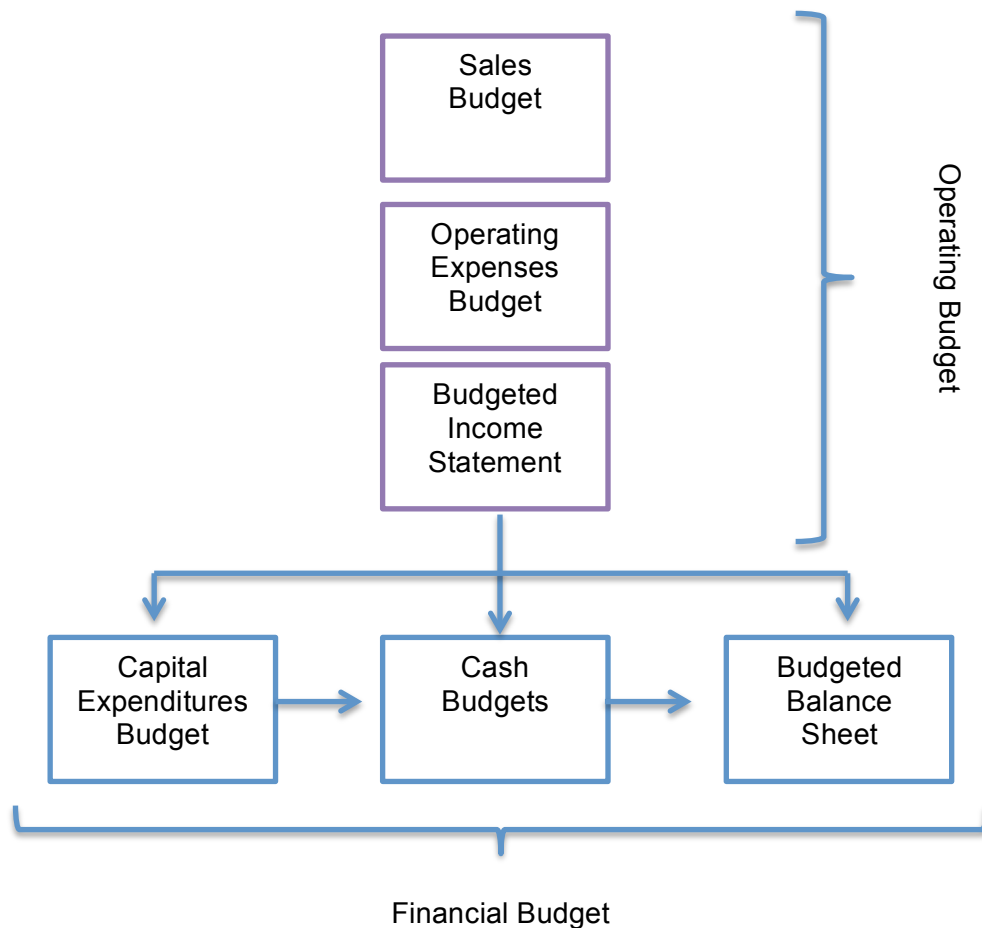


Figure 2–5. Master Budget for a Service Company. (Braun, K. & Tietz, W. 2012).

A *master budget* is a comprehensive budget that combines the most important aspects of both the operating and the financial areas and extents. The master budget is indeed the result of putting up supportive budgets, which all in turn are needed for the financial statements. The master budget is put up and used for an entire organisation's [comprehensive] planning purposes. (Braun, K. & Tietz, W. 2012. p. 514-587) Keys to Success as of yet doesn't have any manufacturing operations, therefore it's master budget looks a little different than that of a manufacturing company - manufacturing overhead budget for

one need an can not be incorporated in its master budget. The biggest differing factor in the master budgets of service companies is their lack of inventories, leaving their operating budgets less complicated to assemble. The financial budgets are identical regardless of what type of a company is in question.

An income statement is something every company has to produce yearly. Keys to Success is of yet to produce one, however, it would well benefit from making and sustaining a budgeted one. A budgeted income statement is like a proper one, with the sole difference of the previously mentioned using budget information. A budgeted income statement is something Keys to Success could prepare with quite a small amount of effort, when looking at its current budgetary reporting. A budgeted income statement follows the general format of the actual income statement (table 2–5)(Braun, K. & Tietz, W. 2012).

Sales
- Cost of Goods Sold [service companies?]
= Gross Profit
- Operating Expenses
= Operating Income
- Interest Expense
- Income Tax Expense
= Net income

Table 2—5 Budgeted Income Statement For a Service Company. (Braun, K. & Tietz, W. 2012. p. 527-528)

First you count the *Gross Profit* by subtracting the *Cost of Goods Sold* from the total sales. From the Gross Profit you subtract *Operating expenses* which leaves you with the *Operating Income*. Further, from that figure you subtract *interest expenses* and *Income tax expenses*, to get the result of *Net income*. The budgeted income statements can be written out monthly, quarterly or yearly, or for all previously mentioned periods; they are made to serve whatever needs a company might have. Either the chosen frequency to produce budgeted income statements, the management is sure to get help from them, in getting to know in advance whether their plans are to come true or not. If the income they are looking at seems to be of acceptable and targeted level, there is no necessary need for action. In the opposite situation, the management will take required actions to either increase sales or cut down on expenses for the rest of the [budgeted] period.

A Budgetary Income statement is something that Keys to Success would well start to prepare in the future, and would be required to especially if it at some point were a part of the

corporate world. By composing a Budgeted Income Statement, Keys to Success would have more to show for its future funders (chapter 2.5); not only about the seriousness with which it incorporates the financial elements in its plans, but also about its attention to detail and readiness to maybe even surpass the expectations of the potential funders. When putting up feasible future scenarios, which are presented later (table 2–9), making Budgeted Income Statements for different scenarios will only add to the reliability and gravity of the financial aspects of each scenario. That makes all the difference, because the potential sponsors and funders are more likely to be interested in the project's ability to execute, and its prospect to fulfil expectations when it comes to different expenses and expected income, as they most probably would not be discussing finances if they weren't supportive of the project's mission and main target to start with.

2.3.1 Financial Analysis

In this section, the focus is on presenting the essentials of the topic; followed with the numeric results of the key financial elements of Keys to Success in the results (chapter 4). Relevant literature has been analysed and considered for this section. The financial analysis is mainly based on the general essentials of the topic, and the perspective of the case project's non-profit nature is specially considered where relevant and possible. The financial key figures and budgetary rules apply to companies and enterprises at large, without a distinction in their natures (Harrison, Horngren, Thomas & Suwardy 2012).

In financial accounting, there are four concepts that form the basis for all financial entities. They are consistency, the accruals concept, the prudence concept, and the going concern (Butler, 2014, p. 127). *"The accrual basis of accounting requires that revenues are recorded when they are earned (when the sale takes place), rather than when cash is received on the sale. Likewise, expenses are recorded when they are incurred, rather than when they are paid. These timing differences give rise to current assets such as accounts receivable and current liabilities such as wages payable. This, accrual based net income almost always differs from the cash basis"* (Braun, K. & Tietz, W. 2012. p. 781). When it comes to non-profits and NGO's too, the accounting information can be recorded either by cash basis, or by accrual basis. The firstly mentioned bookkeeping method is one where income and expenses are only shown if they have actually been received or paid. The latter bookkeeping method is one where income and expenses are processed based on the time the product or service has been purchased or rendered, and the transaction entries can therefore be different from the income receipt or bill payment (PATHFINDER INTERNATIONAL, 2015).

At the end of each financial year, a financial entity produces reports and statements over its finances, in order for different parties to grasp its end of year balances, which can be collectively referred to as the end of year accounts. The information for the end of year accounts is gathered from sales and purchases ledgers, possible stock records, work-in-progress accounts, cash and bank accounts, and debit or credit records. The profit and loss account as one, is the summary of the financial transactions performed over a certain period of time, measuring the trading efficiency. Trial balances are for checking the accuracy of the double-entry system, and making sure it balances. The profit and loss appropriation account is for taking dividends, taxes, and reserves – to mention a few elements – and for gathering that information on to the balance sheet. The balance sheet is very commonly mentioned when it comes to financial analysis and reporting. Its function is to give a quick look over of the total capital, and of the asset and liability situation at the end of each financial period (Butler, 2014, p. 127). If and when Keys to Success will be turning more towards the corporate world in its operations, and leaving the non-profit take behind, there are key ratios that can help the project investigate and analyse its situation.

In the table below (table 2–6), the most common, and most relevant financial key figures in relation for their potential use by Keys to Success are presented. The ratios are divided into two categories, based on whether they portray the project's current state – or past, in some cases – or ones that opt for facilitating and validating the assessments on the potential future situations. (Harrison, W., Horngren, C., Thomas, W. & Suwardy, T. 2012, p. 780). By the distinction between the past, current and future states, the direction of the project's financial status can be constituted depending on which direction each ratio is showing it to be headed. The number of key figures calculated, analysed and presented is up to the case project to decide. There are numerous possibilities when it comes to the financial ratios, whether the need is in gaining better understanding in operating performance, investment values, cash flow, profitability, liquidity or debt ratios for example. Each ratio needs different information and data for them to be calculated and to back them up, and they most likely cannot all be received from the same sources – some from the balance sheet, others from the income statement, for example. The composition of a comparative table as presented in exemplary purpose in table 2–6, is up for the case project to decide and edit to best serve its needs, and it can well have a different consistence for different uses and in different contexts. Further, this kind of analysis can be made by the project when it gains deeper and longer-stretching reports and data later on in the future. Vertical analysis on balance sheet information was originally going to be presented and illustrated with the data of Keys to Success (Harrison, W., Horngren, C., Thomas, W. & Suwardy, T. 2012, p. 752), when not much balance sheet information was available

from Keys to Success, the analysis is based mostly on Budgetary Income Statement data, and is further analysed in the results (chapter 4).

Ratio	Category	Formula	Values; past (a), present (b), future (c)
Operating Cash Flow/Sales Ratio [OCF/Sales]	Cash Flow Indicator	Operating Cash Flow/Net Sales (revenue)	Value a/b/c
Free Cash Flow/Operating Cash Flow Ratio [FCF/OCF]	Cash Flow Indicator	Free Cash Flow [=Operating Cash Flow - Capital Expenditure] /Operating Cash Flow	Value a/b/c
Sales/Revenue per Employee	Operating Performance Indicator	Revenue/Number of employees	Value a/b/c
Current Ratio	Liquidity Measurement	Current assets/Current liabilities	Value a/b/c
Gross Profit Margin	Profitability Indicator	Gross Profit/Net Sales (revenue)	Value a/b/c
Net Profit Margin	Profitability Indicator	Net Income/Net Sales(revenue)	Value a/b/c
Debt Ratio	Debt Indicator	Total Liabilities/Total Assets	Value a/b/c
Price per Earnings Ratio [P/E]	Investment Valuation	Stock Price per Share/Earnings per Share	Value a/b/c
Price/Earnings to Growth Ratio [PEG]	Investment Valuation	(P/E)/Earnings per share growth	Value a/b/c

Table 2—6 Financial figures of Keys to Success: current state and future considerations (Harrison, Horngren, Thomas & Suwardy 2012)(Investopedia, 2015).

Current ratio measures a company's ability to pay current liabilities with its current assets. When the current ratio is positive, it means that the company's assets are bigger than its liabilities, and when the current ratio value is negative, it means that the company's liabilities are bigger than its assets. In the traditional profit-making world of both private and

public companies, the bigger the current ratio is, the wiser the company has been taking care of its assets, and the happier the investors and stakeholders can be expected to be. In today's situation, the budgetary current ratio of Keys to Success is not more or less than one. It means, that everything that's been budgeted has also been used. The budgetary ratio is not the best tool in analysing the performance of a financial entity, as a budget given is in many cases a budget used. To show for financial effectiveness and strictness, the entire budget or parts of it, can quite perfectly be beaten. For this to happen, the budget has to be seriously compiled, and not left air inside just to prove the point of going under budget, after the financial period. "Blowing air into budgets", is a risk that lies in insecure, too careful, or not knowledgeable enough management, is to be avoided by all means; investors in general do not think highly of budgets and financial estimates that aren't realistic and tightly written out, or that have been compiled aiming to *show off better performance than estimated*.

	Indicates	Computing
Cost Recovery Ratio (to total cost of related services)	The level of income made with cost of related services	= Income made from product or service offering/total cost of related services
Cost Recovery Ratio (to total cost)	The level of income made with total running operation cost	= Income made from product or service offering/total cost of running the operations
Staff Productivity Ratio	The level of staff productivity	= Total Income/number of employed staff in production of that income
General Overhead Ratio	The ratio of the general overhead	= General Overhead/Total Costs
Fundraising Ratio	Indicates Success in fundraising efforts	= Fundraising costs/non product or service based income

Table 2-7 Ratios from Income (and Expenditure) Statement

Income Statement information can be analysed with a special outlook for non-profit organisations as well. Such ratios include Cost Recovery Ratio, Staff Productivity Ratio, and the General Overhead Ratio, as well as the Fundraising Ratio (PATHFINDER INTERNATIONAL, 2015). When it comes to income and expenditure analyses, the ones made for Keys to Success will be presented in the results and conclusions (sub-chapters 4.2., 4.3.),

with the focus on the income statement information, as Keys to Success does not have much of a Balance Sheet, as of yet. The aforementioned ratios can be calculated as is shown as follows (Table 2–7).

When looking at performance in non-profits and NGO's, there are some indicators that can help your organisation see how well it is performing (table 2–8). In the below table, some of the elements that can generally be used in performance reports, are presented.

	Explanation or example
Volume of activity by type of product or service	Income per certain product or service per Total income
Cost per product or service	Cost per certain product or service per Total Cost
Revenue per product or service	Average price for product or service/average production cost
Cost recovery for whole organisation	See table 2–1
Cost recovery for individual cost centres	See table 2–1
Product or Service Mix	The level of different products or services per the total product or service offering
Finance mix	How the financing base of the organisation is established

Table 2-8 Performance Indicators (PATHFINDER INTERNATIONAL, 2015)

Depending on the organisation structure, and product or service range, the previous can be used, but the one thing they have in common, is the comparison made between the actual and the budgeted. Distinctions between the indicators are also made, depending on whether they are for example related to price, volume or intensity (PATHFINDER INTERNATIONAL, 2015).

2.3.2 Non-profit organisations and financial sustainability

In this chapter, this work will present previous studies made on financial sustainability of non-profit organisations, and discuss their scarce existence. The connection between project management and project sustainability will be studied in this context. Reference material in the fields of financial sustainability and modelling will be studied for this (RAND Corporation 2014).

Keys to Success would benefit from scenario based budgeting in the future, when looking for more funding or new funders. There are four different scenarios for the project to consider, based on: I) current state, II) internationalisation, III) long-term-operation, IV) other kind of expansion (table 2–9)

	Possible variables	To consider
Scenarios based on current state activity	<ul style="list-style-type: none"> – Staff size – Operation units – Geographical units – Expense Items (amount and size) 	<ul style="list-style-type: none"> – Target number of participants
Scenarios based on internationalisation	<ul style="list-style-type: none"> – Specific countries – Specific continents – Global 	<ul style="list-style-type: none"> – PESTEL-analyses (for target country/area) – Demand
Scenarios based on long-term operation	<ul style="list-style-type: none"> – 5-year plan – 10-year plan – 25-year plan – 30-year plan 	<ul style="list-style-type: none"> – short-term plans
Scenarios based on other kind of expansion	<ul style="list-style-type: none"> – Product range – Service range – Operation models 	<ul style="list-style-type: none"> – Product pricing – Service pricing – Operating area/range

Table 2—4 Scenario building options for Keys to Success

Having serious plans to show for, for different situations shows for the serious intent of the company to carry on its operations, and for the strong trust and belief that the project has in itself. This, in combination with relevant analysis made on the project's current and past situations, as the results of this study (chapter 4) shows, will work as stronger tools that the project will be able to use.

The investors and co-operators that these scenarios would be presented to, need to be carefully chosen and considered, before coming out in the open with a plan – or in this case, financial scenarios – no matter however well-thought it might be. The financial scenario needs to match the potential investor, and it is up to the party who is presenting the plan, to make that connection. There should be a natural link between the values and mission of the potential cooperation partners and collaborators, and the scene you are making them to consider. It is no use to bring the long-term financial scenarios to a funder

that only is known to make financial decisions for the following two years at the best. Nor is it ideal to go and ask for a multinational enterprise – non-profit or otherwise – for funding, with only the current operations in Finland to show for. It is much more likely such an organisation would much rather make an investment in a project that has plans to take its operations abroad, and one that has viable and feasible plans to show for, and even different scenarios. All investors and donors don't have the same values and reasons they work with, and it is up to the applicant of the funding, to show them what you want.

Scalability is a good sign for any venture, new, old, bigger, smaller, well established, not yet so known. The idea and mission of Keys to Success is clearly something that can be applied to many societies. Based on the theme of vertical analyses, countries and societies that are similar to the projects original field of operations – which is Finland – would be the first and most likely ones for the services of Keys to Success to expand to. On a larger scale, the mission of the project is one that can [easily] be adapted to the needs of environments that differ from its current operating society even more different environments. The structure of the project and its actual operation model is built in a way that is easily shaped to serve purposes that differ only slightly from the way it is currently formed. For the same reason, the operations are applicable in, and can be moved to other environments and societies with a reasonable or moderate effort at worst. You can show for scalability with feasible plans that take all relevant matters into account, and that abide the ethical standards of

International approach in expansion perspectives for Keys to Success gets support from public research; social exclusion of the young is part of a larger problem that touches the wealthy Western countries (Moisio, 2015). On those grounds, Keys to Success has all the conditions and prerequisites to build up a case even to a much larger audience of funders, in comparison to the current state.

The non-profit organisation will be rewarded, if it makes sure to report back to the donors about the positive outcomes it has contributed to by its donations. (Brooks, J. *The Money-raising Nonprofit Brand: Motivating Donors to Give, Give Happily, and Keep on Giving*. 2014. p.179). Keys to Success will have a great task in this exact matter, as by showcasing the fruits and results of its actions, it will be a practical way for them to get closer and get better seen by the public: a good cause indeed, and drawing more positive attention to itself. In tandem, the donors will be put in a good light. This cycle can become one that keeps on adding momentum to it and hopefully bring more cooperating partners and supporters to the project. The characteristics of a good non-profit organisation (table 2–10) include things that Keys to Success should consider when (it is) planning its operations

and fundraising targets. One of the factors listed here, apply to Keys to Success in the sense that it indeed doesn't have a marketing department, nor is it run by a committee. Moreover, the project is very open about the goals and targets of its operations, making it aligned around fundraising goals. It might come relevant in the project's future operations to have more specified financial plans for every donor or co-operator. As such, the model that the project does already offers, is very exclusively planned and targeted for each purpose. The needs of each group are taken into consideration when planning the emphases of what each workshop is to encompass. From a financial point of view, this could mean that, in the future, in order to attract more – financially considerable, and in volume – considerable funders and funding, the specific financial plan for each would be pointed out, and the direct connection between each donor's financial input and potential output to be shown. Such a starting point would make the project seem more in connection to each of the donor's visions and values, and therefore make it easier for them to support a cause, that seems to share some of their own goals.

The characteristics of a well-run non-profit

Alignment around fundraising goals
Not run by committees
No marketing department
Plan for every donor
Good data
Donor connected

Table 2—5 The characteristics of a well-run non-profit. Brooks, J. *The Money-Raising Nonprofit Brand*. 2014. p. 179

According to a list of three things a donor should be able to find on the website of an organisation that is looking for funding (table 2–11), the key things are reliably presented – and reliably sourced – information, clear statement of what you do, and a donation-form that is easy to use. Now, these principles can be thought of as guidelines that apply to all organisations that are looking for funding; there seem to be strongly overlapping themes between the listings of the things to be made clear (table 2–11) and the characteristics (table 2–10).

The three-step guide for attracting donors has an idea that would be advisable for Keys to Success to think about incorporating in their strategy and operation: To have a donation form for voluntary donations to be made by private donors or businesses. It is an uncostly and low-maintenance way to collect any possible funds that might be available. There is a risk that whoever runs into this form will think the project to be nothing but a money-raising

operation, that doesn't give back. For that particular reason too you need to have clear and thorough information about what the project is all about on your website and at every other outlet where the (big) audience might run into you.

Three things your donor should be able to find on your website:

1. Information that tells them they can trust you
2. A clear statement of what you do
3. Easy-to-use donation form

Table 2—6 Three things your donor should be able to find on your website. (Brooks, J. The Money-raising nonprofit Brand: Motivating Donors to Give, Give Happily, and Keep on Giving. 2014. P.152)

No matter how great and right on the money – or more appropriately, on the cause – you think and know you are, there is a risk of turning down potential donors by focusing on ones own greatness. The message should be made clear to the donors of how wise a choice they are making by putting their money and resources in such a good purpose; in this case, the well-being and education of kids and adolescents of Finland. (Brooks, J. The Money-raising Nonprofit Brand: Motivating Donors to Give, Give Happily, and Keep on Giving. 2014. p.155-156).

The seven elements of effective fundraising offers:

1. A Problem
2. A solution
3. Cost
4. Urgency
5. Donor context
6. Donor benefits
7. Emotion

Table 2—7 The seven elements of effective fundraising offers (Brooks, J. The Money-raising Nonprofit Brand: Motivating Donors to Give, Give Happily, and Keep on Giving. 2014. p. 68-69)

(Brooks, J. The Money-raising Nonprofit Brand: Motivating Donors to Give, Give Happily, and Keep on Giving. 2014. p.68-69.)

In the case of Keys to Success – and any other organisation trying to raise funds and build a case for potential funders – there is one more pointer that should be added to the list:

8. The scale of the social impact of the problem.

It would be possible to go further, and even update the list for the exact use of Keys to Success.

2.4 Risk factors

Financial activity of any scale doesn't go without risk. You can make decisions that face small or even practically non-existent financial risk, or take ones that can make or break the whole of your financial [and otherwise] activity. Usually, a thriving venture or project doesn't go without risk-taking. And the end results will be more pleasing, the more thoroughly the risks have been calculated, according to legitimate estimates. (Braun, K. & Tietz, W. 2012, "risk" p. 420-425, 420-421, 421-423). In the case of non-profit organisations and NGO's, there are risks that need to be thought through, when it comes to things such as market position, considering additional revenue opportunities, unauthorised acquisitions, the use or disposition of assets, or over-reliance on a single revenue source (PATHFINDER INTERNATIONAL, 2015).

The biggest and most obvious risk that Keys to Success is at the moment facing, is that it would no longer get funding, and therefore have to cease its operations after the current funding period. The probability of this risk getting realised is not big however, when looking at the financial efficiency that the project has been able to attain. A company doesn't only need to assess its internal risk-taking factors, but also those of the society at large, and those of the industry. What also goes to the amount of risk a company is facing, is the volume of its operation; the volume of sales has an effect as does the relative parts of fixed and variable costs. (Braun, K. & Tietz, W. 2012). Current and relevant trends in funding and news from the field will be presented and handled in this part, along with the views of the case project's staff. For this, current sources – mostly online articles – will be studied during the process. The risk analysis will be focusing more on the financial risks, or operational risk, depending on the motivation of the project, when it comes to the outcomes of this work. What also affects the risk level of Keys to Success, is the way it sees and conceives its own outlook own view of the matter, its future possibilities and current challenges.

As stated, the volume of sales has an effect on where the risk level of a business is considered to be. The *margin of safety* offers a simple tool for management to assess the company's riskiness. To find out the margin of safety you only need to go through a simple calculation, whether based on the production units or the revenue euros. In the case of Keys to Success, as so far, it offers services to its clients; the latter is relevant, and therefore presented in this context. The margin of safety basically results from taking the ex-

pected sales in euros, less breakeven sales in euros (Figure 2–6, or table 2–13). Breakeven point is the point of sales at which the revenues are equal to the expenses (Braun, K. & Tietz, W. 2012. p. 400).

$$\begin{aligned} \text{Margin of Safety in euros} &= \text{Expected sales in euros} - \text{breakeven sales in euros} \\ \text{Expected sales in euros} &= \text{expected sales units} \times \text{unit price} \\ \text{Breakeven sales in euros} &= \text{breakeven sales units} \times \text{unit price} \end{aligned}$$

Figure 2—6 Margin of Safety, 1/2. (Braun, K. & Tietz, W. 2012. p. 420)

With the help of the Margin of Safety, Keys to Success can too in their [future] operations evaluate the level of risk it will possibly be facing at each level of sales. To observe the same effect based in units, you only need to replace the sales numbers with those of sales units.

The Margin of safety can be also further presented as a percentage. To get the margin of safety in percentages, you take the margin of safety, and divide it by the euro amount of your sales. If that is the chosen manner, it tells you directly that how far from losses, from profit or from breakeven you are. If sales would drop by more than the margin of safety percentage, you will make a loss. If sales were to fall less than the number, you will stay on the profit side, and if sales would fall at the exact resulting number – in percentage – of the margin of safety percentage, you will be looking at a break-even situation. You can calculate the margin of safety percentage, by dividing the margin of safety by the euro amount of sales.

$$\text{Margin of Safety in percentage} = \text{Margin of Safety (€)} / \text{Expected sales (€)}$$

Figure 2—7 Margin of Safety in Percentage (Braun, K. & Tietz, W. 2012 p. 420)

The operating leverage, together with the margin of safety, is specifically important, as tools for the management to better understand the risk they are facing if volumes for any reason were to drop. The Operating leverage is contribution margin divided by operating income (Figure 2–8).

$$\text{Operating leverage factor} = \text{Contribution Margin} / \text{Operating income}$$

Figure 2—8 Operating Leverage factor (Braun, K. & Tietz, W. 2012. p. 422)

The operating leverage factor tells you at each level of sales, that how much your operating income will change, if there was a 1% change in the sales volume. Further, the operating leverage factor tells you how much possible changes in volume affect your operating income. Being on top of its financial situation of each potential situation the project aims to head for in the future, is most important to state the least. In order for projects like Keys to Success gain tools to prepare themselves for the possible financial changes in their future, the financials need to be accordingly taken care of. Marketing [or Publicity] and other things equal, naturally.

All of the figures presented just previously, can be calculated with expected figures, or actual numbers (Braun, K. & Tietz, W. 2012). In the first mentioned case, the benefit of calculating the ratios will be in financial planning, and to support scenario forecasting. In the latter case, you would be looking at how risky your company has been in the past, in the chosen time, which the values concern. Finding out the values of the past is surely informative, but more useful when comparing them with the estimated ones; then you will better understand how close or far from the estimates you have actually gotten from. In either case, you will then make further analysis as for what has lead to the situation. In the case of Keys to Success, the benefit would be in the future estimations, and scenario building (table 2–9), especially when coming up with scenarios for expanding the projects operations. Being on top of its estimated financial situation in the future will help Keys to Success better get prepared for different situations and challenges. Having a deeper understanding of how for example the change in sales volume will affect their operating income (figure 2–8), will make all the difference when they are planning the future product or service range, and its pricing (table 2–9).

The political and financial climate of Finland has been getting tighter, little by little. Money for “extra curricular” activities and projects isn’t loosely distributed from different directions. The parliamentary elections that the country underwent in April this year showed something about the biggest parties’ – the Centre Party (21,1%), the National Coalition Party of Finland (18,2%), and the Finns Party (17,7%) – willingness to invest in development aid (Statistics Finland, 2015). They were ready to cut the amount of development aid, unlike the smaller parties, some of which were even willing to raise the amount of development aid (Mtv, 2015); however, when looking at the individual candidates, the unwillingness of

cutting back such funding wasn't quite as straight forward (Mtv, 2015). Even though Keys to Success is not synonymous to development aid, its service offering isn't a necessity, as those directions might see it. Keys to Success is however, on a social mission, that is to pay back any investment made towards such operating – with interest even. In the Finnish society at large, there has been a lot of worry and discussions about the [mental] health and wellbeing of young adults, and even younger kids – in the past year alone there has been a lot of discussion about the topic on different medias. The class and group sizes are made bigger and bigger, complete schools are even being closed from some the peripheral municipalities and towns. The current situation is alarming, when we comprehend that it requires substantial financial contribution to start working with this kind of a challenge, only when the problems have already risen up; it will require noticeably lesser input to tackle the problem at the stage when no actual damage has not yet been done; altogether or on an individual level. Education and the PISA results are one of the Finnish brands that are recognised globally, and it would be a waste to let that ace up in the sleeve go to waste by being too tight on the money where there actually would be no room to. The mission of Keys to Success is linked to education and educational values, as the workshops and models that Keys to Success offers, are often carried out in cooperation with schools staff (Keys to Success, 2015). It is a concern to be found in this kind of a situation, as the kids and youngsters of our current age are our future workforce, the future developers and carriers of this country.

If the political environment of today were one that isn't really supportive of foreign aid, it would be hard to imagine that our political body of delegates would shut their eyes from the wellbeing of the big part of our population, of the age of their offspring and their peers. As Keys to Success's social mission is to make sure that the youngsters have good tools in the future, when it comes to the four elements the model constitutes if: health, social skills, education and time management skills, and emotional well-being. In addition, considerable weight and importance is put on the cooperation and involvement of the youngster's parents and other grown-ups in their lives. Hobby clubs, sports-, art-, music- and other associations are all in the picture, and the possibilities are endless; it has a good chance in being a part of the societal force to drive the rights and possibilities of our future tax payers – if you would want to go as far as to put it out as bluntly as that. Keys to Success has in that sense, a vision that is very long-lasting, and has no fundamental boundaries or restrictions in the idea that it pursues. The future scenarios therefore hold no fatal risks, and the recommendations are set to be limited “only” by financial matters. Keys to Success could well weigh the risks of its budgetary process taking too much, just the right amount, or not actually enough effort.

2.5 Benefiting partner

While RAY is currently the sole funder of Keys to Success, it isn't the only benefiting partner. Nor is RAY a benefiting partner as such either, as it is a government-owned company, that runs its winnings towards the common good projects and organisations all around the country. The way that RAY can be considered as the benefiting partner, is that by supporting the operation and existence of Keys to Success, it helps execute its own purposes for existence; allocations made in its games functions to get directed to the non-profit organisations in different fields. The financial status and sustainability of Keys to Success do, in that sense have an impact on the benefiting partners.

If RAY is the only directly and financially connected partner of Keys to Success, one that is enabling the project's operations, there for sure are a huge number of other benefiting partners. All the sports associations, sports clubs, schools and hobby clubs that have been working with Keys to Success, are real benefiterers of the financial conditions that Keys to Success has been working towards, and granted. The amount of such clubs and associations is relatively large, and the number is growing as we speak. With that rising number, the one of the kids and teenagers who are in the positive sphere of influence of the benefits of the operations and activities offered and directed to them, is simultaneously getting higher and higher. On another take, the kids and youngsters that take part in the workshops, and the, are a benefiting party of its own, through having concrete and first-hand benefits by the teachings, instructions and values that Keys to Success offers. Through that same reasoning, another benefiter is the government; by potential savings to be made in health care, unemployment, education, and all the fringe benefits that lowering the level of social exclusion in the young comprises.

In 2010, there were more than 78 500 children and adolescents under child protective services, and more than 17 000 placed out of home (Moisio, 2012). In 2005 there were 95 000 young people, between ages 15 and 24, outside working life and education, and more than 33 000 unemployed job seekers under the age of 25, in January 2012 (Moisio, 2012). The programs and workshops Keys to Success offers, aren't directly targeted to young people of legal age. However, the benefits of current actions are expected to be seen also in the past of the kids and adolescents who are being taught and guided in the present. The financial effects could well be calculated and estimated, in another research, as it sure would be interesting for many stakeholders to see the results. Without any specific numbers, it can be concluded, that if the number of socially alienated young people can through any means be lowered, the financial benefits will surpass the value of zero. From this point of view, and especially financially speaking, the government can be seen as one

of the main beneficiaries of the effective activity and implementation of Keys to Success and its youth programs.

The effects of social exclusion in the young imposes on the national economy appear in losses of national economy itself, in growing public sector expenditures, and in decreasing tax incomes (Edilex, 2015). By estimate, the cost of a youngster that gets fallen in a socially underprivileged path, and for good gets alienated from the workforce, will cost the society more than a million, by the 60th birthday of that person. According to other resources the number varies between a million, 1,2 million all the way up to 1,8 million euros, when incorporating the whole time span of working life (Tiede, 2015). The aforementioned figures and situations are the sum of many things, some work for them and some against. It is difficult to estimate the financial effect of Keys to Success in the prevention of social exclusion, and that task will be left for further research, or for another paper. As a whole, Keys to Success is one of the factors that increase the well-being of kids and adolescents, the only question that is left for another paper to be answered, is by how much. Hypothetically, if one child or teenager were however spared from social exclusion thanks to Keys to Success, the whole project would have paid itself back in less than the five years that the project has so far gotten funding for. The 952,000€ that has been granted for the project for the years 2012-2016, is just a tiny bit short of half a million less than the cost of one socially excluded youngster, according to the committee report in 2014 (Edilex, 2015). If that were the case, the financial investment in Keys to Success would well be worth it. And the more sense it would make, in the respect of national economics as well, the bigger the number of the people it would have such an impact on. The number of benefiting partners and their vastness and reciprocal impacts are all subject to the operation and expansion plans and their possible putting to practice that Keys to Success might have.

3 Methodology

Within this chapter, I will present the means that I will have used to gather all the information needed and used during the research process. There will be a small range of different methods used, accompanied by an introduction to the qualitative and quantitative research methods, and the combination there of.

3.1 Research topic and research gap

As such, and as of yet, the topic of non-profit doesn't offer a vast amount of sources and experiences from real-life. Research in the field of non-profit organisations' or projects' financial sustainability in Finland, not surprisingly is even more scarce. The previous is stated in regards of the field of organisational activity on the whole, and the amount of research and papers that exist and do get published every year. There would most certainly be room for more studies in non-profit world as well. Also in the sense, that non-profit activities and services do actually touch a big number of Finns – it would be a relevant matter to know more about the organisations and work that is done both under our eyes, and underneath the surface.

In this section, I will be lightly presenting the existing studies of similar processes and cases. That is to validate the utility of the study and the topic of the thesis itself. Also, the personal interest in the topic is strong, as is the aim to present a study that will offer real and substantial benefits to the case project. It will be of interest to look at the goal (sustainability, strategic goals and hypothesis), and the starting point (financial status), and to process what needs to happen in-between (financial sustainability, project management, financial management), thus creating the research gap and simultaneously the justification for this thesis topic.

3.2 Research methods, Data collection and assessment

All possible elements of the data and information, for example those that have to do with the collection, quality and uniformity of it, will be discussed here. Qualitative methods have been applied in the interviews and discussions with the case project's staff and possibly third parties. The majority of the methods are covered with quantitative ones, which are presented in the results (sub-chapters 4.2.,4.3.) The interviews have been carried mostly as informal ones, through free conversation sessions that have been filed. A good part of the information and data was handed over by the project manager during the sessions, by external hard drives, or over in emails. Before, in-between and after the face-to-face-

meetings, contact was kept through telephone, emails, or other instant messaging. The data has been received directly from the project manager at Keys to Success. The data and information has been delivered as MS Excel-files, and in different presentation forms, such as PowerPoint and Prezi; the first sessions regarding the cooperation, were supported by Power Point presentations about the project.

The quantitative methods used in the study consist mostly of the numerical figures and results, that are calculated and analysed along the course of the analyses. The project currently is not under heavy requirements when it comes to reporting to its funder, RAY. Keys to Success reports back to RAY once a year about the key factors of the reporting period in question, and makes a final report at the end of the five-year-funding period (sub-chapter 4.1.).

For this study, qualitative methods were the ones that have mainly been used, to a lesser part, quantitative methods have been also used. For the first mentioned, the initial plan was to interview the project staff and other stakeholders when and if necessary. As it turned out, the project manager of Keys to Success was able to provide all the material, and answer all the questions that I prepared for him, in order to get a further understanding on the project. A lot of information surely is available on the project's internet page – the need for the interviews came up in the matter of more profound and detailed information, for example the budgetary figures. All the data that is referred to in this paragraph is connected to and dependent on the transparency and rigor of the financial information and reporting of the case project.

The analyses are based on the numbers and information gotten from and available concerning the case project. That has set some baselines for the inspection, and at the same time a frame to the scope of the work. An income statement – being one of the most used financial statements by companies at large – of the case project, for example, would have ideally been one of the bottom lines for analysis. However, Keys to Success is not required to offer information at such a level, which is why any analyses that would rely on income statement information is not made in this study. As further recommendation, a budgeted income statement will be made.

4 Results and conclusions

The empirical results of the study are presented in this chapter, starting with the qualitative research results, and then proceeding with the quantitative ones. The qualitative results consist of the interview that was carried out with the representative of Keys to Success. The qualitative results encompass performance indicators and cost budgeting. As a general and most beneficial result of this study for Keys to Success, are the MS Excel based analysis and tools that are made, based on the data received from the case project. The MS Excel analysis and tool are also beneficial for the case project when they are trying to attract new funders and cooperation partners. Having a tool, and having analysis made, is interesting for the case project also in the sense that it gives Keys to Success a reason and possibility to show the potential supporters why, what and how they are putting an emphasis on the whole budgeting process, and it shows for its seriousness on the topic.

4.1 Qualitative research

Another angle, one that is much more specifically to the case project, to the qualitative research methods were executed brought forward in the interview, and other connections, such as informal conversations and updates. The interview questions (Appendix 3) were prepared so that they would be uncomplicated to respond to. The starting-off point was such that the interview would be made with the project manager. However, the questions were prepared with the conscious thought that they needn't be presented to a single nor named respondent. If it happened that the answers were to be forwarded to another party than the project manager himself, it would be an uncomplicated task at that point, and would not require any extra time or effort from the project manager, nor anyone else. Also, the questions prepared for the qualitative insight, were put together with the idea that they would be simple to understand, interpret and answer, nonetheless giving the respondent the voluntary choice to give as broad and lengthy answer as they ever wanted to. Initially, the project manager was presented with questions, of which the answers were supposed to help evaluate the scope of the work, the demarcation. The results of the qualitative study were gathered as a one-on-one interview, and though being a personal interpretation, the outcome is as reliable as possible, as the interviewee was the person who is most aware of the information about Keys to Success's, the project manager. Another goal, and by no means the least one, of the interview was to see how much information actually was available when it came to the finances and numerical details of the project – its past, present or future. The author of this study was aware right from the beginning, of the risk that there might not be all that much information that could be shared by the pro-

ject manager or other relevant people, that was not classified or confidential. For clarity, and to respect the demarcation, two main sections of the interview, i.e. the qualitative research, are elaborated here, which are the questions number III, VI and VII.

As the main stakeholders, the project manager of Keys to Success mentions the Finnish YMCA, Finland's Slot Machine Association RAY, and the local YMCAs around the areas where the project is currently operating. Other stakeholders are also referred to, which are the participants to the sessions, and the staff that is hosting them. On a larger scale, there are numerous stakeholders, even whole communities, especially in the more compact areas and towns. In this context, the future plans are also remarked, as the project manager sheds light on the projects future goals in its operations in Finland. After the current funding period of five years, the project manager explains that there is a possibility the project will be modifying the way it has been executing its mission so far, around the country. As during this current funding period of five years, the focus has mostly been on developing the project and piloting its services and the sessions, the coming period will be offering different opportunities, as the focus will be more on the implementation of the mission, the actual sessions and their further development when and where needed.

The funding of the project is tackled mostly through the question VI and its sub-question (Appendix 3), and being the other most relevant topic of the qualitative research in this context, the results are presented here. The project manager explains the funding dimensions eagerly and openly. The current funding comes straight from Finland's Slot Machine Association RAY. Usually the funding is applied for three years at a time, at least in the case of this sponsor, in the category of Creative Projects. Keys to Success went however for a longer time scope with its application, with the funding applied – and then granted – for five years. The reason behind this, was for a big part the stage the project was; starting to establish and really develop its operations, and then go ahead with the piloting projects. The perspective of finding a place further up in Finland, other than in the Helsinki region only was a task that was to be battled. Making contacts and cooperation partners requires time and effort, which is not a done in a heartbeat with a small project as Keys to Success.

Currently, as the project manager responds to the first sub-question, there is no conditional funding in the project – the amount that was granted for the five initial years were in the hands of the project, no matter what. Of course no project or venture can act irresponsibly about its operations or finances, or disrespect and undermine their sponsors and funders, if they consider the continuation and image of themselves even the least. When it comes to conditional funding, the project manager reveals that change is lurking in the

future, as the funding structure has been planned differently from 2017 onwards. Keys to Success will still be applying for funding from RAY, this time, for three years. Of the total sum that the project will apply funding for, for the following three years, only 50% will be applied for its current sole funder, RAY. According to the project manager, the financial structure is going to be different this time, as there will be funding that is not completely unconditional, and is to be consisting of public, private and local organisation funding. For the period of 2017-2019, the project is applying for RAY for 50% of its funds, 30% from companies, and the remaining 20% from the project's current cooperation partners, such as different associations, and the regional YMCA's. The conditions are to be seen in the 30% of the project's funding that comes from the companies, and the project manager states as an example of the conditions to include providing services for the companies themselves. Related to this, the project manager also explains that service design is topical, and the project is developing a wider range of services – come products – such as company development and recreation days and sessions; the aim is to have a range of services or products, to offer to a larger audience. Due to the expected changes in the project's funding structure, this study treats elements of both non-profit and corporate financing and accounting.

The second sub-question is about the current level of funding, and how the project would see it suffice in the future for its aspired operations. The project manager confidently states that the project is not in a tough situation of going for more and more funds in the future. For the present year, a sum of 217,000€ is budgeted, and it is the highest level of yearly funding the project is granted altogether for the current period (figures 2–3, 2–4). For the coming three-year-period the project will be applying for funds, is going to be lighter than the current years. This is mainly due to the changes in the focus of its operations, as in the new period, the emphasis will not be in the same extent be in the resource-heavy start-up phase and piloting. The focus will be more on organising and carrying out the actual sessions, which from the project's point of view is a lot lighter a process to carry out. According to the project manager, this process could be executed by organising joined training sessions on one location, bringing together all the people who are trained to be conducting the sessions [more] independently. The project manager also sheds light to the future outlook, which development-wise encompasses the previously mentioned product or service range expansion, and also educating local co-operators to later hold the skills and knowledge to organise sessions [more] independently. This in the beginning will require resources form Keys to Success, but further down the line will free time for the local coordinators. This scenario also helps broaden the reach of the project and its mission, and therefore in the future helps gain more customers, cooperation partners and sponsors. People, associations and companies are expected to be more eager to use the

services of, cooperate with, and invest in Keys to Success the more visible and close the project is to them.

Keys to Success isn't under tight reporting constraints towards RAY, says the project manager. After the general season for preparing financial statements, around April or May, the project reports yearly back to RAY about its operations, results and its financial situation. The reporting is made for each operational area, and as a total. In addition, a final report will be prepared or RAY at the end of the funding period. Reporting back to RAY, the case project doesn't have a pre-set format to follow, the contents of the report, and the matters that are presented to RAY each time, are chosen by Keys to Success based on possible wishes from the funder's representatives. Usually, the matters that are reported back on, are ones that give a general outlook on how the project has been doing, and any other topical issues. In the internal reporting, Keys to Success is a lot more active; the local coordinators and the project manager get together every week in a virtual meeting environment, to summarise the most significant past and coming events and pointers. Also, once every four or five weeks the whole project staff get together and meet in person, to go through each staff member's national responsibilities.

4.2 Cost Budgeting

This section will be presenting the results that came out of the cost budgeting analysis on Keys to Success' available data. Cost budgeting is based on the idea of different costs being related to various cost objects. There are different costs that in different fields and domains can vary quite largely from each other. In NGO health care cost budgeting, for example, you might have cost objects such as "staff costs", "drugs and other medical supplies", and "utilities". Costs in general can be different items, from procedures, to activities, to services and so on. Before you can come up with a feasible budget, you need to have your venture's cost objects identified, and you also need to determine their behaviour of different costs, due to the changes in their volumes. And to do all this successfully, you need to have a very good understanding of your organisation; just by focusing on the key parts of your cost budget, where a cost profile will be of great help. A cost profile will help its reader to grasp quite quickly and effortlessly the parts that consume most of the costs. In NGO budgeting, as in other cases, the budgeting process is a means to keep track on how you perform, and where you can possibly get more efficient and make better use of your sources, and to possibly get rid of the ones that aren't serving a real purpose (PATHFINDER INTERNATIONAL, 2015).

Keys to Success – as the vast majority of viable financial actors do – has its own cost objects too. The analysis made on them, and the project's cost budget, is based on the budgetary estimate provided by the project manager (Appendix 1). Usually costs are further divided into fixed costs and variable costs (PATHFINDER INTERNATIONAL, 2015, p. 6-13), where the first mentioned refers to the costs that stay constant, and the latter one varies with the level of operation. Although, in the long run, the cost items that are commonly seen as fixed ones, such as rent expense, are in a long enough time frame variable costs too; very seldom the rent expenses stay constant on a ten- or thirty-year-scope. In the case of Keys to success, the cost items that are in budget constant in the five-year picture, are found amongst the operational costs; *Publicity, Administration and Other expenses*. Other costs is generally a cost item that holds in itself the potential to get cut down, by using all possible information at disposal, and by working hard on the estimates on the costs that are for different reasons put under other costs (PATHFINDER INTERNATIONAL, 2015, p. 6-13).

Budgeting gives a great tool in a project like this to forecast its future. Different scenarios with different variables offer great means for the project management to build outlooks of how the future might look like. Together with the rest of the team, and possibly with the current sponsor and co-operators, there might be ideas and possibilities found – as well as overruled – that otherwise might have left undiscovered or disregarded. Keys to Success can use the MS Excel tool to build different budgetary scenarios by adding or taking away different cost items, and by making changes in their amounts. The tool can be used to build scenarios for the future as well, for shorter or longer time frames than the current five-year-one. Further analysis on the budgetary estimate data received from Keys to Success has been made. So far, Keys to Success has been making the distinction between the project management and other staff in its budgetary estimates; the case project has separated a part of its operational costs between management and the rest – i.e. the project manager and the local coordinators. The analysis made in this study is carried out with two approaches; using the same division that Keys to Success has done so far, and then the other, that would be useful for them in the future, i.e. counting the operational cost items together for both management and the rest. Having the two approaches will help the project understand better what kind of an effect the distinction has and would be making. Further, the analysis has been categorised into two; the operational costs alone, and all of the costs combined, with the latter including the salary expenses as well. As the budgetary estimate of Keys to Success (Appendix 1) shows, there are only the salary expenses (Table 4–1), and operational ones (Table 4–2).

	2012	2013	2014	2015	2016	Whole period
Helsinki	38000	41000	42000			121000
Lahti		40000	41000	42000		123000
Tampere		40000	41000	42000		123000
Oulu			41000	41000	42000	124000
Salary expense, local coordinators total	38000	121000	165000	125000	42000	491000
Salary expense, management	45000	46000	46000	47000	47000	231000
Number of employees, incl management	2	4	5	4	2	5
Number of employees, excl management	1	3	4	3	1	4
Salary expense, total	83000	167000	211000	172000	89000	722000

Yearly salary/employee, excl management	38000	40333	41250	41667	42000	122750
Yearly salary/employee, incl management	41500	41750	42200	43000	44500	144400

Table 4-1 Salary Expenses

The case project is given insight as to how the distinction it has made between the management and other staff, is affecting its reporting, and through that, all possible sponsors and cooperation partners it has and will present its financial results and performance.

		2012	2013	2014	2015	2016	Whole period
Operational costs, excl management (€)	Publicity	5000	5000	5000	5000	5000	25000
	Piloting	4000	5000	5000	4000	4000	22000
	Steering & Assessment	3000	23000	14000	14000	23000	77000
	Travel expense	2000	3000	4000	3000	2000	14000
	Administrational expenses	3000	3000	3000	3000	3000	15000
	Rent expense	2000	3000	5000	3000	2000	15000
	Follow-up, training and contacting	4000	5000	7000	5000	3000	24000
	Other expense	2500	2500	2500	2500	2500	12500
	Total	25500	49500	45500	39500	44500	204500

Table 4-2 Operational costs, excl mgmt (€)

		2012	2013	2014	2015	2016	Whole period
Operational costs, mgmt (€)	Travel expense	3000	4000	4000	4000	3000	18000
	Other expenses	1500	1500	1500	1500	1500	7500
	Total	4500	5500	5500	5500	4500	25500

Table 4-3 Operational costs, mgmt (€)

Even though Keys to Success has so far been undergoing its budgetary process with the distinction between management and the rest of the staff, when it comes to the two distinct cost objects “travel expense” and “other expense”, the analysis made in this study makes comparisons between the current situation that encompasses the distinction (Tables 4–2, 4–3), and the one that handles them all together (Table 4–4).

		2012	2013	2014	2015	2016	Whole period
Operational costs, incl management (€)	Publicity	5000	5000	5000	5000	5000	25000
	Piloting	4000	5000	5000	4000	4000	22000
	Steering & Assessment	3000	23000	14000	14000	23000	77000
	Travel expense	5000	7000	8000	7000	5000	32000
	Administrational expenses	3000	3000	3000	3000	3000	15000
	Rent expense	2000	3000	5000	3000	2000	15000
	Follow-up, training and contacting	4000	5000	7000	5000	3000	24000
	Other expense	4000	4000	4000	4000	4000	20000
	Total	30000	55000	51000	45000	49000	230000

Table 4-4 Operational Costs, incl mgmt (€)

In the tables that describe the amounts of each cost item of operational costs in euro, there are indicators for the whole period, to point the difference between the biggest and smallest operational cost items. In both cases, whether including the management's costs or not, the biggest operational cost item is *Steering & Assessment*. For the other operational cost objects, there are slight differences between them, which are further shown when comparing the relative figures of each, in percentages (Tables 4–5, 4–6).

		2012	2013	2014	2015	2016	Whole period
expense item per total operational costs excl management (%)	Publicity	20 %	10 %	11 %	13 %	11 %	12 %
	Piloting	16 %	10 %	11 %	10 %	9 %	11 %
	Steering & Assessment	12 %	46 %	31 %	35 %	52 %	38 %
	Travel expense	8 %	6 %	9 %	8 %	4 %	7 %
	Administrational expenses	12 %	6 %	7 %	8 %	7 %	7 %
	Rent expense	8 %	6 %	11 %	8 %	4 %	7 %
	Follow-up, training and contacting	16 %	10 %	15 %	13 %	7 %	12 %
	Other expense	10 %	5 %	5 %	6 %	6 %	6 %
		100 %	100 %	100 %	100 %	100 %	100 %

Table 4-5 Operational costs, excl mgmt (%)

		2012	2013	2014	2015	2016	Whole period
expense item per total operational costs incl management (%)	Publicity	17 %	9 %	10 %	11 %	10 %	11 %
	Piloting	13 %	9 %	10 %	9 %	8 %	10 %
	Steering & Assessment	10 %	42 %	27 %	31 %	47 %	33 %
	Travel expense	17 %	13 %	16 %	16 %	10 %	14 %
	Administrational expenses	10 %	5 %	6 %	7 %	6 %	7 %
	Rent expense	7 %	5 %	10 %	7 %	4 %	7 %
	Follow-up, training and contacting	13 %	9 %	14 %	11 %	6 %	10 %
	Other expense	13 %	7 %	8 %	9 %	8 %	9 %
		100 %	100 %	100 %	100 %	100 %	100 %

Table 4-6 Operational costs, incl mgmt (%)

While looking at the operational costs including and excluding management, the difference between them is clearly visible, when looking only at the column that describes the situation of the whole period; in the firstly mentioned case, the three biggest cost items are *Steering & Assessment*, *Publicity* and *Follow-up*. When counting in management-based operational costs, the same cost items are *Steering & Assessment*, *Travel expense* and *Publicity*. When the analysis is conducted based on percentages of the actual numbers, the cost profile can be seen quite simply. Keys to Success would well present their budgetary information, estimates and potential budgetary forecasts to their stakeholders and potential sponsors and funders for the same reason. Of course, it is beneficial for the project to have the same information in different formants, if and when any partners or negotiating parties would need or want to the same information to be presented in another form. It not only shows that the project has the will and ability to respond to cooperating partner's needs, but also is a means for attracting other funders and partners, as is the complete existence of the budgetary analysis in the first place. In the analysis presented in percentages (tables 4–5, 4–6), each column has indicators of the relatively biggest and smallest cost items, marked from darker to lighter indicator colour. In the percentage-based analysis, you can see the differences between the situation where management is or isn't included. In the first mentioned case, the first operating year's three biggest cost items were *Publicity*, *Piloting*, *Follow-up*, *Steering & Assessment* and *Administration* (table

4–5) and in the latter case they were *Publicity, Travel, Piloting, Follow-up* and *Other expense* (table 4–6). Looking at the whole picture, you can see that whether you count the management in or not, the biggest chunk of operational costs has been swallowed up by the same cost item every year. Similar comparison and analysis can be conducted for each individual inspection periods, which further can be altered and changed by the case project, based on the needs for and budgetary reporting and estimation they might have.

		2012	2013	2014	2015	2016	Whole period
expense item per income, excl management (%)	Publicity	4 %	2 %	2 %	2 %	4 %	3 %
	Piloting	3 %	2 %	2 %	2 %	3 %	2 %
	Steering & Assessment	3 %	10 %	5 %	6 %	16 %	8 %
	Travel expense	2 %	1 %	1 %	1 %	1 %	1 %
	Administrational expenses	3 %	1 %	1 %	1 %	2 %	2 %
	Rent expense	2 %	1 %	2 %	1 %	1 %	2 %
	Follow-up, training and contacting	3 %	2 %	3 %	2 %	2 %	2 %
	Other expense	2 %	1 %	1 %	1 %	2 %	1 %
		22 %	22 %	17 %	18 %	31 %	21 %

Table 4-7 Cost Item / Income, excl mgmt (%)

		2012	2013	2014	2015	2016	Whole period
expense item per income, incl management (%)	Publicity	4 %	2 %	2 %	2 %	4 %	3 %
	Piloting	3 %	2 %	2 %	2 %	3 %	2 %
	Steering & Assessment	3 %	10 %	5 %	6 %	16 %	8 %
	Travel expense	4 %	3 %	3 %	3 %	4 %	3 %
	Administrational expenses	3 %	1 %	1 %	1 %	2 %	2 %
	Rent expense	2 %	1 %	2 %	1 %	1 %	2 %
	Follow-up, training and contacting	3 %	2 %	3 %	2 %	2 %	2 %
	Other expense	3 %	2 %	1 %	2 %	3 %	2 %
		26 %	24 %	19 %	20 %	34 %	24 %

Table 4-8 Cost Item/Income, incl mgmt (%)

The above tables show how much of each operational cost item takes from the total income, in percentage (Tables 4–7, 4–8). At the same time, knowing that the cost profile of Keys to Success only beholds the operational costs and staff costs, the percentage that remains from that of each year’s operational cost total over income, is that of staff costs. Also, the colour indicator again shows the cost item that has taken the most and least big part.

		2012	2013	2014	2015	2016	Whole period
expense item per income, excl mgmt (factor)	Publicity	0,04	0,02	0,02	0,02	0,04	0,03
	Piloting	0,03	0,02	0,02	0,02	0,03	0,02
	Steering & Assessment	0,03	0,10	0,05	0,06	0,16	0,08
	Travel expense	0,02	0,01	0,01	0,01	0,01	0,01
	Administrational expenses	0,03	0,01	0,01	0,01	0,02	0,02
	Rent expense	0,02	0,01	0,02	0,01	0,01	0,02
	Follow-up, training and contacting	0,03	0,02	0,03	0,02	0,02	0,02
	Other expense	0,02	0,01	0,01	0,01	0,02	0,01
		22 %	22 %	17 %	18 %	31 %	21 %

Table 4-9 Cost Item/Income, excl mgmt (factor)

		2012	2013	2014	2015	2016	Whole period
expense item per income, incl mgmt. (factor)	Publicity	0,04	0,02	0,02	0,02	0,04	0,03
	Piloting	0,03	0,02	0,02	0,02	0,03	0,02
	Steering & Assessment	0,03	0,10	0,05	0,06	0,16	0,08
	Travel expense	0,04	0,03	0,03	0,03	0,04	0,03
	Administrational expenses	0,03	0,01	0,01	0,01	0,02	0,02
	Rent expense	0,02	0,01	0,02	0,01	0,01	0,02
	Follow-up, training and contacting	0,03	0,02	0,03	0,02	0,02	0,02
	Other expense	0,03	0,02	0,01	0,02	0,03	0,02
		26 %	24 %	19 %	20 %	34 %	24 %

Table 4-10 Cost Item/Income, incl mgmt (factor)

The above tables (tables 4–9, 4–10) present the factors with which you will get the answer to how much every euro put into each expense item, brings in income according to the ratio in question. At the same time, the above tables show how much of the total income is spent in each operating cost.

		2012	2013	2014	2015	2016	Whole period
Operational cost variance (excl/incl mgmt) (€)	Publicity	0	0	0	0	0	0
	Piloting	0	0	0	0	0	0
	Steering & Assessment	0	0	0	0	0	0
	Travel expense	3000	4000	4000	4000	3000	18000
	Administrational expenses	0	0	0	0	0	0
	Rent expense	0	0	0	0	0	0
	Follow-up, training and contacting	0	0	0	0	0	0
	Other expense	1500	1500	1500	1500	1500	7500
	Total	4500	5500	5500	5500	4500	25500

Table 4-11 Variance in operational costs, incl-excl mgmt (€)

		2012	2013	2014	2015	2016	Whole period
Operational cost variance (excl/incl mgmt) (%)	Publicity	0 %	0 %	0 %	0 %	0 %	0 %
	Piloting	0 %	0 %	0 %	0 %	0 %	0 %
	Steering & Assessment	0 %	0 %	0 %	0 %	0 %	0 %
	Travel expense	150 %	133 %	100 %	133 %	150 %	129 %
	Administrational expenses	0 %	0 %	0 %	0 %	0 %	0 %
	Rent expense	0 %	0 %	0 %	0 %	0 %	0 %
	Follow-up, training and contacting	0 %	0 %	0 %	0 %	0 %	0 %
	Other expense	60 %	60 %	60 %	60 %	60 %	60 %
		210 %	11 %	12 %	14 %	10 %	12 %

Table 4-12 Variance in operational costs, incl-excl mgmt (%)

As the information provided in this sub-chapter shows, the case project is advised to consider the way it will be tackling its budgeting process, especially when it comes to the way it handles its cost objects, and their distinctions based on the staff vs management. The difference is clearly visible when looking at the variances of costs, when either including or excluding the costs generated by the management (Tables 4–11, 4–12). For the whole five-year-period, the difference in travel expense proves to be a considerable 129% more, when counting in that of the management, and the same number for other costs is 60%. However, the total operational costs have risen only 12% when incorporating the costs generated from management.

4.3 Performance Indicators

The performance indicators of any project can be seen as the denominators on where emphases needs and have been made. Performance reports are ones that measure activity, and that usually consist of comparisons between actual and budgeted figures, and further connect them to productivity indicators, such as volume (PATHFINDER INTERNATIONAL, 2015).

And example of such performance indicators include Keys to Success's performance is for the biggest part focused on how the project's mission is being put to action, through the contacts and workshops that have been carried by the local coordinators, in the different operational areas of the project. As there is one coordinator in each operating area, Helsinki, Lahti, Tampere and Oulu, it means that the performance measurements that are made, will simultaneously point out the performance of each operating are, and its local coordinator. In the beginning and at the end of the current five-year funding period, the number of staff is smaller, when there's only one local coordinator in the staff, in addition to the project manager (table 4–1). For the performance analysis, the contact figures received from Keys to Success are also used (Table 4–13).

Helsinki	366	420	686
Lahti	316	379	702
Tampere	258	326	771
Oulu	0	90	292
Operational areas, total	940	1215	2451

Table 4-13 Yearly Contact Figures by Operational Area

The peak year of operation staff count-wise, was 2014, as there were local coordinators in all operational sites. This plays a role when looking at performance in contacting and session organising, since even when there have been contacts and sessions in several operational areas, it doesn't automatically mean, that the contacts have been generated by a local coordinator designated in that specific area. When considering the level of input in each contacting group, the cost per each has been calculated based on the actual contact figures for 2012-2014 (Table 4–14).

	2012	2013	2014
Helsinki, total	366	420	686
Youths	250	256	506
Teams	12	15	10
Sessions	12	12	34
Parents	80	125	120
Coaches	12	12	16
Lahti, total	316	379	702
Youths	220	324	612
Teams	8	12	15
Sessions	10	10	26
Parents	70	30	45
Coaches	8	3	4
Tampere, total	258	326	771
Youths	180	220	551
Teams	6	8	23
Sessions	6	13	36
Parents	60	75	149
Coaches	6	10	12
Oulu, total	0	90	292
Youths		67	244
Teams		7	13
Sessions		3	11
Parents		0	21
Coaches		13	3
All operational areas, total	940	1215	2451
Youths	650	867	1913
Teams	26	42	61
Sessions	28	38	107
Parents	210	230	335
Coaches	26	38	35

Table 4-14 Contact Amounts, by Type, by Operational Area

The cost for each contact type and operational area have been analysed by both situations; with management's staff costs excluded and included (Tables 4-15, 4-16).

	2012	2013	2014
Helsinki, total	39 %	35 %	28 %
Youths	10231	29847	36044
Teams	409	1446	1149
Sessions	441	1308	2016
Parents	3305	7918	6312
Coaches	409	1308	659
Lahti, total	34 %	31 %	29 %
Youths	8833	26933	36885
Teams	353	1305	1176
Sessions	381	1180	2063
Parents	2854	7145	6459
Coaches	353	1180	675
Tampere, total	27 %	27 %	31 %
Youths	7212	23167	40510
Teams	288	1122	1292
Sessions	311	1015	2266
Parents	2330	6146	7094
Coaches	288	1015	741
Oulu, total	0 %	7 %	12 %
Youths	N/A	6396	15342
Teams	N/A	310	489
Sessions	N/A	280	858
Parents	N/A	1697	2687
Coaches	N/A	280	281
All operational areas, excl mgmt	100 %	100 %	100 %
Youths	26277	86343	128782
Teams	1051	4183	4106
Sessions	1132	3784	7203
Parents	8489	22905	22552
Coaches	1051	3784	2356

Table 4-15 Relative Cost per Contact Type per Staff Costs, excl mgmt (€)

	2012	2013	2014
Helsinki, total	39 %	35 %	28 %
Youths	22347	41194	46093
Teams	894	1996	1470
Sessions	963	1805	2578
Parents	7220	10928	8072
Coaches	894	1805	843
Lahti, total	34 %	31 %	29 %
Youths	19294	37173	47168
Teams	772	1801	1504
Sessions	831	1629	2638
Parents	6233	9861	8260
Coaches	772	1629	863
Tampere, total	27 %	27 %	31 %
Youths	15753	31974	51804
Teams	630	1549	1652
Sessions	679	1401	2898
Parents	5089	8482	9072
Coaches	630	1401	948
Oulu, total	0 %	7 %	12 %
Youths	N/A	8827	19620
Teams	N/A	428	626
Sessions	N/A	387	1097
Parents	N/A	2342	3436
Coaches	N/A	387	359
All operational areas, excl mgmt	100 %	100 %	100 %
Youths	57394	119168	164685
Teams	2296	5773	5251
Sessions	2472	5223	9211
Parents	18543	31613	28839
Coaches	2296	5223	3013

Table 4-16 Relative Cost per Contact Type per Staff costs, incl mgmt (€)

	2012	2013	2014	2015	2016	Whole period
Staff productivity ratio (incl mgmt)	58750	56875	53500	55625	71250	195500
Staff productivity ratio (excl mgmt)	117500	75833	66875	74167	142500	244375

Table 4-17 Staff Productivity Ratio (€)

When Keys to Success has been making a distinction between management and the rest of the staff, there's a big difference that the distinction shows when looking at the Staff Productivity Ratio (Table 4–17), which basically describes the same thing as sales or revenue per employee (Table 2–6). If one presumes, that the management had no direct input in creating the income, the difference between the two results is considerable. Of course, when the case organisation is as small as Keys to Success, when it comes to staff size, it is not surprising. However, when looking at the whole staff, each part of it has on average brought in 59,200€ per year. If the hypothetical situation of the project manager

having no input on the income, the figure would have been almost twice as much, averaging at a considerable 95,375€ yearly.

	2012	2013	2014	2015	2016	Whole period
Publicity/employee (excl mgmt)	5000	1667	1250	1667	5000	6250
Publicity/employee (incl mgmt)	2500	1250	1000	1250	2500	5000
Piloting/employee (excl mgmt)	4000	1667	1250	1333	4000	5500
Piloting/employee (incl mgmt)	2000	1250	1000	1000	2000	4400
Steering & Assessment/employee (excl mgmt)	3000	7667	3500	4667	23000	19250
Steering & Assessment/employee (incl mgmt)	1500	5750	2800	3500	11500	15400
Administrational expenses/employee (excl mgmt)	3000	1000	750	1000	3000	3750
Administrational expenses/employee (incl mgmt)	1000	750	1000	750	1000	3000
Rent expense/employee (excl mgmt)	2000	1000	1250	1000	2000	3750
Rent expense/employee (incl mgmt)	1000	750	1000	750	1000	3000
Follow-up, training & contacting/employee (excl mgmt)	4000	1667	1750	1667	3000	6000
Follow-up, training & contacting/employee (incl mgmt)	2000	1250	1400	1250	1500	4800

Table 4-18 Operational Costs per Employee (€)

	2012	2013	2014	2015	2016	Whole period
Travel Expense/employee (incl mgmt)	2500	1750	1600	1750	2500	6400
Travel Expense/employee (excl mgmt)	2000	1000	1000	1000	2000	3500

Table 4-19 Travel Expenses per Employee (€)

	2012	2013	2014	2015	2016	Whole period
Other Expense/employee (incl mgmt)	2000	1000	800	1000	2000	4000
Other Expense/employee (excl mgmt)	2500	833	625	833	2500	3125

Table 4-20 Other Costs per Employee

	2012	2013	2014	2015	2016	Whole period
Operational cost/employee (incl mgmt)	15000	13750	10200	11250	24500	46000
Operational cost/employee (excl mgmt)	25500	16500	11375	13167	44500	51125

Table 4-21 Total Operational Costs per Employee (€)

	Average
Publicity/employee (excl mgmt)	2917
Publicity/employee (incl mgmt)	1700
Piloting/employee (excl mgmt)	2450
Piloting/employee (incl mgmt)	1450
Steering & Assessment/employee (excl mgmt)	8367
Steering & Assessment/employee (incl mgmt)	5010
Administrational expenses/employee (excl mgmt)	1750
Administrational expenses/employee (incl mgmt)	900
Rent expense/employee (excl mgmt)	1450
Rent expense/employee (incl mgmt)	900
Follow-up, training & contacting/employee (excl mgmt)	2417
Follow-up, training & contacting/employee (incl mgmt)	1480

Table 4-22 Operational costs per Employee (€), Averages

Each cost item can be analysed through a ratio of how much employees have contributed to their making, or use (tables 4–18–4–21). In the above table, again the distinction between counting all of the staff as a whole, and excluding the management from that, is made. At the same time, the table shows the difference between the years that have required the most and least input in each cost item, with the indicator colour going from dark to light accordingly. If and when Keys to Success wanted or needed to compare the per

staff member value of each years operational cost item to the average of the period, the tool offers that too (Table 4–22).

	2013	2014	Average
Helsinki	14,75 %	63,33 %	39,04 %
Lahti	19,94 %	85,22 %	52,58 %
Tampere	26,36 %	136,50 %	81,43 %
Oulu	N/A	224,44 %	224,44 %
Operational areas, total	29,26 %	101,73 %	65,49 %

Table 4-23 Increase in Contacts to Previous Year

		2012	2013	2014	Average
Contacts per Paid Salary Euro	Helsinki	0,00963	0,01024	0,01633	0,01207
	Lahti	N/A	0,00948	0,01712	0,0133
	Tampere	N/A	0,00815	0,01880	0,01348
	Oulu	N/A	N/A	0,00712	0,00712
	Operational areas, total	0,02474	0,01004	0,01485	0,01654
Price per contact (salary expense)	Helsinki	103,83	97,62	61,22	87,56
	Lahti	N/A	105,54	58,40	81,97
	Tampere	N/A	122,70	53,18	87,94
	Oulu	N/A	N/A	140,41	140,41
	Total	40,43	99,59	67,32	69,11
Price per contact (salary+operating expenses)	Helsinki	173,50	136,90	77,81	129,40
	Lahti	N/A	149,08	74,61	111,84
	Tampere	N/A	173,31	67,93	120,62
	Oulu	N/A	N/A	179,37	179,37
	Operational areas, total	67,55	113,17	71,96	84,23

Table 4-24 Contacts per Salary Euro; Price per Contact (Salary expense); Price per Contact (Salary + Operating Expenses)

The performance of the project can be seen from a couple of different angles. When looking at the contact numbers, a logical way to measure performance, is by operational area, and further looking at how much the contacts have increased in comparison to the previous year, in each operational area (Table 4–23). With the tool in question, based on the contact figures already presented (Table 4–14), Keys to Success can now see how many contacts each salary euro has contributed to, and also the prices for each contact per salary or per salary and operating expenses (Table 4–24). The values for all years and locations were not available, because all operational areas have not had a designated local coordinator each year. For example, in 2012 there were contacts from Lahti and Tampere, but no local salaried coordinators to be responsible for the contacts made in the operation areas. In 2013 there were contacts from Oulu, but no local salaried coordinator to be responsible for the contacts made in that operation area. The others have, therefore made all the contacts that are made in each area with no designated coordinator, and that contribution shows in the total numbers.

There are also other things that the tool offers for Keys to Success to use in their financial and budgetary analyses (tables 4–25–4–28). Ratios and figures can be presented in different forms, and there are also factors that can be computed, which will further help calculate and understand ratios, such as the ratio between paid salaries to Income (4–27), on the Income to Operational costs (table 2–48).

	2012	2013	2014	2015	2016	Whole period
Operational costs/Salary expense (excl mgmt)	67 %	41 %	28 %	32 %	106 %	42 %
Operational costs/Salary Expense (incl mgmt)	36 %	33 %	24 %	26 %	55 %	32 %

Table 4-25 Operational Cost per Staff Expense

	2012	2013	2014	2015	2016	Whole period
Salary Expense/Income (total)	71 %	73 %	79 %	77 %	62 %	74 %
Salary Expense/Income (excl mgmt)	32 %	53 %	62 %	56 %	29 %	50 %
Salary Expense/Income (mgmt)	38 %	20 %	17 %	21 %	33 %	24 %

Table 4-26 Salary Expenses / Income

	2012	2013	2014	2015	2016	Whole period
Income / Salary expense (excl mgmt)	3,09	1,88	1,62	1,78	3,39	1,99
Income / Salary expense (mgmt)	2,61	4,95	5,82	4,73	3,03	4,23
Income / Salary expense (total)	1,42	1,36	1,27	1,29	1,60	1,35

Table 4-27 Income / Salary Expense (factor)

	2012	2013	2014	2015	2016	Whole period
Income / Operational cost (excl mgmt)	4,61	4,60	5,88	5,63	3,20	4,78
Income / Operational cost (total)	3,92	4,14	5,25	4,94	2,91	4,25

Table 4-28 Income / Total Operational Costs (factor)

5 Conclusions

This subchapter will summarise the process scope along with the results raised during the study process. The conclusions given here will offer reference for the case project to make decisions between various scenarios for its future. The conclusions will consist of the analysis on mainly numerical results as well as – planned and unplanned – matters covered in the conversations and interviews, as well as the general data provided by the project (Braun, K. & Tietz, W. 2012).

The success or failure of a business consists of many areas. There are endless amounts of different checklists and to do-lists when it comes to successful business planning – both non-profit, and profit. Financial planning in many of them is one part of the whole, and therefore it by itself doesn't define the situation or put the final nail in the coffin. Financial intelligence and planning however, in one way or another, touch many of the other elements, such as defining the current status of your business, your competition, the risk and opportunities you can expect to come across. And those are only a part of the linkages that the different elements have with the financial side. For those reasons, the importance of thorough and successful financial understanding and planning are strategically vital, if not one of the most important areas a company can possibly face, in all states of its existence.

It must be concluded, that Keys to Success has all the elements of succeeding in the future, if it were to operate only in the Finnish market, or further internationally. The financial elements show that the project has a lot of information that it can and should use in its decision-making, and while contacting and looking for new sponsors, as well as presenting its on-going situation and performance to the cooperation partners. There is no reason, that the many associations and clubs that Keys to Success continuously works with, were interested in the figures that show good performance, and active contacting. It is also notable, the wideness and level of cooperation the project has been able to accomplish with so small a staff. It is only thanks to the intangible assets, and a service that has shown its place and the demand for it, in the operational areas of the project around the country, in Helsinki, Lahti, Tampere and Oulu. In general, and in the light of this study, it seems that there would not anyway be room for financial greed by the employees, as non-profits tend to be lean by nature, and due to funders' motivations and requirements.

When it comes to budgeting, and for the financial analysis, Keys to Success has gained tools for analysing the information it currently collects and reports forward with, as well as a concrete MS Excel tool that it can use to carry on investigating its status, performance

indicators and costs. All the analyses made and presented, can be found in the MS Excel tool, which is a concrete and substantial benefit for Keys to Success, when comparing to the reporting and analysis tools they have so far been using. The tool is one, that can be extended when and where needed, in order for the project to keep on benefiting from it, even if its budgetary process and reporting were to change from its present state. Furthermore, the analysis as well as the tools resulting from this study, can be used by the project when showcasing itself to funders; it will contribute to decision-making as well as strategic and financial planning. It might offer some insight also to the future ventures.

The analysis made in the research, from the financial information part that was provided by the case project didn't include as much actual numbers as it did estimates. In order to gain full benefits from the budgetary and financial planning advice given, the key financial indicators that have been realised in the past should be considered, and revised in connection with what is expected and wanted to happen in the future. Therefore, Keys to success needs to make sure they use the information and tools presented in this research, and take the actual numbers from their past to have as a guideline to see if and where more accuracy or emphasis will be required. External help can be used for those purposes, or such further analysis may be given for someone to work on in another research.

For further research, it would be useful and interesting to have financial analysis made on non-profit organisations and projects, that had some similarities to Keys to Success, and its current and opted for funding base. Especially corporations, as well as bigger private and public companies publish a lot of yearly information on their Annual Reports. Admittedly they go through a lot of hard work and reporting to be able to provide such information, and use it for their own purposes, and various things are expected from them altogether. Nonetheless, for further study, it would be interesting to see how non-profits compare with successful businesses, in productivity and other quality based financial key figures. Another useful research topic in the non-profit area in Finland, would be the horizontal comparison of several different non-profit organisations. A more specified variation of that, would be comparing the biggest in terms of budgets or income, and the ones that have been running for the longest so far – each in their own comparison group. Keys to Success Plan needs to, in every scenario, keep its mission and goals in mind: what does it want to be doing and where. How far and at large would the project want its operations to expand? Just like when focusing on the first phase of budgeting, which is planning, Keys to Success will help itself by asking the questions “what” and “why”. By developing that idea into other situations as well, it would be making sure that it is working towards the ultimate goal it has set for itself, and has established to work towards. The same goes for the thought and preliminary ideas about going commercial. If that was the direction

Keys to Success were to take, it needs to look for and understand the reasons and repercussions of why.

5.1 Future Recommendations and Scenarios

The plan is to first constitute recommendations for future steps and actions for the project to take, based solely on the theoretical research results. That is, mainly the numericals that have been calculated and analysed previously in the process, and presented in sub-chapters 4.2 and 4.3. Other resources include studies conducted around the thesis topic such as previous research. (RAND Corporation 2012).

This is an essential part of the whole process, as it will be the essence of what the cooperating organisation will take with it. It will show the end results based on the hypothesis and project goals that have been taken under scrutiny in the theoretical framework. It will be based on these results that the organisation can decide whether or not to take the results into account in their future strategic moves, and if so, to which direction they might want to go in the light of the information the study is aiming to provide. Resources in the area of decision-making analysis will probably be used for this chapter.

What kind of a business strategy does the project have; a possibility to present different alternatives – different widely-used theories – in more detail is to be considered. Re-evaluating the SWOT analysis after the current funding period for one, is something that Keys to Success should do. If Keys to Success was to expand its operations outside Finland, in regards of business planning, it could well benefit from making a checklist of what it now has to offer, and what it would have to offer in the larger market. (Harrison, W., Horngren, C., Thomas, W. & Suwardy, T. 2012, p.607). The best way to organise a business, is the thing that every venture needs to have in mind when starting up its operations, as well as in expanding, and the same goes for Keys to Success. If the case project already wasn't using different tools to measure and analyse its performance, other than the finances and factors linked to it, Balanced Scorecard-like thinking, as well as a detailed Gantt chart might be beneficial in the future processes, and planning them in the first place. What is certain, whether Keys to Success is to expand its operations or not, it will need to choose the right type of accounting system, and to work on its budgetary planning and financial control, as those are elements that in no point of an organisation's life cycle cease to have an importance. The project has presented a simple financial estimate, for the years 2012-2016. This study has offered insight, analysis and a tool based on that information already at hand, and further down the line, the project will only benefit

from having that as a baseline, and can move on with these elements, and to further focus on similar issues when and where needed and possible. It is possible, for example, for Keys to Success further develop the tool itself, or have additional parts linked to it, as a result of another study or even as an outside purchase. (Butler, David F. 2014) (Stroh, Partick J. 2014)

5.2 Further considerations

If finding an answer to the question “How likely is it for the results to refer to sustainability and even making profit?”, based on the research results and conclusions presented before, the answer would be “Likely, if not very”. However, there are a number of things that Keys to Success needs to take into account when and if it will head further onto the commercial world, or towards the wider world. As such, there even seems to be enough themes and considerations concerning the case projects future, that they offer good prospects and basis for other and further study.

The identification of strategies plays an important role in understanding the potential or actual competitive advantage of a company, or the relative situation in the market. This is true in the case of Keys to Success as well, even though presumably there are no similar projects in Finland. If and when the project seems to find that visibility and possibility for operations outside of Finland as well, a more thorough analysis will be in place. At that stage, the marketing strategy will come to play a bigger role. Then, having thought about that aspect too, will Export market development staff fro outside might not be needed in the case of Keys to Success in its potential future ventures, as it already is a part of a vastly-expanded international organisation, the YMCA International. Furthermore, a closer study and analysis on the case project’s performance and finances should well be compared to other similar projects, ones that also gain funding from either RAY or other parties. This way, the management and sponsors of Keys to Success will become wiser on when it comes to the project’s situation in relation to others that are also in the market, looking to find funding for its operations, be it public or private. The project’s aspirations and goals can then be even further (Butler, David F. 2014, p. 89-100).

Even though the project management of Keys to Success currently consists of one single manager, there is great potential there, for the regional coordinators to be made responsible for more things than thus far. Freeing up time for the management to focus more on the evaluation, financial analysis and strategic preparation, would outright give those vital elements the investment they need, and that would benefit the whole process. Also, by

empowering the regional coordinators more, it would make them engage more to the goals that were set for them, in co-operation. That way, the regional goals can with reason be expected to get better and closer achieved. The overall efficiency in operation, planning, achieving goals, and the quality in cooperation, financial analyses and estimations will be of higher quality.

Another thing that Keys to Success needs to think about when planning for future operations, especially when it is considering going commercial, is the reason for that particular change. The project should look for the underlying causes for such a change, and also everything that would change with it, from taxation, to reporting, to the willingness of funders to invest in it.

Analysis on other operators in the same field, or ones that are similarly looking to get funding for their own operations is another issue that Keys to Success could tackle, or even establish a proper PESTEL-analysis. Comparison with other companies or organisations of the same structure, similar product, size, same market penetration, etc. For good comparability, the features of the other organisations have to be close to ones own. In the case of Keys to Success, this kind of analysis would be important, however, not easy to attain. Could be another project or organisation that is sponsored by RAY, to get some comparison of the state of Keys to Success. Further down the road, comparison between Keys to Success and other similar projects and associations will be beneficial, be it RAY or any other party that each has been funded by. Such analysis was left out of this study due to demarcation (chapter 1.3), but as far as the topic of this study goes; it could well be an area that the case project could investigate more. It would be a good means to show their sponsors that they are serious in their venture, and that they have done substantial and relevant research about other operators in the field, and how Keys to Success actually compares to the others in terms of performance analyses and operational results.

Another thing, that Keys to Success should consider when it comes to its future, is the internationalisation plan. If going international is something that the project really wants to do and achieve, then why not to look into the option. It needs to be thought through whether or not this will be made as a next step, before expanding further in Finland or not. If Finland would first be covered more thoroughly with the regional operations of Keys to Success, there might be better prerequisites and more possibilities for firmer benchmarking. Benchmarking indeed will be needed in any case, no matter what kind of possible expansion aims the project has. These will need to be considered if and when the financial planning is supported by scenario analyses.

5.3 Personal reflections on the thesis work

The thesis process has been quite exhilarating for me. The process started early on, up to a full two years before I actually started writing the work. The process started by working different topics and possible projects or organisations that had some sort of a need for a thesis writer – it wasn't crystal clear to me, that I would be doing the thesis for my current employer. And as it happens, I never did. It was a great choice, in the sense that by going another way with the sponsoring company, I've come to learn something quite different from what I do in my work. I am more than happy to have been able to dig into the topic that was of personal interest, and to see that there are things that can be done simultaneously from whatever you might be working with under in the daytime. The impact and fragility of non-profit organisations has really opened my eyes. And maybe even more so, the ambition and stamina the people behind them work with.

Maybe the most delicious part in the actual writing process was to try and see whether it had to be so "horrible", "strenuous" or "painful", as all the thesis writing guides and media were trying to say it would have to be. I did get some great advice from blogs and different forums about thesis writing, on how to keep going when you think you can't. The pieces of advice that really got me going were "The temptation to quit will be the greatest just before you are about to succeed", "when you feel like giving up, remember why you started", and "keep calm, and just write on". The joy of finishing a paragraph, when I was ready to pack up my things and go do anything else, was immense. Keeping up the momentum was maybe the hardest thing to do, as in life so far, I haven't been known for my concentration skills. One of the most enlightening realisations for me in this process has been learning to trust my own work and my way of working. I have been able to find the right environment, I have come up with a thesis, even in the start, like everyone, had nothing on my hands. Little by little, bit by bit, it started to come together. No, not in the "logical" sense, not in the "right" order. It came together, eventually. And many of the thoughts and ideas that I'd caught on a post-it in various situations from before, were really very welcome, and far-sighted in that sense too.

The thesis-writing process to me has been more than learning from my own work and methods to do and process things. It has given me insight – as I initially had thought – on how vast and deep you can go with whichever analysis you make on whatever topic you choose to. Just by looking at the data that was given for analysis from the case project, it seemed like a simple table, with not much to go for. But as usually is the case, when you look beneath the surface, there is an endless amount of things that you can find in a simple table of numerical information. For Keys to Success also, there is a lot of information

that was there to be used all along. And all the information is to bring in more understanding and elements to help the project make decisions and to see where they are, and the direction they are going. What was interesting as well was the approach that one takes, and how much it can affect, and on the other hand how it doesn't need to make a huge difference at all. Keys to Success has thoughts, if not plans, to familiarise itself more with the corporate world, even though for the first five years of its operations it is considered a non-profit organisation. During this thesis process, and the study undergone for it, I have realised the endless amount of indicators and ratios that can be used to measure different elements or different organisations. Though there are distinctions made between corporate and non-governmental or non-profit organisations, and ones that offer mostly products or services, there are a lot of similar things that are actually under inspection. And the numerous and still numerous indicators and ratios can be classified quite freely, it seems. Depending on the use of which an organisation might be using the results, there is everything on offer, once you know where to look, and once you know how to build up your case. Even though financial reporting, in my opinion, isn't something that should offer varying results depending on the emphases and areas that are taken under analysis each time, however working with the topic, information and data of this study, I have come to accept otherwise. There is a lot of information that by choice can be hidden, or left presented from any given audience. It is up to the person or group of interest going through any given analysis or numbers, to see whether there is something that looks strange, that doesn't seem right, or doesn't add up. So there is always room for questioning, and more details to look for, and in the best-case scenario, you have been digging only to see that everything is just as should be.

Altogether it has been a long and educative process. Having gone through it, and being at the final stretch, it feels strange to look back on all the phases and elements that have acted a part in the process, both tiny and noticeable ones. It has been an arduous process, that has given good insight how inter-connected, and at the same time fragile things are. Nobody said it was going to be easy, but that it would be worth it. I think the biggest opportunities for growth are not when things are easy, but actually when we face challenges. And during this process, I've come to realise time and time again, that the moment you feel like quitting, is the moment you need to keep pushing; in the moments when the temptation to quit is greatest, you are actually success and finish line are closest.

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Appendices

1.1. Appendix 1 – Keys to Success' Budgetary Estimate 2012-2016

"MENESTYKSEN AVAIMET – nuorten urheiluseuratoiminnan terveyden edistämishanke "						
TALOUSARVIO						
Eriteily	2012	2013	2014	2015	2016	Koko hanke
Menot						
Projektiohjo						
Projektipääliikön palkkakulut	45000	46000	46000	47000	47000	231000
Matkakulut	3000	4000	4000	4000	3000	18000
Muut kulut	1500	1500	1500	1500	1500	7500
Palkkausskoordinaattoreien palkkakulut						
Helsinki	38000	41000	42000	42000	42000	121000
Lahti		40000	41000	42000		123000
Tampere		40000	41000	42000		123000
Oulu			41000	41000		124000
Henkilöstökulut yhteensä	87500	172500	216500	177500	93500	747500
Toiminnan kulut:						
Tiedotus	5000	5000	5000	5000	5000	25000
Pilotointi	4000	5000	5000	4000	4000	22000
Ohjauksen- ja arviointi	3000	23000	14000	14000	23000	77000
Matkakulut	2000	3000	4000	3000	2000	14000
Hallintokulut	3000	3000	3000	3000	3000	15000
Vuokratulot	2000	3000	5000	3000	2000	15000
Seuranta, koulutus ja konsultointi	4000	5000	7000	5000	3000	24000
Muut kulut	2500	2500	2500	2500	2500	12500
Toiminnan kulut yhteensä	25500	49500	45500	39500	44500	204500
MENOT	113000	222000	262000	217000	138000	952000
Tulot						
Haettava Raha-automaattiyhdistyksen avustus	113000	222000	262000	217000	138000	952000

1.2. Appendix 2 – Societal and social effects of RAY

RAY:n vaikutukset yhteiskuntaan



1.3. Appendix 3 – Interview Questions for Keys to Success

- I. Who are the main beneficiaries of the project's operations currently? In the future?
- II. Do you see your offering to be more of product or of service nature? Or both?
- III. Who are the main stakeholders?
- IV. Where do you want to see the project in 1, 2, 5, 10 years?
 - i. How is the strategy different in each?
 - ii. How is the staffing different in each?
 - iii. How is the financial structure different in each?
- V. What is the project's financial structure? Will be in the future?
- VI. Where does the project get its funding?
 - i. Is there any conditional funding?
 - ii. How far along in the future will the project survive/get with its current (2015) rate of funds?
 - iii. What kind of funding periods are you hoping for the project to have in the future? What are the potential and likely periods?
 - iv. What are the current outlooks when it comes to internationalisation and a larger expansion? Any specific plans so far?
- VII. What kind of [financial] reporting do you do for RAY (how often, of what extent, etc.)?