

Treasurer's Report



Maintaining Balance

BY HARRY BEAULIEU, AIHA® TREASURER

It's a balancing act to make good business and financial decisions for AIHA while remembering that providing membership services is our primary duty. However, another duty is to adapt our association to the AIHA of future years.

We are financially strong by many measures, but we still must be prudent in how we allocate resources. Our 2012 operating budget is \$14.6M. With a staff of 50 full-time equivalents (FTEs) who support hundreds of programs, our operating budget is pushed to its limits, but the staff keep working very efficiently, effectively and professionally. We operate with lower overhead expenses, and our revenue generated per FTE is much higher than comparable associations.

Because our revenue is driven chiefly by AIHce and our Accreditation and Proficiency Analytical Testing (PAT) programs, we can keep our dues at a very low level and provide an extremely good comparative value. Dues comprise only 11 percent of our revenue; on average, similar associations rely on dues for approximately 24 percent of revenue. And our new office space has reduced our rent expenses dramatically while maintaining a professional setting that you will be proud of.

Good Business Practice

Consistent with good business practice, we are committed to keeping our invested reserves equal to 50 percent of our operating budget. We have over \$12M "in the bank" with a 50/50 balance between long- and intermediate-term investments. You might ask, why do we need reserves?

First, we need reserves to manage natural swings in cash flow. In October, for example, we have limited cash inflow and large outflows related to AIHce, which results in our lowest investment balance of the year. February is our highest investment balance because of AIHce registrations and revenues from our Accreditation, PAT and Registry programs. Our intermediate-term reserves help us modulate those swings while our long-term investments generate revenue.

Second, reserves allow us to make good long-term strategic decisions. When we are not worried about paying bills and making payroll, we can carefully evaluate everything we do and allocate resources with AIHA's long-term future in mind. Success in business comes from focusing on the things you are really good at. Our Board of Directors has made some very tough decisions over the past two years that some members take issue with. For example, the decision to pull AIHA away from the WEEL and BEEL activities was not taken lightly. Ultimately it was the right decision, and those programs have a new, bright future.

Third, with strong reserves we can take advantage of unexpected opportunities. For example, we can support good ideas from members, such as the Value Strategy program, with our "Invested Reserves above Target" (IRAT) policy. Our 2012 budget includes almost \$400,000 in IRAT funding for the second-year Asia Pacific Conference, Registry program development and PAT product development. We have also approved proposals to explore the Southeast Asia market for possible expansion of our Laboratory

Accreditation program and investigate a product stewardship membership group.

Finally, we need reserves so that our staff has a reasonable budget with which to execute the strategic plan set forth by the Board of Directors.

Positive Budget, Quality Services

Although we began the last two years with slight deficit budgets, our reserves allowed us to continue operations and provide strong member services, and we finished both years in the black. This year we will operate (as we should) with a slight positive delta. Because of our senior management team's attention to the details of projected revenues and expenses, we will be operating within our means while maintaining quality services for members.

Thanks to the financial stewardship of Treasurers before me, including Mike Brandt, Lindsay Booher, Dave Gioiello and Allan Fleeger, our Board of Directors achieved the optimal balance of expenses and member services. And when my term as Treasurer ends in June 2012, the stewardship of our finances will be in the very able hands of Steve Lacey, our Treasurer-Elect.

It's all about balance: without the worry of fiscal issues, the Board can address the changing needs of current and future members. 🙌

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