

Business and Budget Plan for MFPD

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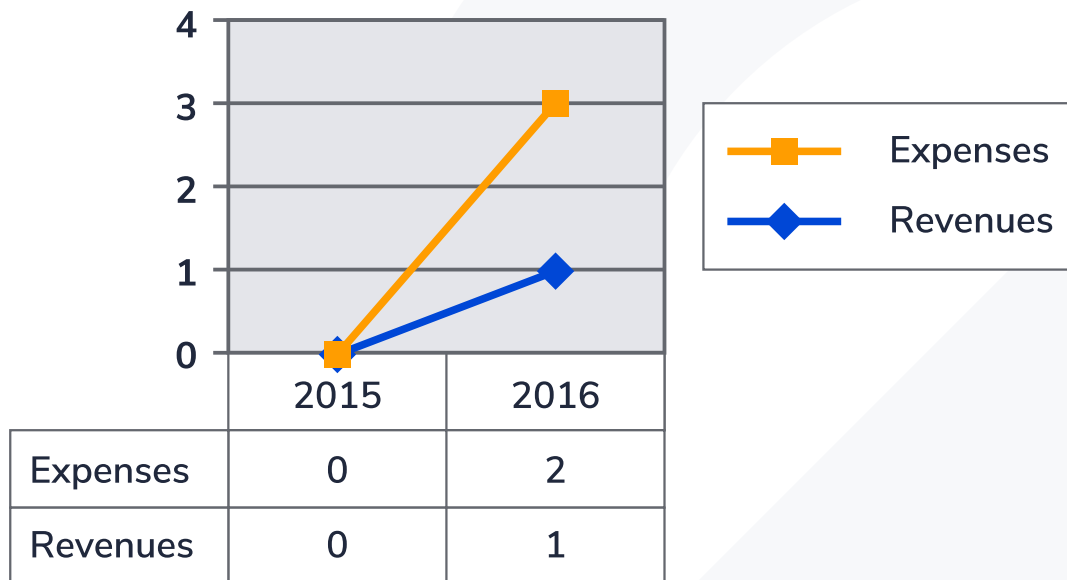


BUSINESS AND BUDGET PLAN FOR MFPD

It is an undeniable fact that every company needs to plan its performance in advance. Therefore, the Mosquito Fire Protection District needs a new business strategy, especially in terms of its current state. It keeps increasing its annual revenues, but their value does not grow as expenses are increasing accordingly. For this reason, the following business plan focuses on this aspect and suggests strategies, which will lead the organization to a new level of performance. It is important to note that the business plan includes the short run strategy for one year and the long run strategy for five years, with the related plans of implementation.

Short Run Strategy

The short run strategy presupposes a time frame of one year and suggests the following steps. As the data of previous years witness, the organization plans its expenses and revenues in accordance with a bottom line of the related break-even analysis. The lowest margin for the performance of the organization is determined by the point when expenses equal to revenues. Actually, such strategy implies a considerable risk. The following graph demonstrates that.



For instance, the balance of the expected revenues and expenses is equal to null, and the next year, the organization faces a loss because of unpredicted circumstances; the revenues will not be equal to expenses even though they have been estimated in this way. As a result, the organization will incur a loss as the expenses are exceeding the revenues. In fact, the organization is not protected from unexpected decrease of revenues, which can be caused by numerous factors. Namely, the organization may estimate total revenues to be equal to null for the following year, but then, the organization may face a certain loss leading to negative revenues. It stands to reason that such a risk should be eliminated. Therefore, the estimated and actual revenues are expected to increase accordingly. It is an important aspect of the short run strategy, which makes it important to discuss, as well.

As long as revenues cannot be clearly predicted, it is essential to reduce expenses so that the value of revenues will be higher. It is becoming increasingly apparent that the organization wrongly views tax expenses as estimated and actual balance is always negative. In addition, it is worth

mentioning that taxes are unavoidable for the organization. Taking this point into account, the organization is recommended to reduce expenses on the other items in order to cover taxes and create certain backup, which can be added to the total revenues. The revenues will be nearly the same while expenses will be sufficiently decreased. In case this exact strategy does not work, the organization will still be able to return to its prior strategy and reconsider its further approach. In addition, the organization may ask the government for a temporary help, which can become a basis for a more profound cooperation.

It is obvious that the short run strategy is a basis for the long run one. For this reason, the organization should start getting ready for the long run. According to the information about the district, the organization faces a minor shortage of water and is located quite far from the nearest ambulance hospital and fire station. Therefore, the organization is expected to acquire nearby facilities, which are the private airport and two ponds. Airport and planes or helicopters can be leased for fire emergency and ambulance purposes while ponds can become a source of water backup. In addition, the organization will be supposed to update its vehicle park as current vehicles demonstrate medium level they should be substituted with more efficient ones. The organization may ask the government for the support in meeting these requirements as they underpin the performance of the organization in the long run.

Short Run Implementation

In regard with the elimination of risk, which has been mentioned in the previous section, it is necessary to note that the organization does not need to hesitate to ask the government for the permanent support in order to secure it from losses, which can occur due to a number of reasons. The Mosquito Fire Protection District can also take preventive measures via appliance of risk management model. To be more exact, the functional model of risk distribution should be applied. Thus, the probability of risk is calculated in the following way:

$$F_x(x) = F_x(x_1, \dots, x_d) = P(X \leq x) = P(X_1 \leq x_1, \dots, X_d \leq x_d).$$

In other words, this formula demonstrates that the probability of risk always exists; thus, the related data of the organization can be applied to this function. As a result, the calculations will demonstrate the point, at which the company puts itself at risk. This model has a descriptive function as long as it not only determines a risky point but describes the conditions, which are associated with risk in a particular context.

In respect to the reduction of expenses, it is recommended to reduce them on 7%. The additional revenues will take 4%, and tax covers 3% accordingly. It is pivotal to mention that the company should reduce expenses on those items, which do not produce negative balance between the estimated and actual sums. As it has already been mentioned, the company may seek the help from the government in case of failure of this strategy. The Mosquito Fire Protection District can provide the related governmental organizations with the evidence of its

regular and fair tax payments and demonstrate its value to the entire district. In addition, acknowledgement of the government with short and long run business plans will also boost the governmental support as it is particularly interested in the well-being of fire protection industry.

As a consequence, the government may support the company with the facilities, which will be required for the successful implementation of the long run strategy: airport and emergency helicopters, water pumping system, and new vehicles. At the same time, the company should start negotiations with the airport owner and local government in order to ensure the feasibility of the long run strategy. The Mosquito Fire Protection District is also recommended to forecast its further performance. As the revenues in the industry are quite ab vague metric, the company can forecast its incomes via appliance of the smoothing forecasting model, which determines a so-called **moving average** of revenues. This model is the following:

$$Y_1 = (x_1 + x_2 + x_3 + x_4) / 4.$$

Each x stands for potential revenues from the entire spectrum of all possible incomes for a particular period. Namely, smoothing of forecasting is conducted with a simple calculation of average arithmetical of revenues for a desired time frame. In case the implementation starts failing due to certain reasons, it is required to create minimal conditions for developing the long run strategy, which will be feasible to be completed in 30 months.

Long Run Strategy

In regard with the long run strategy for The Mosquito Fire Protection District, it is important to note that the organization is expected to mobilize its recently obtained facilities. Namely, it should take a maximal benefit from airport facility, additional water pumping system, and new vehicle park. In consequence, it implies a substantial increase in revenues as the company should keep growing. Therefore, the area of its influence is supposed to be widened accordingly in respect to market and property perspectives. These objectives are closely related to the suggested intention to place the company's experience in the environment of benchmarking. A success in this activity will lead to incorporation of research and innovative based performance of the organization. In general, the organization is expected to grow in a wide range of dimensions as long as it is a quite natural approach for any organization. In fact, this suggestion has some other implications, which will be described further.

Therefore, the organization will need to redevelop its IT system. Upgrading of information system is also important due to the fact that it is regarded as the objective of the long run strategy. In such a way, the acquisition of Cloud Computing is required for the Mosquito Fire Protection District. This technology will provide the company with fast internal report and accessibility for the related governmental organizations so that they will be informed on a regular basis. Their database can be integrated with the cloud of the organization so that the government will be aware of fair and determined performance of the

Mosquito Protection District. By the same token, the cloud can be integrated with databases of research centers and institutes, which will support the organization with scientifically-based innovations in regard with the performance in the industry of fire protection. Apart from the innovative approach, the organization will be expected to make progress the basics of sustainable performance.

To be more specific, the company should start implementing elements of a so-called green strategy. The main principle of this strategy is based on the adjustment of the company to a natural condition, in which it makes less or no harm to the environment. Mankind is considered to be a part of nature that is why its performance should be directed at the harmony and **collaboration** with environment. In such a way, the organization will also benefit as long as performance in natural conditions means that the company will grow accordingly. Taking this point into consideration, the organization is required to reduce its carbon emissions on 25% in twelve month. To the broadest extent, the company will make its environment more natural thus expanding it. As it has been mentioned previously, constant growth is also regarded as a natural process. For this reason, mutual collaboration with the environment is important to the company's long run strategy.

Long Run Implementation

To begin with, the entire staff including volunteers will be required to pass training and testing course, which will be particularly oriented at the

acquisition of air emergency and ambulance facilities, use of additional water pumping system, and new vehicles. Simultaneously, the organization will initiate several teambuilding programs in order to promote the working relationships to a new level. It is an important aspect as the company will be supposed to meet numerous objectives that is why the staff should be empowered to do their best to meet them. In consequence, an updated ethical code will be introduced, as well. These changes in the organizational behavior are primarily focused on the improvement of reaction on fire emergencies as this aspect is directly connected with the revenues. In addition to that, the company is expected to work on creating of new facilities in order to broaden its influence: water pumps, parks, playgrounds, fire emergency contact and training centers, and other components of infrastructure. Eventually, the company should take part in tenders in order to acquire the most recent innovations in the industry.

In reference to the redevelopment of information system, it is necessary to say that it should obtain new warehouse of a better operating capacity and security. The technology of Cloud Computing is not completely necessary though. It can be explained by the fact that this technology fits mainly large enterprises so that its incorporation will be unreasonably expensive and complicated. Therefore, it may be implemented only in case it will become more flexible regarding small and medium organizations. Still, the company will need to cooperate with the government and related institutes in order to get access to the innovations of the industry. For that purpose, the company should be publically accessible, which means that development of public relation campaign is quite appropriate in this case.

In regard to the implementation of the green strategy, it is necessary to admit that the company should purchase and install solar panels in its building in order to reduce the consumption of electricity and carbon accordingly. The main goal of this training is to reduce wastes, littering and smoking that result from daily operations of the Mosquito Fire Protection District. Obviously, the changes within the organization should be introduced; for this reason, the ethical code has to be amended additionally. The implementation of the green strategy presupposes certain training, as well, so that this point should be considered. In addition, the information system of the company will be powered with energy efficient engine Bloom Box Server, which is also known to be environmentally-friendly and less expensive than traditional powering of servers.

Conclusion

The business plan has suggested the short and long run strategies and related implementations. The main approach of the Mosquito Fire Protection District is the elimination of risks caused by low margin of break-even analysis and the acquisition of available facilities and advantage, which can be used for a further progress of the organization. The business plan has also put the emphasis on collaboration with the government, incorporation of innovative technologies, and the development of the green strategy.