

# Income generation essay



**ASSIGN  
BUSTER**

This is another method of financing that requires the organization to sustain itself through the profits made from. Income Generation policies have the ability to maintain and develop a wide range of income channels. It enables the organizations learn how to raise funds more often as important as having a consultant actually doing the fundraising.

### Income Generation Strategy Development

The CEO of Victim Support (NI) identified an impressive need to work with the board of trustee to understand the importance of an Income Generation Strategy. The board needed to work through their specific organizational challenges to identify the importance for voluntary funding and the ability for the charity to raise these funds.

The CEO of Stop the Traffik realized the need to look at income generation as the organization's big picture and have their own strategy to raise income, particularly revenue funds, in place before other regional connections were developed and the international charity grew without particular requirement in place.

### BUSINESS MODEL

Despite the use of managers and academics, the concept of business model remains a rare study for modern syllabus. It is always necessary to have in mind the definition of a business model, a picture of what the business does, and how the business makes money when undertaking those things. Then the managers should define to their stakeholder's four basic types of business models (Landlords, Distributors, Creators and Brokers). In addition,

they should think considering the types of asset involved in the routine performance of the business (e. g. Physical, Financial, Intangible, and Human among others). There are 16 specialized variations where the four basic business models defined. By using such a framework, we can classify the revenue streams of the best 1000 firms in the United States' economy in any given fiscal year and hence analyze their financial performance. Research indicates that business models are better predictors of financial performance. Some business models used in the firms perform, better than others do indeed. For example, selling the right to use an asset is more profitable than selling the full ownership of assets. Different from the well-known concepts like industry classification, our attempt is to define the deeper structure of what the firms do and thus generate an insight for managers, researchers and investors.

It is common to find some start-ups, small micro enterprise and familiar business models fail to apply and in this case, a new model must come made. In the paper, *The Role of the Business Model in Capturing Value from Innovation*, Richard Rosenbloom and Henry Chesbrough present a basic framework relating to the elements of a business model. Given the complexities of markets, products and the environment they operate, very few entrepreneurs understand the organization's tasks in their totality. The corporate experts know their field and the technical experts know theirs. The business model serves to connect these two domains in a mutually exclusive way. A business model attracts on a number of business subjects, such as economics, finance, entrepreneurship, operations, marketing, and strategy. The model itself is an important determinant of the expected profits from an

innovation. An ordinary innovation coupled with a powerful business model can be more profitable than a powerful innovation with a mediocre model.

These are the components of a good business model Value proposition – it has a proper description of the problems. A product addresses the main business problem. Market segment – it has in mind the group of customers to target recognizing that different market segments with diverse needs.

Sometimes the potential of an invention is unlocked when another market segment on target. Value chain structure – the firm's activities and position capture part of the value that are created in the chain. Revenue generation – it outlines the how revenue is generated either from sales, support, leasing or subscription, the cost structure, and target profit margins. Competitive strategy – the company's attempt to develop a maintainable competitive advantage addressed in the business model.

Chesbrough and Rosenbloom notice that a prosperous business model tends to build the force and the company becomes confined to its effective model. However, in most cases upcoming technologies require new business models. Since start-up organizations are free to develop a very new business model, in this regard beginners have an advantage over the more established firms. Furthermore, the risk incurred in the economic and technological domains bring additional risks to the entrepreneurial ventures. It is for this reason that they are more prepared to accept this risk than would be a large established firm.

## FINANCIAL MODEL

A practical answer is that a financial model designed to represent in mathematical relationships among the variables of an economic problem. This is where the “ whatif” questions make projections. Some spreadsheet solutions that people create capture some of these relationships. Therefore, answers to “ what if” questions to some extent remain unanswered. Moreover, because they do not primarily focus these objectives, they do not capture many of these interdependencies. Their structures often make it hard to answer the “ what if” questions. Hence, this may sound a little immaterial. Let us consider an illustration below. Take a simple example, suppose you use a spreadsheet to calculate from your taxable income, on what your after-tax income was the previous year. Income tax rates vary in steps for different income levels. Therefore, we cannot just calculate taxes by multiplying the taxable income by the tax rate and subtracting it from the taxable income to acquire the after-tax income. We consider two approaches to set up a spreadsheet that calculates the after-tax income.

In the first approach, the value taxable income entered in a cell; helps calculate the tax on the income calculated with a hand calculator. Then, write the equation in another cell to calculate the after-tax income by subtracting the tax in the preceding cell from the taxable income in the previous cell. However, you can set up the spreadsheet to calculate the taxes on any taxable income by use of different tax rates and tax brackets. Then, use the computed tax number to find your after-tax income. By so doing, you already have a financial model, because it captures the relationship between taxable income and taxes. You can also use this model to solve any “ what if” question.

When creating financial models, it is always good to have in mind what you want to capture among the variables of the possible model. In addition, you may want to structure your models question in a way that it is easy to ask. You have to come up with financial models based on analysis of data, financial theory and so on, and to develop these relationships is one major challenges of financial modeling.

## CREATING A FINANCIAL MODEL

Whether creating a financial model with Excel or VBA, you must take a systematic approach (ROCHE & WHITEHEAD, 2005). This approach involves planning and usually takes time. Most people despise planning and thinking because they can save time by starting to create a model right away without taking some time to plan. However, for all but the simplest models, failure to take your time upfront to do some plan ends up being a waste of time and frustrating (MCCARTHY, 2001).

The following are some major steps you should follow in creating a financial model both in Excel and VBA models. The particular steps may vary somehow depending on what you are doing. There are some two major issues to keep in mind. First, in practice, the steps do not have to follow strictly in this order, nor do you have to complete one process fully before going onto the next but it will all depend on the circumstances. Second, with time you should try to have your own variation on this approach and learn to adapt it to these diverse situations.

### Step 1: Define and Structure the Problem

In reality, problems do not always come. Unless you take your time upfront to define the problems and structure, which will agree with the user's requirement, you may have to change the model you initially develop. When your supervisors ask a question with unknown answer and require a model, they only have an unclear answer of what they are seeking. They may only have a slight idea of what is expected. The best way to approach such a problem is to discuss and define the model required and what decisions to make. The amount of effort required into doing this should depend on the importance of the project and the level of accuracy required with the outputs.

### Step 2: Define the Inputs and Output Variables of the Model

This is one of the crucial steps to list down all the required inputs of the model. This will decide the one assigned the role to provide them, or where they will be got. For instance, for a business model for your company, the company managers should be the one to provide for the inputs. Some figures like sales output or performance cannot be derived by intuition because they may not be achievable. The actual numbers are not necessarily required, but the list of inputs helps the business managers to derive the independent variables in your model. Otherwise, it may require revision to fit the inputs.

### Step 3: Decide who is to Use the Model and How Often

The answer such a question is very important because it is at this point that the difference in accessibility and freedom of usage. In case you are developing a model for your own use, it can be simple and easy to operate.

When the model is created for others it involves much more work and a deeper understanding. It is your responsibility to ensure that the users do not enter details that do not make sense to the system.

#### Step 4: Understand Mathematical and Financial Aspects of the Model

It is necessary to remember that computer cannot do any thinking; you have to tell it exactly how all the computation in the model will have to be done. In most circumstances, if you do not know how you might do the computation by hand, you are not going to be able to write the most important formulas for the computer to do it. It never pays to start creating the model until sure you could solve the difficulty by hand. It usually takes learners a lot of time to generate a model and they often think that it is their VBA skills that are stopping things. This may be somewhat true, but at least as usual the problem is in their accepting of the finance and logical of the model they are attempting to create. You will save lot of time if you never even sit down in the lead of the computer to develop a model until you are satisfied that you know how to problem is solved.

#### Step 5: Design the sketch Model

There are two concepts to designing a model. One is by use of a sketch, the steps that Excel or a VBA will have to follow to unravel the problem. For obvious models, you may be required to write down only the broad steps or may be even do it in your mind. However, for problems that are a bit more complex you ought to work on paper and apply a degree of detail that fits your level of knowledge and the difficulty of the project. The less experience acquired, the more detailed the outline should be. Once again, remember



that this may appear like a waste of time, but ultimately it will save you time compared to plunging into your VBA program without such a plan of the model.

#### Step 6: Test the Model

No model works correctly the first time it is used it has to find the bugs and then fixed. The bugs produce obviously wrong answers are generally easier to find and fix.

#### Step 7: Protect the Model

Once it is completed, model are protected and especially when you are going to give it to others users.

#### Step 8: Document the Model

This means the model is putting in writing, flowcharts, and diagrams and so on. This information helps someone else who need to use the model.

How to promote organization growth and development The amoeba approach

The design of management control system currently referred to as performance management and has occupied managers and scholars attention for a decade now. It originated from Japan amoeba management, a module supported by their unique national culture and heritage. This concept has now reinvigorated stale organizations. The amoeba approach looks quite similar to an operation that has a profit center but goes beyond that. The amoeba seeks to restructure a company into smaller, first growing,

entrepreneurially oriented and customer based units. They function the same like small independent companies with goals aligned to the parent company. The objective is to empower each amoeba to drive performance each focused to profit management.

The use of the word amoeba is intentional to symbolize the concept of the smallest entity in a life-like capacity. It is meant to multiply and change shape depending on the environment of operation. They comprise of about 5-20 employees, each responsible for a meaningful organization activity through competition. The amoeba manager and employees are encouraged to work as if they own that segment of the bigger organization. They are usually allowed to enjoy full freedom to exercise their skills and experience.

#### Interactive surveillance

Interactive system is also put in place to ensure continued performance. This is a surveillance system where employee's promotion debates are channeled. They are made deliberately to influence implementation of organization's strategy. Interactive forums offer manager a solution to problems that are likely to give managers a sleepless night. Managers and their employees must remain vigilant at all times to make use of opportunities that may arise in the market and counter threats. This is done by ensuring that frequent and fresh data is gathered and made use of to provide the direction and movement of resources.

A combination of amoeba and surveillance enables managers to allow their employees to act independently in a way that does not compromise the organization's goals. Through this strategy, performance characterized with

a high collectivity. Employees become more willing to put the interests of the group ahead of their personal interests. This manifests itself in a way that workers agree in with the statement of living up the expectations. Such an attitude of putting the wider society ahead helps to improve the working of amoeba for the good of the company. Employee's conception of work checks the amoeba acting out of selfishness. For instance, in America, employee's perception to work is that of a disutility but in japan, work is viewed as what one can do to be a good person. This concept as reinforced by Professor Kazuo Inamori who pointed out that work can be understood as the best degree to spiritual satisfaction (BEST & WALLER, 1997).

In conclusion, for a performing art organization to succeed, the managers have to take it like any other business undertaking for it to be productive. The managers and other stakeholders should engage in profitable business, this is unlike other places viewed as leisure and hence highly neglected. Observation of all protocols and positive legislation are the most important for the success of Creative Arts.