

SP.723: D-Lab III: Dissemination: Implementing Innovations for the Common Good
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Lecture Notes

Session 15, 4/5/07

- Guest speaker on finances: Mauro Nunez
- We wanted to push you to think about monetary issues and numbers
 - There are thousands of good ideas out there, and the difference between having a good idea and making it real is funding
- Only one group out of six submitted their income statement on time
 - That's unprofessional and disappointing
- Mental models
 - College students often think that life doesn't become real until after they graduate
 - This is dangerous
 - People think they can change after they graduate, but people don't change. If you're late here, you'll be late in the real world. If you don't turn in your paper here, you won't be able to turn things in the real world.
 - You need to build good habits now, as a student.
- Open Source Software
 - We should all be adopting these open source programs for our own use. We can only create change by first doing it ourselves
- Discussion of a selection of three of the Income Statements
 - Team 1: Installing a boiler in Lesotho
 - Is this enough money you've budgeted for? It looks like you've underestimated unforeseen expenses.
 - Do you know enough about your site and about the need? How useful is this going to be? Will it be effective?
 - 3/2 rule: You can expect that a project will take three times as much time as you thought, and twice as much money.
 - Even if the amount of money you expect to need is more than the money available from the grants you're applying for, you should still present them with your full budget, with all of your expenses included. Apply for multiple grants. This shows you're committed to the project.
 - You should include contingency costs in your budget
 - Team 2: Prosthesis casting in India
 - There's a monthly budget as well as an overall budget – that's good

- You can use a spreadsheet to crunch all the numbers – they allow you to quickly check what effects different grant numbers or different expenses would have on your overall budget
- Remember, economics, psychology, and finance are all closely related
- The IDEAS competition won't give you money directly – they'll only reimburse you after the fact.
- Is this income statement representing total assets, or just cash in hand?
- Team 3
 - How did you determine what the salaries and administrative expenses would be?
 - If team members are volunteering their time for free, then you should include that cost as an expense as well as income, so that it zeroes out and that time donation can be seen on your income statement
 - How much of your volunteered time do you include on the statement? You don't include time that's already been spent before the income statement was produced, because that time has already been given.
 - The project should be independent of who you are. If you suddenly became unavailable, then the income statement should have the necessary information for how to proceed financially without you.
 - You don't want to end up just guessing your costs. You should have better information/evidence to back up your monetary predictions.