

CA Student Challenge: Cancer Council Australia Assurance Report



**Chartered
Accountants**

NUMBER ONE IN NUMBERS



**Cancer
Council**
Australia

Executive summary

Cancer Council Australia (CCA) is a noble national non-governmental organisation dedicated to control, educate and help people inflicted with cancer. The CCA is one of the main bodies in Australia that works tirelessly to with other organisations such as the Australian government and other NGO's to help facilitate in policy making and ensuring best practices to help prevent, detect and treat cancer among everyday Australians. They also help advocate the rights of cancer patients for best treatment and supportive care.

CCA works with its other member spread in all the states across Australia to lead Australia fight with the scourge of cancer by

- undertaking and fund cancer research
- prevent and control cancer
- provide information and support for people affected by cancer.

As a result the CCA need a reliable revenue stream to carry out is various projects and programmes. One of the various methods employed by the CCA is the usage of Cause related marketing (CRM) campaigns and licensing of the Cancer Council Australia name brand and reputation with a large number of third party organisations which many of whom come form the private sector.

We are a Chartered Accounting firm, E-Star Solutions and one of our area of specialization is assurance consulting. E-star Solutions is honored to have been selected by CCA to ensure that the policies and inner workings of Cancer Council Australia that govern CRM's and Licensing campaigns are being carried out effectively and efficiently especially concerning the models employed to evaluate such proposals. We would also develop an assurance program to help CCA streamline and ensure efficiency in revenue stream through their CRM's and Licensing endeavors.

We at E-Star Solutions after reviewing and researching extensively on the operational procedure of the CCA through its Annual and Financial reports as well as researching other similar organizations has identified four major criteria that are vital and should be employed in the assessment of products/services/companies in the CCA licensing and CRM's campaigns. They are:

- Reputation and standing of the product/services/companies in the business world and society
- Financial strength of the third parties involve
- Type of product/services etc.
- Brand and product quality produced by third parties

This report will also contain information regarding on an assurance model that we will recommend to Cancer Council Australia in their CRM's and licensing endeavors. It is hope that the CCA will stand to benefit from our insight and perspective regarding this problem and would employ to the benefit of the hundreds of people that are suffering from cancer throughout Australia.

Reputation and standing of the company/product

The first and foremost important aspect of a product/services that should be included by the Cancer Council Australia (CCA) before going in to Licensing or Cause Related Marketing (CRM) campaigns with companies/third parties is to ensure that the reputation of the company or product being included is favorable in both the eyes of the public and the business world.

The CCA should carry out stringent and proper procedures in its assessment of companies that wishes to have partnerships or wish to associate their brand with the CCA in terms of CRM's or Licensing campaigns. Such evaluations should be made on the following aspects:

- Reputation – A corporation that has a long and consistent history in sponsoring charities or/and community projects indicates that the corporation is very aware about the regulations and responsibilities in regarding with working with non-profit organizations. Such companies are ideal for the CCA to be in partnership with as it will give the CCA a reliable and honest corporation to work with and in return it enhances the reputation of both parties involve.
- Standing in the business world – A company that is highly regarded by the business community has more often than not have strong finances and would be very reliable and capable in prompt payment for the usage of the CCA brand in Licensing or Cause Related Marketing (CRM's) campaigns. A good reputation and standing by a corporate entity in the business world will also give a general indication that the products or services made by the company is well received by the public hence by having the Cancer council Australia brand published or endorsing it will generally stand a better chance in creating awareness among the public about the CCA.
- Public perception - It would also be very ideal for the CCA to only go to companies that has favorable public opinion on their side for its CRM's and licensing campaigns. The third parties involve should not be involve in any scandals that will adversely affect the health and as a result the perception of the public.

Type of product

The type of product that is planned to be use in CRM's and marketing campaigns is another vital aspect that is integrals of its success. The type of product that has been planned to be endorsed under Cancer Council Australia brand has to assess by the following criteria:

- *In sync with the image of the CCA brand* - Products that comply with the image of the CCA as a premier and respected organization in the fight against cancer in Australia. For example high end products such as a Rolex will generate considerable public interest but would not be suitable with the image of Cancer Council Australia.
- *Compatible with the vision and objectives of the CCA* – Product being sold under the CCA brand has to comply with vision of the CCA which is to minimize the threat of cancer especially among Australians. So products that have been to known to cause cancer such as tanning beds and certain products with carcinogen should never be endorsed by the CCA.
- *The type of market being aim by the product* - The market of the product being sold has to be identified e.g. a niche market or mass market. The product must be aim to certain segment of society to ensure that resources can be spent affectively. As misguided marketing of a product/services can be disastrous.
- *Will be well accepted by consumers* – As a general rule the product has to be well accepted by the targeted group or market regardless whether it is a niche market of mass market to ensure that it will do well financially.



e.g. Tanning beds and other products that have been known to cause cancer should not be endorsed by the CCA.

Quality of the product

Product quality is another very important criterion when assessing potential partners (more so if there are two or more similar products vying for a CCA endorsement). Each product has to meet a certain standard of quality and safety, base on the type of products being sold. High quality products will ensure that consumers would keep on buying the said product and will continue to do so for as long the high standard of quality is maintained.

Ensuring that the products and services employed by third party organization when having CRM's and licensing campaigns is of paramount importance as it can make or break such marketing campaign strategies. The reputation of Cancer Council Australia is just as important as raising revenue hence before endorsing or allowing it a products/service be sold with the CCA brand along with it, rigorous and stringent protocols must be in place to ensure quality is maintain throughout campaign period.

The quality of the product can be further assessed base on (but not limited) to the following criteria:

- Presence of harmful substances – Product sold must not contain any harmful substances that could adversely affect public health.
- Design safety – Products sold must be design to be safe for all walks of life and child friendly. As a result products should with sharp corners or any design fault that could result in injury has to be rectified or before commencement of its sale.
- Manufacturing process – The manufacturing process of a product must meet work safety requirements and in line with other current laws regarding labor.
- Hygiene - Hygiene of the product during its manufacturing up to its sale has to pass stringent hygienic test.

- Environmentally friendly – Products that use less resources to make or environmentally friendly can be a very important in ensuring the consumer will lean towards buying such products.

Hence we advise that the CCA to employ or through volunteers to get people/organizations that are qualified to assessed and certify the different type of products before endorsing them. This will ensure that the CCA would be very unlikely to be embroiled in scandals due to products that adversely public health. This is very important as even a single scandal could negatively affect public confidence in all other products that is being endorse by Cancer Council Australia which in turn will cause its CRM's and licensing campaigns to be essentially redundant.

Financial Strength

Another essential criteria that the CCA should consider before going into licensing/CRM's campaigns with potential organisations is the financial strength of the company. A company that has strong and reputable financial history would have the ability to ensure accurate and prompt payment of royalties to the CCA. A company with good cash flow and considerable financial reserves would be an ideal choice as such companies would be more likely to ensure that payment of royalties will be paid on time to the CCA thus enabling a that revenue will come quickly to the CCA. As a result the CCA will be able to implement their various philanthropic programs and activities.

Above and beyond that is in Cancer Council Australia best interest to consider the financial strength of a company as a principal convention when assessing potential partners for its CRM's and licensing campaigns to instill greater confidence among the members in the CCA. Confidence among CCA members surrounding potential third party partners is imperative as no marketing campaign can succeed without first having any belief between the promoters about the product they are trying endorse.

Assessment of the viability of third party finances can be done by:

1. Financial Reports – All companies that wish o partake in CRM's and licensing campaigns with the CCA must produce an accurate and non partial financial report on the financial state of the company to the CCA or its representative. Profits, losses, operating cost and other factors must be stated clearly to allow the CCA to discern the information and to make an inform choice regarding its licensing and CRM's
2. Annual Reports – A review of a company annual report will not only give the CCA a brief overview about the financial situation about the company but also it will act as window giving the CCA an insight of the company culture and its vision which is indispensable in giving an idea on the possible financial future of the said company.
3. Audit – It is also advisable for the CCA to obtain an external auditor (through volunteers or employment) to review and assess the financial situation of the company. An external audit will be able to carry out program results auditing to corroborate any financial data provided by a third party organisation hence allowing the CCA to make an inform and ultimately perspicacious choice.

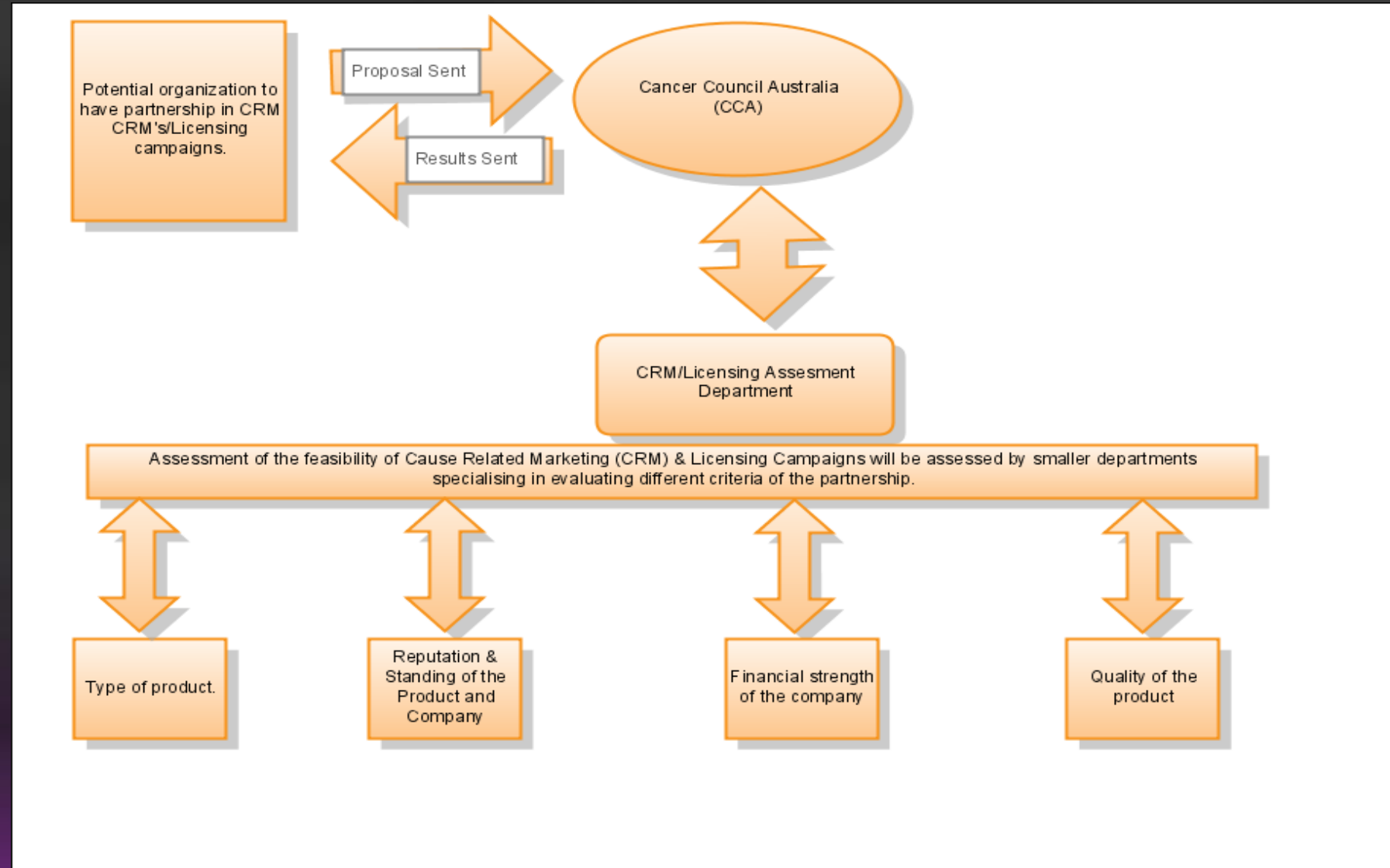
Assurance Model

Advantages

- Synchronised all CRM/Licensing activities nationwide
- Ability to generate better image/brand awareness.
- More organised revenue stream
- Ability to evaluate products/services/companies becomes easier
- Waste of resources due to inefficiency is minimised.

Disadvantages

- Initial cost in setting up the model may be high
- Slight perception change in image from a typical Non-governmental organisation (NGO) to more corporate style management.



The diagram above is an assurance model/system that we have proposed that will help streamline all CRM's/Licensing proposals with third party organizations. The model we are proposing is a creation of a centralized department/group that will in turn be broken up into smaller departments that will evaluate such proposals based on the criteria that we have mentioned throughout the report.

Such a model can be implemented easily within each of Cancer Council Australia organisations in each state hence improving the efficiency of CCA evaluation of CRM and licensing partnerships with potential third party organisations.