



ONE EIGHTY

A new perspective for your enterprise performance

August 2011

Relief from Budget Pain

Upcoming Events

- CAM-I Third Quarter Meeting
Boston
September 11-14
- APQC 2011 Process Conference
Houston
November 10-11
- Beyond Budgeting Round Table Annual Conference
Houston
April 18-20 2012

People in the News

- Thanks to Steve Player, a good friend and colleague, for volunteering to be the first guest author of One Eighty

Links

[Forecasting Improvement Roadmap](#)

While it may be too late to make any meaningful changes to the budgeting process for 2012, now is a good time to think about 2013 and how the process could be improved.

For much of the last 40 years, budgeting has been a once-a-year bottom up/top down event full of sand bagging, negotiation, multiple iterations, and compromise. For most organizations, the annual planning and budgeting process is obsolete and broken.

Here are seven simple steps to get started on relief from budget pain:

1. Document the problems and issues with this year's budgeting process while fresh on everyone's mind.
2. Gather your planning instruction, worksheet, and other process documentation. If you don't already have one, make a process flow chart for the planning and budget process complete with time lines and effort expended. Best practice is to draw this on butcher paper hung on the wall. Keep it simple. This allows you to capture the current state of your planning processes.
3. Make a quick, approximate estimate of the total time and resources consumed to put together the 2012 budget. Plus or minus 20% is accurate enough.

Include the time and resources consumed by line people preparing budgets and the multiple reviews, all the way up to the Board of Directors who approve the final document. This creates a baseline in cost, manpower, and time you can use to evaluate the return on your improvement efforts.

4. Diagram the vision of what you want to see in the next planning cycle. This creates a set of improvement targets.
5. Begin to access the tools and software available to substitute for Excel or whatever system you are currently using. Develop a list of [leading planning vendors](#) to learn what leading companies are doing to improve their planning process to make it more responsive to the business needs and requirements.
6. Make a list of the topics where you need more information. How can you learn more about [driver-based planning](#) (best practice), performance budgeting, cost function curves, using rolling forecasts to replace annual budgets (the first step to [Beyond Budgeting](#)), and other new tools and methods for improving the planning and budgeting process.
7. Use the resources to develop a case for change and vision for your planning future.

Plan ahead, start now...
Steve Player