

12 Beyond Budgeting Principles

Change in leadership

Governance & transparency

- 1. Values** – Bind people to a common cause, **not to a central plan**
- 2. Governance** – Govern through shared values and sound judgement, **not detailed rules and regulations**
- 3. Transparency** - Make information open and transparent, **don't restrict and control it**

Accountable teams

- 4. Teams** - Organize around a seamless network of accountable teams, **not around centralized functions**
- 5. Trust** – Trust teams to regulate and improve their performance; **don't micro-manage them**
- 6. Accountability** – Base accountability on holistic criteria and peer reviews; **not on hierarchical relationships**

Change in processes

Goals & rewards

- 7. Goals** – Set ambitious medium-term goals; **not short-term fixed targets**
- 8. Rewards** – Base rewards on relative performance; **not on meeting fixed targets**

Planning & Controls

- 9. Planning** - Make planning a continuous and inclusive process, **not a top-down annual event**
- 10. Coordination** - Coordinate interactions dynamically, **not through annual budgets and planning cycles**
- 11. Resources** - Make resources available as needed, **not through annual budget allocations**
- 12. Controls** - Base controls on fast, frequent feedback; **not on budget variances**

Source: *The Leader's Dilemma*, Hope, Bunce, and Rööslü (2011, John Wiley & Sons)

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