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Beyond Budgeting Institute

Are you aware of the benefits of Beyond Budgeting? Let me enlighten you ...

At the Beyond Budgeting Institute, we believe that replacing the command and control management model with a Beyond Budgeting alternative provides a sustainable basis for high performance.

We encourage you to aim for an adaptive and empowered organization, that:

- **Responds rapidly to threats and opportunities.** Adaptive organizations operate with speed and simplicity by giving managers the scope to act immediately and decisively within clear values and strategic boundaries. Making strategy an open, continuous and adaptive process is the key. It enables the firm to react to emerging threats and opportunities as they arise rather than being constrained by a fixed and outdated plan.
- **Attracts and keeps the best people.** It is no coincidence that Adaptive Organizations such as Google, Handelsbanken and W.L. Gore regularly appear in the lists of "best companies to work for". The reasons are obvious. From the employee perspective, talented people want to learn and develop; they value time to think, reflect and try new ideas; they want decision-making responsibility and they want a friendly, collegiate culture. From the employer perspective, they want people who have the right attitude, have ideas and can add value, want to participate in decision-making, are good team players and have the talent to become leaders at any level.
- **Enables and encourages continuous innovation.** Innovation is about thinking and acting differently whether it is about strategies, business models, processes, or management practices. In adaptive organizations, people work within an open and self-questioning environment. Clear governance principles set the right climate and builds the mutual trust needed to share knowledge and best practices. This is

also encouraged by the move away from individual rewards based on budgets and toward team rewards based on business unit or group performance.

- **Drives operational excellence.** Adaptive organizations have lower costs. Not only do they connect the work that people do with customer needs, but they also align

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'entitlements'. Just asking the question, "Does it add value to the customer?" is often sufficient to ensure that unnecessary work is eliminated.

- **Leads to loyal and profitable customers.** Adaptive organizations know how customers want to conduct business with them. Key issues are whether customers just want the lowest-cost transaction, added-value services, or customized solutions. Under this "outside-in" approach, firms know how to satisfy customers' needs profitably. This means not only knowing their needs, but also their net profitability.
- **Support good governance and ethical behaviour.** Adaptive organizations are held together by strong values and inviolate principles. However, it is not a soft option. It exposes nonperformers. It challenges people all the time. You cannot just agree on a number. You have to show people that you can actually achieve real performance improvements, and must always be prepared to be judged against others with similar problems and opportunities.
- **Leads to sustained value creation.** Leaders in Adaptive organizations focus their attention (either explicitly or implicitly) on creating wealth over the longer term. In particular, they focus on setting high performance expectations and stretching people's ambitions. Those companies that operate this way tend to beat the competition not just this quarter or this year but year after year.

Well ...

Now we have looked into the benefits of going Beyond Budgeting.

So next time, let us explore excellent case studies of **HOW TO** move Beyond Budgeting.

Best regards,

Anders Olesen
Director, Beyond Budgeting Institute

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purpose is to help organizations introduce a new management model for the innovation age.

For more information, please visit www.bbrt.org, or send us an [e-mail](#).

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