

Beyond Budgeting

...and leadership

Dr Steve Morlidge

Unilever (1978–2006) roles include:

- CIMA qualified 1981
- Controller, Unilever Foods UK (\$1 billion turnover)
- Leader, Dynamic Performance Management change project (part of Unilever's Finance Academy), 2002–2006

Outside Unilever

- Chairman of the BBRT, 2001–2006
- BBRT Associate, 2007 -
- Founder/director, Satori Partners Ltd., 2006
- Ph.D., Hull University (Management Cybernetics), 2005
- Visiting Fellow, Cranfield University, 2007 –
- Foresight Magazine Editorial Board
- Books: *Future Ready: How to Master Business Forecasting*, 2010, *The Little Book of Beyond Budgeting* 2017
- Founder, CatchBull (forecasting performance management software), 2011 –
- Books in progress
 - Present Sense
 - The Little Book of Operational Forecasting



Budgeting is broken



TOO COSTLY

'Many resources are wasted in the exercise and the benefits are dubious'

POOR QUALITY

'The quality of budget data is compromised by cautious behaviour and fosters political agitation instead of entrepreneurship'



TOO MUCH TIME

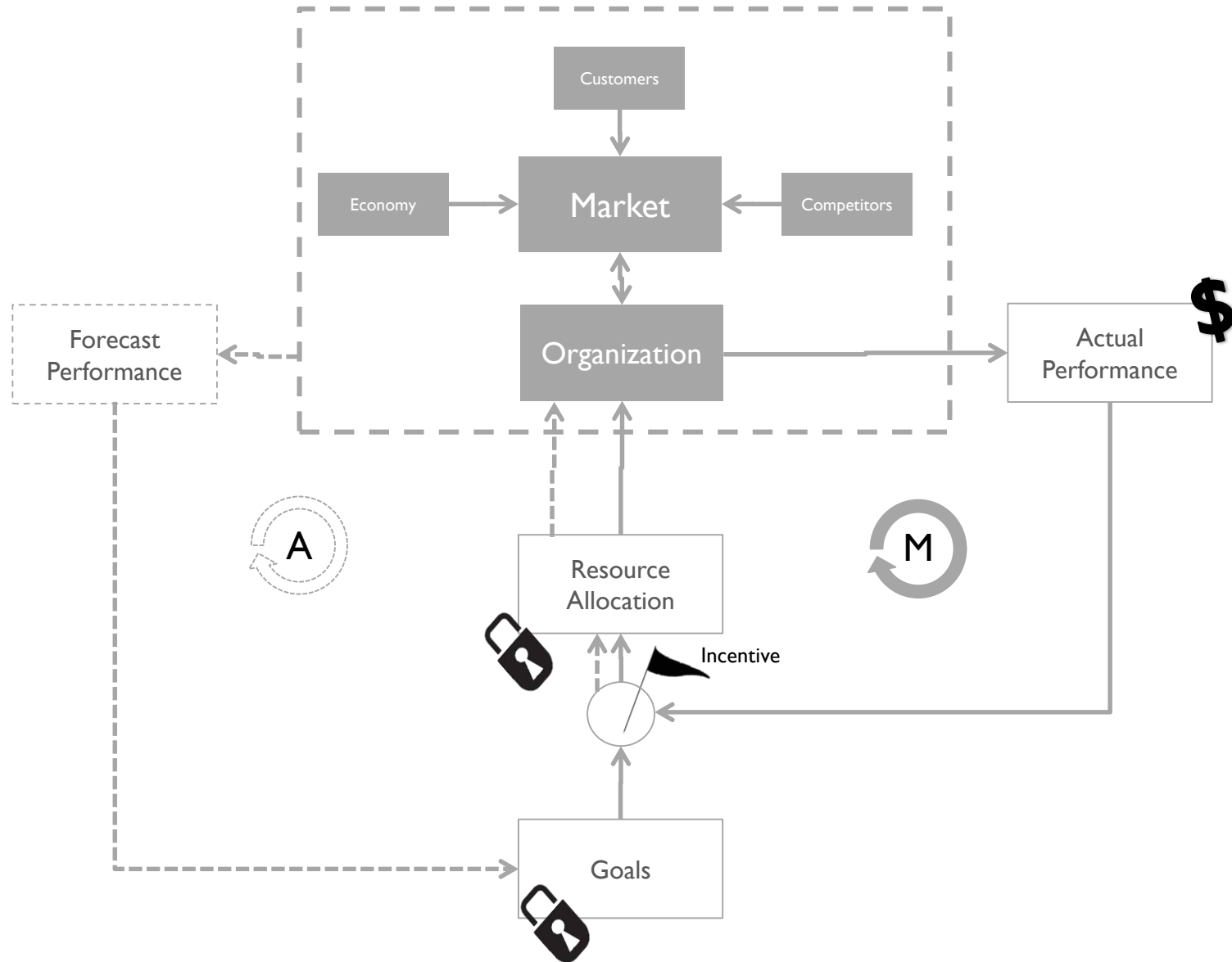
'The cycle time is too long and results are often obsolete by the time they are published'



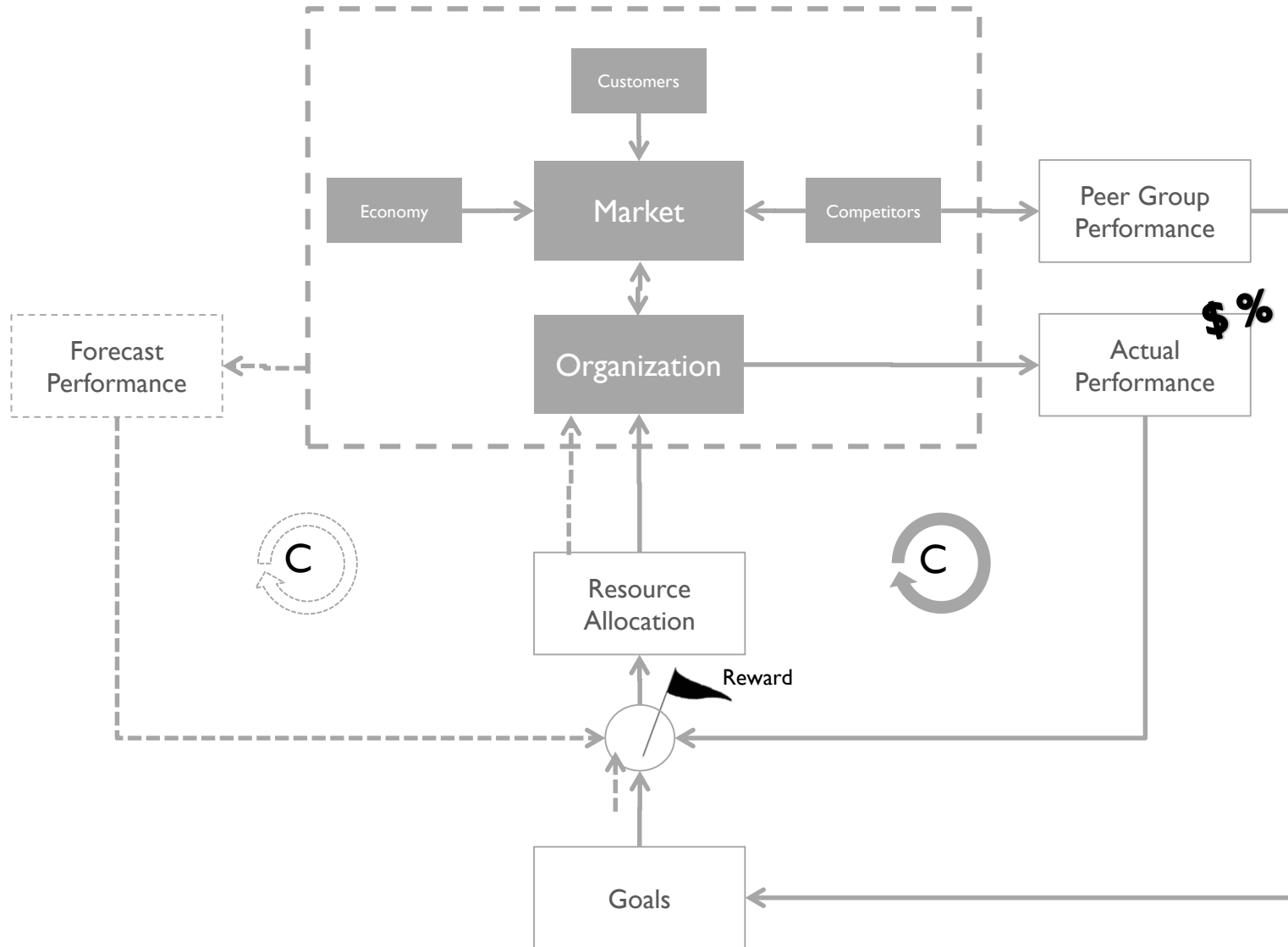
NOT FLEXIBLE

'The annual event obstructs responsiveness to change'

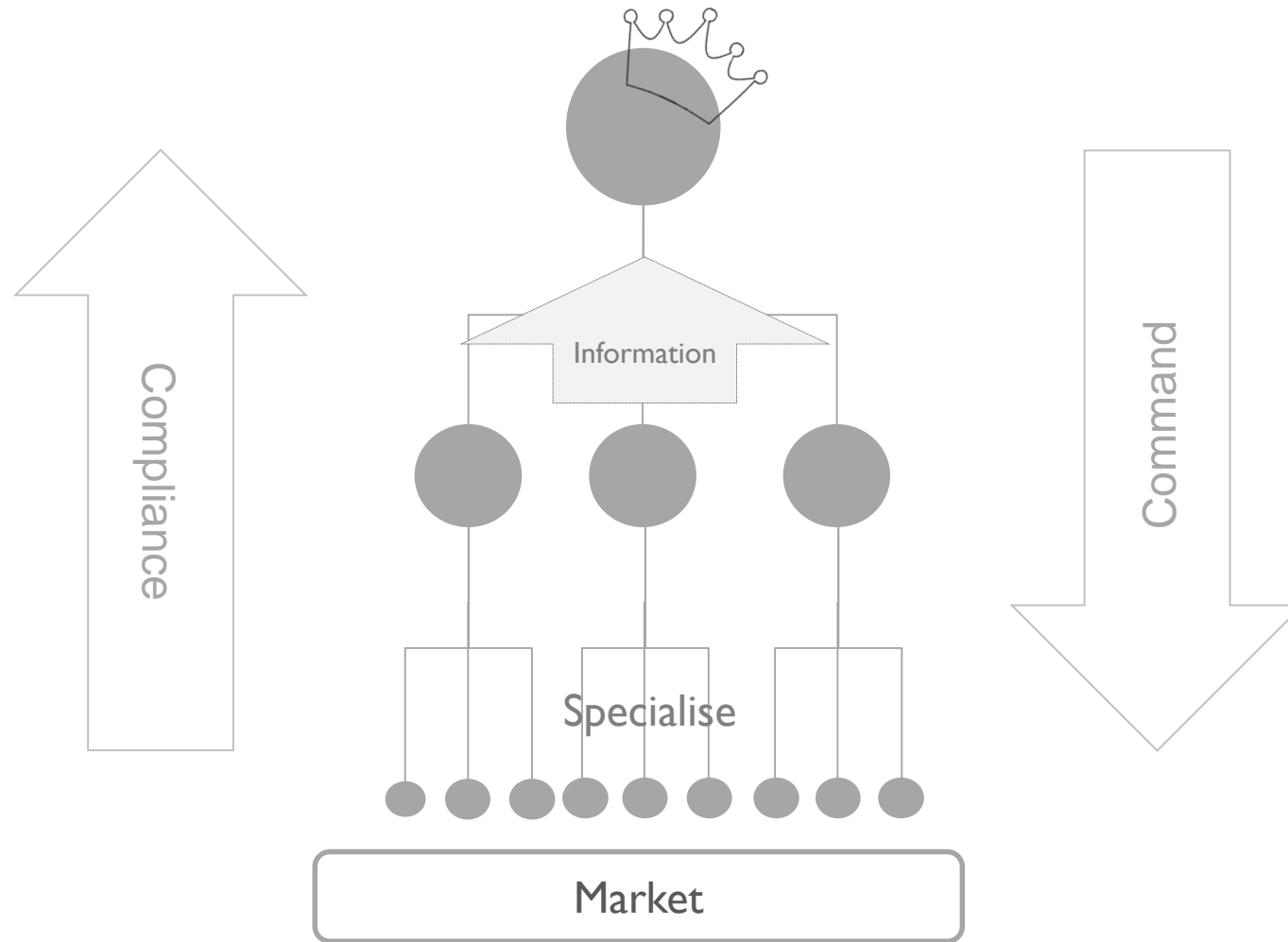
Traditional Budgeting Processes



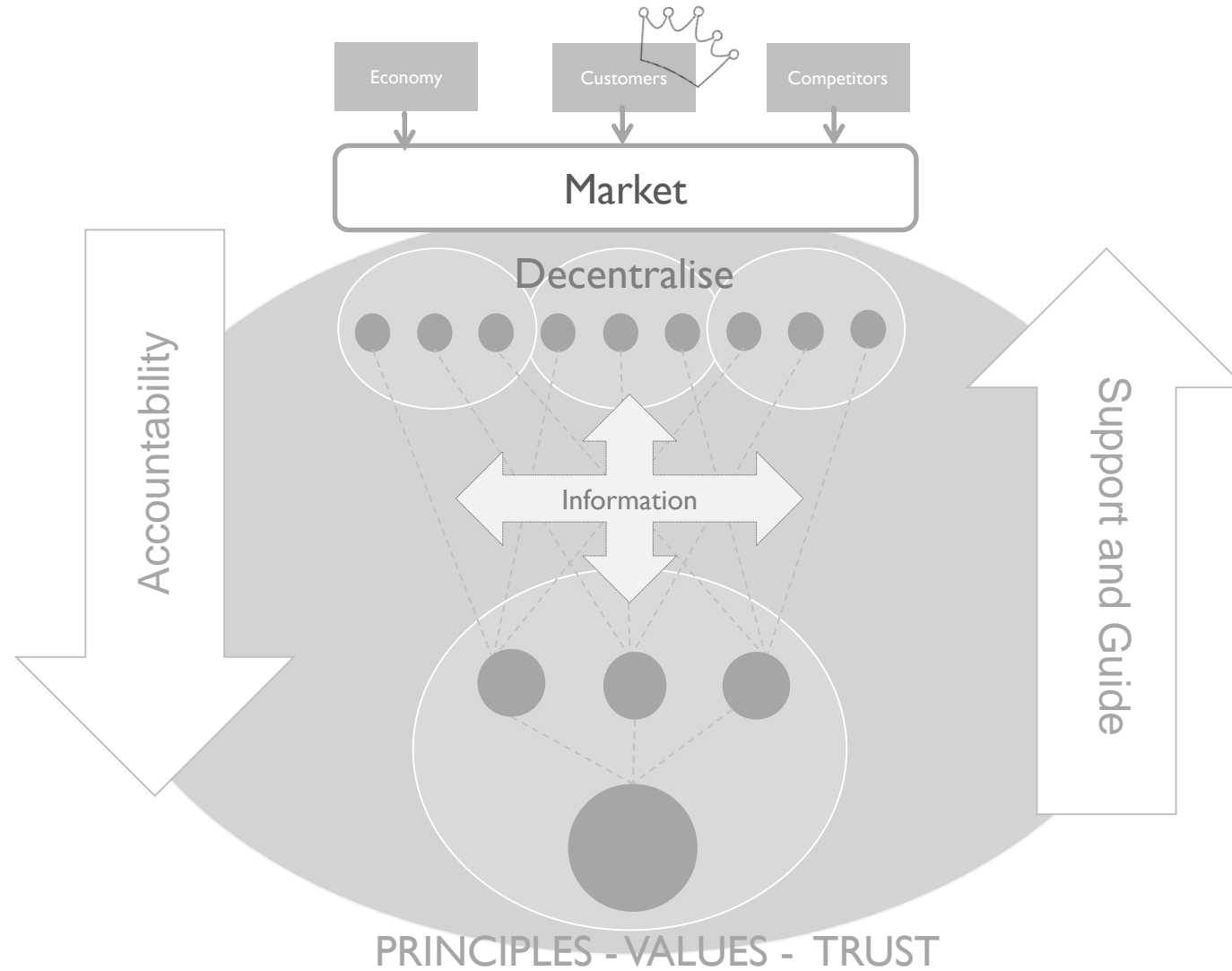
Beyond Budgeting Processes



Traditional Organisation



Devolved Organization

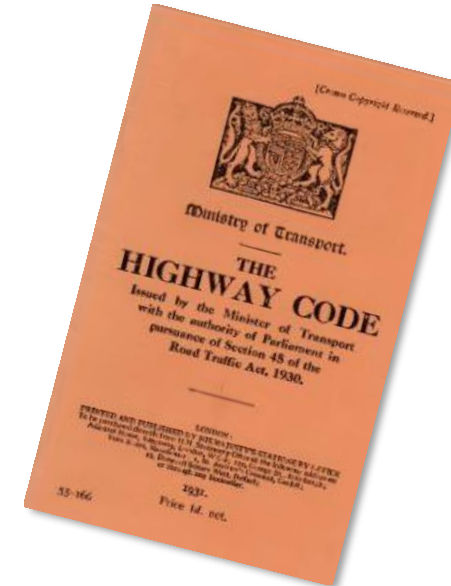


Organisational Change

		FROM	TO
STRUCTURE		Hierarchical Defined roles Based on economies of scale	Distributed Self organised within limits Based on delivery of value
GOVERNANCE	PURPOSE	Efficient execution of plans	Purpose Mission Strategy
	AUTHORITY	Concentrated at senior levels	Clearly defined Distributed
	CONTROL	Compliance with plans, rules and policies	Goals Freedom within boundaries Self control with sanctions
	INFORMATION	Need to know - vertical Used to control against plan	Shared 360° Transparent
ENABLERS	VALUES	Individualistic Leader as hero Compliant followers	Team values and trust Leader as coach Good judgement

Self Organisation in real life

		Example of Adaptive System
GOVERNANCE	STRUCTURE	Motorways, main roads, minor roads, footpaths
	PURPOSE	Fast transport of people and goods made as safe as possible
	AUTHORITY	Decisions made by qualified road users Unless directed otherwise by road signage or the police
	CONTROL	Self managed subject to Highway Code, traffic enforcement activity and (in extremis) legal sanction
ENABLERS	INFORMATION	Road signs, traffic lights, signals of Other road users and police. Also maps satellite navigation, radio alerts etc
	VALUES	Respect for other road users Safety of road users and pedestrians.



Thank you

Questions?