



## **The Budget Buffer**

They cut our budgets by 10% last year so we need to add that to our submission this year.

They cut our budgets by 10% last year so we need to add that to our submission this year.

When all budget goals are developed from the top-down, you risk a lack of engagement from those on the "shop-floor". Your front-line people will not be interested.

When this occurs, your people will **add a buffer to their budget** submission. It will **not be supported** by a resource plan. It will not be supported by a risk assessment or a priority of works.

This is a **reaction** to a top-down approach where a reduction in budget **has not been explained** to the lower levels of the organisation.

Understanding and overcoming this reaction to budgeting will improve the quality and accuracy of your budget.





### **The Budget Bombshell**



This is the second band-aid that all budget owners face.



When you don't have regular budget tracking "touch points", you risk a **lack** of engagement from your budget owners and their teams. Especially when the numbers include surprises or "budget bombshells".

When this occurs, your people will **question the numbers**. It is the first time they are seeing their numbers for the month.

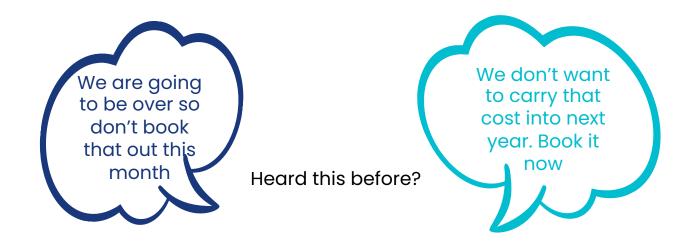
This is a **reaction** to being overwhelmed by **data they don't understand.** Nobody likes surprises. Especially when they find out after the fact.

Understanding and overcoming this reaction to budgeting will improve the quality and accuracy of your budget.





# The Budget Balancing Act



When your **measures are one dimensional**, you risk your budget owners overlooking the impact that their decisions will have on other areas of the business.

The **short-term focus** on balancing the budget will take precedence over the longer-term effect.

This is a **reaction** to being measured on short-term outcomes. Nobody likes to see their numbers in red. Especially when they are being judged by their bosses and peers.

The more ambitious the budget target, the more likely other factors will be overlooked.

Understanding and overcoming this reaction to budgeting will improve the quality and accuracy of your budget.





### The Budget Bump



When your measures focus on one area or department, you risk encouraging a silo mentality.

This is where departments will work in isolation. They will act in their best interests. They operate in their own silo.

The more ambiguous the budget target, the more likely your people are going to "bump" their costs to other areas.

Understanding and overcoming this reaction to budgeting will improve the quality and accuracy of your budget.





### **The Budget Bucket**





Heard this before?

The more murky the lines of budget ownership, the more likely your people are going to talk at the higher "bucket" level.

When you throw a lot of **inputs into the same bucket,** it is impossible to predict what is going to happen in the future.

Understanding and overcoming this reaction to budgeting will improve the quality and accuracy of your budget.