BUDGETING AND ORGANIZATIONAL CHANGE pdf

1: Budgeting Practices | Nonprofit Accounting Basics

Every organization needs a budget. Developing and managing a budget is how successful businesses allocate, track and plan fiscal spending. A formal budgeting process is the foundation for good business management, growth and development.

Link budget development to corporate strategy. Because the budget expresses how resources will be allocated and what measures will be used to evaluate progress, budget development is more effective when linked to overall corporate strategy. Linking the two gives all managers and employees a clearer understanding of strategic goals. This understanding, in turn, leads to greater support for goals, better coordination of tactics, and, ultimately, to stronger companywide performance. But how is such a link created? Companies that apply best practices find that communication plays an important role. Top management must take the lead in developing and communicating strategic goals. But to develop those goals, top management needs information about customers, competitors, economic and technological change - information that must come from customer-contact and support units. Companies that establish effective channels for communication find it easier to set challenging yet achievable strategic goals. Setting goals before budgeting begins makes it easier for budget developers at all levels. When this happens, budget developers create from the start budgets that support strategic goals and that, therefore, need fewer revisions. Budget development then becomes not only faster and less costly but also far less frustrating. Design procedures that allocate resources strategically. Within any company, competition for resources is inevitable. Every function and business unit needs funding for both capital and operating expenses - usually in excess of the actual resources available. This makes it critically important for companies to design procedures so that resources are allocated to support key strategies. Best practice companies find that resource allocation is part science, part art. Fortunately, following certain best practices leads to better results. One such practice is coordinating the review of operating and capital budgets. Doing this gives managers insight into the ways in which changes in one budget affect the other. Another practice is to develop sophisticated measures for evaluating proposed budgets. Many measures also assess the degree of risk involved in competing plans of action, the costs or advantages associated with deferring action, as well as factors such as expected developments in interest rates. By using such measures, and by using cross-functional teams to examine action plans, companies can better select plans whose benefits will produce desired results. Finally, by monitoring the results of allocation efforts, companies can refine and improve their procedures. Tie incentives to performance measures other than meeting budget targets. Many companies still evaluate managers primarily on how closely they hit budget targets. While this may seem logical, in reality this type of one-dimensional evaluation tempts managers to "win" by playing games with budget targets. At best practice companies, meeting budget targets is secondary to other performance measures. Such companies use a balanced set of performance measures to chart progress toward strategic goals, and use the same measures in their incentive programs. This reinforces the importance of key strategies and communicates what results will be rewarded. At many companies, business unit managers are involved in identifying the measures that are most relevant for their operations. Typically, some measures are financial, while others track progress in other efforts. For example, an appropriate nonfinancial measure for one business unit may be product defect rate; for another, speed to market for new products. Once the measures are identified, higher-level management clarifies what targets each manager is expected to meet. Link cost management efforts to budgeting. By linking cost management efforts to budgeting, companies improve the quality of information available for managers to use in developing their budgets. Accurate cost information is fundamental to budgeting. Companies that use accurate cost management techniques and provide budget developers with ready access to cost information improve both the accuracy and the speed of their budget process. Standardizing the cost management system companywide is an important step in improving the link between cost management and budgeting. Many companies also have found activity-based costing ABC helpful in identifying the real cost of producing, selling, and delivering products and services. Even small- to medium-size companies are exploring the potential of ABC, as packaged software becomes more widely available and brings down the cost of engaging in this type of analysis. Another best practice in linking cost management to budgeting is the strategic use of variance analysis. Variance analysis is the study of differences between budgeted and actual costs, or the study of costs at one company compared with industry averages. By using variance analysis to identify weaknesses, managers can identify areas where their organization needs to improve its performance. But managers must focus on those variances that have a significant impact. Otherwise, decision making and budgeting can become bogged down in trivial detail. Reduce budget complexity and cycle time. Best practice companies strive to reduce budget complexity and streamline budgeting procedures. By controlling the number of budgets that are needed and by standardizing budgeting methods, companies take important steps toward streamlining budgeting. Another key step is to minimize the amount of detail included in the reports used to develop budgets. Also, in their effort to streamline budgeting, leading companies use information technology to automate budgeting and facilitate workflow. These companies make sure that budget developers are thoroughly trained in new technologies. This training, together with ongoing monitoring of information needs companywide, helps best practice companies deliver the right information to managers, on time and at the right cost. Develop budgets that accommodate change. By developing budgets that accommodate change, companies can respond to competitive threats or opportunities more quickly and with greater precision. They can use resources efficiently to take advantage of the most promising opportunities. Furthermore, knowing that budgets have some flexibility frees budget developers from the need to "pad" budgets to cover a wide variety of possible developments. This leads to leaner, more realistic budgets. Companies typically review budgets quarterly, monthly, or even weekly. By including in these reviews reports on changes in business conditions, companies alert managers that new tactics may be called for, if they are to meet their targets for the year. While it is important that budgets not be revised to cover up for poor performance or poor planning, best practice companies choose to revise budgets rather than adhere to budgets that do not reflect current conditions. Some companies rely on "rolling" or "continuous" forecasts rather than on traditional annual budgets. The chief difference between such forecasts and traditional budgets is that the forecast is updated with actual results as the company moves through the year. Figures for three or more subsequent quarters are projected in decreasing degree of detail. One way in which companies build flexibility into budgets is to prioritize according to strategic importance action plans that were rejected due to resource limitations. By doing this, they can act swiftly and decisively if additional resources become available. Another way in which best practice companies develop budgets that accommodate change is to require managers to create scenarios based on a variety of assumptions about business conditions. The affordability of powerful information technology allows for the creation of many "what if" scenarios. This practice makes it possible for companies to respond more quickly and effectively if actual conditions follow the pattern of a particular scenario. Companies also build flexibility into budgets by setting aside funds at the business-unit level to take advantage of competitive opportunities. Some companies even establish separate subsidiaries to look into promising products or technologies. Jan 12, More from Inc.

2: Budgeting and Financial Planning | Nonprofit Accounting Basics

c. maybe even budget for some % of resignations/early retirements and replacement recruiting and hiring-if abnormal 2. Create an organization wide project ID in your ERP system for the CM project.

For each programme, a committee was chosen under a chairperson. The members of committees were chosen from senior members of the different sections, to give an appropriate spread of knowledge. For example, the committee on cereals improvement included an agronomist, an entomologist, a plant breeder, a climatologist, a soil scientist, an agricultural engineer and an agricultural economist. Committee meetings were open to all interested parties, and could proceed only if representatives of five sections were present, together with a representative of the Agricultural Extension Research Liaison Service. Dr Joe Yayock explained: When the disciplines worked without cross-communication we might, as an example, have had extensive experimentation in crop protection for a given crop, yet quite neglect work in crop nutrition. This gave opportunity for the scientists of different sections to exchange ideas. There was general awareness that scientists from different disciplines had different approaches to problems. Should I then expect him to wear my own hairstyle? Researchers, having first carried out a preliminary investigation, drafted a project proposal describing their intended experiment, and providing justification for an example, see Appendix 2 to this case study. The proposal was then put to the committee at its meeting. The meetings were lively affairs, and sometimes filled the hall so that latecomers had to stand. Mr Davies and Dr Yayock always made a project proposal and the committee could consider how it would fill a gap or otherwise strengthen their overall programme. The committee would also made a decision on how much priority the project should be given in relation to the availability of resources. Those proposed projects that were not accepted generally underwent some comprehensive criticism. Proposals would only be accepted when the consensus of the entire meeting was reached. On a separate occasion, the programme committees met to review their ongoing projects. Each research scientist submitted an annual progress report see Appendix 3 to this case study on his or her work. At these reviews the committee had the opportunity of discounting unsuccessful projects or advancing successful ones, for example, to outstation trials. When both new and ongoing projects had been considered by the committee, a programme for the forthcoming year was compiled. This was then submitted for final approval to an advisory board called the Professional and Academic Board. The Professional and Academic Board advised on internal issues, such as details of the overall research programmes and publications. It was the function of the Professional and Academic Board to see that the research programmes drawn up by the crop committees were translated into programmes of the research sections. A scientist proposing a particular project to the crop committee would do so with the knowledge of the relevant section head. In this way the scientist would know within which section the project work would be carried out, even before the experiment was approved. Also, the section head would know which projects the section would need to budget for. Each year, the crop or programme committees met in October or November. Their completed programmes were submitted to the Professional and Academic Board for approval before January of the following year. Where the section heads felt that their anticipated funding would not be adequate to carry out all the projects from the various crop programmes, they were able to make alternative arrangements at the Professional and Academic Board meetings. The head of section and the chairperson could meet the chairs of the programme committees to deliberate on which projects should have priority over others. In the event of inadequate funding, low-priority projects would be held back. When the budget allocation for the institute had been finalized in the next July, and Mr Davies had apportioned this to the various sections according to government priorities attached to particular programmes, the heads of sections would know how many projects could be undertaken. Since , when the multidisciplinary programme committees were initiated, certain benefits had become obvious. Also, joint experiments from scientists of different disciplines are giving us entirely new perspectives," said Dr Joe Yayock. It was widely felt that the programme committees also gave scientists from various sections an invaluable opportunity to come together and talk to each other. In , the institute began to prepare its budget proposal by programmes. Mr Davies calculated this by estimating resources allocated to particular projects within programmes, and then reallocating these projects to sections. Because the programme approach had worked so well, it seemed logical to reorganize along programme lines the way in which projects were carried out. Thanks to the flexibility and foresight of its senior staff, the institute had achieved a consistently high standard of research output, by accommodating to change. As the government became more interested in the progress of agriculture, it had begun to identify priority crops, and wished to see research related directly to these priorities. Mr Davies and his senior staff were, therefore, aware of pressure for change, and saw a need for action. The proposal was circulated amongst heads of departments, heads of sections and chairs of programme committees, for open discussion. The reaction from individuals and entire sections was intense. Mr Davies set up a working group of eight senior staff members to look at the reaction of individuals and sections to the proposed change. The working group, having considered the implications, was to suggest a suitable organizational structure. As the department of crop protection was militantly against the proposal, Mr Davies chose its head, Dr Erinle, as chairman of the working group. Maintaining a close link with the Faculty of Agriculture was seen as important. The working group resolved that institute staff should remain attached to their existing departments. The heads of department would as usual be responsible for all appointments, promotions, staff discipline and the upkeep and maintenance of the department buildings. The research section would, however, be abolished per se, and research projects would be carried out under programmes. The personnel management function of heads of section, such as the administration of intermediate and junior staff, would be passed on to newly appointed programme leaders. Each research programme would be headed by a programme leader, who would chair the respective research programme committee. He or she would assume all administrative responsibility for research projects in the programme, including budgeting and disbursal of funds, and would be responsible for acquisition and deployment of casual labour and administration of transport allocated to the programme. Office space was being vacated in the administration building of the director. Each programme leader would occupy a newly furnished office, from whence to direct research operations. This meant that the scientific staff would remain in their existing offices, but would be administered centrally. The programme leaders would be answerable directly to Mr Davies. They would be senior members of staff, of status eligible for appointment as heads of academic departments. Whereas some of the research committees were chaired by faculty staff, the new programme leaders would all be institute appointments. The current and proposed organizational structures are given as Appendixes 4 and 5 to this case study. The members of the Department of Crop Protection remained unhappy. If each programme has to have its own equipment for entomological research, and I suppose each one will, are we able to afford it? Will we get full use of it? The scientist would look to the head of department for promotion but to one or more programme leaders for supervision of the work. The working group consoled itself with the thought that as the senior staff were both responsible and cooperative, personality issues were unlikely to arise. Amongst some scientists there was a worry that the abolition of research sections would lead to a loss of discipline identity. A researcher in the department of soil science explained that if soil scientists were merely attached to programmes there might be a lack of communication between them. Furthermore, there was a risk that research goals would become short-term, and that longer-term consideration of such issues as soil degradation would be ignored. There was also some preoccupation amongst a few researchers concerning their freedom to select projects. As an agronomist explained, "At the moment, we formulate our own projects and take them before a research programme committee for approval, rather in an academic tradition. I suppose that with the new system the committees will be telling us what to do. One plant pathologist, who had been specializing in pest control in cotton, said, "If we want our work to be recognized internationally we have to go with programmes. I am becoming recognized for my work on cotton because the world is interested in crops. Besides the cost of locating the programme leaders in their new offices, certain support functions would require upgrading. For example, the internal telephone network worked very poorly, and required an investment of N to make it function properly. The working group under Dr Erinle realized that its task in proposing a new organizational structure for the institute was delicate. This was particularly so because of the triangular relationship between the institute, the government and the university. When the working group submitted its proposal to Mr Davies in June , Dr Erinle mentioned in a covering letter: Such liaison often requires some balancing acts. As the members of the working group had reached consensus on each of their recommendations, Mr Davies felt confident that on paper the new scheme was workable. What made Mr Davies a little less comfortable was the uncertainty as to how the institute itself would react to a changeover, and exactly how this could affect the quality of its work. Twenty-six years of experience in Nigeria had told Mr Davies that life could be very hard to predict. His last guest had just left. He sat down in his old leather armchair, exhausted, and gazed up at the fan turning in the ceiling. His presentation had gone well. He had also expressed his concern at the risk involved in putting such a change into practice. The Board had congratulated the excellent work that had gone into the proposal, and appreciated his concern. Mr Davies felt tired and very far from knowing what was best. There might be another better way of reorganization that they had not begun to consider. If he did proceed, he was uncertain how long it would take for people to get used to the new system. The lights flickered for a second and then died. The power supply had failed, leaving Mr Davies in darkness with his thoughts.

3: "Organizational culture change as a result of a change in budgeting sys" by Michael D Class

This paper utilizes Foucault's framework of power/knowledge relations, but tressed by work on the sociology of translation (Callon ; Latour), to examine the extent to which the budgeting system is implicated in a process of organizational change.

Developing and managing a budget is how successful businesses allocate, track and plan fiscal spending. Very similar to our personal finances, discipline and planning should be the cornerstone of a business budgeting process. So where do we begin? As with most things that come with managing an organization, budgeting needs to be driven by the vision what we are trying to accomplish and the strategic plan the steps to get there. Organizations that stay focused on their strategy and plan know exactly where they want to spend their resources and have a plan to help keep them from spending money in areas that do not line up with the vision what we are trying to do and mission why we are doing it. Strategic Plan Every organization, no matter the size should know why it exists and what it hopes to accomplish. This is articulated through a written Vision and Mission Statement. This ensures that organizational resources are used to support the strategy and development of the organization. It means budgeting toward the vision. Business Goals Annual business goals are the steps an organization takes to implement its strategic plan and it is these goals that need to be funded by the budget. Goals need to be developed and there needs to be accountability for achieving goals. This is typically the responsibility of the management team, board or business owner. The budget provides the financial resources to achieve goals. For example, if your organization has outgrown its facility and there is an objective to increase space, there needs to be dollars budgeted to expand or move the business operations. Revenue Projections Revenue projections should be based on historical financial performance, as well as projected growth income. The projected growth may be tied to organizational goals and planned initiatives that will initiate business growth. Fixed Cost Projections Projecting fixed costs is simply a matter of looking at the monthly predictable costs that do not change. Employee compensation costs, facility expenses, utility costs, mortgage or rent payments, insurance costs, etc. Fixed costs do not change and are a minimum expense that need to be funded in the budget. For example, if there are open staff positions, the cost to fill those positions should be part of fixed cost projections. Variable Cost Projections Variable costs are costs that fluctuate from month to month, supply costs, overtime costs, etc. These are expenses that can and should be budgeted and controlled. For example, if higher Christmas sales drive overtime costs temporarily, those costs should be budgeted. Annual Goal Expenses Goal related projects should also be given budgets. Each initiative should have projected costs associated with the goals. This is where the cost of implementing goals are incorporated into the annual budget. Projections of costs should be identified, laid out and incorporated into the departmental budget that is responsible for completing the goal. Target Profit Margin Every organization, whether they are for-profit or not-for-profit, should have a targeted profit margin. Profit margins allow for returns for the business owner or investors. Not-for-profit organizations use their profit margins to reinvest into the facilities and development of the organization. Profits are important for all organizations and healthy profit margins are a strong indicator of the strength of an organization. Board Approval The governing board, president, owner or head of the organization should approve the budget and keep current with budget performance. Again, similar to your personal finances, the owner should be reviewing monthly financial statements for the following reasons. To monitor budget performance. To be familiar with all expenditures. To safeguard the organization against misappropriation of funds or employee fraud. Budget Review A budget review committee should meet on a monthly basis to monitor performance against goals. This committee should review budget variances and assess issues associated with budget overages. It is important to do this on a monthly basis so there can be a correction to overspending or modification to the budget if needed. Waiting until the end of the year to make corrections could have a negative affect on the final budget outcome. Dealing With Budget Variances Budget variances should be reviewed with the responsible department manager and questions should be raised as to what caused the variance. Sometimes unforeseen situations arise that cannot be avoided so it is also important just like your personal budget to have an emergency fund to help with those unplanned expenditures. For example, if the HVAC system suddenly goes down, and needs to be replaced, this would be a budget variance that needs to be funded. Good budgeting processes can help develop and advance an organization, while sloppy budgeting and monitoring of budgets can blindside an organization and affect its long-term financial health and viability. Finally, without customers , there are no revenues to budget. For this reason, strategic plans and budgets should be targeted at one thing and one thing only â€” the customer. This is why it is imperative to identify who your customers are, find out what they want and budget dollars to put systems and processes in place to meet their needs and exceed their expectations. If you would like to learn about budgeting for a small business, I love the Dummy books, Small Business Financial Management Kit For Dummies might be a great reference for you!

4: Barriers & Challenges to Change Implementation | www.enganchecubano.com

Purpose - This paper aims to investigate reasons for going Beyond Budgeting and the practical issues organizations face when they change their management accounting system based on inspiration from the Beyond Budgeting model.

Managing Organizational Change "This is a fantastic time to be entering the business world, because business is going to change more in the next 10 years than it has in the last Managing organizational change and change control begins with business planning and pre-fiscal year planning and forecasting. Recognizing where organizational change may occur and anticipating when it may occur leads us to anticipate the change, develop contingency plans, and overall reduce resistance to change. For example, all businesses had over 6 months in which to plan for the economic downturn which began 3rd Quarter of Although no one may have foreseen the depth of the downturn, every business should have planned several levels of contingencies. Planning for the impacts of change is not difficult, but it can be time consuming and expensive in tying-up senior-level resources. That is why it should be done before the completion of the previous fiscal year usually the calendar year for most companies. Managing organizational change and contingency planning should be both top-down and bottom-up, and occur at all levels within the organization. Even individuals should have contingency plans for their careers. Go to the Business Process Reengineering case study to read about a specific example of the effect of change on an organization Like organizational change, the project manager must anticipate changes, plan for their impacts on the project, and plan for a way to mitigate or eliminate or ignore the impact of the change. As part of the Change Management Plan, a process will be established to place controls around the effect of change called, Change Controls. Typically, "change control" refers to the process surrounding the identification, evaluation, and approval to incorporate the change or not into the overall project scope. In all projects the steps in this Change Control process include: Managing Risk Similar to managing change, managing risk should be driven by organizational governance and occur at all levels of an organization. Risks to the achievement of objectives must be anticipated and decisions made, before the risk occurs, on how to deal with the risk - mitigate, avoid, accept, or ignore. The choice of which method to deal with the risk depends on the effect of the risk on the achievement of the related business objective. For example, a minor risk may be ignored and dealt with later; where a major risk may have to be mitigated it effects reduced and the consequences accepted. Measuring performance on a project or within a company is an excellent way to "see a risk coming your way. Go to Measuring Corporate Performance for further explanation of setting up metrics for measuring progress toward an objective Risk Mitigation and Avoidance Once Risks have been identified, a company can perform qualitative and quantitative analyses to determine the effect of the risk, the probability of the risk occurring, and the relative consequence or impact of the risk on the business, department, or project. Companies may get very detailed and very focused on their risk analysis. Based on this analysis, an organization can prioritize the risks and determine the appropriate response, should the risk occur. There are four basic risk response techniques - Avoidance, Transference, Mitigation, and Acceptance. In general, the two most used risk response methods are mitigation and avoidance. For financial risk exposure the most used risk response technique is Transference, where the consequence of the risk is shifted to a 3rd party, along with ownership of the response, i. Ross Consulting has worked at all levels within organizations to manage risk and manage organizational change. We have planned for change and risks at the enterprise-level and at the individual project level. We have developed Change Management Plans, implemented Change Controls, created Risk Management Plans, and have dealt with the impact of unplanned and unforeseen risks and changes to businesses and projects. The critical importance of Change Management and Risk Planning can not be over-emphasized.

5: How do you budget for organizational change?

Unlike contracts, you can quickly change a budget to affect a sub-group's activity. Transaction-Cost Perspective on Budgets From a transaction-cost perspective (Williamson,), budgets are ubiquitous because they help regulate the internal market.

Budgeting and Strategic Planning The budget process is the way an organization goes about building its budget. Both finance committee and senior staff participation is built into the process and a timeline is established leaving adequate time for research, review, feedback, revisions, etc. The annual budgeting process should be documented, with tasks, responsibility assignments and deadlines clearly stated. A good budgeting process also incorporates strategic planning initiatives and stipulates that income is budgeted before expenses. Fixed costs are identified and related to reliable revenue. Budgeting decisions are driven both by mission priorities and fiscal accountability. Steps for developing a good budgeting process were covered in the previous section, The Budgeting Process. Budgeting is a form of risk management, and the most reliable budgets yielding the best fiscal results for the organization are conservative and income based. Budget for income first. Base income targets on realistic expectations and only include reliable income in the budget. Never include an income projection that simply fills the gap to cover expenses. This sets the organization up for a budget deficit if the organization fails to hit the "plugged" income targets. Take care to understand the impact and timing of restricted contributions and releases on the operating budget. Ensure expenses are lower than the dependable income total. This requires cooperation among all departments in setting organizational and programmatic priorities, timing new or adventuresome programs. Analyze and understand your revenue concentrations. Is your organization overly dependent on single source of revenue? In many cases, lack of diversification of revenue sources can pose a serious risk to the financial stability of an organization should a single large revenue source become unavailable. There is no universally right mix of revenue sources - the right mix for your organization depends on your particular circumstances, your mission, your industry, your staff capacity, and even the age of your organization. The organization must understand the impact a cancellation of the event would have. Does the expense budget reflect the mission priorities of the organization by the way resources are allocated? If we are implementing programs that are not high mission priorities, are they at least contributing substantially to financially support the organization? Folks who work for small and midsize nonprofit organizations generally are very hard workers, intensely devoted to mission accomplishment, often working longer hours at lower pay than their for-profit counterparts. They deserve good tools and will perform even more efficiently and effectively with ongoing professional development opportunities and skills training. Budget to send them to that Excel class! Include information technology upgrades and maintenance, evaluation, and staff development costs in the budget. High quality programs can best sustain and grow with a well-trained and well-equipped staff, both program and administrative, to support them. Budgeting to provide good pay and benefits for staffers is also a way to keep those well-trained folks with you. Budget for capital in addition to operations. An organizational capital budget might cover several years and it should include target amounts and fundraising strategies to achieve strategic and financial sustainability goals. For more about budgeting for capital, see Budgeting for Capital. Provide narrative notes to explain budget assumptions to the board. Board and finance committee members will appreciate explanations to help them understand the underlying thinking behind the numbers in the budget. Whether or not narrative notes are in a separate document, be sure to add letter or number keys to associate each note to the related spreadsheet line. Pay attention to presentation. Your budget could be brilliant, well-researched, and well-documented, but if it is unreadable, your work will be undermined. Budgets that are easy to read and understand are well-formatted. Characteristics of good formatting: Having an inclusive and thorough budget process, a conservative approach, documented policies, efficient budget tools, and well-formatted budget presentation that tells your mission story "by the numbers" positions your organization to have the best results. Other Resources Learning from the Community:

6: Organizational Theory Perspectives on Budgets

Decentralization of the decision-making process is one such change that is attached to incentive based budgeting systems. Thus, incentive based budgeting models affect the whole institution, its formal and informal structures as well as its culture.

In this paper I will explain the pervasiveness of budgeting from four theoretical perspectives -- institutional, resource dependency, transaction-cost, and Marxist. Under mimetic diffusion, organizations adopt budgets because they observe that other groups become more financially confident and successful with a systematic budgeting process. As budgeting became more popular, there were coercive pressures to adopt budgets. Stockholders who demand sound financial management may expect yearly budgets for key activities. Philanthropic organizations will scrutinize budgets of charitable organizations to ensure future contributions are spent wisely. Employees expect formal budgets to remain confident that money is available for salaries and important projects. Finally, accountants and financial managers hired by firms bring normative pressures to adopt standardized budget practices. Budgeting is a logical extension of credit-debit accounting principles and is taught in every business school. Budgets have also become a "rational myth" for modern organizations. Budgets necessary for legitimacy can be de-coupled from daily operations. Money may be transferred from one budget category to another to cover over-spending. Often there are little pressures to maintain budgeted spending levels once it has been developed. Resource Dependency Perspective on Budgets Budgets are pervasive in organizations because they help clarify internal resource dependencies. Often the hierarchy of budgets reveal organizational priorities and dependencies better than formal organizational charts. The approved budget can also represent a "rationalized" statement of purpose for the coming year understood by both employees and outsiders. More importantly, budgets are important tools of power Pfeffer, Since departments are usually dependent on budgets for general operations, those who control budgeting control resources. Budget planners and approvers can exploit these asymmetric dependencies to accumulate power. The budget planning process at a given level is often a zero-sum game where politics and influence is most evident. Budgets are also useful control mechanisms because there are more flexible than contracts. Transaction-Cost Perspective on Budgets From a transaction-cost perspective Williamson, , budgets are ubiquitous because they help regulate the internal market. A good budget can lower internal transaction costs by minimizing uncertainties, hindering opportunism, and mediating internal disputes. Organizational involvement in budget preparation can help clarify future transactions between sub-groups. For example, defining advertising budgets for each product line helps the marketing department plan activities more efficiently. Carefully scrutinized budgets and spending limits can reduce the potential of opportunism. Budgets can also be used to mediate disputes between organizational members by defining the priorities and boundaries of organizational action. As also stated in the resource dependency perspective, budgets are not contracts. They offer the normative advantages of external contracts with the flexibility of future modification.

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7: Managing Organizational Change

In summary, we argue that the contemporaneous relationship between the level of strategic change under way and organizational performance will be enhanced when budgets are used interactively.

They may range from minor staff restructuring to merging or acquiring another company. While the changes may be necessary for the future of the company, you are likely to face certain barriers and challenges. Anticipating these roadblocks helps you avoid them before they become major issues in the change implementation. Planning Without step-by-step planning, change in an organization is likely to fall apart or cause more problems than benefits. You need to understand exactly what changes will take place and how those changes will occur. You also need to assign roles to individuals who are responsible for the change so all duties are covered. The time line for the change is also a key component. You need to plan for downtime or difficulties in completing regular work tasks while the change occurs. Lack of Consensus If you fail to get everyone on board with the corporate changes, you are likely to face barriers during the process. The decision to implement changes should come from the top level of the organization. All management level staff needs to be on board and able to deal with the changes or you may face dissension within the staff. You may not have everyone on board right from the beginning. Showing managers how the changes will affect the company and the steps for implementing the changes helps get them on board if they initially have reservations. Keep employees updated regularly about the plans and progress toward the change implementation. Involve all employees as much as possible through meetings or brainstorming sessions to help during the planning phase. Employee Resistance In some cases, employees resist change. They become comfortable with the way the business is run. They know the expectations and their role within the company. When a major change disrupts their familiarity, some employees become upset. Supporting your employees and providing training for any new responsibilities can help ease the transition. Her experience comes from teaching, tutoring and managing educational after school programs. Frost worked in insurance and software testing before becoming a writer. She holds a Bachelor of Arts in elementary education with a reading endorsement.

8: Budgeting for Nonprofits | National Council of Nonprofits

An organization's financial planning should include budgets for operating and for capital. Together these comprise an Organizational Budget. Creating an annual operating budget is a familiar task.

9: 10 Steps to Developing and Managing a Budget â€" The Thriving Small Business

The second change began in , when IAR started preparing its budget proposals by programmes rather than by disciplines. It was recognized that government officials could better identify national priorities if activities were in terms of commodity programmes rather than disciplines.

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Philips dsp475u user manual The changing face of Arab communications Muhammad I. Ayish The warrens player map Lizzie Blakeston. Semiotics and linguistics Whats sex got to do with it? : Carnal knowledge and the delusion of telling it like it is Labor at the polls On the mystical life Przestepstwa Przeciwko Przedsiebiorcom Money and schools 5th edition Oxford minidictionary of mathematics. The Portable Router Book Criterion for Tune I Miss You Stinky Face Real Time Microprocessor Systems Colonialism and post-colonial development James Chiriyankandath Poets Hiding in Plain Sight: The Poetry of Dupaas (Detroit Unity Poets and Authors Society) Red Dead Revolver? Official Strategy Guide Similar shapes area and volume worksheet The Blitzkrieg Myth Digital system design with fpga Bleeders come first Story boxes, story bags and story telling Poetry in an age of prose: Arnold and Gray Neil H. Hertz A handful of clay by Henry Van Dyke Architects essentials of professional development 2.2. Confirmation of the Complaint 21 A brief survey of the criminogenic in the Republic of Estonia, 1945-1992 A Captains Honor Deity, monarchy, and metaphysics; Whiteheads critique of the theological tradition, by D. D. Williams. Pturic images phd s synopsis 1 Bank Marketing Handbook The second house : I am my values and resources Ya gotta believe John Thorn The small business communitys recommendations for national health care reform The gondolier of Venice The Chicago medical journal The G stands for guts Reported speech rules table Miss Mina and the groom