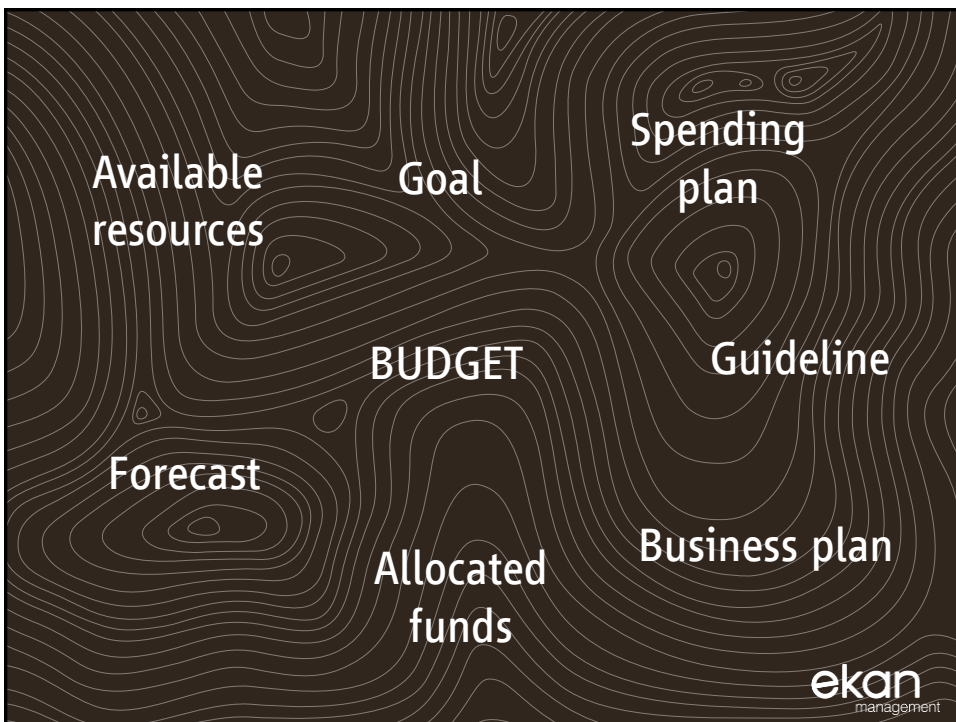


## Short facts about Ekan

- Independent Management consultants
- Founded in 1985
- 40+ Management consultants
- Offices in Göteborg and Stockholm
- Official representative for Beyond Budgeting Institute in Sweden



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## Five Budgeting myths..

- 1. No Budget = Chaos and Overspend
- 2. Good Performance = Hitting the Budget Numbers
- 3. No individual Bonus = No performance
- 4. More Detail = More Quality
- 5. Need to Know = Enough to Know

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## The process



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An inherent conflict  
Power balance



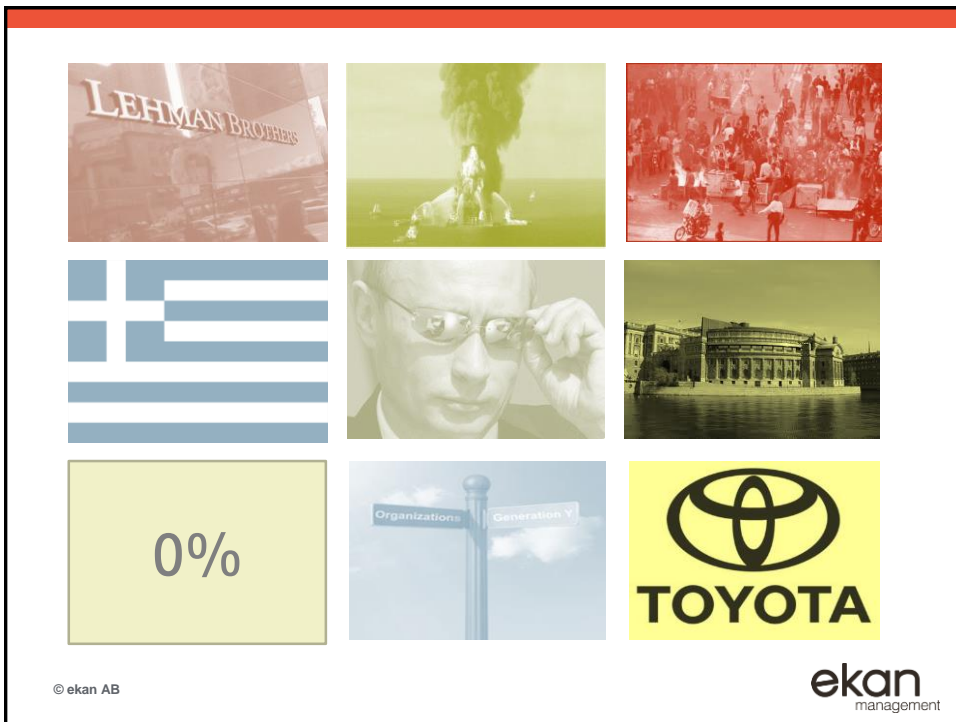
The fiscal year  
Administrative task



Cost control & variance  
analysis  
Co-ordination

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**Uncertainty**  
Volatility  
Uncertainty  
Complexity  
Ambiguity

**Economy**  
Globalization  
Market shift  
(De-)regulations  
Competition

**4 arguments for going Beyond Budgeting**

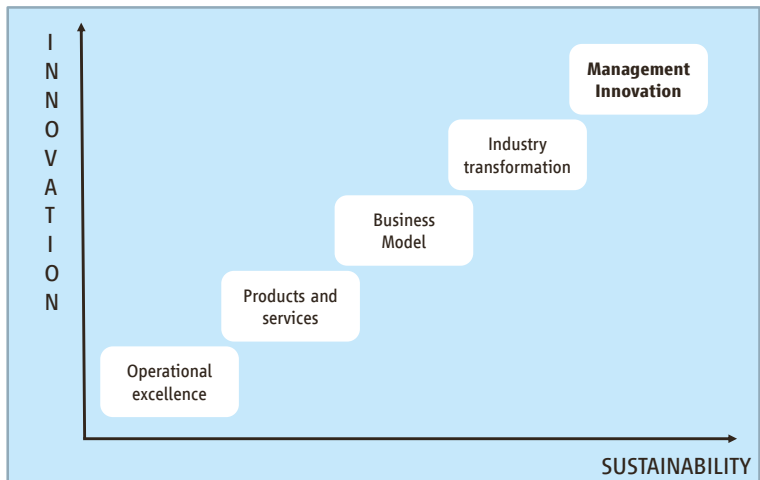
**Technology**  
Digitization  
Transparency  
Speed of change

**Demography**  
Generation shift  
Globalization  
Demographic shifts  
Lack of talents

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# Beyond Budgeting is about Management innovation



Based on "Potential for long term advantage", J. Birkinshaw

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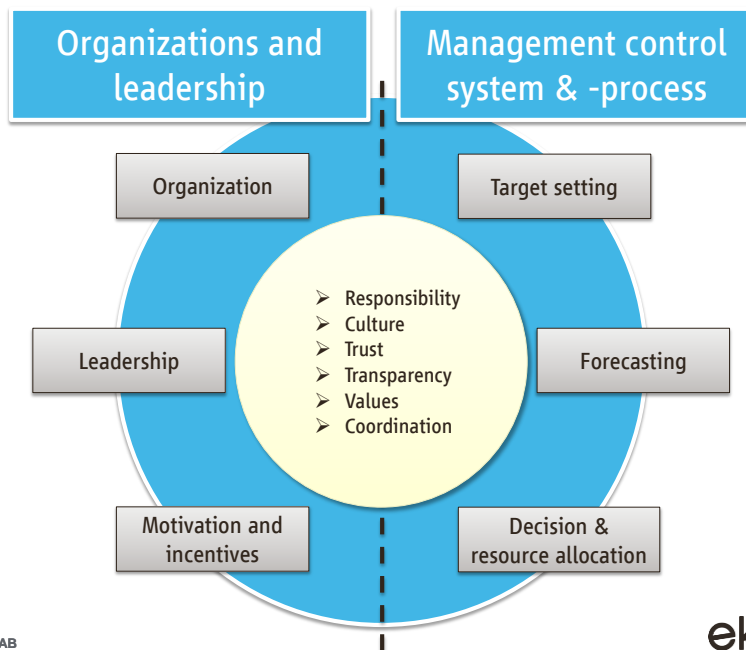
 <b>Kaiser Permanente</b> Health care	 <b>NORS</b> Automotive retailer	 <b>Spotify</b> Music / Media	 <b>AVIVA</b> Insurance
 <b>Lego</b> Toys	 <b>HOLT Cat</b> Automotive	 <b>Coloplast</b> Healthcare	 <b>Össur</b> High Tech
 <b>Morning Star</b> Food processing	 <b>Statoil</b> Oil industry	 <b>Handelsbanken</b> Bank / Finance	 <b>Arla Foods</b> Food / Dairy



## Beyond Budgeting is about creating AGILE & VALUE BASED Organizations

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# Create a link between Resource allocation and the Decision process



**SIBUR DEVELOPED A COMPREHENSIVE SET OF PLANNING TOOLS**

Horizon	Type of planning	Document	Updates frequency
Strategic decisions Crossroads & investments	WHO?	• Corporate Strategy	• Once in 5 years
		• HOW?	
Response handling Proactive and/or reactive	Business	• Strategic 5-year business plans (consolidated and BUs)	• Every 2 years
		• Annual business-plans (consolidated, BUs, plants)	• Annually
		• Functional contracts (corporate functions)	• Annually
Non Decisions "Business as usual"	Operational	• Material balance and EBITDA forecast	• Monthly
		• Liquidity forecast	• Every fortnight
		• Payments schedule	• Weekly

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# Decentralize and put the customer in focus


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- Focus on leadership and organization
- From function oriented to customer oriented
- Changed work design, roles and measures (employee turnover etc)
- From competition to collaboration – group bonuses
- “From making things to providing service”

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- Building a value-based organization
- Working with behavior, leadership style and roles
- Working with trends, rolling forecasts
- No “noice” between strategy and operations
- More focus on actions and making the profit, than being aligned with a yearly plan.

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## Ambition

Making *bad* decisions

Making *good* decisions

Doubt about role and direction

Understanding role and direction

Passive, waiting for tasks  
Making *no* decisions

Can, but do *not* dare to take decisions

No freedom

Ambition

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# Rolling forecast, follow-ups and relative targets

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**NORS**  
We Know How

- Budget was not in line with reality.
- Worked with finding "Key Value Drivers"
- Relative KPIs and "Performance League" – market share, gross margin, indirect costs/sales and service sales/Number of trucks sold
- Rolling forecast – and using trends to monitor progress
- Separation between ambitions and forecast

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## Problems & Challenges

Budget next year =  
budget this year + forecast next year

If you are good at forecasting, and spend all you got,  
You will (with high probability)  
Receive all you ask for the following year.

- Volatil business environment
- Targets obsolete before the year begun
- No incentives to spend less

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Beyond Budgeting  
Round Table

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