

A New Framework for Budgeting: Involving Customer Service, Innovation, and Employee Engagement in the Process

A paradigm shift in the way budgets are usually prepared [PM Magazine, February 2020]



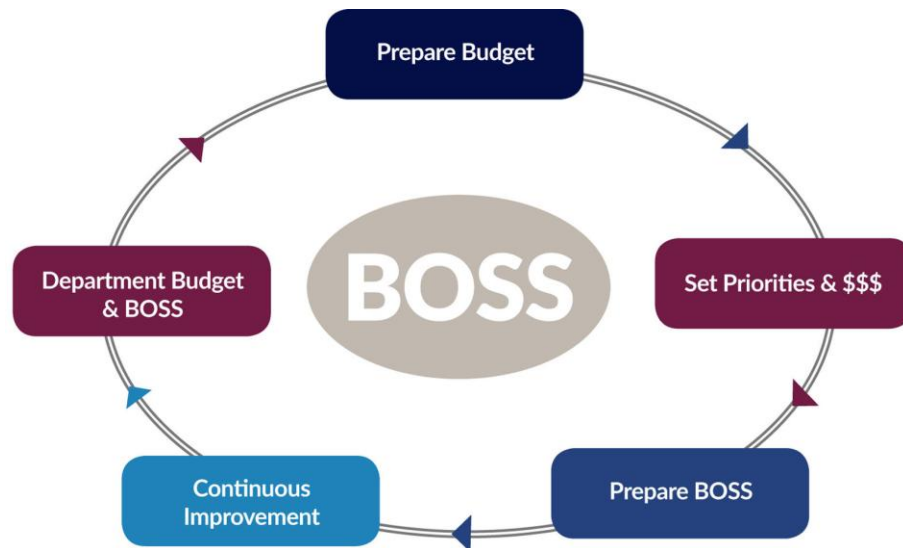
BY MIKE LETCHER, ICMA-CM

The refrain sounds so familiar: “We are going to try another budget approach to get better results.” With each new approach, there are the expectations that we can finally take the great leap into finding our budgeting nirvana. The enthusiasm builds as priority-based budgeting, zero-based budgeting, or some other textbook approach is rolled out through your organization. In the end, what really changed? Like in Greek mythology, the “Sisyphus Effect” of budget incrementalism and the core service priorities of public safety usually win. No matter our enthusiasm, effort, and hard work, the “Sisyphus Effect” keeps us from rolling that rock to the top of the hill, resulting in impactful changes to the budget.

Let me clarify: I have no issues using new and innovative budget approaches. My issue relates to the results or the real outcomes we achieve from using new methods to crunch numbers or establish our budget priorities. What if the budget could be more than simply balancing the bottom line every year? What if the budget could serve as a platform for continuously improving the organization and making it more effective in using its financial and human resources?

In many organizations the budget process consumes a considerable amount of staff time. A significant opportunity is often overlooked—the chance to refocus a portion of the time in developing the annual budget to improve the operational effectiveness of your organization. Working with master’s of public administration students in my class on local government at the University of Arizona, I have introduced a

method of approaching the budget that is a paradigm shift in the way budgets are currently prepared in most organizations. The Budget Operational System Strategies (BOSS) is built on the premise of management guru Charles Deming's approach to continuous improvement. With BOSS, the budget process provides a great opportunity to focus on not only balancing the numbers, but also checking the pulse of your organization's operational health.



The great news with BOSS is that it can work with any budget system. Current budgeting systems do not promote continuous improvement within an organization. They provide a short-term fix or approach, but lack the reach to drill down. BOSS focuses on customer service, innovation, and employee engagement, which are often overlooked in the budget formulation and review process. As part of every annual budget process, you would check the pulse of your organization in these three critical areas.

At this point you may be asking, How is BOSS so different from other budgeting approaches? You may use a great budgeting system that gives you a balanced budget, but key processes and systems within your organization may have been overlooked and may be impacting your most important asset—your employees. BOSS focuses on a series of questions used to collect information for improvements in customer service, innovation, and employee engagement.

Customer Service

- What processes in your department have been improved and what are the results?
- What customer service improvement initiatives have been implemented or researched and what are the results?
- Are you benchmarking any aspects of your organization with other organizations that are recognized as best practices to improve operational performance, and if so, what are your results?

- Do you use customer focus groups and what results have you achieved through their suggestions?
- What have you done in the past year to align your department to the needs of external and/or internal customers?
- What are your customer surveys indicating about your department and what changes have you made based on the surveys?
- Do you allow front line employees that service the customer to make critical decisions without the need for supervisory intervention? Provide details.
- What have you done to make your services more user-friendly and what are the results?

Innovation

- What is not getting done that could improve operations?
- What can we stop doing?
- What ideas were generated from dialogue or surveying employees about improving management and supervision in your department, and what are the results?
- What policies, procedures or rules have you eliminated this year and what are the results?
- What measures have you taken to eliminate centralized decision-making and move decisions to the front-line employees?
- How much time do you set aside each week for key employees to work on innovative ventures and what are the results?
- What has your department learned from attending conferences, training, reading professional journals or books, etc., this year and what have you implemented to improve your operations?
- What new skills have employees acquired in the last year and what are the results?

Engaging Employees

- What is your employee development plan for the next year?
- How did you recognize the efforts of your employees during the past year?
- How many employee engagement meetings are held in your department?
- What form of communication do you use to keep employees informed on operational issues in the department and city-wide? How often does this communication occur?
- What have you done in the past year to address any of the basic equipment, software, or other needs of your employees to accomplish their work?

- Did all of your employees receive a performance review last year, and if not, why?
- What measures have you taken to encourage teamwork with your employees and what are the results?
- How many employee suggestions on improving your operations have you received and what are the results?
- How does your department leadership show you care for employees and their welfare? Provide recent examples.
- How do you use the organizational mission and values to help guide your decision-making and engagement with employees in your department? Provide recent examples.

The questions represent a starting point for the BOSS. The questions for your organization can be more tailored to your particular needs and circumstances. The key is to recognize that we spend a lot of time talking about customer service, innovation, and engaging employees, but very little effort is put into our budget process to encourage our organizations to continuously focus some of their efforts in these critical areas. BOSS helps us shape a path for our organization to continuously improve in areas that are essential for truly creating a high-performance operation.

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