

**Beyond Budgeting Round Table  
BBRT®  
Prospectus South America**

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**BBRT South America**

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# BBRT® (Beyond Budgeting Round Table)

## PROSPECTUS

How we manage is crucial to our future success, yet most managers are unhappy with their approach to performance management. In the BBRT we believe that you can gain real competitive advantage by adopting an alternative to the traditional "Command and Control" model. We describe this alternative model here, and we explain what the BBRT is and how you can benefit by joining it. We hope you will join us. If you wish to do so, you can complete the BBRT membership agreement.

### What is the BBRT®?

The BBRT (Beyond Budgeting Round Table) is at the centre of a movement to help organizations continuously improve their performance, operating as most of us do in a business environment that is market led, highly competitive and unpredictable, and in which intellectual capital is the key strategic resource. It is a movement towards more adaptive performance management. The BBRT is the combination of a new **concept** (i.e. "Beyond Budgeting") and a **community** (i.e. the Round Table). The BBRT's aim is to develop and spread the concept globally through a vibrant growing community.

The Beyond Budgeting model has been derived from the BBRT's research into the 'best practices' of exceptional organizations. It is based on two sets of six principles that define performance management for lean, adaptive and ethical organisations<sup>1</sup>. The first six 'process' principles support adaptive management processes that enable enterprises to be more responsive to their competitive environment and customer needs. The second six 'leadership' principles release the full potential of the first six by supporting greater decentralization and devolution of responsibility to teams accountable for improving (internal and external) customer outcomes relative to peers and competitors. It is in tune with today's competitive environment, and it has the potential for universal application.

The 12 'beyond budgeting' (or 'adaptive') model principles	
<b>Process principles</b>	
1. Goals	Set aspirational goals aimed at continuous relative improvement, <b>not fixed annual targets</b>
2. Rewards	Reward shared success based on relative performance, <b>not on meeting fixed targets</b>
3. Planning	Make planning a continuous and inclusive process, <b>not an annual event</b>
4. Controls	Base controls on relative KPIs and performance trends, <b>not variances against plan</b>
5. Resources	Make resources available as needed, <b>not through annual budget allocations</b>
6. Coordination	Coordinate cross organisation interactions dynamically, <b>not through annual planning cycles</b>
<b>Leadership principles</b>	
1. Customers	Focus everyone on improving customer outcomes, <b>not on meeting internal targets</b>
2. Accountability	Create a network of teams accountable for results, <b>not centralized hierarchies</b>
3. Performance	Champion success as winning in the marketplace, <b>not on meeting internal targets</b>
4. Freedom to act	Give teams the freedom and capability to act, <b>don't merely require adherence to plan</b>
5. Governance	Base governance on clear values and boundaries, <b>not detailed rules and budgets</b>
6. Information	Promote open and shared information, <b>don't restrict it to those who 'need to know'</b>

These twelve principles represent a holistic model (not a menu of options). Implementation is inevitably an evolutionary process during which different organizations will place different emphases on different elements at different times, but the goal is to build a coherent model.

### How would I benefit by adopting the Beyond Budgeting principles?

The traditional approach to managing performance is to use an annual planning process to negotiate fixed performance contracts at every level in the organization, and to monitor and reward performance against them.

<sup>1</sup> The principles are set out in the book *Beyond Budgeting – How managers can break free from the annual performance trap* by Jeremy Hope and Robin Fraser, published in 2003 by Harvard Business School Press, and in many articles, downloads or details of which can be found at [www.bbrt.org](http://www.bbrt.org) and [www.beyondbudgeting.com.br](http://www.beyondbudgeting.com.br).

While this approach may have worked satisfactorily in a business environment that was reasonably predictable because it was supplier led and because financial (rather than intellectual) capital was the key strategic resource, it is too rigid for today's environment. When pushed beyond its limits by leaders striving to maximize performance, it wastes management time, creates parochial attitudes, and causes dysfunctional behaviour that destroys value.

Organizations today need to be able to respond fast to customer needs and market threats and opportunities. This requires more adaptive management processes and greater devolution of responsibility. A lean and adaptive performance management system, based on the Beyond Budgeting model enables organizations to:

- (a) Focus everyone on maximizing value for customers and shareholders;
- (b) Effect a permanent (and significant) reduction in bureaucracy and costs;
- (c) Make the organization more agile and adaptive to change;
- (d) Improve governance by reducing gaming and other dysfunctional behavior; and
- (e) Release the energy and enterprise of all their people.

The performance management process determines how people think and behave inside an organization. Changing behaviour from "managing numbers" to responding to change and improving customer and shareholder value has a potentially greater impact on the bottom line than almost any other improvement initiative. Thus, while knowing that cultural change takes time, visionary leaders are recognising the need to start the journey early and thereby stay ahead of their competitors.

## What is the BBRT® Community?

The BBRT is an independent, international research collaborative forum and advisory services firm. Founded in 1998 by CAM-I (a US based research collaborative), Jeremy Hope and Robin Fraser, the BBRT undertook case-based research that led to the development of the "Beyond Budgeting" management model. They co-authored the book *"Beyond Budgeting – How managers can break free from the annual performance trap"* published by Harvard Business School Press, 2003, and the HBR article *"Who needs budgets?"*. The BBRT's research outputs and membership activities are shared internationally among its expanding network of regional offices in Europe, North America, South America and Australasia. Membership activities include special interest groups in sectors (e.g. Financial Services, Public Sector) and other topics to help members establish best practices in adopting the Beyond Budgeting model in their organizations.

The Community is a global network of members and associates supported by a leadership team that facilitates collaborative research and knowledge sharing. It welcomes organizations from any sector and individuals from any function that want to learn and improve their performance management models or help others to do so. Beyond Budgeting is not a standardized solution so every journey is different. Its principles are our "compass". As members you draw on the experience of others but what you do and how you do it is up to you. As BBRT "General Members" you have access to the BBRT network and its accumulated knowledge. Further learning can be accommodated through "Special Interest" groups. These enable you to learn more about applying the model in some particular way (e.g. Public sector and rolling forecasts). The BBRT also welcomes management consultants and IT companies that want to develop client-based solutions based on Beyond Budgeting principles. And it collaborates with academics and specialist consultants. The BBRT is independent of government and commercial interests. It is funded from membership fees and 'pay-as-you-go' fees for specific advisory services to members and non-members.

The BBRT leadership team acts as the hub of the community. It provides technical leadership and services to members, both collectively (e.g. General Membership and Special Interest Groups), and individually as Beyond Budgeting consulting services (e.g. Running in-house workshops). Regional and country BBRT directors (e.g. North America, South America and New Zealand) lead BBRT activities in their respective territories, and coordinate activities (e.g. SIGs) across them. There is also a BBRT Executive Committee.

## What is the BBRT's vision?

The BBRT sees its mission as *"to advance performance management practices worldwide leading to lean, adaptive and ethical organizations"*. It aims to do this by growing the BBRT community in a number of ways:-

- (a) **By becoming global** – By opening BBRTs in as many different regions and countries as possible, allowing global organizations to participate in all regions, and sharing the results worldwide among all members.

- (b) **By meeting common interests** – By inviting organizations to join Special Interest Groups (SIG) that are focused on topics that people in similar or different organizations can share their common interest and find practical solutions.
- (c) **By widening membership** – By engaging with a wider range of industries (e.g. Public sector, not just 'For Profit') and functions (e.g. HR, not just Finance), and attracting and retaining advanced members (e.g. Our cases, even Handelsbanken).
- (d) **By working with partners** – By achieving gearing in our efforts (e.g. By promoting the diagnostic and workshops with major consulting firms; and by supporting the marketing efforts of software companies).
- (e) **By offering a menu of services** - Not just one service for all, but a range of services, including General Membership (*mandatory*), Special Interest Groups, and consulting services – *as described below*.

## What services does the BBRT® offer?

The BBRT offers three main services: (1) General Membership, (2) Special Interest Groups, and (3) Advisory services.

**1. GENERAL MEMBERSHIP** – We aim to attract as large a number of organizations and their people as possible to be involved in the network all over the world, irrespective of the level of their awareness or progress towards adopting the model. Joining the BBRT as a General Member is a requirement before members can join Special Interest Groups. Organizations that operate globally normally join globally (rather than just in one region). General membership fees are used to fund the BBRT's global sustaining activities and, for a relatively low annual fee, offer members the following benefits:

- Joining the BBRT shared learning network
- Access to accumulated and new intellectual capital (case studies, research reports, meeting notes etc.) for in-house (not commercial) use
- Attendance by individuals at any BBRT general meetings worldwide
- Attendance by individuals at *ad hoc* development meetings to test interest in new ideas
- Research series papers at approximately 2-week intervals (Transforming Performance Management series and Finance Leadership series)
- Free entry into the annual global diagnostic and survey
- Access to the BBRT web site private forum (e.g. Restricted circulation downloads)
- Global or regional BBRT newsletter

### Fees for General Membership:

- For Brazil: BRL 30.000,00 per year for global membership or BRL 20.000,00 for regional membership.
- For other South-American countries: USD 15.000,00 per year for global membership or USD 10.000,00 for regional membership.

**2. SPECIAL INTEREST GROUPS (SIG)** – These enable organizations to join groups that are addressing their particular interests and share the results. Joining SIGs is optional to members. SIGs are normally organized within regions but are coordinated and share knowledge globally. SIGs are the main vehicle for new research. For an annual membership fee, SIGs offer the following benefits:

- Focus on specific areas of interest (e.g. industry reference models, performance management best practice, regional/cultural groups)
- Facilitator and research support with requisite expertise
- Global research input and coordination across BBRT regions
- Attendance at any SIG meetings worldwide on the same topic
- Specific deliverables in timeframes to meet member needs
- Research results only released generally with due recognition of SIG members interests

### Fees for Special Interest Groups:

- For Brazil: From BRL 20.000,00 per year
- For other South-American countries: From USD 10.000,00 per year.

**3. ADVISORY SERVICES** – BBRT directors and their associates offer (and intend to offer further\*) mentoring and advisory services to members and non-members. These services are restricted to high level, high quality, holistic services (e.g. running workshops, building a case for change, and steering design and implementation), *not general consulting* or specific tool-based assignments. Our aim in doing this work is both to help members, and to develop best practice approaches and contribute knowledge to the BBRT. Thus, our services include: -

- In-house Beyond Budgeting courses and workshops to assist in making the 'case for change' and developing the road map
- Diagnostics to support 'case for change' workshops and in-company tailored surveys
- Support in selling-in, design and implementation of the model
- Support to, and accreditation and certification of consultants and software vendors\*
- Licensing use of certain materials (e.g. training)\*

## What can I gain by joining the BBRT®, and how do I join?

**The BBRT caters for a range of needs.** People who just want to learn about the Beyond Budgeting model will benefit from General Membership. They will hear the presentations at BBRT general meetings, become part of the BBRT network, learn from those who are implementing the Beyond Budgeting model, gain access to the BBRT's intellectual property, and use its diagnostics and survey.

People who have already started to implement the Beyond Budgeting model can join a Special Interest Group (SIG) and address issues of common interest with others who seek practical solutions, or share experience with the leaders globally in implementing and evolving Beyond Budgeting models.

The BBRT is growing; join our journey and help us fulfil our mission of advancing performance management worldwide.

**The General Membership fee** for organizations that operate globally is BRL 30.000,00 p.a. for organizations from Brazil and USD 15.000,00 p.a. organizations from other South American countries. The fee for organizations that only wish to participate in one region is BRL 20.000,00 p.a. for organizations based in Brazil and USD 10.000,00 p.a. for the rest of South America. This option limits the use of intellectual capital to the regional organization and participation in BBRT meetings to the chosen region, although members in South America may *individually* attend meetings in other regions. There is no joining fee in addition to the annual general membership fee.

**Fees for joining SIGs** are from BRL 20.000,00 (Brazil) or USD 10.000,00 p.a. (other South America) in addition to the General Membership fee.

If you would like to join the BBRT or require an application form or further information, please contact:

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