



## Beyond Budgeting

*A new management model for the information age based on enterprise not control*

Budgets have long been accepted as the way to manage and control activities within organisations. However, traditional budgets are now being challenged, particularly in companies that wish to devolve decision-making to the front-line and react quickly to market opportunities.

Management through budgets tends to put people on the defensive. The process of deciding budgets often becomes a matter of negotiation and the important aspect – optimisation – is lost. A budget is static, based on historic facts and figures, and it is therefore not always timely and up to date.

We are now in a highly competitive, market economy in which organisations need to be increasingly agile to meet the demands of their customers. To rise to these challenges, companies are creating new management processes that encourage responsibility and initiative throughout the organisation.

The traditional budget process is being replaced by rolling forecasts, balanced performance scorecards, cost analysis and a focus on the benefits to be delivered from longer term investments. These techniques are being supported by training to increase the understanding and capabilities of employees and managers and to instill an environment of rich information and collaboration.

SAS can assist with the implementation of the key principles and practices of 'Beyond Budgeting' as follows:

- **Target setting** – obtain information on competitor activity and link to external databases
- **Strategy** – make the update and maintenance of objectives and targets an easy process
- **Growth and improvement** – build hypotheses and scenarios and test against capabilities
- **Resource management** – track the life time cost and value of resources
- **Coordination** – search for and use cause and effect relationships across business units and processes
- **Cost management** – identify areas of cost which need attention through analysis (eg. Activity Based Costing) and data mining
- **Forecasting** – create and maintain rolling forecasts
- **Measurement and control** – implement a balanced scorecard with leading and lagging indicators
- **Rewards** – track actual performance against targets
- **Delegation** – maintain personal information portals.



**“ Customers want a better management tool – one that focuses on dynamic, strategic targets, rather than measuring results compared with traditional budgets ”**

John Wilkes, Head of Performance Management, SAS UK

These new management models are proving to be more relevant to companies today and release managerial time which can be used on other value creating activities.

The benefits that companies are experiencing include:

- quicker response to competitive threats and business opportunities
- improved focus on providing the resources for customer service and profitability
- better information for the CEO to manage investor expectations
- enterprise and innovation is encouraged, rather than budget compliance
- integrated process improvements across the business
- released time from the budget process.

There are many aspects of change management that will make this transition successful for an organisation. But IT clearly has a major role to play in implementing many of the aspects of new budgeting practices.

SAS is the only software supplier that is capable of collecting, transforming, modeling, analysing and supporting the complex information needs of organisations. Our flexible framework adapts technology to the management processes — not the other way around.

Companies choose SAS because of our:

- many years of implementation experience
- powerful information delivery and communication software
- enterprise scalability
- stable company
- commitment to ongoing improvement
- trusted customer relationships

**From SAS, a standard in industry** SAS drives the intelligent enterprise, bringing greater effectiveness and efficiency to critical areas such as strategic performance, human capital, and customer and supplier relationships. SAS' leadership in business intelligence, advanced analytics and data warehousing has made us the world's foremost provider of enterprise intelligence solutions.

SAS is used at more than 38,000 business and government sites in over 111 countries. Customers include 98 of the top 100 companies in the Fortune 500 and 90 percent of Fortune 500 companies overall. For 25 years, SAS has been giving our customers The Power to Know™.

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