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Beyond
Budgeting

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The First Annual Beyond Budgeting Summit

1 – 2 July 2003

London

3 July 2003

London

Optional Workshop

Book by 3 June to gain
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discount

Improve bottom line results through continuous planning and real-time information systems

Surveys show that nine out of ten managers are deeply dissatisfied with the annual planning and budgeting process. It is too slow, too expensive and increasingly out of touch with the business environment. The First Annual Beyond Budgeting Summit will show you how organisations can improve bottom line results through continuous planning and real-time information systems. Learn how companies are growing faster by replacing fixed budgets with relative targets, how you can prevent gaming the numbers, and how you can respond faster to change.

You can discover how many leading edge organisations have dramatically improved their performance by abandoning traditional budgets and enabling managers to focus on strategy and value drivers, rather than on negotiating an annual fixed budget. This conference gives you a chance to learn from these organisations' experiences. **Beyond Budgeting** will also reveal many techniques to decentralise performance responsibility to lower level teams. The result is invariably lower costs, faster response and more loyal customers.

Find out how to unleash the power of popular management tools

- Replace the annual budget with new steering mechanisms
- Use rolling forecasts and leading indicators to manage performance
- Focus managers on creating value for customers and shareholders
- Eradicate gaming practices and focus on ethical reporting
- Unleash the full potential of tools and techniques, such as EVA™, the balanced scorecard and activity based management
- Encourage greater self-motivation and productivity among your employees

Discover how annual budgeting can create the climate for unethical behaviour

Featuring implementation case studies from Svenska Handelsbanken, Borealis, Sight Savers International, Coors Brewers, Unilever, Ahlsell and Deutsche Bank

Keynote presentations by Jeremy Hope and Robin Fraser, authors of *Beyond Budgeting: How Managers Can Break Free from the Annual Performance Trap*, will focus on the beyond budgeting principles showing how beyond budgeting maximises the potential of popular management tools

Conference agenda

Tuesday 1 July – Day One

08:30 *Registration and coffee*

09:00 **Welcome and Introduction** Peter Bunce, BBRT Director Europe

1 Beyond Budgeting – The Promise

09:10 **Beyond Budgeting – A Vision of a Management Model Fit for the Twenty-First Century Organisation**

Jeremy Hope, BBRT Director Research

Five years of extensive field research has resulted in the development of the Beyond Budgeting Model. This conference presents the results of this work. This keynote presentation examines the problems with the traditional budgeting process and introduces the principles of the Beyond Budgeting Model.

09:55 **The Philosophy of Beyond Budgeting**

Jan Wallander, Honorary Chairman, Svenska Handelsbanken

There is little doubt that the inspiration for beyond budgeting has been the management philosophy of Jan Wallander. In 1970, as the then recently appointed CEO, Dr Wallander abandoned the budgeting and central planning systems and became the visionary architect of the management model Handelsbanken uses today. It took his strong determination, persuasion, and enthusiasm to bring about these changes in the bank. His experience over forty years provides strong evidence that the principles and practices described in **Beyond Budgeting** will not just sparkle today and fizzle tomorrow.

10:40 *Break*

2 Beyond Budgeting – The Practice

11:10 **Managing without Budgets at Ahlsell**

Gunnar Haglund, Finance Director, Ahlsell AB, Sweden

Ahlsell is a highly successful distributor of heating and electrical products. After the severe downturn in the early 1990s it achieved significant performance improvement and cost reduction by merging its regional businesses into a single integrated national operation. Warehousing, distribution and logistics management were centralised, while sales were decentralised and responsibility devolved to the front line. Where there were previously only 14 profit centres, there are now 200, each with the freedom to run its own business. Budgets were abandoned in 1995, and a fast, open information system now provides the necessary controls for self-governance by the local units.

11:55 **Managing without Budgets at Borealis**

Thomas Boesen, Manager Business Planning, Borealis A/S, Denmark

Borealis is one of the largest petrochemical companies in the world. It replaced budgeting in 1995. One of its architects was Thomas Boesen. Along with Bjarte Bogsnes, he designed and developed an alternative set of steering mechanisms including tools such as the balanced scorecard and rolling forecasts.

12:40 *Lunch*

Wednesday 2 July – Day Two

- 13:40 **Managing without Budgets at Sight Savers International**
Adrian Poffley, Finance Director, Sight Savers International, UK
Sight Savers International is a major UK charity that works to improve the sight of people in Third World countries. In this session Adrian Poffley will describe their reasons for abandoning budgeting, what has taken its place and the success since introducing the new process.
- 14:25 **Beyond Budgeting at Svenska Handelsbanken**
Lennart Francke, CFO and Executive Vice President, Svenska Handelsbanken, Sweden
Lennart Francke is the CFO at Handelsbanken and has been with the bank for over thirty years. He will describe how a number of key principles govern the management of the bank. He will also describe how its relative performance approach drives continuous improvement. He will focus on the governing principles of the Handelsbanken way, the influence of relative measures and rewards throughout the bank, how the model is evolving and the lessons learned.
- 15:10 *Break*
- 15:25 **The Role of Annual Budgeting in Creating the Climate for Unethical Behaviour**
Steve Player, BBRT Director North America
Business is reeling from a series of apparent lapses in ethical behaviour that is leading to dramatic reforms. Now is a time for reflection and analysis on the underlying causes that have driven these behaviours. This session examines the role that traditional budgeting plays in planting the seeds of unethical behaviour. It will examine the budget process as typically performed in most companies and the actions it sets in motion, including gaming, results manipulation and outright lies. It asks the question, 'Is this how the CEO and CFO really want to lead their organisation?'
- 16:10 **The Behavioural Effects of Managing without Budgets**
Lesley Jackson, On-trade Finance Director, Scottish Courage Ltd, UK
Until recently, Lesley Jackson was Business Development Director of Bulmers, the UK's largest cider maker. She was the instigator of beyond budgeting in the late 1990s and witnessed many behavioural improvements as a result. Over the past year the company's strategy for international expansion came unstuck and led to a major crisis. Lesley will relate the whole story and its lessons.
- 16:50 **Panel Session**
Moderator: Jeremy Hope, BBRT Director Research
Jeremy Hope will moderate a question and answer session, with a panel comprised of the day's speakers.
- 17:30 **Closing Comments**
Peter Bunce, BBRT Director Europe
- 17:40 **Welcome Reception in the Exhibition Area**

- 08:30 *Registration and coffee*
- 09:00 **Welcome** Peter Bunce, BBRT Director Europe
- 3 Beyond Budgeting – The Tools and Information Systems**
- 09:15 **The Role of Tools in the Beyond Budgeting Model**
Robin Fraser, BBRT Director International
A range of tools has emerged over the past decade designed to solve many of the problems described by speakers at this conference. In this keynote address, Robin Fraser will examine six such tools and how they potentially support the needs of the front-line manager in an adaptive and decentralised organisation. He will also look at how these tools are blocked from achieving their potential by the budgeting system.
- 10:00 **Enterprise Management in the Twenty-First Century: A Blueprint for a New Approach and the Role of Information Systems**
Jürgen Daum, Senior Business Consultant, SAP AG, Germany
Jürgen Daum is an expert, author, speaker and adviser on enterprise management and control concepts. Until recently, as Director of Program Management at SAP AG, he led the strategic repositioning of SAP's finance, accounting, and analytical management applications, then called mySAP Financials. In his recent book, ***Intangible Assets and Value Creation*** (Wiley 2002), he sets out his vision of a New Enterprise Management Model for the twenty-first century organisation. In this presentation, Jürgen will share his ideas with special emphasis on the role of beyond budgeting.
- 10:45 *Break*
- 11:15 **Using the Balanced Scorecard at the Centre of the Beyond Budgeting Model**
Jonathan Chocqueel-Mangan, Tyler Mangan, UK
As a recent leader of the Balanced Scorecard Collaborative in Europe, Jonathan has vast experience of implementing the balanced scorecard. Few last the course. A key reason is that they are not implemented properly, especially because they collide with the budgeting mentality. In this session, Jonathan will share his experiences of what makes a balanced scorecard successful and how this relates to the philosophy and principles of beyond budgeting.
- 12:00 **Getting Started with the Balanced Scorecard at Coors Brewers**
Barbara Blaber, Project Leader, Coors Brewers, UK
Coors Brewers (formerly Bass Brewers) has adopted many of the beyond budgeting principles, although its development focus has been firmly grounded in the balanced scorecard. Barbara will share the experiences of the development programme as it has evolved over a five-year period.
- 12:45 *Lunch*

Post-conference workshop agenda

Thursday 3 July

13:45 **Forecasting and Planning at Deutsche Bank**

Christian Ricken and Barbara Heen, Corporate Planning, Deutsche Bank, Germany
Deutsche Bank has begun its beyond budgeting journey without fanfare. But its progress has been significant. The speakers will explain how it has approached the change management process and, in particular, how it is making steady changes to budgets without the big bang approach of immediate replacement.

14:30 **Revolutionising Performance Management at Fortis Healthcare**

Cathy Jorgensen, Director of Performance Management, Fortis Healthcare, USA
In this session Cathy Jorgensen will explain how Fortis Healthcare is steadily moving from annual budgeting to rolling forecasts and plans to abandon the annual budgeting cycle. They already use ABC for cost control and profitability monitoring. They no longer recognise the term budgeting and have developed a performance management team whose main focus is to work directly with the operational people and help them make best use of their resources. Cathy will also explain how the use of Armstrong Laing's Predictive Planning system has enabled these changes to be accomplished.

15:15 *Break*

15:30 **The IBM Global Beyond Budgeting Survey**

Preston Steen, IBM Business Consulting Services, UK
In this session, Preston Steen will explain the benefits of using the web-based IBM Global Beyond Budgeting Survey. He will illustrate how, from a core set of questions, users can compare their management model against the beyond budgeting benchmark. He will describe how far this information can be used by managers to assess the case for change in their organisation and the practical steps they can then take to make change happen.

16:15 **An Implementation Perspective**

Steve Morlidge, Finance Change Leader, Unilever, UK
Steve is Chairman of the Beyond Budgeting Round Table. His recent work within Unilever has led to a new project known as Dynamic Performance Management. He is now responsible for rolling out this project within the Unilever organisation.

16:50 **Panel Session**

Moderator: Robin Fraser, BBRT Director International
Robin Fraser will moderate a question and answer session, with a panel comprised of the day's speakers.

17:30 **Closing Comments**

Peter Bunce, BBRT Director Europe

17:35 **Close of Conference**

09:00 **Making the Case for Change in Your Organisation**

to 16:30 While many people are convinced by the principles of beyond budgeting, few have felt sufficiently confident to sell the case for change to senior executive sponsors inside their organisations. This is not surprising. The issues are complex and the alternative model must be explained as a coherent whole. This workshop aims to address these problems. It is designed to help you make a compelling case to your senior executives. It will enable you to produce a Case for Change and Vision Report based on how you would implement the beyond budgeting principles inside your own organisation.

So if you are already committed to changing your performance management processes or are using tools such as the balanced scorecard but failing to realise the full benefits, then it will be particularly appropriate for you.

The workshop programme will be highly interactive and offer plenty of opportunity for discussion. It will enable you to

- understand the beyond budgeting cases and the principles of the model
- design in outline an alternative overall management model
- evaluate alternative processes for target setting and rewards
- evaluate alternative planning processes
- evaluate alternative control processes
- learn how to release the full potential of the toolset
- consider how the new model can be implemented
- build a business case that can be presented to the Board

Workshop facilitators will be drawn from

- * Robin Fraser, BBRT Director International
- * Jeremy Hope, BBRT Director Research
- * Peter Bunce, BBRT Director Europe

Morning coffee, lunch and afternoon tea will be provided.

Venue

Le Meridien Piccadilly, London

is centrally situated – two minutes from Piccadilly Circus tube station, and a short stroll from Hyde Park and Buckingham Palace. It combines luxury with efficient service, offering a comprehensive range of business services and facilities.

Should you wish to stay overnight in London, special accommodation rates are available at selected hotels for delegates to this conference. Please telephone

Hotelscene on 0117 916 6300 for details, quoting CIMA.

Fees

Beyond Budgeting Conference

£990+VAT = £1163.25

Early booker discount

£940+VAT = £1104.50

available up to 3rd June 2003

CourseMaster Club discount

1780 CMUs

Please call 020 8849 2243 for details of the savings to be made through the CIMA CourseMaster Club

Beyond Budgeting Workshop

£590+VAT = £693.25

Early booker discount

£540+VAT = £634.50

available up to 3rd June 2003

CourseMaster Club discount

980 CMUs

Please call 020 8849 2243 for details of the savings to be made through the CIMA CourseMaster Club

Beyond Budgeting Conference and Workshop

£1380+VAT = £1621.50

Early booker discount

£1280+VAT = £1504.00

available up to 3rd June 2003

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2360 CMUs

Please call 020 8849 2243 for details of the savings to be made through the CIMA CourseMaster Club

You can attend either the conference or workshop, or both save £200 by attending both

If you wish to book multiple delegates please telephone 020 8849 2244 to discuss the savings available

Special accommodation rates are available at selected hotels for CIMA course delegates. Telephone Hotelscene on 0117 916 6300 for details, quoting CIMA.

Course Organiser

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The First Annual Beyond Budgeting Summit Application Form

Please complete in capitals *Please delete as appropriate

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Please reserve _____ place/s @ £1163.25

Or early booker discount _____ place/s @ £1104.50

3 July 2003 London Post-conference workshop

Please reserve _____ place/s @ £693.25

Or early booker discount _____ place/s @ £634.50

1-3 July 2003 London Conference and workshop

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Position _____

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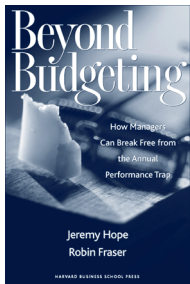
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I have read the booking conditions under Booking Procedures and agree to abide by them

Signature _____ Date _____

Who Needs Budgets?

New *Beyond Budgeting* book aims to end the budget game



Beyond Budgeting: How Managers Can Break Free from the Annual Performance Trap

By Robin Fraser and Jeremy Hope
(Harvard Business School Press, 2003)

Based on an intensive, international study into pioneering companies. ***Beyond Budgeting*** offers an alternative, coherent management model that overcomes the limitations of traditional budgeting. Giving a compelling case for breaking free from the annual budgeting trap, this book paves the way toward making organisations better places to work for, invest in and do business with.

'Beyond Budgeting is ... a positive idea that uses the abandonment of budgeting as a trigger for improving the entire management control process. Budget abandonment forces deeper and broader examination of how organisations should be managed'

From the foreword by Dr Charles T Horngren
Littlefield Professor of Accounting Emeritus, Stanford University, USA

Rave reviews for ***Beyond Budgeting***

'Hope and Fraser brilliantly expose what lies at the heart of most failed attempts to foster corporate agility and innovation – the fixed performance contract – and the low trust mindset in which it is set.

***Beyond Budgeting** is a true paradigm shift'*

Steve Morlidge
DPM Project Leader, Unilever

'Beyond Budgeting distils the new management model for the information age. This is a book for leaders with the courage and insight to sweep away an enervating management dogma and release the latent wealth in their organisations'

Gregor Pillen, EMEA Head of Financial Management Solutions
IBM Business Consulting Services

You will have the opportunity to purchase this book at the conference.

Drive Change in your Organisation: Join the BBRT

The BBRT (Beyond Budgeting Round Table) is a supported network of member companies with a common interest in improving planning and abandoning budgeting – sharing successes and implementation experiences. To learn how companies are becoming lean, adaptive and ethical organisations, please visit

www.bbrt.org, e-mail **info@bbrt.org**
or call **01590 679803**

Registration Information Booking Procedures

A choice of two ways to make a provisional booking

- telephone 020 8849 2244
- e-mail mastercourses@cimaglobal.com, giving the course title, date and the name, job title, company, address and telephone number of each delegate

and a choice of four ways to confirm your booking

- complete and post the application form to CIMA MASTERCOURSES, 26 CHAPTER STREET, LONDON SW1P 4NP with a cheque payable to CIMA Enterprises Ltd
- fax us the completed application form on 020 8849 2460 – you can request an invoice if you wish
- if you wish to pay by credit card please fax us the completed application form and include the following details: named card holder, type of card, expiry date and card number
- log onto www.cimaMastercourses.com, go to Search and key in the course code BBSC for the Beyond Budgeting conference and BBSW for the workshop, then follow the three-step process

Delegate cancellation of transfer: If you have to cancel or transfer, 80% of the fee will be refunded or transferred provided written notice is received not less than 21 days in advance. If you cancel or transfer later than this the full course fee is charged. A substitute delegate is welcome at no extra charge. Provisional bookings must be confirmed in writing or cancelled within 10 days.

Event cancellation of change: Where circumstances force CIMA to change the details of or cancel a seminar the liability of CIMA shall be limited to a refund of any fees paid for that particular seminar. CIMA is not liable for any consequential loss.