



LEADERSHIP EFFECTIVENESS: BUDGET RENEWAL MINUS THE FEAR AND LOATHING

I have been out of school more than a few years, but when autumn rolls around, it still feels like a time of renewal and reenergizing, perhaps even more so than that traditional time of starting afresh that happens in the dead of winter . . . the New Year.

On the organizational front, this is also the time for one of the most broadly detested tasks leaders face, bar none. This time of year is budget season for many organizations.

You have probably heard (or possibly participated in) the horror stories: the department leaders pitted against each other for limited resources who bend the truth a bit, the midnight oil that is burnt as people try to figure out what direction to go in, the pre-invoicing at the end of the year to “use up” the funds, to name a few of the dysfunctional behaviors brought on by a tense budgeting and planning process.

If you are a General Manager or Senior Leader outside of Finance, you may not be responsible for people who are crunching the numbers, but you are responsible for how this annual exercise goes and what it achieves. Recasting the budget season as a time of renewal and reenergizing can foster a shift in attitude and behavior. How can you do that?

This is an opportunity to do what great leaders do: align people, inspire them, lead change, and set direction ([Kotter, What Leaders Really Do](#)). If you rely on these four foundational leadership principles to guide you through the season, I guarantee the process will go as smoothly as possible. We know this from observing in our coaching practice that the best leaders focus on doing those four actions in the face of heightened challenge, such as the feared and loathed annual planning/budgeting process.

Your role as leader of an organization embarking on the budgeting process is to make sure goals (and people) are aligned and to set and communicate organizational direction—including clear priorities and a full articulation of any changes in direction. And if there was ever a time to motivate and inspire people, this is it! If you do the afore-mentioned things well (align people, set directions, and lead change), those actions will go a long way toward motivating people to truly engage and collaborate in a healthy, productive budgeting process, not one fraught with competition, gaming, and deception.

Here are some tips to ensure your leadership of the budgeting and planning process helps the organization renew and re-energize.

- Introduce the budget season by clearly articulating the strategic direction and priorities. (Set direction.) This will lay the foundation and framework for decision-making during the budgeting process.
- As part of the direction-setting, clearly describe what is changing, why, and how. (Lead change). This will drive specific decision-making to help people appropriately prioritize and budget for new initiatives.

- Ensure that goals reflect the whole enterprise and cascade appropriately from the top. (Align people.) This will foster collaboration.
- Get people excited about the organization's direction and changes coming; delineate the benefits and expected outcomes. (Motivate and inspire people.) This will help people engage productively and with enthusiasm.

Have you thought through what you need to communicate to ensure people do not spin their wheels during budgeting season? Are you ensuring that decisions during the budget process don't conflict, are made promptly, and align with strategic direction?