

beyond
budgeting
transformation
network.



Make it real!

Introducing the BBTN - the network dedicated to leadership model transformation.

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Vision & Mission of the BBTN

- **Our vision:**
The Beyond Budgeting model is the standard management model.
- **Our mission:**
The BBTN helps organizations to transform their management models from command & control to beyond budgeting, in order for them to sustain superior competitive success.

The BBTN is the most important platform for achieving transformation and improving the model.

A tale of water bottles (Part I)

In the beginning, there was an empty water bottle. It was then 1998. There were also a couple of Englishmen, who were trying to fill the bottle. The bottle about to be filled up, or the problem those Britons wanted to solve, was to discover what was lying “beyond budgeting“. That quest arose from a simple observation: Most organizations were then doing budgeting, at least annually. But to anyone questioning the practice thoroughly, it would quickly become apparent that managing by budgets didn't make any sense at all in a dynamic and complex world. So the Englishmen had a feeling that there had to be an alternative to this managing by “command and control“. There had to be some better solution to management, somewhere “beyond budgeting“. There surely had to be some existing practice or model that would enable organizations to get rid of damaging and obsolete rituals like budgeting. In early 1998, the group set off to fill the bottle with knowledge and insights, confident that this would then lead them to a coherent solution.

So it came that the Englishmen, named Jeremy Hope and Robin Fraser, together with Peter Bunce, founded a community of “sponsors“, a membership, which would finance the quest to fill the bottle. The community would soon become known as the BBRT. And thus the BBRT set out to find organizations that didn't have budgets and which solved management problems in rather different and “unusual“ ways. Few people in the world then actually believed that the bottle could be filled with water. But soon, the Britons came across exceptional companies which were willing to share their experiences. Those were firms like Handelsbanken, AES, and Borealis.

With the years, the bottle was filled with water. That happened gradually. The bottle was being filled up, drop by drop. It took a while, but the case research and the thought process and the presentations to the members over time added up to a real solution. In other words, knowledge about the solution to the problem was accumulated and the problem solved, over time. Drop by drop. And after 7 years of work or so, it became apparent that the bottle was now almost full. No one had quite noticed this happening, and that the original mission of the BBRT was fulfilled, but it became undeniable. The problem was solved, the research and joint work had solved the mystery of what lay “beyond budgeting“. There WAS indeed a whole world out there, beyond budgeting! The solution made complete sense, it was coherent in itself and adding up with what other sciences said. And the solution also clearly promised exceptional and holistic performance in a competitive world, as the cases proved.

And then, at some point, the bottle was full.

This is NOT the end of the story, of course.



A tale of water bottles (Part II)

What happened, then? Well, the BBRT community went on discussing about the bottle and how they had managed to fill it up. They showed the bottle around. They shared the insights with the world and managed to convince many people that the solution was well worth looking at. The fact the BBRT had filled the bottle led to recognition and not rarely to applause.

But there also still seemed to be a barrier: Organizations somewhat admired the bottle and the water in it, but they didn't drink it. Or at least not as enthusiastically as everyone within the BBRT had expected. Organizations didn't start doing what the solution suggested should be done. And consequently, they weren't able to make use of the solution's potential. So what was wrong? Why didn't everybody take the solution and just make it happen?

Robin Fraser was the first in the team to recognize the problem. He reckoned that the solution to the first bottle problem alone wouldn't do it. All right, the bottle's rationale was irrefutable; the BBRT's insights and conclusions were all correct; the cases proved the point. But how would a CEO of a company approach an enormous change such as "management model transformation, towards the beyond budgeting model", in practice? The mere answer that there was a world beyond budgeting wouldn't help the management team to overcome their doubts, or to initiate a change process. Nor would the promise alone help change agents to challenge existing structures and practices. The first bottle by itself ultimately thus wouldn't enable real-world organizations with their real-world management models - although visibly obsolete – to make the change happen.

Some members of the BBRT community previously had approached change anyway, each of them in their own fashion, but they evidently hadn't got very far, or the changes wouldn't stick. Some had outright failed to implement the solution, some thought they had actually managed it, but these would suffer a backlash later-on. Many in the community would not try to do implementation, even after years, hesitating, because implementation still seemed too large a challenge. So the BBRT again stood in a fog, having to face a problem. And over time, the fog lifted and it became clear to Robin and others in the group that there simply was *more* than one bottle. That there was in fact a second bottle, stacked on top on the first one.

And that SECOND bottle was still pretty much empty...



A tale of water bottles (Part III)

Robin Fraser was the first one in the BBRT to get a full grasp at the second bottle. Robin, the one in the movement who had most experience in consulting, recognized pretty early-on that the second bottle, overall, so far only contained a couple of drops of water.

He also saw that while there were a lot of good ideas out there about how to create change in general, there wasn't, on the other hand, much experience available about something quite as big as transitioning complete management models. There wasn't much experience about transformation available from case companies either, because those few organizations which had done it in the 70s or 80s hadn't thoroughly documented the process. In addition, not many people out there would even believe that transformation could be done in the absence of a super-hero-like CEO or company owner. Not even in the BBRT itself the belief in transformation was sufficiently wide-spread. But Robin was firmly convinced in that the second bottle was what now mattered and that it could actually be filled. It was then 2004.

Overall, the situation that Robin and some other like-minded people in the BBRT faced was very much like the situation in 1998: **There was a totally fresh problem to be solved.** A bottle to be filled, almost from scratch. So that team intensified working on tools and concepts to make transformation happen and to start pouring some water into the newly identified bottle. Robin made a bold and promising attempt in 2004 and 2005 with a company from the Mediterranean, to bring about full-fledge transformation. But it did not yet quite happen.

And there was an additional challenge. While the first bottle problem had been about research derived from cases and science, the second bottle would be more about actually practicing transformation and deriving conclusions from that. While the first required understanding the nuts and bolts of a new management model in theory, the second would be about understanding the nuts and bolts of people changing their organizations, their companies. The new work would be far more “practical”, requiring more diverse skills and a more diverse team. And individuals willing to take huge perceived risks and go for transformation anyway.

So what does all that mean for the network and the international membership?



A tale of water bottles (Part IV)

The Beyond Budgeting Transformation Network is about the second bottle. It is the next generation of the Beyond Budgeting movement. It understands itself as the BBRT's logical continuation – but it is different from the BBRT, in several important ways.

As understanding of the emerging new model has become wide-spread, we believe now is the time for gathering organizations around the world, independent of their size, industry or location, to **make it real**. The commitment of the BBTN thus is to continue the BBRT's work in a way that is consistent with the need for practical transformation, by filling the second bottle. The BBTN's vision is: "The Beyond Budgeting model is the standard management model." Transformation, in consequence, is for everyone. Period.

Even though the BBTN and the BBRT are intimately related through the belief in the same model, there are some significant differences between the two associations. For instance, the BBTN is about to be **far more open, collaborative and inclusive** than the previous effort, in order to significantly increase the speed of model and method development and shared learning. This is not just an option. It is a necessity. Because the BBTN will achieve its vision not through mere research but through application in the real world. Organizations starting transformation need solutions for their real-life problems, and they cannot wait infinitely. The amount of practical innovation needed for transformation over the course of the next years will be immense.

As a consequence, and firstly, the BBTN has to be **"open source"**, which means that everyone in the world will be able to contribute to the network's work (much like on the web-encyclopedia Wikipedia). Being truly open source will enable the BBTN to capture far more talent and innovative potential than before. Open source also means that everyone in the world can gain access to the full intellectual capital of the network. And that intense collaboration will happen through internet portals and tools.

Secondly, the BBTN network is not commercial. Membership fees will be exclusively dedicated to finance joint network projects, such as the BBTN web portal, web-based tools, and special membership activities. Fees will not be used for director's income generation.



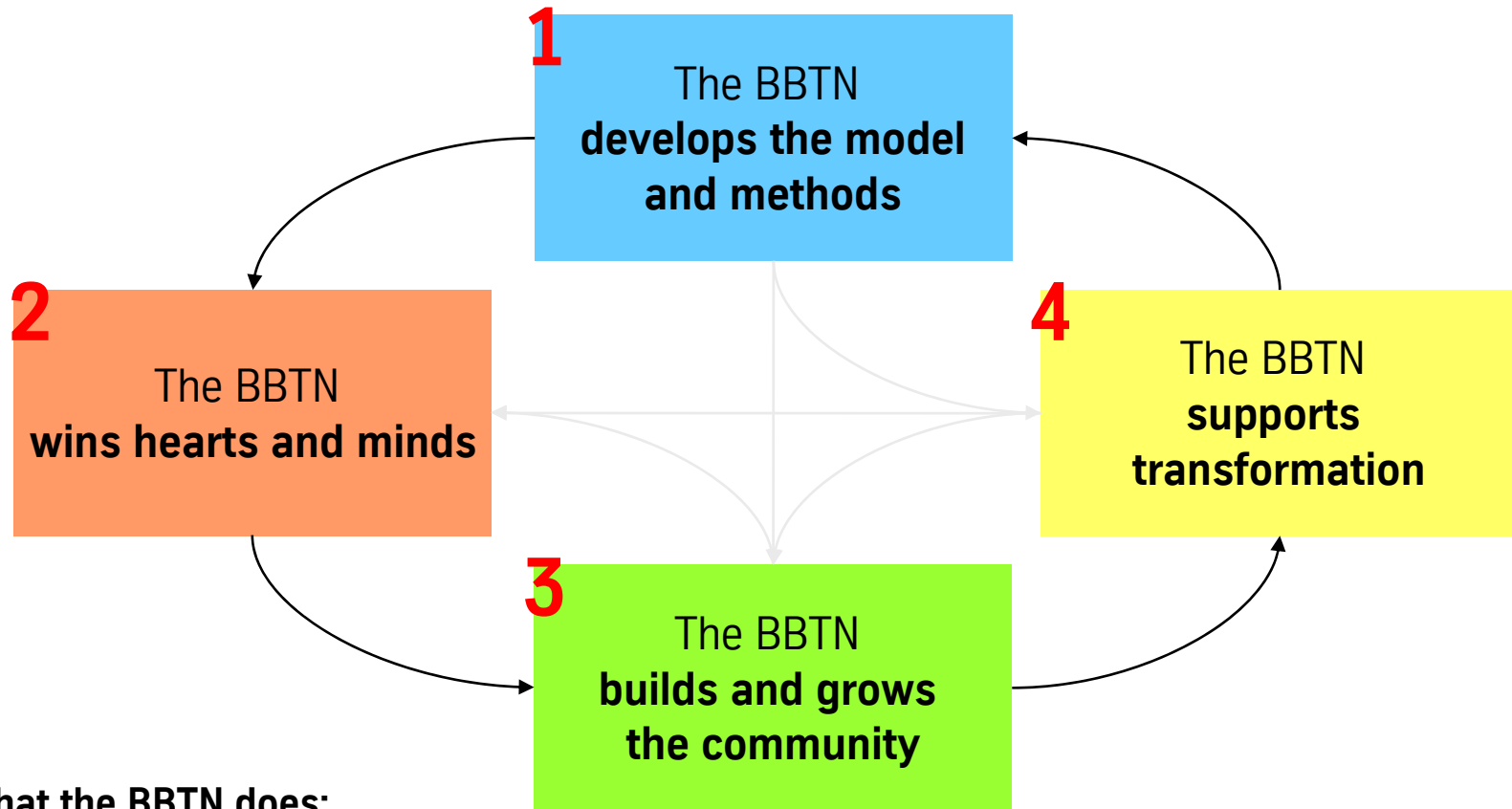
Our logos, trademarks and slogans



Make it real!

- **There are two separate logos.** One for the “model“, one for the “community“.
- **Red** expresses our passion. And the courage that we know is needed to create large-scale change – within organizations and within the international management community.
- The **round dot** refers to the format of the networked model, which defines itself as being driven “from the outside in“.
- **“Transformation“** is key to our mission and describes the way we create a better future.
- Working as a true **“network“** with no hierarchy describes our own organizational structure.
- **“Beyond Budgeting“** is the current name of the “model“. Branded back in 1998, when the BBRT was founded, now, a re-branding has become necessary. A new name for the model has been identified and it is likely to be publicly adopted in 2008 or early in 2009.
- The **“larger than“** sign stands for “forward-looking“ and it signals that transformation leads to a better future.
- The **“full stops“** in the logos indicate that we are not just about business. *We mean it.* We believe in our vision. We will not resist until our vision is accomplished. Period.
- **Make it real!** will be used as an additional slogan with the logos, especially throughout 2008. It reinforces that the BBTN is not a talk shop. It exists to make transformation happen – no less!

The role of the BBTN, within the Beyond Budgeting movement



What the BBTN does:

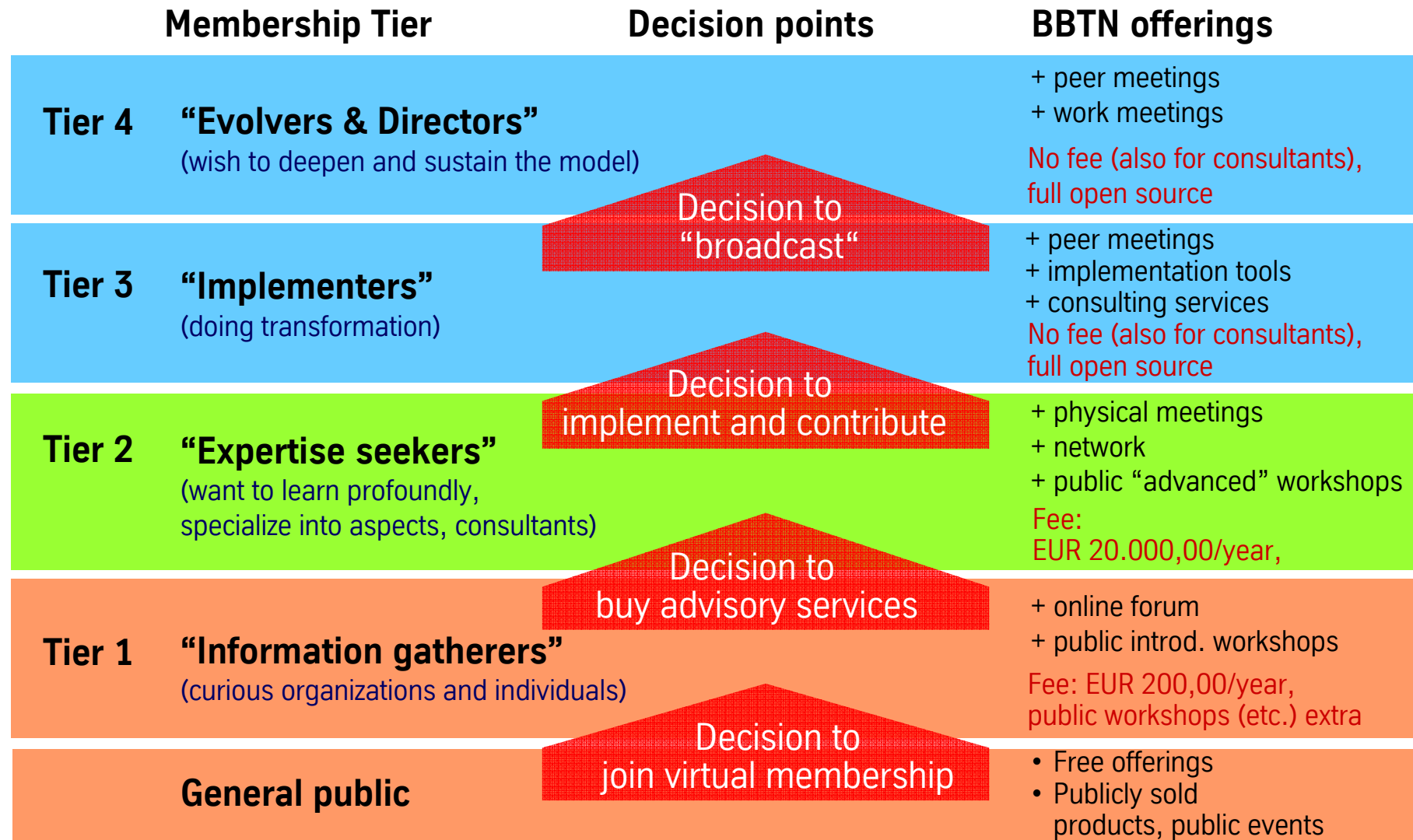
1. We jointly develop the model and develop/offer methods (research) and tools.
We also do related things, like supporting research projects or university chairs in relevant research.
2. We create gravitation/attraction for the model. Worldwide.
3. We offer our members an exchange platform they see value in.
The platform will offer shared learning and exchange of methods and tools among peers.
4. We offer transformation resources, such as implementation methods, and a wide array of products and web-based tools, a support network, and services/advice – e.g. implementation workshops.

Some unique features of the BBTN network

- **The BBTN is the world's first Open Source Network in the management arena.**
Which means that we are open, collaborative and inclusive, in order to significantly increase shared learning and the speed of model and method development. This is not just an option. It is a necessity for the mission we want to achieve.
Anyone in the world will be able to contribute to our joint work (much like on the web-encyclopedia Wikipedia) – not only members, but also academics, associations, and the wider public.
- **Being “open source” requires close, virtual relationships** and virtual work methods.
We will put adequate infrastructure in place, e.g. online forums and tools, to allow for intense collaboration.
- **An exclusive virtual online forum** will be the backbone for the virtual interaction between member organizations and individuals (from membership Tier 1 upwards).
- **Several meeting formats** will be the backbone for “real world” interaction within the network (from membership Tier 2 upwards). Among the formats will be: hosted meetings at clients, peer talks, Rapid Business Conferences, fireplace gatherings, and work meetings.
- **The network's reach is global**, thus the network language is English.
All membership and meetings are global, in principle.
- **Members are part of a powerful, international, fun and energizing community**, composed of individuals who share a passion for the model and for transformation.
- **The BBTN is a true leader's network.** We believe everyone in the BBTN can be and should be a leader, and contribute to the movement in his or her way.
The BBTN invites all members to share, and to “send” for the movement.
- **The BBTN network is not commercial.** Membership fees will be exclusively dedicated to finance joint network projects, such as the BBTN web portal, web-based tools, and special membership activities. Fees will not be used for director's income generation.

The BBTN's membership structure – a new form of community, organized by layer of interest

*All membership and meetings
are global, in principle!
No Special Interest Groups!*



* Original idea developed in Basel, December 2007 – reviewed and completed by Niels Pflaeging/Gebhard Borck

Membership principles and fee model for the BBTN community

- We believe that BBTN membership should be ample and wide-spread.
- Members can be: firms, other organizations, individuals or independent consultants.
- Membership fees depend on the member's type of interest and tier level:
 - Tier 1 and 2 membership (“consuming mostly”) result in a membership fee.
 - Tier 1: “Very low” fee (EUR 200,00).
 - Tier 2: “High” fee (EUR 20.000,00).
 - Tier 3 and 4 membership (“co-developing”) are – quite simply - free.
Tier 4 includes the network's “directors”.
- It's up to the member to specify his or her interest and to explain how (s)he will contribute to the movement. Then it's up to the current BBTN directors to decide about the future member's tier level, and consequently, the fee.
- Membership fees are used for joint investments by the network, *not* for individual income generation of the network's directors.
- In a world still dominated by tayloristic thinking and management, all Tier 3 and 4 members who have as individuals reached the “Neutral Zone” or the “Beginning”**, are “maverick material”, by nature. Within the BBTN, these individuals will be valued and regarded as such, and stimulated to “broadcast”, in the ways they find challenging and appropriate. They should become involved in individual coaching and feedback.

Want to become a member of the BBTN community?

You are interested in becoming a BBTN member?

Or have already decided for yourself to become one and join the community?

We are glad you want to join the movement!

Please consider to follow these steps for becoming a member:

- 1. Identify your tier level.** Check out for yourself, using page 9 of this document for evaluation, which membership “tier” level you believe you fit into. There are 4 tier levels, overall.
- 2. Get in touch.** Contact us, at niels@bbtn.org or gebhard@bbtn.org, or through other communication channels, and tell us about your interest and about the tier level you are interested in.
- 3. Join a dialogue.** The BBTN is a peer network. So it is likely that we will not only reply to you, but that we will ask further questions, discuss your interest with you more in-depth, and that we will in some cases arrange a phone conversation or a personal meeting.
- 4. Sign up.** After the dialogue, both sides will make a decision. The decision about your tier level is up to the current BBTN directors – with your fee level depending on the tier. If you decide to join BBTN, then we you become a member right away and we will arrange the paperwork with you.

We are looking forward to start the process with you.

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Xing forum: www.xing.com/net/beyondbudgeting

Get in touch with us for more information about the BBTN, about how to join it and about leading transformation, or ask us for a workshop proposal.