



## Thriving in Budget Constrained Environments

Frequently Asked Questions from Customers: Part 4 of 4

### Sustaining Execution to Achieve the Desired Results

#### Executive Summary

Part 1 of the four part series Thriving in Budget Constrained Environments established the need to refocus the organization's strategy via a nine-step process. The nine-step process focused on developing a more efficient and effective system to provide products and services to the organization's customers.

Part 2 established the need to facilitate a shift in the culture of the organization. Part 2 advocated that culture is about people and the acceptance of the organization's people is critical to establishing a new culture of problem solving that is responsive to customer needs in light of restrained budgets. The final building block highlighted in Part 3 was Initiating Governance of Change.

Part 3 called for leaders to set the example of creating a bias for action and being accountable for their roles and responsibilities. Leaders need to initiate high visibility changes, provide individuals with the resources necessary to execute the plans, and institute effective governance practices to prevent progress from stalling.

In Part 4, MainStream addresses the question "What can be done to ensure sustained execution achieves the goals and expectations in spite of budget constraints?"

Part 4 explains how leadership maintains accountability for results and provides itself the opportunity to make the necessary adjustments along the way to ensure the goals are achieved. Before moving forward, it is instructive to consider some of the change dynamics that are specific to budget constrained environments that make them one of if not the most difficult environments to achieve desired results.

### The Complication of Fear

When budgets shrink, personal securities become threatened, which instills fear. In this circumstance, establishing acceptance from the workforce is the most difficult and as addressed in Part 2, acceptance by the masses is key to change. Key, in that it is they who will design the future operating state of the organization that will allow the organization to continue to meet the demands of the organization while operating under a reduced budget.

One way to implement the budget reductions is to wait until the last minute before announcing the information and then quickly make the necessary reductions. This approach is suboptimal in a number of ways. It violates and diminishes trust, creates resentment and doubt in leadership's ability to make good decisions, and may reduce the wrong resources. This leaves the work of mitigating the situation to those who are now working in the very same operating system with fewer resources while the same expectations of output remain.

Action that should be taken when budget cuts are looming includes providing well-crafted and continuous communication. The communication should clearly state the brutal facts, identify those areas that will be affected, and clarify the decision making criteria for how resources will be reduced. Leadership should provide assistance to those who will be affected, make a firm commitment to success and pursue the kind of work volumes in the future, which enables the recall of displaced members, and act quickly to begin to reshape the way work is completed.

The hope of establishing acceptance by those that remain is dependent upon maintaining the trust of being treated honestly and fairly. Leaders must not let the fear of letting the workforce know the truth escalate the levels of fear and mistrust in those who remain.

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*"The leaders who work most effectively, it seems to me, never say "I." And that's not because they have trained themselves not to say "I." They don't think "I." They think "we"; they think "team." They understand their job to be to make the team function. They accept responsibility and don't sidestep it, but "we" gets the credit. This is what creates trust, what enables you to get the task done."*

*– Peter Drucker*

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## **Governance Methodology**

In order to achieve effective governance there are nine requirements that must be met:

1. Charters must be established with identified Champions that have been empowered to act. The Champions must be responsive to the established charters and trusted to be transparent about their status, issues, and concerns.
2. There must be strong program management via project plans to support the charters which specify the required resources, key milestones, and desired outcomes.
3. Desired outcomes are articulated via metrics. Those metrics are available at the necessary intervals and cannot be altered or manipulated.
4. Stakeholders are vested into the strategy and participate in the governance forums.
5. Decision making criteria has been developed and agreed upon by process owners and stakeholders.
6. A regular schedule of formal governance forums is established to maintain a rhythm of engagement in order to set expectations and drive results through key milestones.
7. Informal forms of governance are established and conducted. This includes regular visits by leaders to the workplaces experiencing change and discussions with those people affected as well as seeking feedback regarding the effects and results of the change.
8. Informal interaction between process owners and stakeholders exists in an effort to maintain high levels of communication and understanding regarding the changes being implemented and the driving force behind the change.

9. When feedback is received, there is a system in place for processing the feedback and responding to the submitter, regardless of any outcome associated to having processed the feedback.

## **Stay Committed to Governance**

No single aspect of execution is as critical to influencing the resisters as that of leaders demonstrating unwavering commitment to the intended goals. Execution is the critical point when resistance to change escalates in spite of the effort to establish support of the change, identify the right measures of success, and foster broad acceptance for the change agenda.

In order to minimize the risk associated with the natural inclination toward complacency, leadership must practice the new roles and responsibilities diligently. This involves meaningful and frequent communication of the new direction, case for change, expectation of results, status of the ongoing efforts, and results to date.

Recognition should be given when results are attained and lessons learned should be leveraged when efforts do not yield the intended results. The only failure on the road of change is when the experience, even a seemingly failed experience, is not leveraged for the sake of learning. Positive momentum is gained through failures and lessons learned. It is OK to fail, as long as lessons are learned from the failure and those lessons reduce the possibility that it could happen again.

As change begins to question previously accepted paradigms and suggested alternative methods to the specific ways business is being conducted are implemented, it is inevitable that myriad challenges will result. Each of these challenges requires tactful navigation and effective resolution in order to avoid negatively impacting the momentum for change. In the early cycles of execution, it is the responsibility of leadership to remove barriers to change. This is achieved by utilizing the governance practices that have been established.

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*“People change when they hurt enough that they have to, learn enough that they want to, or receive enough that they are able to.”*

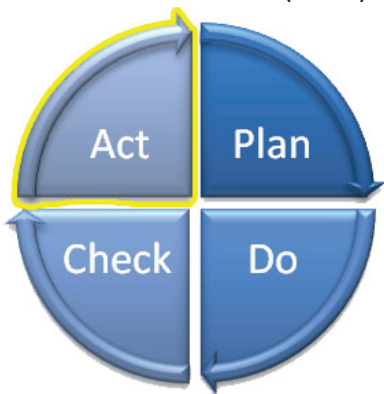
– John Maxwell

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### Changing the Systems and Structures to Anchor Change

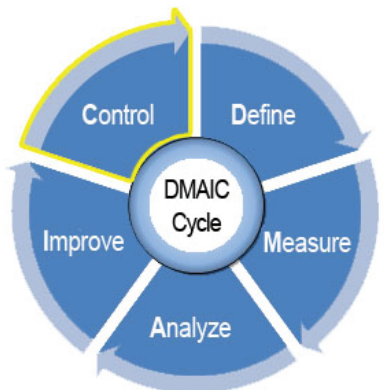
A job is not done until the paperwork is completed. Too often organizations drive forward implementing change without following up on changing the documentation that defines the current state system. As changes are executed and results confirmed, it is important to change the documented policies and procedures, standard operating procedures, standard work documents, roles and responsibilities, performance reviews, and the other various documents that define the organization. In terms of Lean, this is completed in the “Act” portion of the Plan - Do - Check - Act (PDCA) cycle.

#### Lean: Plan - Do - Check - Act (PDCA) Cycle



In Six Sigma, this step falls in the “Control” portion of the Six Sigma Define, Analyze, Measure, Improve, Control (DMAIC) cycle.

#### Six Sigma: DMAIC Cycle



### Supporting Performance Excellence: Plan - Do - Check - Act

Failure to document change creates confusion and a tendency to revert to the previous state, especially when changes in leadership occur. Anchoring change by documenting the new systems and structures of the organization, including the governance systems as was discussed in Part 3 of this series, helps to create a new “current state” for how the organization operates. Anchoring change creates a new “playbook” for the organization, one that new leaders can refer to when leadership roles change. Anchoring change establishes the new norms of the organization, setting the stage for continuous improvement.

### Wrap Up

Change is difficult. Organizations resist change because of fear and unrealized acceptance to the need for the change. When budgets are reduced, there are two ways to address the change in budgets. The first is to work the existing system harder, placing pressure on the organization’s members to increase responsibilities and output. This approach not only threatens the organization’s capability to meet its commitments, but also tends to force the highest quality members of the organization to seek opportunities elsewhere, draining the talent pool of the organization.

Another approach to deal with budget reductions is to leverage the new reality of the organization to create a burning platform for change. Leading change and creating a vision for what change might look like is essential. The limited resources of the organization must be aligned in a way that executes the organization’s mission more efficiently and effectively. Creating a governance system and following through with changes in the documented systems and structures allows the organization to not only survive, but to thrive in budget constrained environments.

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