



Thriving in Budget Constrained Environments

Frequently Asked Questions and Answers for Customers: Part 1 of 4

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Public sector leaders have a passion to serve their organizations and effectively complete their mission. They want to organize and lead their people to deliver the same or better results against their mission even though they have fewer resources to work with in today's budget constrained environment. When we talk with our customers we hear that there is a real sense of urgency and true desire to approach budget constraints as more than just another cut drill, but many leaders lack a clear alternative.

This is the first of a four part series we will publish in 2012, where we recap some of the frequently asked questions we're hearing relative to the extremely constrained budget environment, and some of our responses at a high level. Part 1 below addresses Strategic Plan impacts and future series will address topics such as waste elimination, right sizing, governance and cultural change management in budget constrained environments.

We've been executing against our Strategic Plan based on our previously established budget, how should we alter our Plan to address the new budget realities?

One place to start, consider adjusting your metrics. High performance

organizations adapt to changing conditions. They focus on effectively and efficiently generating the specific deliverables required by their customers. When efficiencies are called for through a burning platform of budget draw downs, it's critical to maintain effectiveness in response to the new budget.

Budget tightening rarely forces a change in the direction of the organization; it merely calls for a shift in strategy. This shift is achievable by re-prioritizing, and focusing on new metric targets that reflect progress against the constraints that are getting in the way of achieving your retained goals and objectives. As a result the priorities and critical path supporting strategy execution will shift.

While some of the key metrics being used to measure performance will remain constant, there is a critical need to set more aggressive targets on cost reduction in the short term. Begin the refresh by adjusting the target metrics that measure the success of your strategy. This creates a sense of urgency and refocuses your organization. This establishes the boundaries for decision making, and providing focus on the increased cost pressures. What gets measured gets done.

Your previous systems and structures may not make sense in the new budget reality. A mistake some organizations

"This budget plan (the DoD fiscal year 2013 budget proposal) represents a historic shift to the future, recognizing that we are at a strategic point after a decade of war," said Defense Secretary Leon Panetta.

make is to take the current system and try to squeeze the organization into a new structure that replicates the old system, but with reduced resources. It's kind of the, "here's what we have left; now how do we make it work approach". It's much more effective to begin by defining the desired deliverables required of your customers and develop an ideal state "green field" system that would most effectively and efficiently produce those deliverables.

As organizations historically evolve and adjust to changing conditions, waste can creep into the system leading to a system that's cumbersome and inefficient. Attempts to replicate that inefficient system in times of severe budget constraints and reduced resources can have a negative impact on mission effectiveness.

Take interim steps to get to updated systems and structures that reflect the budget constraints. Rather than replicate the old system with fewer resources, take advantage of



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the burning platform of reduced resources to transition to a new desired system that better meets the needs of the customer by eliminating inefficient processes and waste. Some next steps for consideration include:

1. Develop your ideal state map of the processes that most effectively produce the desired deliverables to customers.
2. Define the current state map of the current processes and hand-offs used to deliver those outcomes.
3. Conduct a resource analysis to understand what the impact on budget reductions will do to the various elements of the organization.
4. Identify critical roles required to produce customer required deliverables and make sure that those roles are protected.
5. Identify pure waste within the system; areas that if eliminated will not impact mission capability or the assurance that regulatory requirements being met.
6. Look at current capital plans and put a hold on those investments that are not critical to executing the mission.
7. Develop a critical path to

transitioning the organization to the new efficient system of processes; define the first desired interim state.

8. Develop an executive council to drive the change and oversee progress.
9. Develop performance targets against those key performance metrics that reflect progress to ensure that plans get executed and progress is being made.

An underlying and persistent consideration which we will discuss in more detail in forthcoming communications in this series revolves around a cultural change management initiative. Without this recognition and focus at the start it will be difficult to execute and sustain progress. We look forward to continuing the dialog with you and invite your feedback.

MainStream GS' methodology for helping clients increase their performance and sustain their gains is a proven structured approach that provides experienced senior management consultants who guide the organization through their early learning. We use our Strategy Alignment and Deployment Model to develop sound systems and structures for successfully deploying the organization's strategies.

"The plan (the DoD fiscal year 2013 budget proposal) is aligned to strategic priorities we have identified to keep America safe and maintain the strongest military in the world. It is also a signal of the department's commitment to our men and women in uniform and their families. We are also redoubling our efforts to make better use of the taxpayer's defense dollar and meet our fiscal responsibilities," said Panetta.

In addition, we provide expertise in the use of CPI, Lean and Six Sigma tools and methods that not only facilitate improvement, but create the organic capability within the client organization to become self-sufficient. Underlying all of this is a focus on change management to create ownership of improvements created and the organizational desire to sustain gains.

For more information about MainStream GS or to discuss this article further please e-mail info@mainstreamgs.com or call 877.785.4888.