

Shrinking Budgets and Unrealistic Expectations: Do's and Don'ts

By Bruce Nagy, President/CEO of Catalyst Technologies

Handling a shrinking budget with unrealistic expectations seems to be the norm in today's economic climate. The customer wants lower costs. The business wants higher profits. And the managers and their teams are stuck with making it all work. If you are a manager that can relate, this article provides two big "do's" and "don'ts" to help you successfully navigate these icy waters in order to make it work. The complete Titanic analogy comes later. Shrinking budgets with unrealistic expectations: "icebergs ahead!"

How do you make shrinking budgets and unrealistic expectations work? The question implies that you want to make them work. The following are two big "do's" and "don'ts" stemming from my 30+ years of experience with implementing budget control best practices. The first 10 years were focused on recovering failing programs and projects, including a congressionally visible program for the Pentagon.

The worst part of recovering something failing is that everyone starts out with a severe handicap, financially and emotionally. Everybody from upper management to each employee emotionally believes that recovering the project can't be done without making compromises to either budget, quality or customer satisfaction. This article is about making lemons out of lemonade even when they haven't given you the money to buy the pitcher.

The best part of recovering a failing project or program is that it can only get better, at least until you get fired. But you learn some things under the extreme pressure of too little money and too great of expectations. For example, make sure you create an assessment approach that quantifies a team's likelihood of being successful within the constraints. This type of approach avoids the need to immediately seek unwanted compromise – a common mistake made by many managers when dealing with shrinking budgets.

The difference between a success-focused and compromise-focused assessment is the goal. Here's an easy way to recognize the difference between a success-focused and compromise-focused assessment. Compromising assessments normally start with these types of questions: "What can I cut that no one will notice, is less important or is lowest a priority?" These are common, natural reactions to finding this situation. Unfortunately, asking these types

of questions puts you on the road to collecting data to support compromise. These types of questions may eventually be needed, but not until a success-focused assessment that measures your team's likelihood of success in meeting expectations is conducted. Once talk of compromise starts, it's hard to stop. Compromise is addictive and contagious, especially when you are leading a team, staff or workforce.

Don't lead a team to compromise. If a manager is not careful, the need to immediately compromise spreads to those you work with. Verbiage such as, "What can we cut that no one will notice?" sabotages your message. Communicate success, not compromise, at all times. Don't jump to a conclusion before you have completed the success-focused assessment. Jumping to conclusion is a common practice. It is a subtle and dangerous path. Ask yourself, "Is the data being collected to create success or compromise?" You are spreading compromise, even if you are just collecting data to assess the "damages" to your shrinking budget..

Do make sure you conduct your own success-focused assessment without others' biased agenda. Obviously include other people collecting data as subject matter experts. However, you need to make sure the data collected is not just objective, but assesses and eventually leads to increase your team's likelihood of success. That means the data collected does not describe why you should compromise budget, quality or customer satisfaction. Be careful, a compromise is almost a knee-jerk reaction to learning of a shrinking budget.

This is not about avoiding negative thoughts, but learning how to effectively use them to increase your team's likelihood of success. A compromise-focused assessment starts with the premise that the budget is insufficient to meet expectations. A success-focused assessment starts with the premise that there is a way to make the budget sufficient to meet expectations. This is also using negative thoughts as an indicator that a success-focused assessment is urgently needed.

Starting off with what can be cut from the budget is not a focus on improving your team's likelihood of success, but an admission that your team is incapable of improving. Although subtle, this is a poor message to send to your team. A team will interpret this

message as their being victimized by the organization. Too much compromise leads to failure. Too much feeling of victimization also leads to failure. Not a good environment to be in when you are attempting to overcome a significant challenge. When feeling victimized, there is a greater tendency to immediately do a compromise-focused assessment. Don't risk it.

A success-focused data collection process will provide your team with the ability to overcome the feeling of being victimized. The process will provide a realistic assessment of the team's likelihood to successfully meet expectations within the budget provided without compromise. It will also act as a baseline. Any solutions to improving the team's ability to meet expectations within the budget will be compared to the initial assessment. This ensures an "apples to apples" comparison to objectively determine if the solution realistically improves the team's ability to meet expectations. Otherwise, what is the point of your assessment or identified solution?

Don't skip the assessment by going straight to the solution. In so doing, you risk finding that the solution does not work in your situation, again causing a feeling of victimization, or that an even better solution is available.

No matter the temptation, conduct an objective, success-focused assessment first. A success-focused assessment is about levels of success. The goal is to consistently increase your level of success at all times. The focus is on increasing success and eventually achieving it. Does that sound like a continuous improvement process? In the case of the Titanic, the initial likelihood of success assessment would obviously be low. The next step would be to find a solution that raises it. If a lifeboat is available, that would be great. If a lifeboat is not available, what solution would allow you to raise it from your current assessment? With that solution, is there still a concern with regard to your team's likelihood of success? The path may eventually lead to a lifeboat that is available, or a raft that was overlooked, or something, even a hot air balloon someone had stowed away.

Use an algorithm to handle even the most difficult challenges with impartiality. How do you ensure you keep everyone participating in a success-focused, objective assessment? Over my last 30 years in management, I created and refined an algorithm as a true north compass for my teams to use. The algorithm guided my teams through assessments where optimal solutions were discovered. An optimal solution is one that raises the likelihood of success as high as possible

to achieve the desired expectations without compromising budget, quality or customer expectations. That's a good lifeboat!

Do use an algorithm, a combined metric and method-based approach, to be objective and find the best solution for the situation. Let's face it, leaders we all go through challenging times, we all appreciate a lifeboat to magically appear every now and then. We just want a lifeboat without holes. The algorithm ensures the solution you choose will increase your team's likelihood of success in meeting expectations without compromise.

The algorithm, being metric based, helps keep a group on course to the optimal, realistic solution in the shortest period of time. It helps you to handle even the most difficult challenges with impartiality. For example, I would ask my clients to bring in their most challenging, unsolvable problems. Normally within an hour per each problem applied to the algorithm, they would assess and identify an optimal solution without compromising on quality, budget or customer satisfaction. Using an algorithm ensures you will always have a measurable increase (to some degree) in your team's likelihood of being successful in meeting expectations without unwanted compromise.

The goal is to consistently improve your team's likelihood of being successful when meeting expectations without compromising budget, quality or customer satisfaction. In summary, first conduct the success-focused assessment to baseline your team's likelihood of being successful. Next, use an algorithm as a true north compass to help you find optimal solutions that will address concerns and increase your level of success in meeting expectations within the budget provided, without compromise.

Assess to support your success. Follow the "do's" and avoid the "don'ts" to make it easier to turn lemons into lemonade, even when they haven't given you the money to buy the pitcher.

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