

2004 Beyond Budgeting Round Table

FINANCIAL SERVICES INTEREST GROUP

What is the Beyond Budgeting idea?

A set of performance management principles whose adoption leads to:

- More dynamic performance management processes that enable enterprises to be more responsive and thus create more value; and
- A management model that enables greater devolution of responsibility that leads to increased employee and customer satisfaction.

What is the BBRT?

The BBRT is *an idea* (the “BB” model) and *a community* (the “RT”). The BBRT, an independent international research collaborative, supports a global network of regions and members that share knowledge for mutual benefit. It is at the center of a new movement to build lean, adaptive and ethical organizations.

Over 50 members have participated including Unilever, UBS, Schneider Electric, Coors Brewers, Charles Schwab, Omgeo, The World Bank, Clariant, Deutsche Bank and IBM.

What is the purpose of the Financial Services Interest Group?

Launched in 2004, this interest group seeks to find ways to adapt the Beyond Budgeting principles to the financial services industry by:

- Exchanging ideas to facilitate the advancement of new performance management concepts and tools.
- Identifying and sharing best practices and lessons learned at an executive level.
- Supporting coordinated initiatives, such as benchmarking and learning programs.

What is scope of the Financial Services Interest Group?

The interest group works to produce ‘best practice’ research and reports based on case visits and shared discussion. The interest group members determine the topics such as:

- Goal Setting
- Planning & Control
- Portfolio Investment Management
- Performance Measurement & Reporting
- Organization & Culture
- Incentive Models
- Cost Management & Shared Services
- Risk Management
- Decision Support Tools
- Implementation Roadmap

What are the key principles for Beyond Budgeting?

The Beyond Budgeting idea is founded on six principles (1-3 relate to performance management processes and 4-6 relate to organization and culture).

1. **Relative goals and rewards** - Set aspirational goals and reward performance based on continuous relative improvement rather than fixed targets.
2. **Continuous planning and controls** - Make planning and control an inclusive and continuous process based on relevant and open information rather than an annual and highly political budgeting process.
3. **Resources as needed** – Use resources and coordinate actions based on current customer demand rather than annual allocations and predetermined plans.
4. **High performance culture** – Lead by setting clear principles, boundaries and high performance standards rather than through detailed rules and budgets.
5. **Freedom and capability to act** - Transfer decision-making scope, authority and capability (including open information) to small frontline teams rather than direct and control operations from the center.
6. **Accountability for results** – Make teams accountable for improving (internal and external) customer outcomes and relative performance rather than meeting internally negotiated targets.

Why should you adopt Beyond Budgeting?

1. Eliminate a process that is too protracted, expensive and adds too little value.
2. Focus everyone on maximizing value for customers and shareholders.
3. Effect a permanent (and significant) reduction in bureaucracy and costs.
4. Make the organization more agile and adaptive to change.
5. Eliminate gaming and other dysfunctional behavior leading to better governance.
6. Release the energy and enterprise of all your people.

Who should participate?

The interest group is open a broad range of financial service companies from banks and insurance companies to broker-dealers and mono-lines. Typically the attendees are senior financial and planning executives as well as those individuals focused on improving budgeting and planning in their organizations.

Members of the interest group include: American Express, Charles Schwab, CIBC, Deutsche Bank, Handelsbanken, Omgeo, UBS, and Wachovia Bank.

2004 Annual Membership for Financial Services

What is the Member Calendar for 2004?

Feb. 23-24:	BBRT Financial Services Meeting	Charlotte
April 29:	BBRT Member Meeting	London
June 8-9:	BBRT Public Conference	Toronto
June 10:	BBRT Member Meeting	Toronto
June 11:	BBRT Financial Services Meeting	Toronto
Sep. 29-30:	BBRT Member Meeting - Incentive Comp Summit	San Francisco
Oct. 1:	BBRT Financial Services Meeting	San Francisco
Oct. 13:	BBRT Member Meeting	London

Please note: the 2004 calendar is subject to updates and changes.

What are the membership benefits and associated fees?

Membership in the Financial Services Interest Group is based on an annual membership and includes participation in main BBRT Member efforts at either a global or single region level. Benefits include:

<p>Interest Group Benefits:</p> <ul style="list-style-type: none"> ▪ Open to global participation ▪ Focuses on specific areas of interest for financial services organizations ▪ Deliverables and timeframes to meet member needs (including three Financial Services specific meetings in 2004) ▪ Facilitated by interest group leader Mitch Max ▪ Restricted release of research results to members 	<p>Annual Membership:</p> <p>Financial Services & Global BBRT Member: US \$25,000</p> <p>OR</p>
<p>BBRT Member Benefits:</p> <ul style="list-style-type: none"> ▪ Shared learning and building networks ▪ Access to accumulated and new intellectual capital ▪ Minimum two (2) regional BBRT meetings annually ▪ Free entry into Global Diagnostic & Survey ▪ Global BBRT newsletter ▪ Access to Web site private forum ▪ Enabling global BBRT sustaining activities 	<p>Financial Services & Single Region BBRT Member: US \$20,000</p>
<p>For global companies, membership provides full access to all research. For companies wishing to join in a single region, participation is limited to meetings and research in the selected region and by employees in the selected region.</p>	

For more information on membership or research plans please:

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