



Depth Perception™

Commentary from Design For Ministry™
Lead • Solve • Think • Do

The Budget as Dangerous Management Tool 30 March 2007

Writing in *Harvard Business Review* last year (March 2006), business advisor giants Robert S. Kaplan and David P. Norton assert that reliance on a budget as the main tool of management is dangerous (*How to Implement a New Strategy Without Disrupting Your Organization*, pp.100-109). They see it as a sure-fire way to short-circuit long-term mission and values. Budgets tend to promote short-term fixes, and the short-term has a way of becoming the replacement mission of an organization.

When the *Harvard Business Review* thinks such a statement is worthy of its print, it is wise to pay attention. Why?

1. It means managing from the budget plagues organizations large and small.
2. It means the problem is pervasive enough that HBR thinks its audience should pay attention.

The reason so many households neither save nor tithe grows from the same short-term thinking. Short-term considerations and impulses get in the way of one's long-term intention to be generous toward one's spiritual community and its witness and service to the world beyond. Long-term accumulation of an estate in preparation for the inevitable rainy day also gets delayed because of bad habits developed in the short-term. Before long, these good intentions become regrets one now prefers to ignore, often intentionally covered with even more short-term and impulsive financial decisions.

In effective financial management, one must wed their budget to a statement of net worth, making sure it is constantly rising as the budget is prepared and managed. That way the long-term mission can be served by the short-term management decisions that must be made.

-mark I vincent

*Lead
Solve
Think
Do*

We recently went through an exercise to further refine how our consulting networks are best described.

These four words state our commitment to process consultation over selling products and services.

We are experienced leaders.

We emphasize problem solving and management.

We intend to cultivate thought leadership in our various areas of expertise.

We are practitioners, doing the very things we advise, and doing so successfully.

We thought you might like to know!