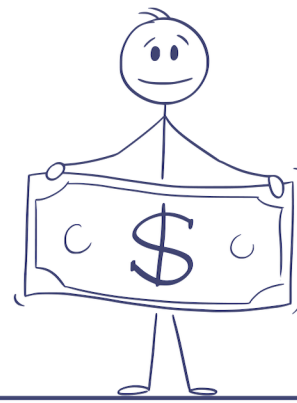


# Portfolio Optimisation:

## Do the right work at the right time



### Lean Budgeting

#### What is Lean Budgeting?

Lean Budgeting, a transformative approach to finance management, draws from the methodologies of Lean Portfolio Management. It not only emphasises delivering value but also minimises waste, making it a valuable tool for businesses. Here are the core aspects of Lean Budgeting and some practical insights into adopting this approach.



#### Lean Budgeting Principles

##### Value Stream Funding

Rather than allocating funding to individual initiatives, Lean Budgeting advocates for funding value streams within the organisation. This allows for more holistic visibility of how financial resources drive value for customers and enhances decision-making and allocation of other resources and people.

##### Empowerment and Decentralisation

Teams are empowered with budgeting authority, thereby enhancing responsiveness and reducing bottlenecks. This enables quicker adjustments to changing market conditions or work requirements.

##### Iterative Re-evaluation

Budget allocations are reviewed on a rolling basis to ensure spending remains aligned with strategic objectives. This feedback loop also allows for reallocation of resources and people to higher-value initiatives as needs may arise.

## STEPS TO ADOPT LEAN BUDGETING

1

#### Identify Value Streams

This value stream should start and end with a customer and contain the steps to deliver value to that customer.

2

#### Establish Lean Funding Models

Transition from project-based funding to a model that supports continuous investment in value streams.

3

#### Set Clear Goals

Define measurable goals that align with your organisation's strategic priorities and value streams.

4

#### Empower Cross-Functional Teams

Give teams the autonomy to manage their budgets within the framework of their value stream.

5

#### Adopt a Rolling Forecast

To adapt to changes dynamically, replace annual budget cycles with rolling forecasts. This will allow for frequent adjustments based on actuals, emerging opportunities, and risks.

6

#### Measure and Learn

Establish metrics to help you evaluate effectiveness. Use these to continuously improve your budgeting process and ensure it remains aligned with your strategic objectives.



### PRO TIPS:

Value is not just money, but can also be derived and protected by reducing risk, maintaining compliance, brand reputation, and many other factors depending on your context.



### LINKS:

- **Minimum Viable Bureaucracy** is critical to use with Lean Budgeting
- **Lean Portfolio Management** works hand in hand with Lean Budgeting practices