

Leverage your budget process to achieve strategy, and foster a culture of innovation & commitment.

# EMPLOYEE ENGAGEMENT AS A BUSINESS STRATEGY

FOR FINANCE & LEADERSHIP TEAMS



# BUILDING A PATHWAY TO EMPLOYEE ENGAGEMENT

**In this eBook we will explore a new way to look at an old-standard...**

how a *collaborative budgeting process* – one in which **employees are empowered to make, and be held accountable, for important decisions** – can be a valuable business strategy for fostering a culture of innovation and engagement within your organization.



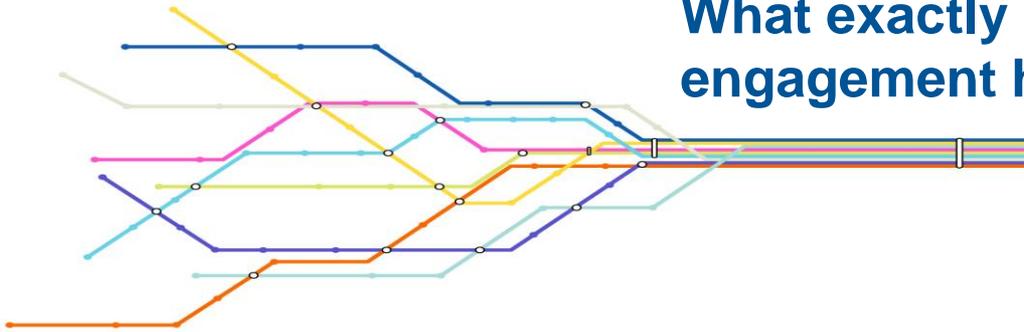
## **Read on to learn more about:**

- What does budgeting have to do with employee engagement?
- 10 important benefits of an engaged workforce
- Proven ways to facilitate employee engagement & empowerment
- How collaborative budgeting can empower, motivate, and inspire your team

# BUILDING A PATHWAY TO EMPLOYEE ENGAGEMENT



## What exactly do budgeting and employee engagement have in common?



Budgeting and employee engagement are surprisingly interdependent and with a thoughtful approach, can be integrated to achieve significantly greater outcomes:

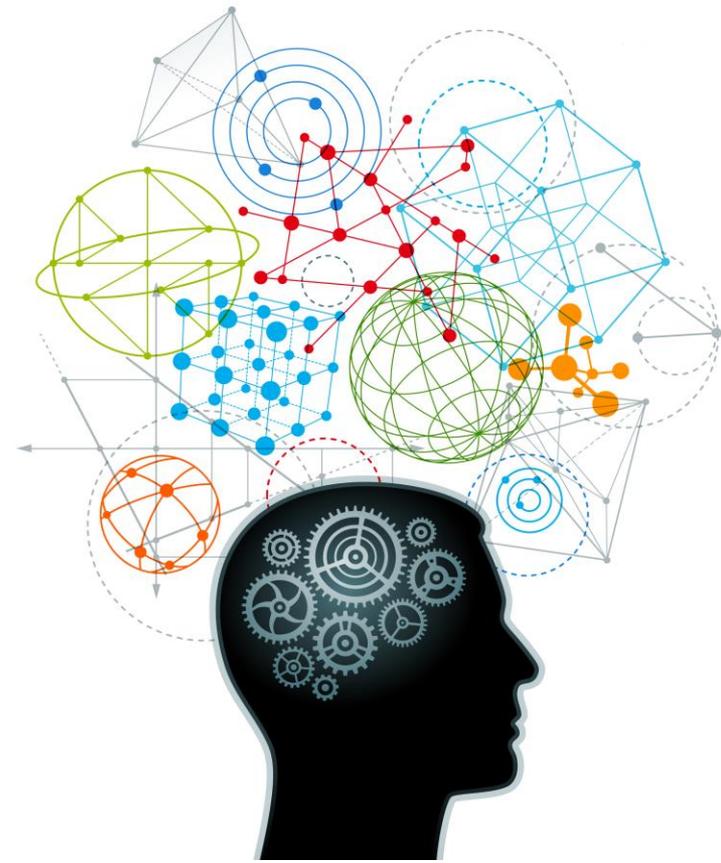
Budgeting and forecasting are among the most important elements of your business plan. With quality preparation, forecasting, and reporting, a well-thought-out budget can help you navigate uncharted territory and reach your goals. Clearly, **an intelligent budget is paramount to effective management of an organization's financial resources – and successful execution of the strategic plan.**



But it takes the right team to put that budget together – and execute the plan. **Employee Engagement** is an effective measure of an organization's success in managing their equally important “human” resources. Evidence shows that engaged employees are **committed to the company's vision**. They act with **competency and confidence**. They are **driven, inspired, and accountable problem-solvers**. They are the kind of people you want on your team.

# 10 BENEFITS OF AN ENGAGED WORKFORCE

- 1. Employee Retention:** According to Hay Group senior principal Mark Royal, for a company with 10,000 employees, turnover costs over the next five years for entry-level workers could reach \$17.3 million. Royal names five critical factors that influence employee retention: trust in the company and its leaders, career-development opportunities, a fair exchange of rewards for effort, the degree to which the employee is given authority and independence, and an environment that permits success.<sup>1</sup>
- 2. Increased Innovation:** “The engaged employee aligns career goals with those of your organization, which results in innovation in processes, products or services that impact customer happiness and the bottom line. Employees who are on board with a company’s overarching goals dedicate their personal resources (think brain power and downtime) to bettering themselves and their company. When this type of entrepreneurial freedom is embraced by leadership, the results are win-win.” Paul McCarthy, VP, Global Head of Workplace Engagement, LivePerson Inc.<sup>2</sup>



# 10 BENEFITS OF AN ENGAGED WORKFORCE

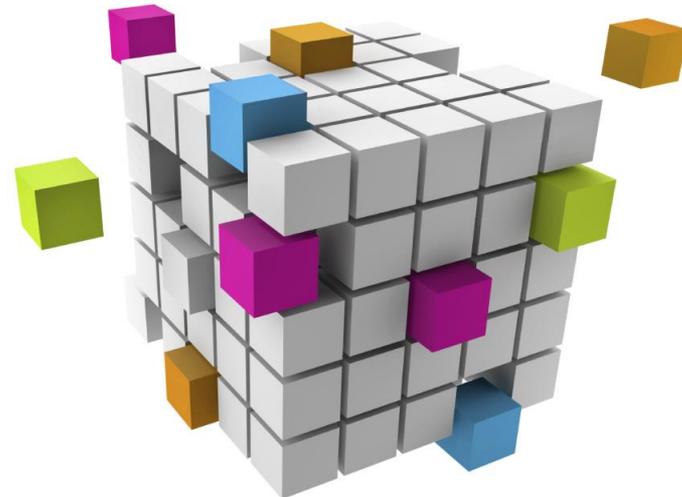
**3. Workplace Safety:** Especially important in manufacturing environments – the cost savings can be great when engaged employees are involved with the personal management of their tasks and are empowered to find ways to make their jobs safer and more efficient.<sup>3</sup>

**4. Reputation:** There is a strong correlation between an engaged and empowered workplace and overall company performance. This type of company is a desirable and stable environment that attracts top talent and devoted customers and is able to withstand economic pressures and competitive demands.<sup>3</sup>

**5. Healthcare Costs:** As job satisfaction increases in conjunction with employee engagement, many companies report a reduction in medical and other health-related claims.<sup>3</sup>

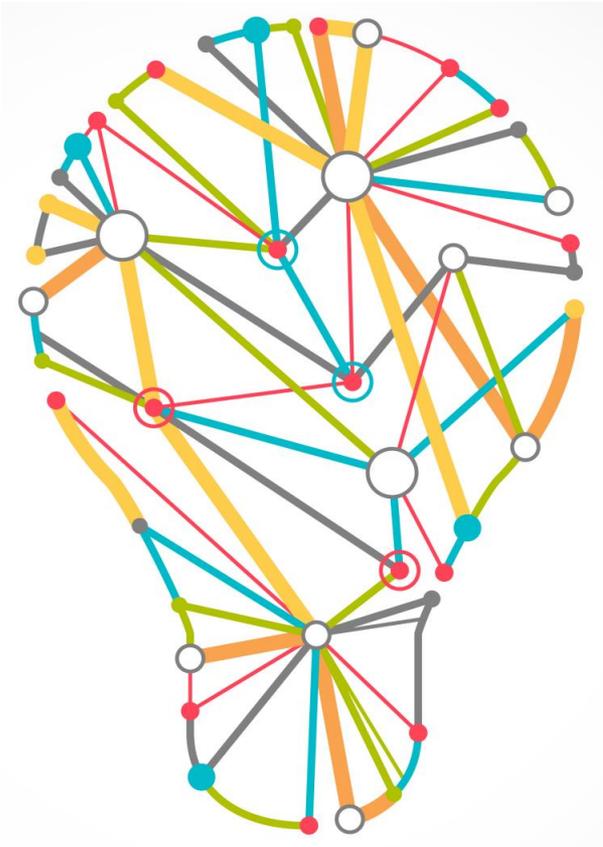
**6. Commitment to Organizational Goals:** Employees are much more likely to feel a connection to the company vision and to embrace it as their own when they feel empowered to make decisions leading to goal achievement.<sup>4</sup>

**7. Better Customer Service:** Engaged employees view themselves as an integral part of the organization; they treat the customer as their own and are willing to do whatever it takes to make the customer happy.<sup>5</sup>



# 10 BENEFITS OF AN ENGAGED WORKFORCE

- 8. Increased Productivity:** When employees are empowered to make decisions, the work keeps moving forward, timelines are met, and tasks are completed.<sup>5</sup> Studies show that highly engaged employees are **38% more likely to have above-average productivity.**<sup>6</sup>
- 9. Less Waste:** Empowered employees feel responsible for the success of the organization. They are more likely to bring up issues of waste in the production of a product or service because they truly care about making things better.<sup>5</sup>
- 10. Less Absenteeism:** Empowered employees are more engaged and involved in the organization's cause. When employee contributions are sought, valued, and recognized, job satisfaction increases. This creates a sense of meaning – and an important reason to be present each day.<sup>3</sup>



# So how exactly do organizations *engage* employees?

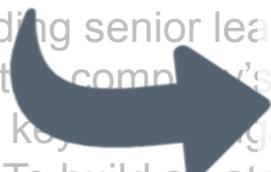
- **Spread the Vision:** Understanding senior leadership's vision and the company's strategic direction is key to an engaged workforce. To build an atmosphere of empowerment, organizations need to provide employees with important information that is often reserved for top management's eyes and ears only.<sup>7</sup>
- **Provide Support and a Sense of Security:** For employees to believe that the company really embraces empowerment, they need to feel a sense of social support from their bosses, peers, and subordinates. They must believe that the company will support them as they learn and grow and that their efforts to take initiative and risk will be applauded rather than punished.<sup>7</sup>
- **Foster Openness and Teamwork:** To feel empowered, employees must feel that the corporate culture emphasizes the value of the human assets in the organization. They must feel that the people in their unit work together to solve problems and that employees' ideas are valued and taken seriously in decision making.<sup>7</sup>
- **Lead with Discipline and Flexibility:** Empowered employees understand the line between their responsibilities and the responsibilities of others. It is important that employees have clear, but challenging goals and objectives aligned with the vision of the organization.<sup>7</sup>

# Collaborative Budgeting builds on Employee Engagement:

## Collaborative budgeting...

### ➤ Spread the Vision:

Understanding senior leadership vision and the company's direction is key to engaging the workforce. To build an atmosphere of empowerment, organizations need to provide employees with important information that



requires communication of the strategic plan across the organization...

### ➤ Foster Openness and Teamwork:

empowered, employees must understand the corporate culture that emphasizes the value of the human assets in the organization. They must be involved in their unit work to solve problems and that employees' ideas are valued and



and that managers and employees work together to identify the best ways to achieve...

### ➤ Provide Support & Sense of Security:

For employees to believe that the company really embraces empowerment, they need to have a sense of social support from their bosses, peers, and subordinates. They must believe that the company is willing to take



the objectives and goals unique to their department, and map their annual plan and initiatives...

### ➤ Lead with Discipline & Flexibility:

empowered employees understand the relationship between their responsibilities and those of others. It is important that employees have clear, challenging goals and objectives

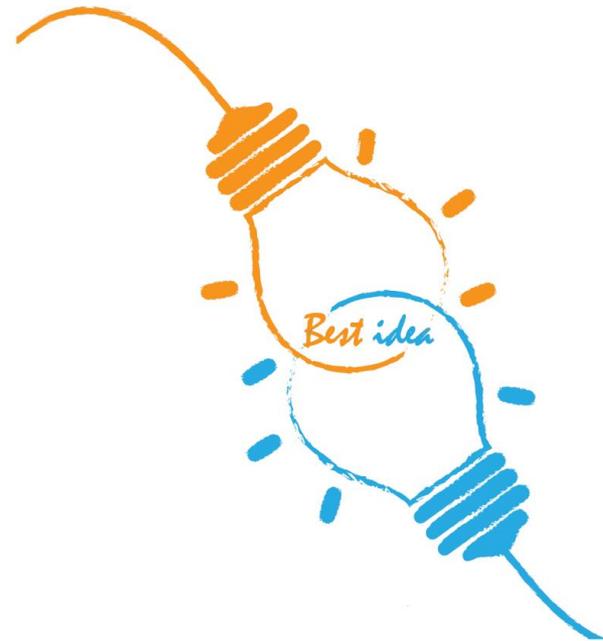


using and sharing the expertise and experience unique to their group. (This input alone builds engagement.)

## What exactly is collaborative budgeting... and what can it do for your organization?

Collaborative budgeting empowers the people who are impacted by a budget to be actively involved in the budget creation process. Collaborative budgeting is at the core – a communication process. Leadership communicates the strategic plan, objectives and goals. And then the budgeting managers use their individual area of expertise and front-line experience to build a budget designed to achieve that strategy. It is a bottom-up approach that lends to the creation of budgets that are more achievable than top-down budgets imposed on a company by senior management.

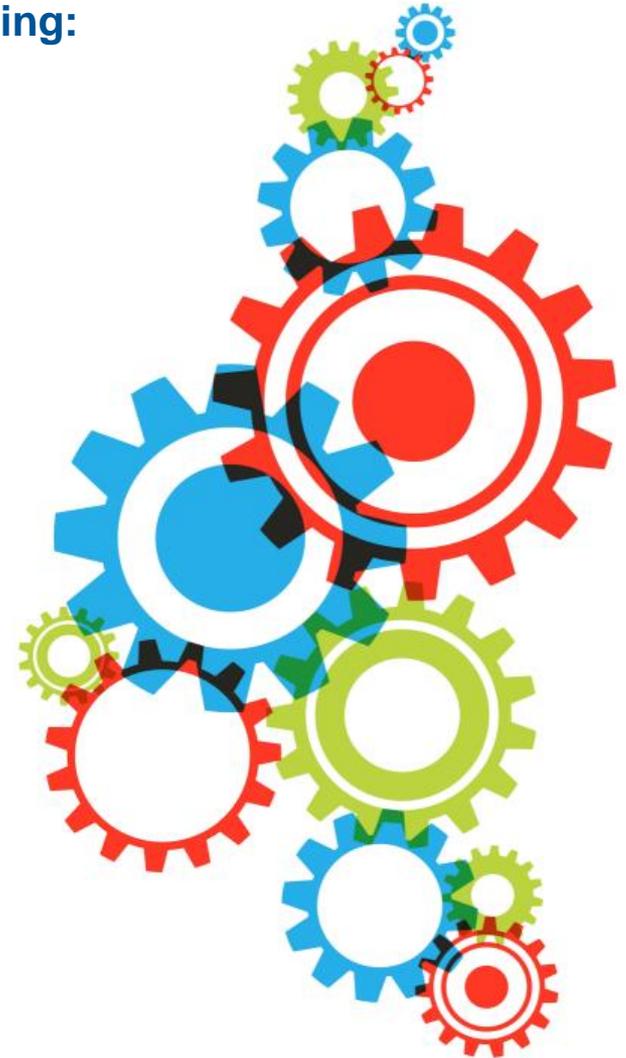
This style of budgeting is better for morale and tends to result in greater efforts by employees to achieve what they predicted in their budgets. **A collaborative budgeting model requires employees to own their numbers and to take accountability for their decisions, leading to a stronger sense of connection and commitment to the organization.** <sup>8</sup>



# ADVANTAGES OF COLLABORATIVE BUDGETING

The benefits of a collaborative budgeting approach far outweigh the avoidable pitfalls – with positives including:

- **Increased Engagement:** When upper management requests budgetary input from employees, it fosters teamwork, cohesiveness, and trust – all vital elements of business success.<sup>10</sup>
- **Increased Motivation:** Budget holders are more likely to enjoy working to achieve a budget that they have been involved in setting, rather than one that has been imposed on them from above.<sup>10</sup>
- **Improved Quality of Forecasts:** Managers who are doing a job on a day-to-day basis are likely to have a better idea of what is achievable and what is likely to happen in the forthcoming period.<sup>10</sup>
- **Better Results:** As the executor of the budget, the manager is likely better able to control the costs than anyone else in the company.<sup>10</sup>



## ADVANTAGES OF COLLABORATIVE BUDGETING



As business writer Lisa McQuerrey explains: “The budgeting process becomes a collaborate effort rather than an us-versus-them approach. Bottom-up promotional budgeting involves lower-level employees outlining their ideas for the wisest uses of funds, explaining their reasoning and having a discussion with management about available resources and expectations.

**Following this system, employees are likely to feel their concerns are heard and respected. Even if they don’t ultimately end up with an ideal budget, all parties understand each other's outlook and expectations and can work together to make the most of the budget they have.”<sup>9</sup>**

# EMPLOYEE ENGAGEMENT AS A BUSINESS STRATEGY FOR FINANCE & LEADERSHIP TEAMS

Research shows that employee engagement and empowerment offer many benefits to organizations.

And while there are myriad tools and programs aimed at increasing engagement...

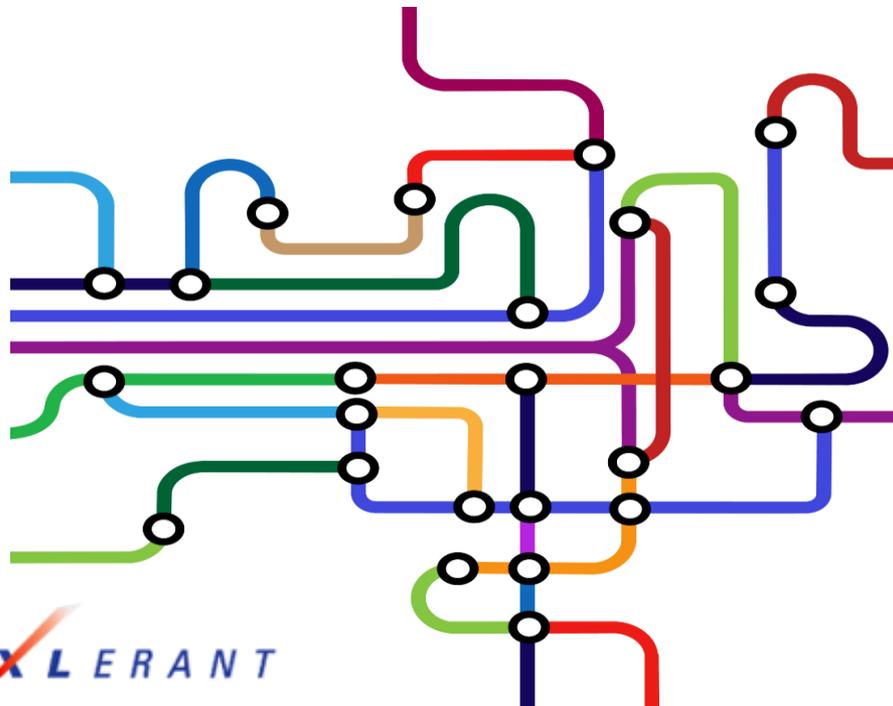
**Adopting a collaborative budgeting process is a simple way to turn a mandatory annual procedure into an effective employee engagement strategy.**

## Benefits of Employee Engagement:

- ✓ Commitment to organizational goals
- ✓ Employee Retention
- ✓ Increased Innovation
- ✓ Better customer service
- ✓ Increased productivity
- ✓ Increased workplace safety
- ✓ Reduction in healthcare costs
- ✓ Less absenteeism
- ✓ Less waste

## Benefits of Collaborative Budgeting:

- ✓ Improved quality of forecasts
- ✓ Increased motivation
- ✓ Positive collaboration
- ✓ Better results



# About XLerant

## Helping Organizations Transform the Budgeting Process Into a Strategy for Employee Engagement

XLerant, Inc. helps organizations move towards a more employee-centric, empowered workplace with BudgetPak, a cloud-based budgeting solution. BudgetPak's user-centered design and built-in intelligence pave the way for engagement and empowerment by giving employees the tools for flexible and reliable budgeting, forecasting, and reporting. This user-friendly solution does more than make the process easier – it provides a platform for communication of the organization's annual objectives and ensures managers are building their budgets against those objectives.

Because BudgetPak doesn't force users to think in a restricted 'row and column' Excel format, it is a much more engaging experience for the non-financial crowd. At the same time, BudgetPak allows the Finance team to control the aspects of the budget that are important to them within a straight-forward finance-friendly format.

XLerant offers a full suite of modules built into BudgetPak including expense planning, revenue planning, headcount, salary planning and asset planning, as well as approval workflow, what-if scenarios, out of the box reporting, variance reporting, and custom reports. A unique feature called ActionPaks allows users to budget multiple line items at the same time for their department-specific projects and initiatives.

“We believe a system that has budget intelligence built into its core makes for a more robust and user friendly process for everyone involved – which ultimately delivers more meaningful results.”

- Joanne Brunn  
CEO, XLerant

# REFERENCES

1. <http://www.bna.com/retaining-workers-2014-n17179881224/>
2. <http://www.liveperson.com/connected-customer/posts/key-company-innovation-employee-engagement>
3. <http://www.examiner.com/article/seven-key-benefits-of-an-empowered-workplace>
4. <http://study.com/academy/lesson/employee-empowerment-definition-advantages-disadvantages.html>
5. <http://www.cornerstonedynamics.com/3-benefits-of-an-empowered-organization/>
6. <http://www.tlnt.com/media/2012/06/MADISON.jpeg>
7. <http://ceo.usc.edu/pdf/G973315.pdf>
8. <http://www.accountingtools.com/questions-and-answers/what-is-participative-budgeting.html>
9. <http://smallbusiness.chron.com/topdown-bottomup-promotional-budget-approaches-59307.html>
10. <http://managerial-accounting.blogspot.com/2012/11/participative-budgeting-and-its.html>

Contact us to learn more and find out how we are helping organizations like yours engage managers, empower them to make informed decisions and achieve strategic objectives.

Phone: (203) 883.4380

Email: [info@XLerant.com](mailto:info@XLerant.com)

# **EMPLOYEE ENGAGEMENT AS A BUSINESS STRATEGY**

## **FOR FINANCE & LEADERSHIP TEAMS**

