***Linking our objectives to our budgets***

As a manager it’s easy to think “These are my objectives for the year” and “This is my budget for the year”, and to see them as two separate targets that we need to achieve.

To be effective we need to understand the connections between them. A better way of seeing them id “My budget finances the resources I need to achieve my objectives”. To make this work we need to be clear about 4 issues.

**What are my objectives?**

We need to know in detail what’s expected of our team.

These might be formal objectives, or informal expectations. The Finance department, for example, has a formal objective of providing internal monthly reports; managing cashflow; annual accounts; etc. But it also has informal expectations: we expect to be able to ask them for help and advice, yet that ‘consultancy’ may not be in the department’s formal objectives.

Some of our objectives are about being ‘fit for the future’: doing things this year that mean we can continue to operate effectively in future years.

**How will we achieve these objectives?**

We’ll need to have a strategy and action plan to achieve these objectives: they won’t happen by themselves!

**What resources do I need?**

Our strategy and action plan will dictate the resources we’ll need to have in place, and also when we’ll need those resources. Part of our action plan will be about making sure we’ll have the right resources in the right place at the right time.

**What’s my budget?**

This is the amount of money we need to finance the resources we need to achieve our objectives.

If our budget allocation is less, we have some decisions to make. Can we achieve our resources in a different way, or with cheaper resources? Can we have more budget, or can we drop some of our objectives? However we resolve this mismatch, we need to ensure we can finance the resources we need to achieve our objectives.

## A few further thoughts

Once we’ve established and understood the link between our objectives and our budget, there are a couple more things worth doing.

**Confirm your objectives**

We’ve all had the experience of having additional tasks thrust upon us during the year. That’s life, and it will never go away. But these additional tasks are normally unbudgeted. “Here’s some more work, but no more resources.” Again, that’s life.

But it’s worthwhile agreeing what we’ll deliver when we agree our budget. That way, when we have additional tasks thrust upon us, we have 3 options. We can decide that we can absorb the additional work within our existing resources. Or we can request additional budget to cope with the additional tasks. Or we can agree what we’ll stop doing in order to cope with the (unfunded) additional tasks.

**Communicate!**

Especially with your team. Involve them in the planning process, and make sure they all understand what’s different this year. What we’re no longer doing, what we’re doing that’s new, how we’re doing things differently, and what our budget and resources are.