

**Budgeting Café Overview**

The Budgeting Café is a short blended learning experience oriented around the concepts and skills found in the Harvard ManageMentor Budgeting topic. The Budgeting topic will help managers:

* *Assemble the elements of an operating budget*
* *Create a budget for capital outlays*
* *Perform budget sensitivity analysis and analyze budget variances*

The learning experience has three components:

*60 to 90 minutes 60 minutes Ongoing*

Part 1: Pre-work (self-paced, individual)

Before the live Café session, participants are expected to complete the following assignments:

* Review the following online lessons from the Harvard ManageMentor Budgeting topic:
  + Understand Budgets and Budgeting
  + Develop an Operating Budget
  + Prepare a Capital Budget
  + Understand Sensitivity Analysis and Variance
  + Adapt Budgeting to a Changing Environment
* Complete the online assessment from the Harvard ManageMentor Budgeting topic
* Complete the tool “Worksheet for Negotiating Your Team’s Budget” in the “Develop an Operating Budget” lesson of the Harvard ManageMentor Budgeting topic
* Complete the practice activity “Explaining Variance” in the “Understand Sensitivity Analysis and Variance” lesson of the Harvard ManageMentor Budgeting topic

Part 2: Café session (live, group)

The Café session represents the core element of the learning experience. The session provides an opportunity for managers to:

* Exchange ideas and questions with others
* Discuss the context of how concepts and skills apply in the workplace
* Practice and begin application of those concepts and skills
* Build momentum and support for applying the concepts and skills in the workplace

The Café session focuses specifically on the following concepts and tasks from the Budgeting topic:

* Identify the link between budgeting, operations, and planning
* Contribute to budgeting processes
* Analyze and address budget variances

Facilitating the Café session as outlined should take approximately 60 minutes. If the facilitator prefers a shorter session or wishes to spend more time on a specific concept or activity, he or she may want to cover only those concepts and activities that are most relevant to the group.

| SECTION | ACTIVITY | TIME |
| --- | --- | --- |
| **Introduction** | Show icebreaker question while participants are arriving to the session. **(“QUESTION: Former General Electric Chairman Jack Welch claimed that the annual business budgeting process was “the most ineffective practice in management. It sucks the energy, time, fun and big dreams out of an organization … In fact, when companies win, in most cases it is despite their budgets, not because of them.” What’s your perspective on the effectiveness of budgeting in organizations? A. I agree with the quote 100%. B. The process isn’t always fun, but done right, budgets are critical business tools. C. I completely disagree—without a budget, a business is lost! D. I have another perspective. (Please share it in chat.)**   * Introduce facilitators. * Review tips for using technology during the session. * Debrief icebreaker question. * Set context: The word “budgeting” alone is enough to produce groans in many business circles. But budgeting is not just something you have to endure quarterly or get through once a year to comply with corporate requests or bankers’ questions. Budgeting gives you a roadmap to where you want to go. It is a useful, real-time, flexible tool that offers you immediate feedback so you can make adjustments to impact performance. Even in uncertain environments, budgets allow you to accomplish three things: communicate priorities inside a firm to align efforts with goals; leverage an early-warning system for poor performance; and generate valuable information about markets and how to respond to changes—both expected and unexpected. For these reasons, it’s critical to understand how budgets work and how you contribute to various budgeting processes, regardless of your role. * Review session objectives. | 10 minutes |
| **Skill focus: Identify the link between budgeting, operations, and planning** | * Facilitate discussion activity related to understanding the critical function of budgets and budgeting in large-scale organizations. Participants:   + Review the three key types of organizational budgets (operating, capital, cash) and the ways in which budgets help a group or organization.   + Discuss the ways that they contribute to budgeting processes, particularly with regard to operating and capital budgets.   + Identify links between budgets, operations, and planning in day-to-day business decisions and in facilitating long-term business performance and growth. | 10 minutes |
| **Skill focus: Contribute to budgeting processes** | * Facilitate a discussion of operating budgets, debriefing the tool “Worksheet for Negotiating Your Team’s Budget.” Participants: * Debrief their inputs to the worksheet; and share insights on how the organization uses budgets and the ways in which they might ensure that budgets align with organizational goals. * Facilitate discussion activity on capital budgeting. Participants:   + Review a short "What would you do?" scenario involving a manager attempting to choose a capital investment for his unit.   + Discuss the responses and any differences in participants’ views.   + Apply insights to their own business and roles. | 22 minutes |
| **Skill focus: Analyze and address budget variances** | * Facilitate discussion to debrief the practice activity “Explaining Variance.” Participants:   + Consider possible causes of budget variances.   + Review a scenario to identify sources of revenue variance by looking at underlying volume and price data. Brainstorm possible actions to address each variance, if necessary. | 13 minutes |
| **Applying what you’ve learned** | * Review session objectives and skill areas discussed. * Review directions for completing the On-the-Job section of the online Harvard ManageMentor topic, including the action plan. * Close the session. | 5 minutes |

Part 3: Application (self-paced, individual)

After the live Café session, participants are expected to complete the following assignments:

* Complete the online On-the-Job section in the Harvard ManageMentor Budgeting topic. The section provides learners with an opportunity to choose a skill to focus on and create an action plan for applying and developing the skill. *Note:* If your organization does not include the On-the-Job section in your configuration of Harvard ManageMentor, ask participants to think of two things they can do over the next 90 days to further apply and develop their skills in this area.
* Execute their action plan over a specified time frame (e.g., 60 or 90 days).
* After the specified time frame (e.g., 60 or 90 days), access the online On-the-Job section in the Harvard ManageMentor Budgeting topic to update the action plan and reflect on the experience.