



TRANSCRIPT

Episode # 44: Don't Forget These 3 Things During Budget Season

You are listening to episode 44 of *Mastering The Power Skills*. The annual budget season can be a particularly stressful time in the corporate world. Will you get funding for the important resources you need next year? Will you get approval for projects and initiatives that you feel are valuable? Or instead will decision makers give you a thumbs down?

Join us in this episode to learn three things that leaders can do to improve the chances that their budgets will be approved, but three things that they commonly forget to do. If you remember to incorporate these approaches into your own proposals, not only will be more persuasive, but you may make this the year where decision makers are actually excited to listen to you.

How much more could you accomplish if you were 25% or even 50% more influential and persuasive? Welcome to *Mastering The Power Skills*, the podcast that provides you with the tips, strategies, and the inspiration to grow your own power and win support for your ideas. And now here's your host, C-suite leadership coach Kathy Dockry.

Hi, everyone. When I originally scheduled this episode, I was planning to address a particular persuasion technique that helps increase our win rate. And if you tuned in to hear that, my apologies for changing the scheduling plan, I promise you'll be hearing that episode later this year.

However, I was reminded when talking to a few of my current coaching clients that they were getting started developing their budgets for 2025 and thinking through what they could get approved or not. So I figured it would be timely to get a podcast episode out on that very topic, since many of you are probably in the same position.

Now, last summer I did an episode on the process of getting budget approval that was very well received. In fact, we won a lot of new listeners and inquiries for support based on that episode alone. And that's not only a nice validation of the advice in that episode, it's a strong confirmation of the fact that budget season

can be an extremely stressful time when you feel that the deck is stacked against you.

This year, I decided to improve upon the advice from last year. I'm going to repeat two of the tips that I gave in that earlier episode, but I've also added one more. And these are all very effective ways of gaining more credibility during budget season and increasing the odds that you'll be successful in pitching for initiatives and resources that you need for you and your team in 2025.

And yet, all three of these tips are commonly overlooked or forgotten by many leaders, even leaders at the very top. So not only will you become more persuasive if you incorporate these approaches, you're also more likely to stand out in a good way. You'll be perceived as having greater leadership presence, whether you win approval for your budget pitch or not.

We'll jump into those three tips in just a minute. But first, here's a quick refresher of what I'm referring to when I talk about budget season. And I find it's helpful to describe this process from time to time so that people understand that budgeting within a large, complex organization isn't just a check the box exercise. Instead, it's a very human exercise where thinking strategically and leveraging your influence and persuasion skills can really make a difference.

So in a large, complex organization, determining the budget that will guide decision-making for the next financial year is a broad process that often starts in the summer of the previous year and that impacts almost everyone at every level of the organization.

First, there's the top-down process of generating the targeted budget amounts for the entire company and each of the main divisions and functions. And also there's the bottom-up process of generating ideas and recommendations for the resources and initiatives that will support the business in the coming year.

And of course, as a consequence, there's the lengthy and often messy work of reconciling these two perspectives so that a final, formal, and comprehensive budget can be generated before the start of the new fiscal year. So there are presentations, arguments, trade-offs, and swaps. There are political alliances formed, and also attempts to game the system.

For sure, it can be entertaining and instructive to watch the dynamics and posturing that happens when budget season is in full swing. But it also can be painful and frustrating if we're in the middle of it trying to advocate for resources

that we need or initiatives that must happen. You have to have a lot of patience and skill to steer your ideas through and win the approval that you need.

So that's an overview of budget season and why it's not simply a check-the-box process. Now, let's turn this conversation back to you. I suspect most of you listening to this podcast routinely get involved in budget season activities, even if you have very small budgets.

Before budget season starts, you're thinking about all the resources you need for the next year and all the initiatives you need to undertake. And during budget season, you have to justify why the expense for those resources or for those initiatives should be included in the budget. In fact, you may have to do that over and over again at higher and higher levels of financial decision-making.

So what can you do to increase the odds of approval? How can you make what is often a challenging process both easier for yourself and more successful? Well, let's jump in now into the three tips that are the topic of this episode.

Tip number one is be innovative and creative in choosing what you want to pitch. So what do I mean by that? Well, let me give you an example of the least innovative and creative request that gets made during budget season. It's also the

most common request that is made, as well as the request that is the most routinely denied.

So that's a pretty bleak description, right? What is this troublesome request? Well, it's asking for an additional head. And here's how it happens, let's walk through it. So you're feeling the pain. There's too much work and not enough hands to do it. Or the people you have on the team are good at their specific jobs, but they don't have the higher level strategic or political skills that would enable them to play larger roles.

So what's our first answer to this pain that we're feeling? Well, it's hire a new head or two, of course. Now, I'm not saying we should never ask for additional head count, but here's how we set ourselves up for disappointment if we haven't been thinking creatively.

During budget season, head count is always the biggest target. It's where decision makers go first when they're deciding where to deny requests. So when we ask for additional heads, even when we feel justified, we are always putting a very large bullseye on our back.

Now, of course, we may need to do that from time to time and fight that battle. But if we're smart, we take a look at other options first. We get creative and innovative and we look for solutions that we have a much, much better chance of actually winning.

Now, there are a world of creative solutions out there that don't involve adding additional head count. And I can't possibly cover them all in this episode, but here's a good question to ask yourself to get you started. And that question is, what changes can I make to my team's structure, processes, or capabilities? Now, let me repeat that, what changes can I make to my team's structure, processes, or capabilities that will improve the pain that we're feeling?

Now, you yourself may not have the answer to that particular question. But if you frame the problem in this way versus making it a head count problem, suddenly you have a different budget request that has a much, much better chance of being approved.

You could ask for, I don't know, funding of a consultant who could analyze and propose improvements to structure and processes. Or you could ask for funding for a training program that would improve capabilities of your team.

So let me give you a personal illustration of how one of my past clients handled this successfully. He had an excellent team that needed to interact regularly with members of senior management. The problem was that his team was relatively junior. They knew their stuff, but they didn't yet have the presence to interact comfortably with senior management. And they were easily intimidated or ineffective in the conversations.

So as a result, my client always had to be jumping into meetings to sort of oversee and mediate and create the credibility that was needed in those conversations. His team just couldn't handle those conversations on their own. My client thought that the answer was to hire a more seasoned head to help mediate those conversations. But he realized that this request would be expensive, number one, and had a high chance of being shot down during budget reviews.

So what did he do instead? He asked me to put together a nine-month program to teach his team influence, presence, and persuasion skills so that they could earn more credibility when interacting with senior management. It was so much a cheaper and effective way of solving the problem. And the request was granted without any pushback at all. In fact, he was applauded by both decision makers and his own team for coming up with a creative and innovative solution.

That's only one of the many examples I can give you of creative pitches that you can make during budget season. But before I go on to my next tip, let me point out another benefit of solving your problem by looking at structure, processes, and capabilities first.

When you finally do have to fight the battle for another head down the road, possibly in year two or year three, you'll have increased the odds in your favor. You'll be able to demonstrate at that time all the ways in which you've already been resourceful in increasing the productivity of your current team, and thus making the addition of another head the only remaining reasonable solution.

Now for tip number two. Always, always establish that your proposal is not a cost, but an investment. Now, you may think you know this already, but you know what? I've seen the most seasoned and clever of senior management team members not get this right. They may not completely drop the ball, but they sure don't make this clear enough to other decision makers. So don't be too quick to assume that you're already doing this well. It might be worth your while to walk through this with me and take a look at what you're doing.

Okay, so let's first clarify what we actually mean when we're talking about costs versus investment. A cost is simply an expenditure of money with no obvious monetary gain to the person who's making the expenditure. A cost is an expense

for something that might be meaningful or interesting or even innovative, or it even might result in a monetary gain to certain people.

So when I'm thinking of that, I'm thinking like a management skills training program for factory workers that could lead to promotions and higher pay for them. So they're getting some monetary gain from that, but if there's no clear payback to the company that is making that expenditure, then from that company's point of view, they've simply incurred a cost. The company doesn't see or is aware of any monetary gain to itself in funding this program.

Now that's pretty basic, but it's something that I've seen a lot of people forget. But let's look at that same program and that same expenditure of money through the lens of an investment. An investment is an expenditure where the person making the expenditure gets a monetary gain. It's as simple as that. There's an ROI, a return on that investment.

In the case of that skills training program for the factory workers, well, if we could show that having up-skilled workers in managerial positions lowered our outside hiring costs and improved productivity, why then there would be an ROI, a return on our investment.

Now, if you're the head of ops or say an HR business partner during budget season and you wanted to pitch that program, that training program, you're obviously going to be much more likely to win approval if you characterize the expenditure as an investment and then describe the expected return to the company for making that investment.

In fact, you usually don't have to detail every nickel and dime of what that monetary gain will be. Decision makers often accept general estimates if they're based on reasonably valid data. But what actually happens in real life? Frequently, we forget or get lazy in making our argument.

And why is that? Well, it's not that there isn't a reason why our proposal isn't an investment. There usually is a good reason. It might be that it's even a very good investment. I've been watching this situation play out with many, many people over the years, and I think I know at this point what's going on.

Sometimes the value of what we're proposing is so clear to us that we forget that maybe it's not so clear to a busy person who is thinking of a million other things. When you think about it, that kind of makes sense, doesn't it? Because you've been on the other side of that as well, haven't you? You have a full plate of issues and deadlines that you're dealing with, and someone is trying to pitch you an idea.

Now, they seem very enthusiastic, and they think their idea is very important. But you don't have a lot of time to dig into that idea and truly understand it. And the financial gain to the company is not at all clear to you because you don't have that time to dig into the idea. So you make a quick decision, and you move on to the next thing, right? You figure if it really was an idea worth doing, it would be obvious why that was.

So it's really very understandable that if someone doesn't clearly articulate the ROI to the company of a good idea, there's a strong risk that the idea will get shot down during budget season. At the very least, you're going to receive more challenges and pushback on your idea than you would if you took the time to actually spell out clearly what the return on investment is for that idea.

The way I think about it is that if you really believe in your idea, it's your job to make it easier for the other person to understand the value in that idea. It's not the other person's job, it's your job. You may think the idea speaks for itself, but let me tell you, it doesn't. When you fall into that trap, and we all do that from time to time, what you've done is make the other person responsible for doing the work that you should have done in the first place.

That's one of the fastest ways I know not only to lower your win rate, but also to lose influence in the future. Always make it easy for the other person when you're pitching an idea. Don't force them to do the hard work of figuring out whether an idea has value or not.

Now, this is usually the point where if I'm saying this to one of my coaching clients, they might say back to me, okay, I now understand where I might have been going wrong with my budget proposals. I see how I'm going to get more ideas approved if I can clearly articulate the financial return on the investment to the company. But darn, it could be a lot of work to gather all the evidence that I need. And how do I know whether all the data that I collect is going to be convincing or not?

So let me tell you the good news. Yes, you do have to stop and think a little, but you actually may have to put in much less time and effort than you imagine to make a convincing and persuasive argument about the ROI for your idea.

Here's the shortcut, just ask yourself these two questions and answer them, of course. Question number one is, how does my idea create competitive advantage for the company? And question number two, how does my idea allow us to do things faster, easier, cheaper, or better? Let me tell you, you can almost always come up with several good answers to those questions.

And as an aside here, I don't want to be too snarky, but if you can't come up with good answers to those questions, then your ideas might not deserve to be approved. And it usually doesn't take that long to come up with those answers either. If you gave me an idea without an obvious ROI, I bet you I could generate several good ROIs in less than five minutes, even without knowing too much about your company.

Now, sure, I've had a lot of experience at this, and you might take a little longer than me at first, but I think you'll be pleasantly surprised at how answering these questions is not particularly time-consuming, especially if you have a helpful colleague who you can brainstorm with.

So here are a few examples to illustrate how these questions work. Remember the management skills training program for factory workers that I mentioned earlier? Let's go back to that example now. Well, one possible ROI is the money saved by filling managerial positions with trained former line workers, versus having to recruit people from the outside and spend the time and money onboarding them. In fact, if the company is struggling to find qualified talent externally, a skills training program is a great and cost-effective solution.

Another possible ROI for the training program is increased productivity. When you have a program like that, you tend to better motivate your workforce. Plus, internally promoted managers are already familiar with company culture and can better troubleshoot issues. So as a result, you start seeing productivity increases.

Here's another example. It's a historical example from my former corporate career, and this was in the mining industry. And a while back, in fact, quite a while ago, environmental staff and mining companies noticed how tough it was to convince management teams to spend money on quality programs to reduce production waste.

Management wanted to meet the legal requirements, but also just to spend the bare minimum to do that. So environmental staff started promoting the more expensive and sophisticated waste management programs as the means to sell high-quality waste components to industries that could actually use the byproducts of smelting and refining.

So suddenly, what had looked like a mandatory cost imposed by the government that was requiring waste reduction suddenly turned into an investment with a very nice financial return. Waste management programs started getting more and more funding from decision makers during budget season.

And finally, here's a recent example of developing a ROI for a proposal that I saw at the legal department of a large client company. Now, the system that the legal department had for the very complex task of managing the company's contracts and contract processes needed some significant and expensive upgrades.

When the topic was first raised during budget season, the department relied too heavily on the obvious justification for the upgrades, that it would make life easier and more efficient for the department itself. Now, needless to say, decision makers were sympathetic, but they didn't find that a very sufficiently compelling reason because the company was heading into an economically challenging time in its markets.

So the legal department regrouped and realized that it needed to reframe its justification in terms of how the upgrades would make work life easier, faster, and better for the business colleagues who worked with the contract attorneys. A faster and more accurate turnaround on contractual issues allowed these business colleagues to move faster on contractual issues and create great working relationships with third parties. It allowed them to move faster than the competition, which thus delivered a competitive advantage to the company.

The legal department went out and collected some stories from their business colleagues about what an upgraded contract management system would allow them to do. And suddenly, what had originally looked like an unnecessary budgetary cost became a savvy business investment, and the legal department ultimately won the approval it needed for the request.

Okay, I've given you some examples to think about, and let's summarize again what you always should be doing with your budget proposals, whether you're in a functional or in an operational position. You should always be able to characterize the expenditure as an investment versus cost.

You should always be able to describe how that proposal enables the business to gain financial advantage by allowing revenue producers to do things faster, better, easier, or more cost effectively. When you don't do that, decision makers may still love your proposal, but they will be resistant to allocating much money or resources to it.

Now, let's move on to my final tip for budget season. This is a ridiculously simple tip, but you're going to find that it's also very powerful. Tip number three is change the order in which you say things as you explain your proposal. Almost everybody, everybody in the business world uses the same three-part order when they are pitching a proposal.

Now, you may not have noticed this, but once I spell it out for you, you're going to see it everywhere. Here's what we normally say. We say something like this, I think we should do this initiative to solve a problem we have. Here's how it would work. And if we do this initiative, we'll get the following benefits.

So, do you see the order that I said things in? Part one is I have a problem-solving initiative. Part two is here's how it would work, and part three is and here are the benefits, including the ROI. So, as I said, once you know this is the order that we say things in the business world, and you start to observe everyone around you, you'll be amazed at how often we are all using this sort of format.

I'd say that at least 99% of us are using this order and this way of saying things 99% of the time. And there's actually a very cool reason why we do that, but I won't take your time up with that today. It has to do with linguistics and neurology, and it's fascinating to a nerd like me, but it's not really germane to the conversation that we're having now.

There's nothing inherently wrong in using that order, but here's the problem, we know from the science that it's not a persuasive order in which to say things. However, there is an order that human beings find to be naturally persuasive, and

that order is to start with the benefits and the return on the investment versus end with them.

In other words, part one would be, I have an idea that delivers the following benefits and return on investment. It wouldn't be, I have a problem-solving idea. And then part two would be, here's the idea, and part three at the end would be, here's how it works.

So let me give you an example of how this sounds if you were pitching that management skills training program for factory employees that we were talking about earlier. So a decision maker might say to you as they looked at your proposed budget, hey, what's that line item for training in your budget? It looks pretty pricey to me.

And then you would say, oh, that? Well, I came up with an idea that is going to save us approximately \$200,000 every year in hiring costs, and that I suspect is likely to increase productivity by 10%. See what you just did? That's part one. You're leading with the return on investment.

And then you say, the idea is to offer our most capable line workers some training in basic management skills so they can be ready to take supervisory positions. That's part two. You're telling the decision makers what the idea is.

And then finally, finally, wait till the end, you get to part three, explaining how the idea works. You don't do that up front, you leave that to the end. You say something like, within a year of implementing this program, we'll have a cadre of fully trained line workers from which to choose when we have supervisory positions open up.

At the moment, we're spending X amount of dollars annually, both to locate supervisors externally and then get them onboarded in our culture. And our retention rate of those supervisors hasn't been as good as we would like, given this job market. So this idea would save us money, improve morale, and likely productivity of current employees and increase retention.

So that's the whole like meat of it. But you're getting to that meat, the nitty gritty, you're getting to that at the end, not at the beginning. Now, obviously, you could say a lot more about the program to strengthen your case if you wanted to. But the point that I'm making here is that whatever you're going to be saying, you need to be using this order, where the return on the investment for your idea is what you talk about first, even before you really get into the idea itself.

You might feel a little awkward when you first start using this order, but you know what? I've seen this approach used over and over again for many decades. And your listeners don't seem to notice that you're using a different order at all. Instead, they lean in, and they get curious. They want to hear more. At a time where they're getting all sorts of requests to spend money and incur costs, you're helping them out.

You seem to have an idea that might make or at least even save money. And that idea would make people happier too, or make things easier or faster for them. So who wouldn't want to hear more about an idea like that? Who wouldn't want to think it over and give it a chance to work?

Changing the order in which you say things doesn't guarantee you'll win approval for your idea. But here's a guarantee that I can give you, it does substantially increase the odds in your favor. If the idea is a good one, and you can articulate an interesting return on investment, using this order to explain your idea will make it more persuasive to whoever is listening to you than it would have been otherwise.

So there you have it, three tips that will really help you out when you're seeking approval for your budget during budget season. I'd love to hear your success stories on this. So if you get a chance, be sure to send me an email in the address we've dropped in the show notes.

All right, my friends, I'm rooting for you. I hope this year is the year that your win rate during budget season starts going up. And in the meantime, here's to an awesome couple weeks ahead, and I'll see you in our next episode.

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