

# The job description of a budgeting manager

[Economics](#), [Budget](#)



One of the most important functions that budgeting accounts for is the planning function<sup>1</sup>. We will be arguing for the importance of the planning function in the overall budgeting activity and will be arguing for the many ways the budgeting planning function is coordinating with the company's strategic planning.

First of all, the planning function in terms of budgeting refers to the planning activities that the company, starting with the financial department, needs to (1) determine what the company's long-term strategy is, (2) determine what projects bring most added value to the company and (3) determine what priority these projects should have.

Let's refer to each of these steps in part and determine how they impact the budgeting strategy of a company. The long-term strategy for a company is essential in determining the overall objective of a company. For the long run, this may be increasing the volume of sales or increasing the market share or promoting the company's image. In any case, these differ in terms of the projects they will imply and the ways they will be affecting the budgeting strategy.

For example, increasing sales will perhaps only include increasing spending on advertising and the promotion budget, while promoting the company's image may include costly promotion campaigns that will have a significant impact on the company's budgeting management.

The second issue is a project portfolio management issue. The economic theory tells us that the resources are always limited, while the needs are not. Applied in this particular case, this means that we are always likely to have a

greater number of projects we will wish to perform than the financial resources the company will have at a certain point.

This is where the selection issue, corroborated with the budgeting strategy comes in the game. The top management, working with the financial department, will need to establish which are the projects that bring highest added-value to the company and spend the company's budget on those alone.

The selection phase can only come hand in hand with a proper planning of the budgeting activity. On one hand, we have the projects the company wishes to perform, on the other, we have the budgeting restrictions. In terms of budgeting planning, the company and the top management needs to ensure that projects deriving from the current selection will also have sources of financing. An example will properly elucidate this perspective.

We will simply take a software project. In the beginning, the primordial activities refer to selecting the working team and creating a project on which work will be done (following the customer's requirements). On the other hand, while the initial part of the project is strictly related to the programming stage, one mustn't ignore the fact that, after the project is completed, a tester also needs to be hired in order to test the project's performances. This means that the initial budgeting scheme will need to be created so as to include several other subsequent factors, factors that are likely to appear at a certain time in the future.

Finally, the third phase of the selection phase, correlated with the budgeting procedures, involves deciding on the projects' priority. This is basically an issue of deciding which of the projects bring added value to the company and to the company's activities. This means that planning your budgeting policy also needs to consider the future plans in the company. If the company will want to develop different areas into the future, then the budgeting campaign needs to be designed so as to cover any future needs of the company. This is practically what the planning function in terms of budgeting refers to.

The argumentation we have previously presented practically comes forth so as to demonstrate the close connection existing between budgeting and budget planning and the company's overall planning strategies. Indeed, the budgeting policies serve to help the company fulfill its long-term plans and projects, as well as short-termed ones. In this sense, the company planning strategy needs to be fully correlated with the budgeting planning, otherwise there will be no financial support for those plans.

Among the management functions we already know about we can also include the budgeting function because, in my opinion, all the others cannot properly function without it. You cannot have a successful planning or organizing within a company without correlating these with the budgeting function, in order to obtain the realistic backup of any project.

Budgeting and planning go, in this sense, hand in hand, and you cannot really have one without the other in the company.