

Good essay on company budget: los angeles pizza company

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In every successful business, a company must have a plan in place that outlines their plan of action with their available resources. The purpose of a budget is to provide a blueprint or a plan of action that helps to show the master financial plan. The budget typically contains the cash flow budget, the operating budget, and capital expenditure budget. The budget is the purpose with providing a formal estimate of present and future costs and revenues. Costs and revenues need to be broken down in detail in order to attain profit goals of the company. Companies conduct budget analysis of their operations in order to provide more estimates for costs and revenues. A company will know that the budget is done right, the company is able to provide a better forecast the company's goals and how to achieve them. In a certain economic and business situations the budget forces the company to ask what must be done if the targeted goals of costs and sales are not met. In order for companies in the business world to survive they must develop realistic budgets that require an analysis of the current market, expectations over time, and a clear assessment of what the company can accomplish in a given time.

Within this paper, the task is to provide a budget overview of the company of my choosing. The company chose was Los Angeles Pizza Company that operates in Los Angeles California on the corner of Sunset Blvd. The Los Angeles Pizza Company operates from three locations, on Sunset Blvd, on North Figueroa Street, and Echo Park. The owner on Sunset Blvd is run by Oscar Arce and is a popular figure around LA. It is one of the most popular in and outside of Orange County, and they are continue to open up new locations as the businesses succeed. Messaging the owner of the

establishment on Facebook, I was able to get to know about the location as well as look at customer reviews, and comments made by past customers whom majority enjoyed the pizza place and their diverse menu. The rest of the document contains the interview, with the questions in order, and the information given to discuss the company's budget and plans for the future.

a.) Describe your department/agency/division budget, and main focus or purposes of the document.

Oscar Arce: The company, Los Angeles Pizza Company operates under a reasonable budget in which we strive to be an affordable company in which also provides quality food and excellent ambiance. As the owner, I mainly look to the operating budget in order to show the sales and costs of production. The operating budget is also used in our company to record sales, food costs, production costs, and other related costs. The operating budget contains our income for the year, and expenses that we have accrued over the year. One of the most important aspects that we use operating budget for is because of the sales. The sales that our company are vital to our success as it is a part of our income and our revenues.

When we make a mock budget we use prediction of our sales based on passed balance sheets and other financial statements. The sales estimate on our budget plan helps with our marketing plan and helps to make chances for the future which include if we can afford to launch other ventures like products, fight competition, and if there is a downturn in the economy. Just as important as our sales, but also our cost and expenses. In the pizza industry expenses can change variable with the costs of materials, ingredients, and equipment we have to prepare forecasting and incorporate

fixed expenses into our budget. We serve a variety of food that we place on our specially made pizzas, as well as a variety of other foods that we serve on our menus. We have to account for our takeout and delivery service expenses, as well as catering when we have to provide other factors. The operating budget for our company acts as our financial plan that helps me and management be able to achieve our profit goals, and help with our marketing plan that is vital in Los Angeles fast changing market.

b.) Describe major appropriations and changes from the previous year.

Oscar Arce: The most notable changes that we had to make on our budget were the expenses. The costs of ingredients and organic meat continues to rise in popularity, demand, and prices that tend to drive up expenses for most restaurant chains like ourselves. All of our pizzas are made fresh, and the way the customer likes them, so in our foods we have to have quality ingredients. The advertisement budget continues to grow, but only because we just opened out another shop in Los Angeles so mostly the entire budget has changed in order to adjust to additional staff, equipment, inventories, and other things. When running a business it is important to make room on the budget for the external environment. Changes in the economy do affect the pizza market, as it can force places such as ours' to increase the prices in order to subsidize the costs we incur. So except for a few items, there was not much difference in our operating budgets from the previous year.

c.) Describe major revenue sources and changes from the previous year.

OscarArce: Of course the major revenue change was the opening of our newest location. Since opening, we have had a surge in sales and profits, so that has become ourmajor revenue source. Besides from tourists and special

events that continually come throughout Los Angeles we have continued to enjoy major revenue from just our pizza. We have expanded our menu selection and have added more items for lunch. These few changes have served as a major pool from the community which have embraced the Kale Salad, Mushroom Salad, Bowtie Pasta Salad, and Red Russet Potato Salad. Since the start of the year more people on their resolutions to lose weight, and although enjoy our pizza want to eat healthy but have it still be tasty. Adding more salads has provided a nice boost to our revenue.

d.) Describe fixed assets and positions and changes from the previous year.

Oscar Arce: Well our fixed assets remain our property, specialized equipment to cook our pizzas and other foods, our company vehicles, our fixtures, and other equipment. Now from the previous year we have added new vans to help out during catering, and delivery, as well as brought new equipment that will allow to come more, and cook faster. The shops in the new location have been fitted with fixtures, and other equipment that have changed from last year. As far as position, we have placed our computers into our fixed assets because we have customized them just for our business and the way we operate.

e.) Identify major policy issues such as budget reductions or reorganizations.

Oscar Arce: Well, because we just opened up a new location that has taken off and considered one of the best pizza companies in Los Angeles, we have had to do some reorganizations to our budget in order to accommodate for more traffic, more ingredients, energy, etc. When we develop our operating budget we start off with the baseline budget that provides an overall resources needed to sustain the same level of operations from the previous

year. The budget includes all the salaries and benefits, the operating expense, and capital expenses. The changes and readjustments will mainly focus on payroll, overtime and non-based compensation costs. When we create our final budget we make deductions and addition from the expenses and revenues of the company. Some of the biggest reductions to the budget however was our marketing and advertising plan, due to the power of social media mainly Twitter and Facebook, and in addition a wonderful word of mouth, we were able to spend considerably less money on marketing our company.

f.) Healthy or lean budget and why?

Oscar Arce: In my business having a lean budget is a lot more efficient than having a healthy budget. While both help in any business, I tend to favor a leaner budget. Having a lean budget helps to eliminate waste and place more focus on enhancing cost, quality, customers, and delivery. A lean budget for Los Angeles Pizza Co., helps to make continuous improvements and strive for meeting customers' demands, and helping to improve our chain and customer values. The payoff in a lean budget is better when you are able to reduce expenses and costs and get higher revenues and profits from placing the focus on pleasing the customers.

g.) How could the budget document be improved?

Oscar Arce: Well, I guess in any business the budget will not always be perfect, and in our case, the budget is continually being tweaked throughout the year. When we develop our baseline budget we try to account for everything that might occur, and in case place estimates a little higher for expenses. However, if we were able to spend more time analyzing our

competition and other factors in the market we could probably come up with closer estimates, but the way we are doing our budget now has served us well.

i.) Summary budget charts and/or copies of actual budget documents optional and

He did not provide me with any budget documents or any documents.

j.) Who is responsible for preparing the budget document and how is the budget used

Within the organization.

Oscar Arce: I am, and if I need help them my accountant and other managers can provide input. We use the budget as I mentioned earlier as a blueprint and a financial plan of action to facilitate the resources in order to reach our profit and sales goals. The budget is used mostly in operating, cash flow, and in other ways to help up get our finances on track from year to year.

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