

# Tata travel trailer

Sport & Tourism



**ASSIGN  
BUSTER**

The purchase budget and cash budget are lot simpler, since the amount related to production is the same every month. The budgets assuming stable production benefit the production department, the purchase department, and the human resource department. It helps all these departments easily manage all kinds of resources and activities on a stable level. Disadvantage of preparing master budgets assuming stable productions: 1. If sales are seasonal, stable productions may cause inventory under stock during the best sales season and may cause inventory overstock during the poor sales season.

It would increase the inventory and additional finance needed. Data should plan the production budgets based on sales forecast. In order to encourage the manager's to work as a team, Tata's bonus system could set an overall goal, for example, the net income. The bonus will be earned 10% if overall goal is reached. Second, Data should prepare flexible budgets to estimate total cost for the different levels of satellites. For example, to assess purchase budget performance, compare the actual purchase with the budget across on ten same production level.

It could avoid punishing the purchase manager in order to keeping the amount of raw material on hand policy set by production manager. Using flexible purchase budget holds responsibility for variances only under purchase manager's control and truly reflect the efficiency and actual performance. Third, other measurement should be in a place in order to attain the organization's overall performance. For sales manager, the percentage of returnee customers in total sales is used to measure the continuing sales growth for Data.

For production manager, the warranty expense and customer's complaints for poor quality can be used to measure how well Tat's products meet the market expectation. For the purchase manager, handling material in time can be used to measure to ensure Tat's production is under schedule. Also the Just-in-time vendor contract can be used to measure the performance of purchase manager, since it would lower the material cost. For finance manager, loan management can be used to measure the performance, since Tat's uneven sale, managing cash inflow and outflow are important for Data to meet payments due.