# Budget planning and putting learning into practice

Finance

ASSIGN BUSTER

Budget Planning and Putting Learning into Practice Budget Planning and Putting Learning into Practice A. Being significantly under budget is as bad as being over budget; we need to come in exactly as planned.

First of all, a budget is defined as “ a detailed plan for acquiring and using financial and other resources over a specified period of time. It represents a plan for the future expressed in formal quantitative terms” (Garrison, Noreen, & Brewer, 2009, p. 378). As a plan, it could never be assumed that the figures contained therein would be accurate. Therefore, decision-makers and reviewers of financial statements use these budgets as standards or benchmarks to determine if there are significant changes in some of the factors that are incorporated in making these financial data.

Being significantly under or over budget means that there are significant changes in some factors that were not foreseen or anticipated at the time these budgets were made. The information therefore does not necessarily mean that the organization need to come in exactly as planned because at the onset, it is understood that these are just benchmarks for planned performance. As emphasized, “ preoccupation with the dollars and cents in the budget, or being rigid and inflexible, is usually counterproductive” (Garrison, Noreen, & Brewer, 2009, p. 383).

For example, if the budget for sales for the year 2013 was stated as $5, 000, 000; significantly under budget means arriving at actual sales figure of just $2, 000, 000 and the organization should verify the causes of this variance.

B. How will this learning of putting what one learned into practice as a manager make you more productive in the workplace?

Applying what one learned from the theories and concepts of managerial accounting would assist in making one more productive in the work place

through the provision of direction and guidance in principles and techniques that have been tested to be the best practices through time. As emphasized, managerial accounting assists managers through the performance of three vital activities: planning, controlling, and decision making (Garrison, Noreen, & Brewer, 2009). Through strategies and techniques in undertaking these relevant functions, managers are able to make responsible and effective decisions after the use of analytical decision-making tools, which are learned through managerial accounting.

For example, in learning the concepts on planning, the manager would be made aware of taking into account purchasing for raw materials, where the costs of which are projected to increase by as much as 30% for the coming year. Therefore, through planning, the manager could purchase appropriate volumes of these raw materials to avail of its low prices before the new and increased price would be implemented. In doing so, revenues and profits are maximized as costs are minimized.

The effective performance of a manager’s role and responsibilities within the organizational setting thereby depends on the manager’s ability to achieve identified organizational goals (Martires & Fule, 2004). Thus, through the concepts learned, as well as their clear applications in the work setting, managers become more adept at maximizing revenues, minimizing costs, and ensuring that profits are optimized using the current resources at hand.

References

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