
Performance management through budgets. Drafting and launching the company's sales budget

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Abstract

In the economic activities enterprises set goals which, if achieved, enable performance improvement. In this regard, it becomes necessary to develop forecasts mentioned in budgets, which are used as tools for enterprise performance management. Creating an effective budget system, closely related to the medium and long-term plans of the company, is the key to profitable economic activity, which allows to find the right path to achieving the proposed objective and to promptly detect any obstacles. The budget is thus a strategy to improve performance by achieving better productivity, more efficient money spending, and to motivate employees to fulfil the budgetary provisions.

In the process of budgeting, the starting point is the sales budget, based on the sales program to which the company aims. Within it, the quantity, the selling price and the projected turnover are broken down into different time periods. Preparing a budget of marketing expenditures constitutes a logical consequence of the commercial activity as defined in the sales budget, thus allowing the establishment of the costs for the sale of the company's products and the commercial margin.

Keywords: Forecast, performance, sales budget, turnover, costs.

JEL Classification: M11, M41.

To cite this article:

Ionescu, A.M. and Bîgîoi, C.E. (2016), Performance management through budgets. Drafting and launching the company's sales budget, Audit Financiar, vol. XIV, no. 7(139)2016, pp. 791-801, DOI: 10.20869/AUDITF/2016/139/791

To link to this article:

<http://dx.doi.org/10.20869/AUDITF/2016/139/791>