

FINAL EXAM IAE ROUEN Master CCA 2017 : 3h

BUDGET CASE STUDY : 10 points

Dairies Lactoyop, located at Chambéry, manufacture three types of yogurt:

- Plain yogurt (reference "OR");
- Bulgarian yogurt taste (reference "GB");
- Yogurt with active bifidus (reference "BF").

These products are marketed in three regions "

- North-East ("NE") based in Nancy;
- Paris ("RP"): based in Bobigny;
- Rhone-Alpes ("RA"): based in Chambéry.

For the first quarter of year N + 1, the area directors should establish their sales forecasts.

Traditionally, we see a shift in sales from the Paris region to the Rhône-Alpes region due to winter holidays during the month of February. For the RP area, this results in the following ratios of seasonality:

- January: 1.1;
- February: 0.8;
- March: 1.1

It was noted that the volumes in this area during the first quarter of year N were:

- OR: 1.8 million pots;
- UK: 900 000 pots;
- BF: 600,000 pots.

For the year N + 1, it is expected to remain flat in sales volume for the regular yogurt, a 10% increase in sales volume of Bulgarian yogurt taste and a 20% increase in sales volume of BF product.

Question 1. Establish quarterly sales program RP area for N + 1, in quantity of pots.(2 points)

The general business management located at the headquarters of the company forecasts the different areas. You have sales programs established for areas NE and RA (number of pots)

Question 2: establish monthly sales budget in € of sales combining the 3 areas (2 points)

Agreed Sales program for the Northeast area

Products	January	February	March	Total 1 ^{er} Quarter N+1
OR	580 000	610 000	610 000	1 800 000
GB	480 000	520 000	520 000	1 520 000
BF	420 000	440 000	440 000	1 300 000
Total	1 480 000	1 570 000	1 570 000	4 620 000

Agreed Program of sales: area Rhône-Alpes

Products	January	February	March	Total 1 ^{er} Quarter N+1
OR	720 000	780 000	720 000	2 220 000
GB	610 000	640 000	610 000	1 860 000
BF	580 000	610 000	580 000	1 770 000
Total	1 910 000	2 030 000	1 910 000	5 850 000

The selling prices per unit are :

- OR : 0,40 euro H.T.; 0,48
- GB : 0,50 euro H.T. ; 0,6
- BF : 0,60 euro H.T. . 0,72

V.A.T rate is assumed to be 20%

You have the following information regarding administrative expenses:

- Delivery charges per unit are 5 cents per pot for the Rhône-Alpes region and 7 cents for the other two areas;

- Representatives receive a 3% commission on sales HT

Monthly charges related to the sales function structure are:

→ Wages: € 300,000;

→ Depreciation: € 200,000;

→ Other expenses: € 60,000 HT.

A monthly advertising budget of € 100 000 HT is committed to regularly maintain brand awareness.

These costs are fixed and we cannot be allocated to the different products

It is considered that no social benefits and contributions have to be calculated on wages

Question 3. Establish monthly budget of commercial expenses and determine the gross margin (Turnover – selling charges) at the end of Quarter N+1

(3 points)

The customers pay 20% cash 40% after one month and 40% after two months

The expenses are paid cash

Question 4. Establish monthly V.A.T budget and monthly cash budget (3 points)

NB : The monthly data should be presented in a table

Scorecards : 10 points

Part 1 : The balanced Scorecard

CMP Media had been a family owned business for most of its existence. Most officers and key managers were family members or long term employees who fully embraced the company's operating principles. Therefore, executives felt no need to formalize the operating principles into the company's incentive system. The company ran smoothly by consensus. Since the purchase of the company by United Business Media and the nearly simultaneous economic downturn in the high-tech sector, the company has felt increased pressure to improve its financial results.

Operating principles : Be an excellent company to work for ; Provide only superior products and services ; Be profitable to provide resources for future growth and financial stability, Satisfy customers expectations in terms of Quality

You have been retained by CMP Media do design a Balanced Scorecard :

- a) Start to design the strategic map with the key strategic objectives and their links (3 points)
- b) then imagine associated indicators (2 points)

Part 2 : Scorecard

Company EEE is a company assembling micro-computers which are distributed in their 10 shops in France

The headquarter activities performed by 20 employees are the following :

- Negotiation of procurement contracts with selected suppliers
- Test of electronic components (Department of procurement)
- Assembly of standard configurations which are delivered to the shops (Department of production)
- Organisation and promotion of the products with advertising in specialised newspapers (Department of sales)
- Negotiation, conception, maintenance, installations of computers for large accounts (large companies) (Department of sales)

Those activities are under the responsibility of the heads of the various departments.

The shops sell most of the computers to individual customers. They employ, in average, 3 technicians.

They distribute standard configurations which can be modified if requested by the customer. Those modifications are invoiced in addition.

The shops also trade the most popular softwares on DVD's or USB keys. They manage the technical issues occurring at home when individuals start to use computers or softwares.

The managers of the shops directly report to the head of the department of sales. They have, by delegation, the freedom to negotiate a discount for the customers (compared to the agreed prices defined by EEE).

They are rewarded according the level of margin on sales achieved. The cost of the products is pre-defined by the finance department at the beginning of the year.

A) **Define and explain** the rationale to find the key indicators you should find in **the scorecard of one shop (2 points)**

B) **Design the scorecard for every head of department : procurement, commercial, production** with the relevant indicators (3 points)