

Management et contrôle de gestion

SESSION 1

Durée de l'épreuve : 3H

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BUDGET CASE STUDY : 10 points

FLORE SARL will start its production on the 1st April, and sales from 1st of May.

Sales forecast for the nine coming months is as follows:

Month	Sales in units
May	500
June	600
July	700
August	800
September	900
October	900
November	900
Decembre	800
January	700

The selling price per unit remains constant over the periods at 100€ HT. Sales are paid by customers one month after the delivery.

→ The quantities of finished products, at the end of one month, should be enough to cover the sales quantities of the following month.

The quantities purchased should be calculated so that inventories at the end of the month cover 50% of the requirements in production for the next month.

This inventory policy is implemented from end of April. Suppliers are paid after 30 days.

Raw materials are paid 40€ per unit (1 unit of raw material is needed for 1 unit of finished product). Opening inventory of raw material is with no quantity early May.

The direct labour is considered as a variable expense depending from the quantities of production. Cost is 20€ per unit of finished product. (Employee benefits are included in this rate and paid the same month as the wages)

Production Overheads are estimated at 20 000€ per month, including 3000€ of depreciation.

Non production overheads represent 11 000€ per month including 1 000€ of depreciation.

A capital expenditure project is planned for 30 000€ HT in May and paid the following month.

VAT rate is considered in this exercice at 20% for all items traded.

If not specified, the payments are paid in the month of the expense.
 FLORE SARL has issued 300 000€ of shares early June to finance the assets.
 Opening cash is stated for 4 000€ early May = *emettre*

Required:

Compile the monthly budgets from May until end of September :

- a) Budget of sales
- b) Budget of quantities of finished products to manufacture
- c) Budget of quantities and amounts in euros for the raw materials to purchase
- d) Budget of charges
- e) Budget of capital
- f) Budget of VAT
- g) Budget of cash

Month	May	June	July	August	September	October	November	December

Scorecards : 10 points

Domestic Auto Parts (DAP) is a €1 billion subsidiary of a US auto parts manufacturing company. It distributed products directly to original equipment automakers as well as to large retail chains. DAP was number four in market share in the US out of nine direct competitors. Its 9% return on capital was respectable but less than that of its leading competitors.

DAP's current product line was solid, but it had not introduced new products to the market during the past three years. This has caused its projected revenues to decline and its industry position to slip. A competitor like Western Auto introduced higher value products to the market with the use of technology. Their customers paid a premium price for the improved performance of the company's products.

David Dillon, head of distribution, said: "We need to streamline our distribution process to attract and retain profitable customers. The department is large and geographically dispersed and there is no formal way of sharing best practices. These steps will help us achieve our revenue goal by getting products to market at a reasonable price in a reasonable time"

Mary Stewart, VP of marketing and sales added: "We have studied our customer base and found an important segment that is profitable in both the direct and wholesale segments. 69% of our customer base generate 90% of our profit. Those customers want to be delivered on time and on spec. The differentiator is to understand their needs and translate that by continuous communication and productive dialogue for the long term. They want superior, technology sophisticated products from a supplier with a superior reputation and image in the industry"

Rita Richardson, VP in R&D responded to the challenge of designing state of the art products. "We have some talented people in the R&D group who can produce the kind of products our customers need. But we need a marketing effort that positions us as an innovator with new and enhanced products to offer. It might help to have some of our marketing staff spend time in the R&D department to get a feel for what's going on. Some reskilling may be needed to achieve our innovation goals."

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REQUIRED:

Develop a strategy map of objectives as well as potential Balanced scorecard measures for DAP

Design a visual representation of the Balanced Scorecard with the main indicators you will select