Company B Based on Strategic Orientation Optimization Study of Comprehensive Budget Management

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Abstract. The rapid development of global economy and science and technology brings opportunities and challenges for enterprises. Comprehensive budget management is crucial to enterprise management, but there are problems such as not closely integrated with enterprise strategy. [1] Optimizing the comprehensive budget management to give full play to its maximum effect is a problem that needs to be solved by enterprises. Company B, as a manufacturer of automotive lightweight parts, faces development and management bottlenecks. This paper aims at optimizing the weak links of comprehensive budget management of Company B, helping the company to clarify the development direction and goals, accurately assess the operating conditions, and timely adjust the strategy and budget. By studying comprehensive budget management and strategic management, we analyze the current situation of Company B and optimize the comprehensive budget management system. Optimization methods include using SWOT and Balanced Scorecard to determine strategic objectives, improving the budgeting process, optimizing the execution and analysis process, and clarifying assessment targets and methods. [2]

Keywords: total budget management, strategic orientation, system optimization, balanced scorecard

1 Introduction

At the beginning of the 20th century, budget management was introduced in the United States, aiming at integrating enterprise operation and business activities and ensuring the realization of strategic goals. [3] With the intensification of market competition and the improvement of management level, strategy-based comprehensive budget management has become the mainstream. Enterprises need to integrate strategic concepts into all aspects of budget management to ensure that the budget process is consistent with the strategy, and combined with management tools to transform strategic intent into specific budget indicators.

Taking Company B in the auto parts manufacturing industry as an example, its business adjustment and expansion require optimization of internal control and comprehensive budget management to ensure the unity of budget and strategic objectives. [4] This paper discusses the importance of budget management to enterprise

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development and encourages enterprises to emphasize budget management in order to improve the management level and promote the high-quality development of the industry.

2 Status of Comprehensive Budget Management in Company B

2.1 Overview of Company B

Company B is headquartered in Foshan, Guangdong Province, and as of December 2022, it has realized a comprehensive strategic layout of Bohai Sea, Pearl River Delta and other regions. The company provides efficient services to well-known domestic and foreign automobile manufacturers and tier-one suppliers, and cooperates with a number of die-casters to make breakthroughs in the field of lightweighting for new energy vehicles. The main business includes R&D, production and sales of automotive aluminum alloy precision die castings, using advanced materials and technologies to enhance automotive fuel economy, power and safety performance. Non-automotive die castings are applied to yacht engines, solar energy products and communication equipment.

The company has four major functional departmental divisions, as well as a technology center, an operations center, and a manufacturing department at each base. The organizational structure is shown in Figure 1 Company B X Base Organizational Structure:

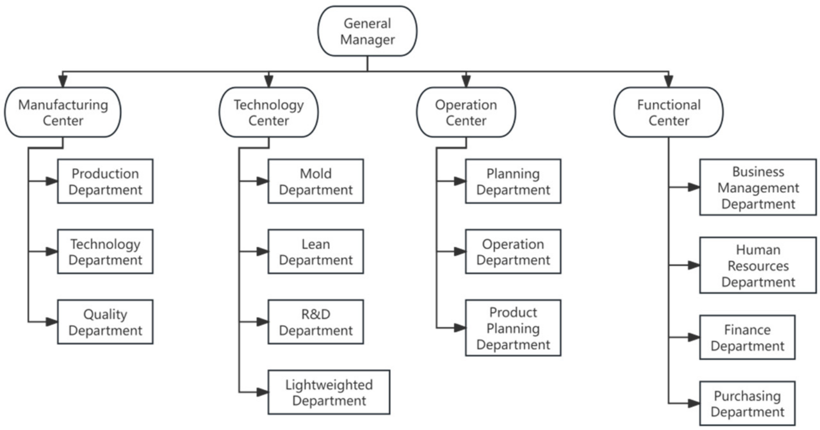

Fig. 1. Organizational structure of Company B, Base X

3 Problems with Company B's Comprehensive Budget Management

3.1 Research on Comprehensive Budget Management in Company B

3.1.1 Questionnaire Design.

In order to deeply analyze the kernel of Company B's comprehensive budget management, and then summarize the related problems and propose solutions. According to the situation of Company B, we carry out the preliminary problem design under 4 elements according to the framework of comprehensive budget management system, as shown in Table 1 Research Design of Company B's Comprehensive Budget Management:

Table 1. Research Design for Total Budget Management in Company B

key constituent	Question design
Full budget target setting	The company's strategic objectives are clear, rational and deeply rooted. Science and rationalization of the formulation of comprehensive departmental budget targets. Integration of departmental overall budget objectives with the company's strategic objectives Clear understanding of the existing preparation methodology and preparation as required.
Full budgeting process	Satisfaction of work requirements by existing presentation methods. Thorough implementation of full budgets by departments using a methodology that is closely linked to corporate strategy.
Full budget implementation and analysis	The actual deviation from the budget in the implementation process can be accurately and quickly feedback to the budget department budget analysis can be based on the company's strategic perspective as the starting point. Full budget assessment covers all bases, departments and personnel.
Comprehensive budget appraisal	Comprehensive budget assessment indicators are closely aligned with the strategic objectives Assessment indicators are adjusted according to the actual situation.

3.2 Analysis of Comprehensive Budget Management Problems in Company B

3.2.1 Incomplete Integration of Full Budget Objectives with Corporate Strategy.

Analysis of the questionnaire in section 2.1 shows that 62% of the respondents have a basic understanding of the company's strategic objectives, but 50% believe that the budgetary objectives are not set in a reasonable manner and 28% believe that they are not at all reasonable. On the issue of combining budget objectives with strategy, 48% think it is basically not combined and 35% think it is not combined at all. This indicates that the company's strategic objectives are popularized, but the degree of recognition and the degree of combination is not high. [5]

The questionnaire shows that when Company B formulated the comprehensive budget management system, although it was combined with the enterprise strategy, due to the starting stage, the indicator planning was incomplete, and it was not closely integrated with the strategy. [6] The budget target is mostly based on the subjective will of the leading group, without fully considering the market and strategic development, resulting in the budget not matching with the actual operation, and the budget target fails to effectively guide each department.

3.2.2 Poor Linkage Between full Budgeting and Corporate Strategy.

Further analysis of the questionnaire in 2.1 shows that in terms of budgeting, most people understand its methods, but more than half think it is not very relevant to corporate strategy. Despite the fact that most departmental budgeting meets the company's requirements, a significant proportion of respondents still feel that the methods do not meet the needs of their work. [7] This reflects that budgeting is popular but not closely integrated with the strategy, and is not sufficiently directive to employees' work.

During the rapid expansion phase, Company B faces the challenge of assessing budgets for new business. The complexity of the new business, the cross-occurrences, the varying levels of finance and operations personnel, and the lack of a uniform identification system lead to possible omissions in the grooming process.

4 Chapter 3 Company B Comprehensive Budget Optimization Management Implementation and Guarantee

4.1 Effectiveness of the Implementation of Full Budget Optimization Management

By optimizing the comprehensive budget management system, [8] Company B has formed a new system and applied it to each segment. Taking the operating revenue budget as an example, each department amended its budget according to the new system, and the variance rate was significantly reduced. The optimization measures include:

Departments B, G, and K adjusted their budget targets by adopting the budget targets broken down by the company's strategic objectives and recorrecting the amounts.

Departments C, E, and H adjust their budgeting methods to evaluate new business using the zero-based budgeting method. Departments A and D adjusted their budgeting process by revising the amounts to take into account the objectives of the head office and their own business situation.

Departments F and J establish adjustment and feedback mechanisms to assess actual performance versus budget variances and revise amounts.

Department I redefined appraisal metrics and methods to incentivize employees and adjusted budget strategies in response to market and policy changes. [10] Comparisons before and after the budget revision showed a reduction in the variance rate and a decrease in the company's overall variance rate.

4.2 Comprehensive Budget Optimization Management Enterprise Culture Construction Guarantee

Enterprise goals and responsibilities should be translated into specific work indicators, [9] which are jointly realized by employees at all levels of supervisory leadership. The successful implementation of budget management as an internal control tool depends on the support of corporate culture. Companies with positive corporate culture usually perform better in budget management. For Company B, the implementation of a new budget management system and the building of a corporate culture are essential. [11]

4.2.1 Increased Awareness of Full Budget Management at All Levels.

Management should take the lead, [12] actively participate in the new budget management system, thoroughly study and master the new system design concepts and management methods, guide employees to implement the new system and new thinking, and strengthen the implementation.

It is recommended to set up a budget discussion meeting incentive system to reward employees who participate in the meeting on a regular basis, [13] so as to improve work enthusiasm and commitment, make progress together and contribute to the development of the enterprise.

4.1.2 Integrate Budget Management with Corporate Culture.

To realize the integration of budget management and enterprise culture, enterprises need to take measures. Define the goals and concepts of enterprise culture and integrate them into all aspects of budget management. Cultivate employees' budget awareness and sense of economic responsibility, and make employees actively participate in budget management through training and incentives. In short, enterprise culture and budget management influence each other, and budget management promotes the shaping and development of enterprise culture. Through effective integration, strategic objectives are realized, a positive and efficient corporate culture is established, and the sustainable development and innovation of the enterprise is promoted.

5 Conclusion

This study examines the optimization of strategy-oriented comprehensive budget management using Company B as a case study. The findings suggest that Company B should strengthen the alignment between budgeting and corporate strategy by refining budget indicators, improving processes, and implementing supporting measures such as leadership commitment and cross-department collaboration. However, the study has limitations: the proposed optimizations rely on an existing IT infrastructure without exploring its development, and the recommendations lack forward-looking analysis for future trends. Additionally, the applicability of the solutions to other enterprises requires further validation. Future research should explore the integration of comprehensive budgeting and financial data sharing in the big data era to enhance management precision, particularly in the context of the automotive industry's transition to new energy.

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