



Approval procedure

Budgeting system classification:
The structure of flow

- Shows the nature of information on the problem situation.
- The purpose of this activity:
 - Shows which activities are being increased.
 - Decreased.
 - Being proposed.



Organization

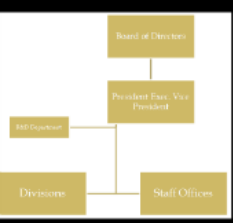
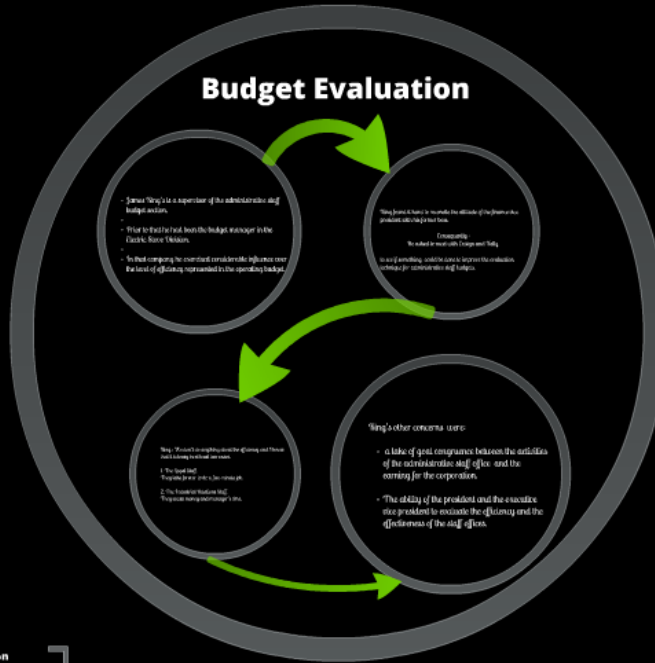
Introduction

Agency activities, both inside and outside the business.

A number of different kinds of operating activity, which may be:

- Production
- Marketing
- Finance and accounts
- Personnel
- Research and development
- Legal
- Information systems

Department	Personnel	Equipment	Materials	Overhead
Production	100	200	300	400
Marketing	50	100	150	200
Finance and accounts	20	40	60	80
Personnel	15	30	45	60
Research and development	30	60	90	120
Legal	10	20	30	40
Information systems	15	30	45	60



TheCaseSolutions.com



Organization

Staff offices are in relation to organizational structure of corporation, the work, the extent of relationship varied depending on nature of staff office activity.



Organization

Introduction

Agency activities, both inside and outside the business.

A number of different kinds of operating activity, which may be:

- Production
- Marketing
- Finance and accounts
- Personnel
- Research and development
- Legal
- Information systems

TheCaseSolutions.com

Sharif University of Technology
Graduate School of Management and Economic

Management Control Systems

Mine Resistant Ambush Protected (MRAP) Vehicle

TheCaseSolutions.com



TheCaseSolutions.com

Introduction

Westport Electric,

- **one of the biggest US corporation**
- **Located in Westport, Connecticut.**
- **Electric and Electronic products**
- **\$9b sells and \$750m after-tax profit in 1983**



Organization

→ **4 Operating Activities, Each headed by a group Vice President.**

a number of divisions in each operating activity, which sum up to 25 in the corp.

- *Relatively independent*
- *Headed by a divisional manager, who is responsible for the division's adequate profit*
- *Known as a profit center*
- *Also known as the basic operating unit of Corp.*

Westport Elec.

Electrical Generating
and Transmission

Div1

Div2

...

Home Appliance

Div1

Div2

...

Military and
Space

Div1

Div2

...

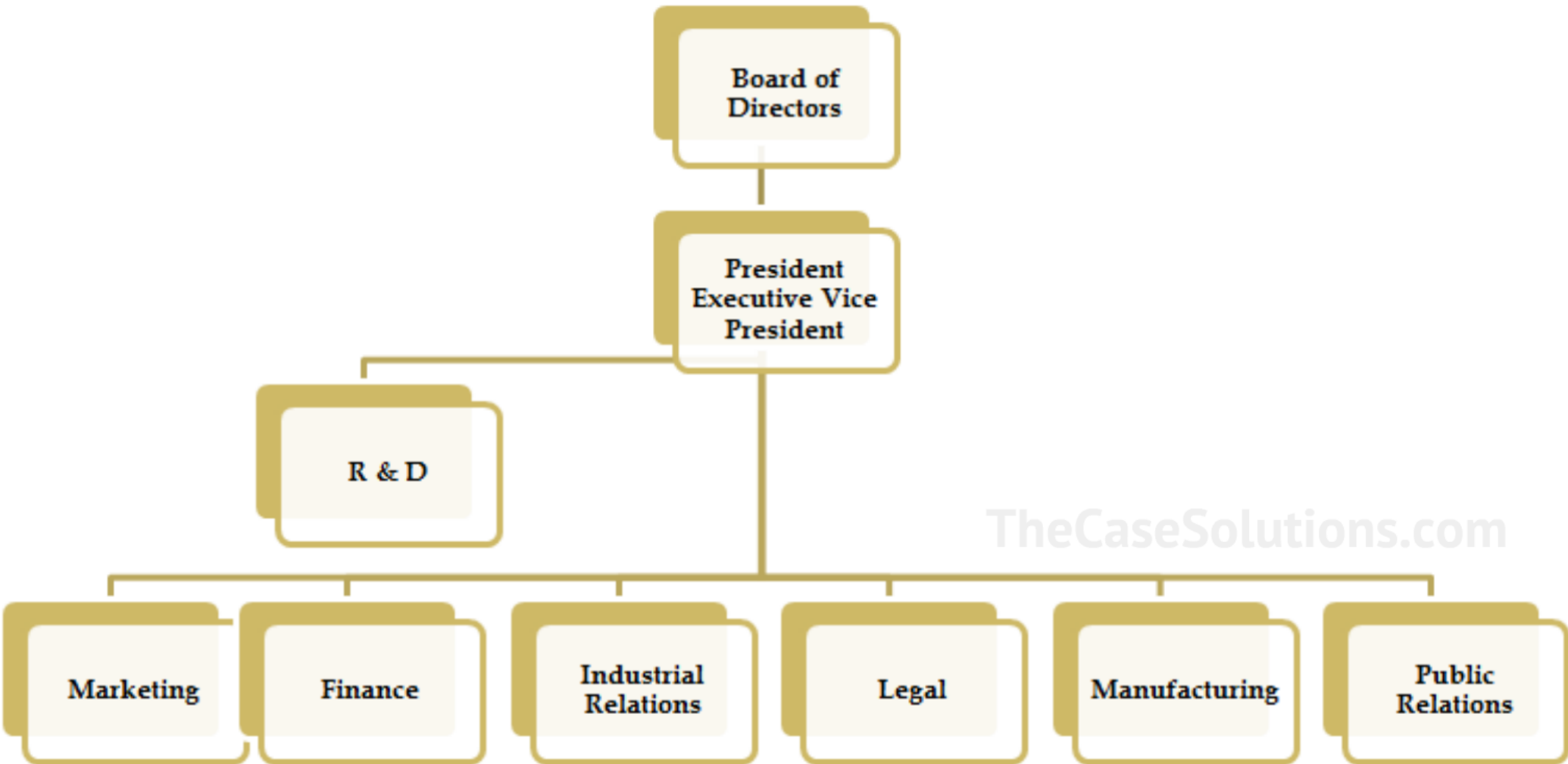
Electronics

Div1

Div2

...

There are 6 Staff and 1 department at the corporate level...



Organization

- *What were the staff offices responsibilities?*
- *They are member of Policy Committee, the top decision-making body of corporation*
- *Advice Top Management!...*
- *Advice Operating divisions, also other staff offices in some cases...*
 - *For Example, Legal staff advice others, such as Finance staff.*
 - *Since staff advices have been considered very salient and carry considerable weight, divisions almost accept them.*

Organization

Coordinate among the divisions..

depends on nature of staff activity..

Finance staff has the most responsibility to coordinate among divisions, because it's necessary to exist a consistent budgeting and accounting system.

Whereas Public Relations and Legal have no direct representation in divisions.

TheCaseSolutions.com

