

## ESCALATING PT ZERONE INTERNATIONAL INDUSTRIES' PERFORMANCE THROUGH BUDGET PLANNING

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### Abstract

*Planning is one of the important stages in the management process. A plan is a set of decisions about how to do something in the future. Plans are needed by both start-up companies and companies that already run for longer periods. Budget is one form or tool in planning that guides companies with financially quantitative measures. It also can help the companies evaluate their performance by comparing their budget and actual data, so the budget will be the supporting tool that will impact the company's financial position. Budget planning can be prepared by utilizing spreadsheets from Microsoft Excel. This community service program was carried out to provide: 1) education on the importance of preparing budget plans for companies, 2) assisting PT Zerone International Industries in preparing and analyzing comprehensive budget plans to improve performance and make optimal company policies, 3) help PT Zerone International Industries to determine the quantity of production, manage costs, and predict profitability. This community service program showed that the partner responded positively during the activity. This community service program allows the partner to prepare budget plans, forecast the quantity of production, costs, and profitability, and gain skills to analyze budget plans to make policies that will escalate their performance.*

**Keywords:** Budgeting, Budget Planning, Performance, Community Service

## 1. INTRODUCTION

Planning is one of the important stages in the management process. A plan is a set of decisions about how to do something in the future. Plans are needed by both start-up companies and companies that already run for longer periods. Budget is one form or tool in planning that guides companies with financially quantitative measures. It also can help the companies evaluate their performance by comparing their budget and actual data, so the budget will be the supporting tool that will impact the company's financial position.

Budget planning is the essential stage in implementing financial management. Planning and budgeting that are not implemented properly will create obstacles for the organization. Poor planning and budgeting can cause unoptimal budget absorption, impacting an organization's performance. Thus, accuracy in compiling, planning, and implementing budgets is needed to support programs that have been scheduled in an organization to achieve its vision and mission (Yunita & Putra, 2018).

Supriyono (2002) revealed that a budget is a detailed plan formally expressed in quantitative measures to show how resources will be obtained and used over a certain period, generally one year. Management draws up the budget within one year to bring the company to

certain conditions. With a budget, management directs the course of the organization. According to Fadhilatunnisa & Novianty (2021), budget planning is an activity carried out to determine the future, which is carried out by considering current and previous conditions. Budget planning is a process consisting of several stages that begin with setting the goals of an organization, namely determining the strategy to be carried out to be able to achieve the goals set, as well as making a planning system that is carried out thoroughly to integrate and coordinate the overall work that an organization must do until finally achieving organizational goals (Bastian, 2010).

Budget is also a part of the plans because, with the budget, the company can determine the company's future activities. A study stated that performance is one of the important keys widely discussed in various companies (Anwar & Abdullah, 2021). One indicator of a company being categorized as successful or not is by looking at its performance.

Companies need to draw up a budget plan because the future is uncertain. Companies need to prepare from the beginning about the best and worst possibilities that will happen and determine how to solve the worst possibilities. Second, the future is full of alternatives. The company needs to prepare which alternative to choose from the beginning. Third, the plan becomes a guideline for future work. A plan can be used as a guide on what will be done later so that what is done by all components of the company can be in line with the goals and objectives of the company that have been set. Fourth, plans are needed to coordinate the activities of all components or parts in the company. With a plan, the activities of all components in the company can support each other and work hand in hand together to achieve the goals and objectives set by the company. Fifth, the plan is needed to supervise the implementation or realization of the plan. With a plan, the company has a benchmark to assess or evaluate the actual activities and whether they align with the goals.

Thus, budget planning has a close relationship with management, especially those related to planning, coordination, and control. Budget planning is a tool for management to help carry out various functions in the company. Ultimately, the actual data will be compared with the previous budget data. So that the company can assess its performance and whether it has achieved the right goals and objectives.

Budget planning is creating and maintaining a budget, then using it to make strategic business decisions and guide changes across various departments. Budget planning can be prepared by utilizing spreadsheets from Microsoft Excel. The preparation, budgeting, and analysis processes can be done using the Microsoft Excel application. This training will discuss

the functions of Microsoft Excel that can be utilized in making financial statements, using advanced analytical tools and features of Microsoft Excel to draw valuable and reliable conclusions about financial performance, and showing that information graphically.

PT Zerone International Industries is a company engaged in the automotive sector, which produces various types of care products for cars. PT Zerone International Industries can develop up to 12 car care products. Even though it has created many products, PT Zerone International Industries still does not have budget planning in its business activities, so this has resulted in the management of PT Zerone International Industries having difficulty making policies in the financial sector. PT Zerone International Industries still has difficulty determining production quantities, managing costs, and predicting profitability. Seeing the problems faced by PT Zerone International Industries, it is necessary to have training on budget planning using Microsoft Excel.

## **2. METHOD**

This community service activity is carried out using lectures, discussions, and coaching methods. The methods used in the training and mentoring process are as follows:

1. Lectures. PT Zerone International Industries was given material presentations on the importance of budgeting, budgeting stages, data preparation, and budget planning.
2. Discussion. During the service, PT Zerone International Industries was allowed to discuss how to analyze budgeting to help maximize its financial performance.
3. Coaching. PT Zerone International Industries has explained the simulation of application usage; then, PT Zerone International Industries is allowed to use the application following its financial condition. After the tutorial, PT Zerone International Industries had training on data management using Microsoft Excel.

## **3. RESULT AND DISCUSSION**

This community service program aimed to improve performance and determine financial management policies at PT Zerone International Industries by conducting budget planning. At the activity planning stage, the community service team does various things as follows: 1) Conduct initial surveys with partners, 2) Identify problems and discuss problem-solving, 3) Conduct service program activity plans, 4) Collect several references related to

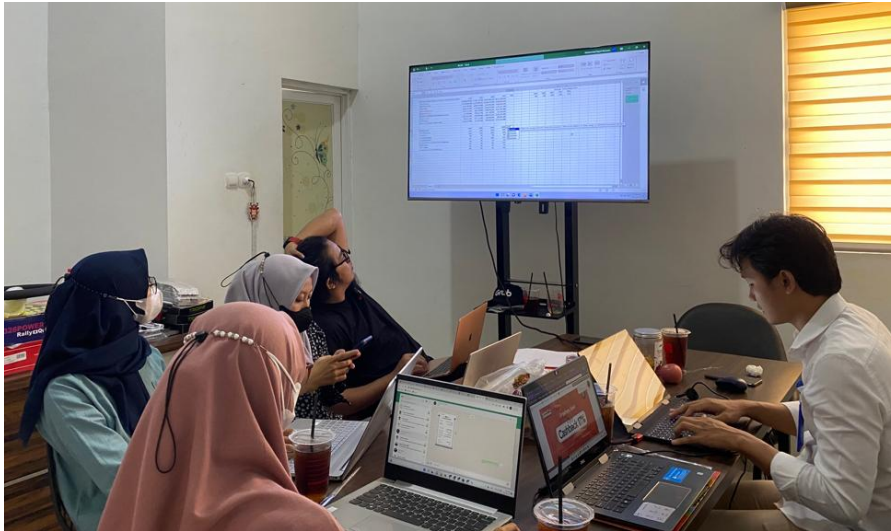
budget planning, 5) Prepare modules and applications that will be used in community service programs.

At the implementation stage, the community service team provided material briefings related to budget planning. The team explained the budgeting cycle, capital budgeting, forecasting techniques, Microsoft Excel – spreadsheet: the basic purpose of a spreadsheet program, and Microsoft Excel forecast techniques in making budget plans using simple linear regression and seasonal budgeting methods. Then, the community service team provided discussion sessions as an opportunity for partners to discuss how to prepare budget plans to help them determine financial management policies and improve performance at PT Zerone International Industries.



**Figure 1.** Explanation of Budget Plan Preparation and Discussion with Partner

The next stage was the simulation stage using partner historical data. Partner was given training and assistance in managing financial data using Microsoft Excel. Starting with how to prepare the data using Power Query and Power Pivots, then how to make the budget using both the simple linear regression and seasonal forecast functions, and then how to use the budget as a control tool by comparing the actual data and the budget that they already made, so they know whether there was an over-budget or an under-budget that occurs, and what decision to be made to overcome the situations. The community service team evaluates service implementation in the last stage by conducting material questions and answers. In addition, the community service team asks for criticism and suggestions for implementing community service. The partner also advises on the material delivered during the service and the applications used.



**Figure 2.** Simulation and Practice of Budget Planning

The results of discussions conducted during the service program showed that partners responded positively during the activity. This community service program allows partner to prepare budget plans, gain skills to analyze budget plans, determine the quantity of production, manage costs, predict profitability, and make decisions to escalate their performance.

#### 4. CONCLUSION

This community service program was carried out to provide: 1) education on the importance of preparing budget plans for companies, 2) assisting PT Zerone International Industries in preparing and analyzing comprehensive budget plans to improve performance and make optimal company policies, 3) help PT Zerone International Industries to determine the quantity of production, manage costs, and predict profitability.

This community service program started from the planning stage by identifying and finding solutions to problems faced by PT Zerone International Industries. PT Zerone International Industries still did not have budget planning for its business activities, which has resulted in difficulty in policy-making decisions in the financial sector by the management of PT Zerone International Industries. PT Zerone International Industries still had problems determining the quantity of production, managing costs, and predicting profitability. The second stage was implementing activities by providing material explanations related to budget planning. After the material briefing, PT Zerone International Industries was coached using the simulation method using the Microsoft Excel application. PT Zerone International Industries was allowed to use the actual data from PT Zerone International Industries.

The activity was closed with a discussion or question and answer related to the material and practices carried out and evaluated by providing critics and suggestions from PT Zerone International Industries. This community service program received a positive response from PT Zerone International Industries because, with this community service, PT Zerone International Industries was able to compile budget plans and determine policies to escalate company performance.

#### 4. ACKNOWLEDGEMENT

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