

## CFAS3.2

### Set, manage and administer sales budgets



---

#### Overview

This unit is about having ownership of and being responsible for a sales budget for a defined area of sales activity or the whole sales function. It involves preparing, submitting and agreeing a budget for a set operating period. It also involves monitoring actual performance against agreed budget and taking necessary action in response to identified variances and any unforeseen developments.

The unit is recommended for sales personnel with responsibility for budgets.

## CFAS3.2

### Set, manage and administer sales budgets

---

#### Performance criteria

*You must be able to:*

- P1 evaluate available information and consult colleagues to prepare a realistic sales budget for your area of work
- P2 apply appropriate budget methods based on your organisation's need for effective sales activities
- P3 submit the proposed budget to the relevant people in the organisation for approval to support the overall financial planning process
- P4 negotiate an appropriate level of sales budget by making a sound business case
- P5 use the budget to monitor and control performance in your area of work
- P6 identify the causes of any significant variances between budget and actual expenditure and take appropriate actions
- P7 negotiate revisions to the sales budget in response to variances or significant or unforeseen developments
- P8 provide information on performance against the sales budget to appropriate people in your organisation
- P9 monitor the operation of the sales budget to identify potentially fraudulent activities and follow organisational procedures to bring evidence of such activities to the attention of the appropriate people
- P10 gather information during implementation of the sales budget to assist in the preparation of future sales activity plans

## CFAS3.2

### Set, manage and administer sales budgets

---

#### Knowledge and understanding

*You need to know and understand:*

- K1 the importance and purpose of budgets to sales activities
- K2 different methods used for setting budgets including competitive parity, the objective and task approach, negotiated budgeting, incremental or historical budgeting and judgement methods
- K3 how to establish information needs and identify information sources for setting a sales budget
- K4 the different approaches to effective consultation and negotiation when setting a sales budget
- K5 how to develop budget frameworks that are clearly understood and measurable
- K6 financial tools used for monitoring budget effectiveness and how to present the information effectively
- K7 the main reasons for variances to the budget including unexpected but justifiable need for increased resources, unusual events, loss of a major customer and a general decline in sales
- K8 the different types of action that can be taken to address variances
- K9 how to provide clear, succinct and measurable information on budget performance at appropriate intervals
- K10 how to implement a sales budget effectively
- K11 how to identify lessons learned from budget preparation and implementation to underpin future budget development

#### **Industry/sector specific knowledge and understanding**

- K12 factors, processes and trends, which are likely to affect the setting of sales budgets in your industry/sector
- K13 legal and regulatory constraints that may influence the levels at which you set a sales budget

#### **Context specific knowledge and understanding**

- K14 the sales area for which the budget is required
- K15 the vision, objectives and operational plans for your area of responsibility
- K16 the budget periods used in your organisation
- K17 the budgetary methods used across your organisation and applicable to sales activities
- K18 the information needed to set a sales budget
- K19 organisational guidelines for preparation and approval of budgets and for monitoring and reporting of performance against budgets
- K20 organisational methods and timing of reporting sales performance and variances from budget
- K21 organisational procedures for audit trails and the identification of fraudulent activities

## CFAS3.2

### Set, manage and administer sales budgets

---

- K22 actions required where failure to adhere to or achieve budgets is identified
- K23 organisational approaches to remedial/contingency planning for budgets

## CFAS3.2

### Set, manage and administer sales budgets

---

#### Additional Information

##### Behaviours

1. you apply budget methodology effectively when setting sales budgets
2. you present sales budget information clearly, concisely, and accurately
3. you act within the limits of your authority
4. you show integrity, fairness and consistency and a strong awareness of commercial realities in decision-making about sales budgets
5. you say no to unreasonable requests
6. you use communication styles and methods that are appropriate to different people and situations
7. you take and implement difficult or unpopular decisions about sales budgets if necessary
8. you continually monitor and evaluate the effectiveness of actual performance against budget
9. you respond quickly to crises and problems with a proposed course of action
10. you use successful budgets as a basis for formulating future budgets

## CFAS3.2

### Set, manage and administer sales budgets

---

**Developed by** CFA Business Skills @ Work

---

**Version number** 1

---

**Date approved** April 2010

---

**Indicative review date** April 2012

---

**Validity** Current

---

**Status** Original

---

**Originating organisation** Chartered Institute of Marketing

---

**Original URN** S3.2

---

**Relevant occupations**  
1132 Marketing and sales managers  
3542 Sales representatives  
7113 Telephone salespersons  
7129 Sales related occupations nec

---

**Suite** Sales 2010

---

**Key words** Sales, sales functions, sales strategy, selling

---