Achievable

CMA PART 1 DUMP SHEET

Strategic planning and budgeting

Strategic planning

- **Mission vs vision:** mission = present purpose, value delivered, markets served; vision = aspirational future state
- **Plans by horizon:**
  - Strategic: long-term, typically 3—5+ years
  - Tactical: mid-term, typically 1—3 years; departmental
  - Operational: day-to-day
  - Contingency: unexpected events
- **Objectives vs tactics:** objectives = specific, measurable results supporting the strategy; tactics = concrete actions used to achieve the objectives
- **Control systems:** preliminary/preventive (before), screening/concurrent (during), post-action (after)
- **Congruence:** align strategy → objectives → tactics → operations; track via KPIs, budget variance, milestones

Analytical models

- **Porter's generic strategies:** cost leadership, differentiation, focus
- **SWOT:** strengths and weaknesses (internal), opportunities and threats (external)
- **Porter's Five Forces:** new entrants, supplier power, buyer power, substitutes, industry rivalry
- **PEST/PESTEL:** political, economic, social, technological (+ environmental, legal)
- **BCG matrix** (market share / market growth):
  - Stars: high / high
  - Cash cows: high / low
  - Question marks: low / high
  - Dogs: low / low

Budgeting concepts & standards

- **Participants:** top management (direction, approval), department managers (departmental budgets), finance (consolidation), operational staff (input), budget committee, board
- **Standard types:** ideal/theoretical (perfect conditions) vs currently attainable/practical (normal inefficiencies); authoritative (management-set) vs participative (employee-involved)
- **Budgetary slack:** overstating costs or understating revenue; erodes goal congruence
- **Controllable vs non-controllable costs:** evaluate managers primarily on the revenues and costs they can control or significantly influence
- **Process sequence:** objectives → information gathering → departmental budgets → review and consolidation → negotiation and finalization → implementation and monitoring

Budget methodologies

- **Master/annual budget:** consolidated ~1-year plan = operating budget + financial budget + supporting schedules; static (not adjusted for actual activity)
- **Zero-based (ZBB):** every expense justified from zero each cycle via decision packages
- **Activity-based (ABB):** budgets by activities and cost drivers; extends ABC
- **Project:** a single project; time frame = project duration; includes contingency reserves
- **Flexible:** recalculates budgeted costs at the actual activity level; isolates efficiency from activity effects
- **Continuous/rolling:** adds a new period as each ends; always covers a set future window (usually 12 months)