**Initial post for week 4**

Top-down planning. When drawing up the budget, the head of the company determines the target values ​​adopted in the strategic plan , and the company personnel involved in the budgeting process should predict the activities of the enterprise in such a way as to reach the target indicators. When budgeting according to this method, planning goes from top to bottom, i.e. from indicators for the company as a whole - to indicators of divisions, services and departments.

Bottom-up planning. Responsible for the preparation of individual budgets, employees plan the initial data on their own based on an analysis of statistics, the market and their expectations. After calculating the resulting budgets, management analyzes the planned results and, if necessary, adjusts. When preparing the budget for this method, planning is from bottom to top, i.e. from department budgets to the budgets of departments and the company as a whole. “Bottom-up budgets should be, and typically are, more precise in the comprehensive tasks, but it is critical that all fundamentals be involved. It is far harder to progress a comprehensive list of tasks when building that list from the bottom up than from the top down” (Meredith and Mantel, 2014, p.283)

Alternatively, indirect costs are alike to fixed costs. They are not directly connected to output. Indirect costs at an industrial plant may contain managers' wages, indirect employment costs, goods, taxes, services, devaluation on buildings and equipment, plant fee, tool costs and patent costs. These indirect costs are occasionally termed production overheads.

References

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Replies

Reply to Brandon Massingale

Thankyou for your post. I have found many good points out of your post. A top-down budget requires a clear understanding of the administration’s vital features and the capability to arrange a realistic forecast for at best the period in question. This method confirms the constancy of budgets of distinct divisions and permits one to set standards for sales, expenditures, etc. to measure the efficiency of the responsibility centers.

Reply post Brian Keef

Thank you, I have found your post as informative and interesting. The critical path is the sequence of steps in the Gantt chart that regulates the period of the whole project . Any task lying on a critical path is a critical task. If the critical task is late for one day, the whole project will be finished one day later. Consequently, each task lying on a critical path should have the highest priority for the team.