Financial Planning

[Enter name of Student here]

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**Answer 1**

The strategic plan of any company includes its long term goals and objectives. This plan shows the strategic direction of a company. Financial plan shows the actual financial resources available with a company or financial resources that a company can generate within a given point in time. Strategic goals must be set, keeping the financial plan in view. In other words, strategic goals are set within the financial limits. Strategic goals beyond financial limits will not be achievable and financial goals which leave some resources unused are useless for the company. Plans made by all other departments are also dependent on financial plans. The marketing department may plan to advertise some new products, but financial resources for this activity will be provided by the financial plan. Financial plan may also include some targets which are then pursued with the help of strategic plan.

**Answer 2**

Various departments use financial planning in different ways. Marketing department uses it to limit its expenses on advertising and other related activities. On the other hand operations department may face difficulty in achieving the sales revenue set in financial plan. Finance department will check whether departments have been able to achieve targets set by them and what aspects of these targets have to be revised. Executive management will use financial planning to assess the actual resources that an organization has, or it can have in future. Based on these estimates, executive management will decide which projects it will be able to take on in future (Kono & Barnes, 2010). For sales department, financial plan will include targets that have to be achieved over a period of time. Financial plans set up a base for all other departments either in terms of targets or in terms of restriction. Both ways financial planning plays a vital role in helping an organization in achieving its strategic goals.

# **References**

Kono, P. M., & Barnes, B. (2010). The Role of Finance in the Strategic-Planning and Decision-Making Process . *Graziadio Business Review*.