Title Page

Budget estimates

Chosen goal

The company has selected the goal of placing the customer experience at the core of everything. Online platforms will be used for marketing that will target the brooder audience. Delivering good and quality service will improve the customer experience. Delighting customer depends on focusing on the goal of the extra meal and by engaging them directly with the company's culture. Employees having direct interaction with customers would be able to provide quality service in different areas. By investing in customers, the company will aim at maximizing customer loyalty and satisfaction. Investing in different communication tools will increase probability of engaging customers.

Operating budget

The operating budget for the attainment of goal identifies the areas that will need funds. The operating budget is divided into three main aspects; market research, communications, and others. The expenses for the market research will comprise of research fee, web research, independent research, and marketing research. Through market research, the company will identify the areas that need improvement for enhancing customers experience. McDonald's will need adequate investment for financing such activities. This will provide information about customer preferences and segmentation. To build effective communications the company will invest in branding and promotions.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Market Research |  |  |  |  |  |
|  | 2018 | 2019 | 2020 | 2021 | 2022 |
| Firm Research Fees | 7,100 | 6,500 | 6,000 | 6,100 | 7,500 |
| Web Research | 7,000 | 4,200 | 3,400 | 2,100 | …… |
| Independent Research | 4,000 | 2,100 | 2,000 | 3,000 | 3,100 |
| Market Research Total | 18,100 | 12,800 | 11,400 | 11,200 | 10,600 |
|  |  |  |  |  |  |
| Communications |  |  |  |  |  |
| Branding | 521 | 323 | 274 | 451 | 104 |
| Promotions | 10,000 | 9,000 | 9,500 | 7,000 | 7,500 |
| Newspaper Advertising | 9,900 | 9,500 | 6,000 | 5,500 | 4,400 |
| Web Advertising | 10,572 | 14,514 | 10,561 | 13,170 | 12,478 |
| Direct marketing | 250 | 428 | 165 | 1,168 | 345 |
| Communications Total | 30,722 | 33,442 | 26,226 | 26,838 | 24,732 |
|  |  |  |  |  |  |
| Other |  |  |  |  |  |
| Postage | 521 | 323 | 274 | 451 | 104 |
| Travel | 12,000 | 13,000 | 14,000 | 12,000 | 11,000 |
| Phone | 100 | 100 | 100 | 100 | 100 |
| Computer/Office Equipment | 200 | 300 | 400 | 500 | 200 |
| Other Total | 12,821 | 13,723 | 14,774 | 13,051 | 11,404 |

Long-term assets

The long-term assets of the company rely on cash flow and balance sheet. The financial positioning of MacDonald’s depicts that it is generating adequate cash flow that will support its marketing campaigning. The net income of the company was estimated at $5,924,300 in 2018. The cash flow is determined by operating activities, cash flow used in investing and financing activities. The cash flow will have a significant impact on the marketing activities. The operating, investing and financial cash flow depicts that the company's financial position has improved consistently that will thus ensure the provision of adequate funds for the marketing activities.

|  |  |  |
| --- | --- | --- |
|  | 2017 | 2018 |
| Net operating cash flow | 5.55 billion | 6.97 billion |
| Net investing cash flow | 736 million | 2.46 billion |
| Net financial cash flow | 5.31 billion | 5.95 billion |

The financial budget is also dependent on the revenue stream and profitability of the company. The analysis of the financial statement depicts that the sales/ revenue of McDonald's increased from 22.82 billion to 21.03 billion. There has been an increase in gross income from 10.62 billion to 10.79 billion. The estimates depict that the financial position of the company has improved. This also reveals the organization can use its revenue as a long-term, asset for financing its goal. The goal of valuing customers can be attained due to continuous financial support. The EBIDTA in 2017 was accounted as 9.75 billion indicating that the company is capable of financing its activity (NYSE, 2019).

The company will thus rely on existing assets for accomplishing its goal of placing customers experience at the core of everything. Revenue stream and cash flow are two evident assets that the company will utilize for funding its research and value creation for customers.

References

NYSE. (2019). *McDonald's Corp*. Retrieved 03 02, 2019, from https://www.marketwatch.com/investing/stock/mcd/financials

Stancil, J. L. (2012). Has the S corporation Outlived Its Usefulness? *CPA Journal, 82(2)*, 40-45.