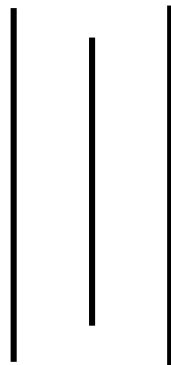


**ROLE OF SALES PLANNING IN PROFITABILITY OF
NEPALESE MANUFACTURING ENTERPRISES
(A CASE STUDY OF BOTTLERS NEPAL [TERAI] LIMITED)**

**By
SHIVA KUMARI DONGOL
Shanker Dev Campus
Campus Roll No.: 1659/063
T.U. Regd. No.: 7-1-246-164-2000**

**A Thesis Submitted to:
Office of the Dean
Faculty of Management
Tribhuvan University**



***In partial fulfillment of the requirement for the degree of
Master of Business Studies (MBS)***

**Kathmandu, Nepal
February 2011**

RECOMMENDATION

This is to certify that the thesis

Submitted by:

SHIVA KUMARI DONGOL

Entitled:

**ROLE OF SALES PLANNING IN PROFITABILITY OF
NEPALESE MANUFACTURING ENTERPRISES
(A CASE STUDY OF BOTTLERS NEPAL [TERAI] LIMITED)**

*has been prepared as approved by this Department in the prescribed format of
the Faculty of Management. This thesis is forwarded for examination.*

.....
Joginder Goet
(Thesis Supervisor)

.....
Prof. Bishweshor Man Shrestha
(Head, Research Department)

.....
Prof. Dr. Kamal Deep Dhakal
(Campus Chief)

VIVA-VOCE SHEET

We have conducted the viva –voce of the thesis presented

by:

SHIVA KUMARI DONGOL

Entitled:

**ROLE OF SALES PLANNING IN PROFITABILITY OF
NEPALESE MANUFACTURING ENTERPRISES
(A CASE STUDY OF BOTTLERS NEPAL [TERAI] LIMITED)**

And found the thesis to be the original work of the student and written according to the prescribed format. We recommend the thesis to be accepted as partial fulfillment of the requirement for the degree of

Master of Business Studies (MBS)

Viva-Voce Committee

Head, Research Department

Member (Thesis Supervisor)

Member (External Expert)

DECLARATION

I hereby declare that the work reported in this thesis entitled “**Role of Sales Planning In Profitability of Nepalese Manufacturing Enterprises (A Case Study of Bottlers Nepal [Terai] Limited)**” submitted to Office of the Dean, Faculty of Management, Tribhuvan University, is my original work done in the form of partial fulfillment of the requirement for the degree of Master of Business Studies (MBS) under the supervision of **Joginder Goet** of Shanker Dev Campus, T.U.

.....

Shiva Kumari Dongol

Shanker Dev Campus

Campus Roll No.: 1659/063

T.U. Regd. No.: 7-1-246-164-2000

ACKNOWLEDGEMENT

This study entitled, “*Role of Sales Planning In Profitability of Nepalese Manufacturing Enterprises (A Case Study of Bottlers Nepal [Terai] Limited)*” has been prepared for the partial fulfillment of the requirements of the degree of Master’s of Business Studies program of Tribhuvan University. This study has focused on role of sales planning in profitability of Nepalese manufacturing companies which is the talk in the town these days. Helps from several books are taken as per need for the study. Source of data is totally primary and it also aims to acquaint their profitability goals.

I consider it my privilege and fortune to get an opportunity to work under the favorable guidance and supervision of **Joginder Goet** of Shanker Dev Campus. I am also indebted to all those authors and researchers whose word and ideas helped me in preparing this thesis.

However, I would like to extend my thanks to my friends who inspired me in many ways to cope during the entire period of the research.

Last, but not least, to error is human and I am not exception. I am able responsible for any deficiencies may have remained in this work. I am apologizing for that error committed.

Shiva Kumari Dongol

TABLE OF CONTENTS

Recommendation	
Viva Voce Sheet	
Declaration	
Acknowledgement	
Table of Contents	
List of Tables	
List of Figures	
Abbreviations	
	Page No.
CHAPTER-I INTRODUCTION	
1.1 Background of the Study	1
1.2. Evolution of Industry in Nepal	1
1.3 Introduction of Bottlers Nepal (Terai) Ltd. as MNC's	5
1.4 About sales Plan \ Budget	6
1.5 Statement of Problem	8
1.6 Objectives of Study	8
1.7 Limitation of Study	8
1.8 Significance of Study	9
1.9 Research Methodology	10
1.10 Design of the Study	10
CHAPTER –II REVIEW OF LITERATURE	
2.1 General Concept of Profit Planning	12
2.2 Profit	15
2.3 Planning	17
2.4 Profit Planning	19
2.5 Development of Budgeting	21
2.5.1 Objective of Budgeting	22
2.5.2 Classification of Budget	23
2.5.3 Requirement for Effective Budget	25
2.5.4 Characteristics of Good Budgeting	27

2.5.5 Problems and Limitations of Budgeting	27
2.5.6 Advantage of Budget and Budgetary Control	28
2.6 Sales Plan	30
2.6.1 Levels of Sales Plan	32
2.6.2 Developing a Comprehensive Sales Plan	33
2.6.3 Planning Vs Forecasting	34
2.6.4 Method of Projecting Sales	35
2.6.5 Consideration of Alternatives	35
2.6.5.1 Pricing Policies in Sales Planning	36
2.6.5.2 Selling and Distribution Expenses Budget	36
2.6.5.3 Administrative Expenses Budget	37
2.6.5.4 Analysis of Budget Variance	37
2.7 A Review of Previous Related Research Works	39
2.8 Research Gap	45

CHAPTER – III RESEARCH METHODOLOGY

3.1 Research Design	47
3.2 Period Covered	47
3.3 Data Collection Procedure	48
3.4 Method of Analysis and Presentation	48
3.5 Tools Used	48
3.6 Research Variables	49

CHAPTER– IV DATA PRESENTATION AND ANALYSIS

4.1 Introduction	50
4.2 Sales Plan of BNTL	51
4.2.1 Difference Between Budgeted Sales and Actual Sales	52
4.2.2 Time Series Analysis	58
4.3 Tactical Sales Budget and Achievement	60
4.3.1 Variance of Budget and Actual Sales	62
4.4. Production and its Relationship with Sales of	

Bottlers Nepal (Terai) Ltd.	64
4.5 Expenses Budget or Plan	67
4.5.1 Identification of Cost Variability	68
4.5.2 Expenses Trend	69
4.6 Sales and Profitability of Bottlers Nepal (Terai) Ltd.	70
4.6.1 Comparison of Actual Sales with Operating Profit (loss) of Bottlers Nepal (Terai) Ltd.	71
4.6.2 Comparison of Actual Sales with Net Profit (Loss)	73
4.7 Profit and Loss Trend of Bottlers Nepal (Terai) Ltd	76
4.8 Analysis of Primary Data	79
4.10 Major Findings	85

**CHAPTER – V SUMMERY, CONCLUSION &
RECOMMENDATION**

5.1 Summary	87
5.2 Conclusions	88
5.3 Recommendations	90

Bibliography

Appendices

LIST OF TABLES

Table No.	Title	Page
No.		
4.1	Budgeted & Actual Sales	52
4.2	Budgeted & Actual Sales	54
4.3	Statistical Value	55
4.4	Fitting of Trend Line by Least Square Method	57
4.5	Time Series Spreadsheet of Actual Sales Achievement	58
4.6	Sales Budget and Achievement Detailed by Month and Quarter	61
4.7	Variance analysis of Tactical Sales Budget and Achievement	63
4.8	Actual Sales and Actual Production	64
4.9	Actual Sales & Actual Production	65
4.10	Statistical Value	67
4.11	Identification of Cost Variability	68
4.12	Past Expenses Trend	69
4.13	Actual Sales and Operating Profit (Loss)	71
4.14	Actual Sales and Net Profit (Loss)	73
4.15	Profit & Loss Trend	76
4.16	Fitting Straight Line Trend by Least Square	77

LIST OF FIGURES

Figure No.	Title	Page
No.		
1.1	Sales Plan and Budget	7
4.1	Actual Sales and Budgeted Sales	53
4.2	Actual Sales Trend Line	59
4.3	Actual Sales and Actual Production	65
4.4	Past Expenses Trend	70
4.5	Actual Sales and Operating Profit	72
4.6	Actual Sales and Net Profit	74
4.7	Straight Line Trend	79

ABBREVIATIONS

BNL	:	Bottlers Nepal [Terai] Limited
BOD	:	Board of Director
Co.	:	Company
CP	:	Cost Price
DOL	:	Degree of Operating Leverage
EBIT	:	Earning Before interest Tax
FY	:	Fiscal Year
GDP	:	Gross Domestic Product
GNP	:	Gross National Product
GP	:	Gross Profit
GPMR	:	Gross Profit Margin Ratio
Ltd.	:	Limited
MOS	:	Margin of Safety
NPMR	:	Net Profit Margin Ratio
P/V Ratio	:	Profit Volume ratio
PE	:	Probable Error
PPC	:	Profit Planning Control
Pvt.	:	Private
SP	:	Sales Price
TCM	:	Total contribution Margin
TFC	:	Total Fixed Cost
TS	:	Total Sales
WTO	:	World Trade Organization