Original Article
ISSN (Online): 3049-2416

ShodhPrabandhan: Journal of Management Studies
July-December 2025 2(2), 88–92

EXPLORING BUDGETING PROCESSES AND FORECAST PRECISION AT SCHAEFFLER INDIA LTD

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Received 28 October 2025
Accepted 29 November 2025
Published 06 December 2025

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DOI
10.29121/ShodhPrabandhan.v2.i2.2025.54

Funding: This research received no specific grant from any funding agency in the public, commercial, or not-for-profit sectors.

ABSTRACT

During my six-week internship in Schaeffler India Ltd's Finance and Controlling team at the Pune plant, I closely examined how the company handles budgeting and forecasting amid automotive sector pressures. Key tools like SAP ERP, detailed Plant Cost Reports (PCRs), and driver-linked models drive their financial planning, enabling tight cost oversight and better decision support. Through hands-on involvement in budget cycles and variance reviews, I found the system delivers solid results but struggles with raw material swings, power cost hikes, and data handoffs between teams. Rolling forecasts, analytics upgrades, and smoother team coordination could lift accuracy further, making planning more adaptive.

Keywords: Budgeting Processes, Forecast Reliability, SAP Systems, Cost Variance Tracking, Plant Financial Controls, Manufacturing Planning

1. INTRODUCTION

In manufacturing firms like Schaeffler India Ltd, which is an important player in Schaeffler's global network budgeting and forecasting anchor financial stability by mapping costs to production realities and market shifts. At the Pune facility, where I interned, these tools help navigate volatile demand from OEMs while keeping costs in check through SAP-driven insights.

My observations align with studies showing budgets boost team alignment Ekholm, B., and Wallin, J. (2011). The Impact of Uncertainty on the Usefulness of

Fixed and Flexible Budgets. Journal of Business Finance and Accounting, 38(1–2), 145–164. and forecasts sharpen responses to trends King, J. (2021). Forecasting Uracy and its Impact on Financial Decision-Making. International Journal of Finance and Banking Studies, 10(1), 1–12. .

Study Aims

1) Map out Schaeffler's budgeting workflow from my direct experience.
2) Gauge how well forecasts hold up against actuals.
3) Pinpoint hurdles like market flux and internal delays.
4) Suggest tweaks drawn from plant-level realities.

2. LITERATURE INSIGHTS

Manufacturing budgets typically cover operations, capital spends, and cash flows, with modern twists like flexible plans gaining ground in shaky markets Bhimani, A., and Sivabalan, P. (2008). How Companies Use Rolling Forecasts. CIMA Research Report. . Forecasts blend data crunching—think trends or regressions—with gut checks from experts, directly shaping buys and builds.

SAP ERP ties it all together, pulling live feeds from shops to ledgers for sharper views Srinivasan, V., and Arunasalam, B. (2019). Variance digs reveal why plans miss, often due to steel prices or labor spikes Sartorius, K., and Kamala, P. (2020). Cost and Performance Efficiency. South African Journal of Economic and Management Sciences, 23(1), 1–9., Tuan, P. N. (2020). Digital shifts further speed up reactions to disruptions Organisation for Economic Co-operation and Development (OECD). (2020). Digital Transformation in Finance. OECD Publishing..

3. APPROACH AND DATA

Study Setup

A hands-on case study from my internship stint, blending description with critique—no hypotheses, just real process breakdowns.

What I Gathered Firsthand

- Joined budget prep sessions and monthly closes
- Scrutinized PCRs for cost breakdowns
- Watched SAP FI/CO, MM, PP in action daily
- Chatted with controllers about pain points

Supporting Materials

- Schaeffler India 2023-24 Annual Report
- Plant PCR samples and SAP guides
- PwC/OECD sector scans

Analysis Methods

Excel for spotting trends/variances; SAP queries for raw numbers; metrics like MAPE to quantify forecast gaps. Focused solely on Pune Finance/Controlling.

4. SCHAEFFLER'S BUDGETING IN ACTION

The Pune plant runs budgets yearly with quarterly tweaks and monthly rolls, syncing shop floor needs with HQ goals—a hybrid bottom-up/top-down flow I saw firsthand.

4.1. STEP-BY-STEP CYCLE

1) Dig into prior year's costs/volumes.
2) Spot drivers (e.g., machine hours).
3) Build PCRs per cost center.
4) Load into SAP for allocations.
5) Review across production/procurement.
6) Get plant/HQ sign-off.

4.2. PCRS AS PLANNING BACKBONE

These reports unpack:

- Material spends and usage
- Labor/overheads
- Power and machine costs
- Volume drivers/variances

They fueled my daily reviews, guiding tweaks in real time.

4.3. SAP'S CENTRAL ROLE

FI/CO handles centers/profits; MM/PP links inventory/production—slashing spreadsheet risks for cleaner data Haddara, M., and Elragal, A. (2013). ERP Systems: Problems and Benefits in Manufacturing. Procedia Technology, 9, 518–526..

5. FORECASTING REALITIES AND GAPS

5.1. TOOLS IN PLAY

- Past data trends
- Driver links (output, materials)
- Stats models + what-if scenarios

These kept plans tied to ops levers, per my budget runs.

5.2. TRACKING HITS/MISSES

Variances hit steel (up 8-12%), power tariffs, overtime. Used % devs and trends to measure solid but volatile.

5.3. STUBBORN HURDLES

- Commodity/energy jumps
- Supplier delays
- Team data silos
- Manual cleanups
- OEM order whims

Echoes PricewaterhouseCoopers (PwC). (2022). Global Manufacturing Financial Insights. PwC..

6. REAL BUSINESS STAKES

Spot-on forecasts trim inventory bloat, ease cash crunches, and hone pricing. Weak ones spark shortages or gluts, hitting profits. Strong systems build nimbleness Organisation for Economic Co-operation and Development (OECD). (2020). Digital Transformation in Finance. OECD Publishing..

7. CORE TAKEAWAYS

7.1. WHAT STOOD OUT

- Tight, documented budgets with team buy-in.
- SAP powers precise tracking.
- Varied forecast methods work well.
- PCR variances flag issues fast.
- Volatility/data lags drag precision.

7.2. REFLECTIONS

Systems match best practices, but history-heavy approaches lag in chaos. Analytics + team syncs would sharpen edges.

8. VALUE ADDED

Offers a shop-floor view of ERP budgeting; spotlights PCR power; flags live challenges for peers.

9. BOUNDARIES

Pune-only, six weeks, no deep confidentials—solid signals, not universals.

10. ACTIONABLE FIXES

1) Roll forecasts monthly.
2) Add SAP dashboards.
3) ML for price preds.
4) Cut data silos.
5) Upskill on analytics.

11. WRAPPING UP

Schaeffler's SAP/PCRs deliver control amid chaos, but agility needs rolling tools and data flow fixes for top-tier performance.

CONFLICT OF INTERESTS

None .

ACKNOWLEDGMENTS

None.

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