

Discussion on Amoeba Business Model

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Abstract

With the rapid development of the economy, the market economic environment has become more complicated and even more dynamic, which has forced enterprises to change their business management models as the market situation changes. Amoeba's business model has gradually been recognized and applied in China. Based on the analysis of Amoeba's business model, this article discusses its advantages and existing problems. This model can provide an idea for the development of enterprises.

Keywords

Amoeba, Business model, Enterprise Development.

1. Introduction

In 1959, Kazuo Inamori established Kyocera Corporation with the kind help of friends and established the second telecommunications company KDDI in 1984. These two companies have maintained high profits and achieved continuous development, the reason is that they adopted a management approach based on solid management philosophy and elaborate departmental independent accounting management, known as "Amoeba Management". Amoeba is like a single cell organization from a biological point of view. Applying it to enterprise management is to divide a company into many amoeba unit organizations. The Amoeba unit directly contacts the market, conducts independent accounting, which is responsible for its profit and loss. The business model is to respond flexibly to changes in the market environment. Each small organization serves as an independent profit center. It operates independently in the manner of small enterprises and small shops, and integrates production and operation and regards its department as an independent profit center.

Amoeba's business philosophy is to subdivide the company into several "small groups." This kind of "small group" is like a single-celled animal, and it can repeat cell division freely. Each "small group" is an "Amoeba", and the business operator will deliver certain authority and management tasks. For this "small group", let them formulate their departmental development plans, carry out independent accounting self-management work independently, and on this basis, they can continue to develop and grow independently.

Amoeba's financial accounting is different from traditional financial accounting. Traditional financial accounting is to account for the relevant income, costs, and profits of a legal entity, while amoeba financial accounting is to separate various departments divided into various business units, accounting for the income, cost, and profit of each unit.

The amoeba model can effectively increase the enthusiasm of each department and provide more possibilities for the development of the department. In addition to improving the internal market, each accounting organization can also expand the external market. For the overall enterprise, each department's development is completely handed over to the department, which can reduce the management cost of the entire enterprise and expand the market.

2. The Essence of Amoeba Model

The essence of Amoeba's business model is a quantified empowerment management model. It should follow the basic rules when it is implemented, from top to bottom, from large to small, and step by step. Amoeba's business model is a combination of "business philosophy" and "business accounting", and a complete business management model and manifestation of enterprise system competitiveness.

2.1. Business is to Turn Philosophy into Numbers

Kazuo Inamori believes that the essence of Amoeba's management is to change its management philosophy into numbers. The management philosophy is to allow all employees of the enterprise to understand and transform into daily actions and management actions from the perspective of mind and Tao, and finally must be reflected in digital results. The profits created can contribute more to the country, more to society, more to employees, and more to the community. This is the result of the transformation from natural philosophy to digital. This is the essence of the business process. Amoeba management reflects the status and problems of the operation in the fastest digital form. Facing the rapidly changing market, only the Amoeba business model can adapt and truly embody the process from philosophy to numbers.

2.2. How to Grasp Profit and Cash

The purpose of business management is employee happiness and customer touch, and employee happiness and customer touch can ensure profit. The first seven "accounting principles" that must be implemented in Amoeba's operations are the "cash-based principles", which means not only profits but sufficient cash flow. and the meaning of "cash-based principle" is far greater than our conventional understanding of cash is king

2.3. A New Way of Business Thinking

Amoeba Management emphasizes the management philosophy, the cash standard, the current reality, the accounting of all-drive and participation, and the analysis that does not rely on traditional finance so that the Amoeba operation has an independent nature. Amoeba management is like returning to the era of early merchant bookkeeping. However, from the perspective of modernization today and the challenges ahead, Amoeba can only truly see itself when it is a thinking enterprise that runs such a business, and the operators can understand themselves.

3. Advantages of Amoeba Model

The amoeba model is a management accounting system that adjusts accordingly based on the actual situation on the spot. It requires high accuracy and timeliness of the content of the report. It needs to let employees have a full understanding of the actual situation of the company. Through the business philosophy of "Clear Responsibilities", and it helps employees enhance their awareness of independent management, allows employees to actively participate in business operations, uses data to reflect the current operating situation, and analyzes possible problems in actual management and solves the problems. In most domestic enterprises, the application of management accounting is relatively lagging. Leaders still pay attention to various financial indicators and ignore the management of business processes. Even if some enterprises attach great importance to cost control, they still stay at fixed costs and after-costs, which cannot meet the expectations of leaders. However, the use of the amoeba model can achieve effective control of each link, and can also clearly divide responsibilities to ensure comprehensive management. Amoeba mode has the following three advantages:

3.1. Establish Accounting Systems for Departments Directly Connected to the Market

The company's operating principle is to maximize sales and minimize funds. To implement this principle throughout the company, it is necessary to divide the organization into small units and adopt department accounting management that can respond to market changes on time.

3.2. Cultivate Talents with Business Awareness

After decentralization of management rights, the leaders of each small unit will build up their sense of being an operator, and then develop a sense of responsibility as an operator, and strive to improve performance as much as possible. In this way, everyone will change from a "passive" position as an employee to an "active" position as a leader. This change in position was the beginning of establishing the consciousness of managers, As a result, these leaders began to emerge business partners who shared responsibility with Kazuo Inamori.

3.3. Realize the Operation that all Employees Participate in

If every employee can contribute to the company in his or her job position, if the leaders and their members set their own goals and feel the significance of their work to achieve this goal, then all employees can find fun and value in their work. We want to motivate all employees to work together to participate in the operation of the company's development. Employees can feel the meaning of life and the joy of success in their work, and realize" management in which all employees participate".

4. Problems with the Amoeba Model

4.1. Cognitive Problems

Why do companies adopt the Amoeba business model to better contract out and make their shopkeepers? Or for better assessment and monitoring of employees, so that employees passively accept high goals? In the process of doing the Amoeba model, management control methods will be used less and less, and the ways of independent management to exert the personal initiative of employees will be increased. Therefore, we need to use more positive incentives, as long as we do better than before, we must encourage them even if they are better. By establishing this positive culture of appreciating employees and running along the track of altruism and win-win, the seeds of Amoeba can slowly take root.

4.2. Technical Issues

Amoeba management is an art of management. The division of organizations, internal pricing, construction of business reports, and performance evaluation are all highly professional and systematic. They must be systematically studied and designed with reasonable methods.

At present, there are extensive problems in the financial management of many enterprises in our country, and the overall financial management of the enterprise is managed without being detailed to various departments. Amoeba's financial accounting model requires refined management of corporate finance if it is to play its actual role. Collecting and feeding back information about the company's daily operation status requires the active cooperation of accounting organizations and sharing centers to ensure that the financial status of each department in the company can be effectively recorded. But in actual operation, it is difficult to get full cooperation and timely feedback from various departments.

The financial management method under Ameba's financial accounting model should be managed by more professional financial personnel. Managers need to have a clear understanding of the responsibilities of financial management and the procedures to be

followed, To change the mechanical management model in the past, it is necessary to have data measurement ability and communication ability, and what kind of pricing standards can be calculated to enable consensus among various accounting organizations and benefit the company.

Amoeba's financial accounting model should ensure the accuracy and independence of financial accounting and the timeliness of financial results. In order to ensure a complete and accurate record in the cost accounting of enterprises, we need reliable data sources, but many data are intersecting, so we need to rely on powerful information systems. Internal audit can effectively improve the accuracy of data and extend the scope of internal audit to each independent department. The strong internal audit of each independent department can reduce the occurrence of fraud from the source.

4.3. Personnel Issues

As a new financial management method, the Amoeba accounting system requires us to cultivate more business talents. The healthy development of an enterprise is inseparable from the continuous improvement of the ability of each member of the enterprise. The transformation of the Amoeba accounting model requires employees to change from office talents to operational talents. We need to change the thinking mode of employees and actively accept Amoeba's management philosophy. Also, we must accept the impact of personal income reduction risk, because each amoeba is responsible for its profits and losses. Only after the department makes a profit does it receive a dividend. This shift in the distribution of benefits makes it difficult for employees to accept. Amoeba implementation needs to solve the following problems:

- (1)The complexity is not the method, but the human mind; before unifying the method, we must first unify our thinking;
- (2)The decision-maker is not persistent enough;
- (3)The guidance is not clear, and solving "why employees do" is more important than "how to do";
- (4)In the beginning, we pursued perfection and perfection.

The implementation of amoeba cannot only consider the way. It is also important to design and be responsible for the implementation of Amoeba. If these people do not possess professional skills, unstable mentality, and gain or loss of personal interests, it will inevitably affect the effectiveness of Amoeba.

To pursue simplicity, some companies directly contract and replace Amoeba with this. Contracting is very flawed. The contractor and the enterprise have a pure interest relationship. In the short term, the cost can be reduced. In the long term, you will find that there is a game between it and the enterprise.

Amoeba is a virtual market, and some companies have made direct transactions in the real market, causing employees to care too much about their gains and losses, which is also very troublesome.

4.4. Problems of Culture and Values

If you compare the operation of Amoeba to saplings, then culture and values are the soil, and high-quality saplings must also be planted in suitable, fertile, and continuously hydrated soil to thrive. When the company adopts the Amoeba business model, if we blindly emphasize the problem of method and technology, we do not pay attention to the problems of people and the problems of the enterprise itself. It is easy to solve the problems of method and technology, but human problems and problems of the enterprise itself often take a lot of time and energy.

5. Conclusion

The essence of the Amoeba business model is a quantitative empowerment management model.

It captures the essence of management and fully releases the potential of every employee to realize the operation. Amoeba's business model is a combination of "business philosophy" and "business accounting", it is a complete business management model and is also a manifestation of enterprise system competitiveness.

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