

Suggestions for Cost Management based on Profit Oriented Enterprises

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Abstract

In recent years, micro profit enterprises have been in a disadvantaged position compared to large enterprises in the socialist market economy, with smaller production scales, low production efficiency, weak capital chains, and insufficient cost control. Under this disadvantage, how to achieve better development is an urgent problem that micro profit enterprises need to solve. Analyzing the existing problems and difficulties in cost management of micro profit enterprises, proposing suggestions for cost control of micro profit enterprises, reducing the cost consumption of micro profit enterprises, will help optimize the resources and long-term development of micro profit enterprises.

Keywords

Suggestion; Cost Management; Profit Oriented Enterprises.

1. Introduction

In the current severe economic environment, enterprises need to have a clear understanding of their future development direction when dealing with survival crises. This is because micro profit enterprises are in a disadvantaged position compared to large enterprises in the socialist market economy, with smaller production scales, low production efficiency, weak capital chains, and insufficient cost control. Nowadays, with the rapid development of technology and the gradual modernization of products, in order for enterprises to keep up with market changes and not be eliminated by the market, they need to put in enough effort in cost control, so that cost control can achieve dual feedback before and after. A survey was conducted based on the cost control of micro profit enterprises, and it was found that the cost control mechanism of micro profit enterprises is not perfect, and cost management is too rigid and inflexible. They often copy the cost management mechanisms and templates of large and medium-sized enterprises, which will reduce the business ability of employees and directly lead to a decrease in the economic benefits of the enterprise. Therefore, it is very necessary to improve the timeliness of enterprise cost control, and enterprises must implement cost control work in place. Under this disadvantage, how to achieve better development is an urgent problem that micro profit enterprises need to solve. Cost control is a control method in which enterprises calculate, adjust, and supervise various expenses incurred in their business activities through systematic control methods. It is a management behavior in which an enterprise takes a series of preventive and regulatory measures against various factors and conditions that affect costs, based on the cost management objectives established in advance for a certain period of time, by the cost control subject within its scope of authority, before production costs occur and during the cost control process, to ensure the achievement of cost management objectives. Analyzing the existing problems and difficulties in cost management of micro profit enterprises in the new era and environment, summarizing the experience and lessons of similar enterprises, and proposing suggestions for cost control of micro profit enterprises at present will help optimize their resources and long-term development, and bring more disposable funds to micro profit enterprises.

2. Current Situation of Micro Profit Enterprises

At present, there are plenty of problems for micro profit enterprises. Due to the imperfect internal cost control of enterprises, they have fallen into the dilemma of increasing income but not profits due to rapid cost growth, and there are numerous cases of serious economic losses caused to enterprises. The continuous decline in performance of the first snack company, Lai Yifen, is a good example for other food companies. From the 2023 performance report of Yifen, it can be seen that the primary reason for the significant decline in net profit of Yifen is the rapid cost expenditure, and the root cause is the imperfect cost management and control work. It can be seen from this that cost control in the food industry is particularly important under the development and changes of the macroeconomic environment. However, in the current severe economic environment, enterprises need to have a clear understanding of their future development prospects and directions when dealing with survival crises. This is because micro profit enterprises are in a disadvantaged position compared to large enterprises in the socialist market economy, with smaller production scales, low production efficiency, weak capital chains, and insufficient internal control. Under this disadvantage, how to achieve better development is a question that micro profit enterprises are all thinking about. For enterprises, economic benefits are their ultimate goal, and cost control is the most critical factor in achieving economic benefits. At present, with a series of deepening economic system reforms and government measures, the development of China's micro profit enterprises is entering a new stage and standard. Under such new standards, economic growth is shifting from rapid growth to stable growth. A key task in optimizing and adjusting the industrial structure is to further adjust the industrial stock and optimize the industrial increment. Only by further understanding and grasping how to adapt to the new economic norm can we better influence and guide the determination of China's future economic, political, and social development. At present, there are three main problems for micro profit enterprises. Firstly, the cost of manual training is too high, resulting in companies investing too much energy in employee education and training. Secondly, some micro profit enterprises lack cost control specialists and have too few employees, resulting in relatively backward cost management methods compared to large enterprises. Thirdly, the system design of cost management did not take into account the characteristics of micro profit enterprises, which may copy the systems of large or medium-sized enterprises, resulting in overly rigid system design.

2.1. High Cost of Manual Training

For enterprises, high employee turnover can to some extent hinder the smooth implementation of cost control. Firstly, companies need to invest a significant amount of funds in employee training. If the turnover of employees in a company is too fast, the training funds for employees will increase, leading to a continuous increase in operating costs. New employees need some time to adapt to new positions and jobs, which leads to the inability to fundamentally guarantee the production quality of products and a significant decrease in work efficiency. In addition, an unreasonable allocation of human resources is very unfavorable for cost control. Moreover, when the human resource management system of micro profit enterprises does not meet the requirements of enterprise development, the actual number of employees in the position exceeds the required number, which will also cause waste of labor costs.

2.2. Lack of Cost Control Specialist

Many micro profit enterprises do not have dedicated financial personnel for cost control. Generally speaking, most micro profit enterprises in China are small in scale and have fewer accounting personnel. In this situation, accountants sometimes need to be fully responsible for financial related work. Due to the shortage of employees in the company, there is a lack of cost control specialists.

2.3. Incomplete Cost Control System

Micro profit enterprises rarely have specific cost management and control processes, resulting in non-standard cost control processes. Some micro profit enterprises purchase raw materials through unified procurement, which greatly affects their procurement cost control due to the overly single procurement method. Due to the impact of rising prices, the prices of raw materials are also constantly increasing, resulting in an increase in procurement costs. One of the main problems that micro profit enterprises face in procurement is the unreasonable allocation of procurement personnel. Therefore, from the perspective of strengthening procurement management, we need to reorganize the procurement department and reasonably allocate the responsibilities of procurement personnel, in order to reduce the labor cost of Anjing Food and improve the procurement management before product production. At the same time, it is also necessary to raise the awareness of procurement management in enterprises from an ideological perspective. Through the promotion and education of relevant knowledge, employees can have a deeper understanding of the relevant concepts of procurement management. Based on the principle of cost management control and economic benefits, their procurement departments should be comprehensively integrated. Through reasonable allocation of procurement departments, the labor costs of micro profit enterprises can be reduced, thereby strengthening the rational procurement management of micro profit enterprises. It is understood that some micro profit enterprises have overly segmented procurement work, coupled with the impact of using a unified procurement method, resulting in cost waste, thereby increasing the pressure on procurement costs. In cost control for micro profit enterprises, regardless of the actual production situation, the calculation results of product consumption for different types of products are sometimes not accurate. In addition, due to the impact of market price fluctuations on supplier prices, the actual sales prices and costs of products for different types of enterprises often change. From the current situation of the procurement department of the above-mentioned micro profit enterprises, it can be found that the procurement department of the micro profit enterprises has very standardized management, but there is still a certain degree of irrationality. From the perspective of procurement management, due to excessive details in the division of procurement departments and unreasonable allocation of procurement personnel, their labor costs are too high. From the perspective of cost control, the imperfect procurement management has led to an increase in labor costs and increased operational pressure on the enterprise. Based on the analysis from the above two perspectives, most micro profit enterprises still lack comprehensive procurement management and construction. In order to avoid stockpiling of goods, which may lead to product deterioration, expiration, and difficulty in sales, it is necessary to continuously provide different degrees of price discounts based on the pricing of different types of products in the market. At the same time, the discount intensity for different products also needs to change frequently according to the arrival volume of goods, so the cost control of micro profit enterprises is relatively backward, and their process also lacks standardization.

3. Suggestions

In the context of information technology, blended learning[3] is gradually promoted at home and abroad. With the combination of online learning and face-to-face communication, students' dominant position in the classroom is organically combined with teachers' leading role to improve students' learning success rate (improve concept understanding, deep method mastery and get higher scores). However, some studies suggest that students themselves still have doubts about the value of blended teaching[4]. Mixed teaching closely combines traditional teaching with contemporary information technology, while contemporary communication technology is close to human thinking process in some aspects. In order to

verify this idea, we discuss it in teaching practice, and conduct feedback and statistical analysis through questionnaire survey. The subjects of the survey were two classes of the sophomore financial management course, with a total of 60 students. All students were the first to accept this teaching mode. See Figure 1. for the flow chart of mixed teaching.

3.1. Reduce Labor Training Costs and Daily Consumables

In micro profit enterprises, besides product costs, the most important expense is personnel costs, so it is urgent to control these costs. In micro profit enterprises, the cost of management personnel is not simply a reduction in personnel expenses. If the enterprise adheres to the principle of people-oriented and mainly adopts online and remote training, it does not require a lot of time and energy to find specialists to train employees. This not only avoids the transportation and accommodation costs of hiring specialists for round-trip transportation, but also saves the written cost of printing training materials, and saves time between the enterprise and employees. Reducing unnecessary printing, transportation, accommodation, and hiring experts will greatly reduce labor training costs and daily material consumption. This can stimulate employee motivation, enable them to unleash their potential in their positions, promote enterprise development, and to this extent, reduce management costs in all aspects.

3.2. Reasonable Pricing based on Market Dynamics

Cost control is specific to procurement behavior. Firstly, it is important to focus on researching the procurement market, collecting information, and analyzing data, fully understanding the current market trends and the latest market trends, and firmly holding the right to choose in the hands of the enterprise. Furthermore, in addition to constantly monitoring the economic and market conditions, it is also important to pay attention to consumer consumption tendencies and preferences, and adjust product discounts and discounts in a timely manner based on consumer demands.

3.3. Improve the Procurement System of Enterprises

Micro profit enterprises not only need to implement relevant procurement and expense approval systems, but also need to establish relevant supervision mechanisms. There should be sound rules and regulations to supervise and control the application process for purchasing materials, the approval authority of relevant personnel, and the selection and operation of material procurement personnel. Due to the lack of sufficient emphasis on quality cost management in most micro profit enterprises in our country, there is a serious lack of quality cost management philosophy in these enterprises. On the one hand, the procurement methods of most micro profit enterprises in China are too single, only adopting a unified procurement approach, which greatly limits the cost control work of food enterprises. In addition, they have not effectively predicted the cost of products before production, resulting in an increase in procurement costs; On the other hand, the lack of supervision by managers during the material procurement and processing stages has led to severe material loss in food enterprises, thereby increasing the cost pressure on the enterprise. Once any inappropriate actions are detected, they should be promptly warned and stopped. Specific implementation methods, for example: Enterprises can stipulate that before procurement, relevant personnel need to submit market research reports and procurement plans for procurement materials, clearly state the supplier's quotation, and then conduct research, analysis, and comparison on the given price. Finally, a suitable price and supplier are selected, and the selection results and reasons are publicly disclosed to achieve price transparency.

3.4. Encourage Employees to Participate in Cost Control

The number of employees in micro profit enterprises is relatively small. If additional specialists are hired for cost control, it will increase cost consumption. Therefore, instead of hiring

specialists for cost control, current employees are encouraged to participate in cost control. A simple reward mechanism can be set up to actively mobilize employees to summarize the cost control plan for the production process, encourage employees to express their own opinions, and once excellent opinions are adopted, Rewarding employees with tens to hundreds of yuan can not only reduce costs, but also make their work more efficient and help improve their work enthusiasm.

3.5. Reduce the Unqualified Rate of Defective Products

Micro profit enterprises can further reduce the waste of raw materials, reduce the loss of purchased electricity and machinery, and minimize the waste of manpower, materials, and time by reducing the rate of product failure. At the same time, it is necessary to strengthen the awareness and concept of employees, that high-quality products are not produced through inspection, but rather through production, and to cultivate their cost awareness. Standardize the operational procedures of employees and ensure strict control over product quality. From this perspective, providing employees with a more comfortable environment and encouraging them to participate in cost control work is encouraging them to participate in enterprise cost management and establish cost management awareness.

4. Summary

According to the characteristics of micro profit enterprises, it is possible to reduce employee education expenses and daily consumables, further reduce waste of raw materials, reduce losses of purchased electricity and machinery, and reduce waste of manpower, materials, and time. With the rapid development of information technology, the Internet has the convenient feature of breaking through time and space. In order to effectively improve the efficiency of fund utilization, micro profit enterprises need to do a good job in cost control and management throughout the entire project process. This work not only effectively saves economic costs in the process of enterprise project promotion, but also has very positive practical significance for improving the overall profitability of the project. However, most micro profit enterprises in our country have failed to grasp this key point and ignored the importance of cost control timeliness. This will lead to a lack of scientific and reasonable cost control in the circulation process, which cannot adapt to market changes and gradually lead to cost increases. In addition, suitable suppliers and procurement channels can be selected based on the delivery distance between the enterprise and its suppliers, and the enterprise's procurement system can be improved. According to market conditions, appropriate prices can be set regularly, and employees can be encouraged to participate in cost control work, which is to encourage them to participate in enterprise cost management and establish cost management awareness.

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