

Study on cost Control of small and Medium-sized Enterprises under the background of "Internet +" -- Take Company T as an example

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Abstract. At present, China has officially entered the "Internet +" era, the development of the Internet economy makes China's traditional manufacturing enterprises enter a new stage of development. Due to their low product value and high cost, the price competition among small and medium-sized manufacturing enterprises is increasingly fierce. Therefore, it is more and more important for enterprise survival and development to continuously promote enterprise performance growth, expand enterprise profit space, strengthen cost control and improve capital utilization rate.

In this paper, T Company is selected to study related issues of cost control of small and medium-sized enterprises (SMES), analyze the current situation and existing problems of cost control of T company, and combine with the background of "Internet +", propose optimization Suggestions of cost control of T Company.

1 Introduction

According to the survey data released by the National Bureau of Statistics, in 2018, China's small and medium-sized enterprises (SMES) realized 57.9 trillion yuan in main business revenue, 3.4 trillion yuan in total profit, and 49.3 trillion yuan in main business cost. At the same time, SMES suffered a loss of 56,000, a loss rate of 15.2%, and a decline in profitability. It can be seen that the current development situation of SMES in China is not optimistic, such as the rising cost of human resources, raw materials and other factors, financing difficulties, transformation and upgrading pressure, enterprises are facing a greater burden. Under the background of "Internet +", SMES must turn external pressure into internal power, strengthen their own cost control, improve the efficiency of capital use and avoid unnecessary waste of resources. However, according to the actual situation at the present stage, the implementation of cost control in China's SMES is not in place, many SMES have not formed the proper understanding of cost control, cost control has not played a practical role. Therefore, it is of great significance for the development of SMES to promote the improvement and optimization of cost control work, reduce the cost pressure of enterprises, and improve the scientific rationality of cost control work.

How to use "Internet +" thinking, "Internet +" technology and methods to improve the level of cost control in SMES is extremely urgent. Only by making full use of the tools of "Internet plus" can SMES gain advantages and achieve long-term development in the increasingly fierce market competition.

2 Cost control advantages of SMES in the era of "Internet +"

2.1 The knowledge structure of accountants in the "Internet +" era is diversified

With the advent of the "Internet +" era, enterprises have higher requirements on the comprehensive ability of accounting personnel. First of all, accounting personnel should be proficient in professional knowledge. They should not only skillfully use financial information to provide the data support needed for the economic management of enterprises. Finance and accounting personnel should master information processing skills to process accounting data. Secondly, accounting personnel should also have the ability to find and solve problems. Accounting personnel should be able to process the data through the appearance of financial data, and find problems and information presented by the data through in-depth analysis. Thirdly, financial personnel should also have a rich professional knowledge system, including not only accounting and tax knowledge, but also business management, economic law and financial knowledge. Finally, good communication skills are also the basic qualities that accountants should have in the "Internet +" era. Good communication will get twice the result with half the effort.

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2.2 "Internet +" promotes SMES cost control ability

"Internet Plus" has affected the economic activities of various departments of enterprises in various ways, and has realized the interconnection of all links of enterprise operation. "Internet +" provides strong support for building an internal financial information sharing system, reducing the interruption time of business process and improving the efficiency of value reengineering. At the same time, the Internet has realized the information sharing among all departments of enterprises, which provides more convenient conditions for expanding the scope of cost control, analyzing the cost projects of each link, and reducing the cost[1].

3 Cost control analysis of Company T

3.1 Profile of T Company

T company was founded in 2001. In 2002, its beverage production business was officially launched, and it purchased a PET beverage production line. In the following year, it entered the field of instant noodles and purchased two production lines. In 2009, a new TP milk drink production line was added. In recent years, the sales scope basically covers the whole Fujian Province, and Fujian as the core, to the surrounding provinces and regions. At present, the departments set up by Company T mainly include purchase Department, production department, finance department, storage department, transportation department, quality control and Quality inspection Department, human resources Department, market development department, technology Department, sales department and customer service department, etc., and they are under the unified management of the general manager's office. By the end of November 2019, there are 213 employees. According to the SMES identification standard, Company T is a medium-sized enterprise.

3.2 T company cost control status

Since the establishment of the company, T Company has gradually established a production model based on instant noodles and beverages, followed by cost accounting, which is mainly composed of direct materials, direct labor and manufacturing costs. In the cost accounting structure of Company T, the direct materials mainly include eggs, flour, fruit, milk, sugar, cream, chocolate, jam, starch, vegetable oil and food additives. Direct labor is mainly related to employee salary, benefits, bonuses, travel expenses and other items; Manufacturing expenses include utilities, fuel, quality inspection, maintenance, depreciation of plant and equipment, management fees and other expenses, as shown in Table 1.

Table1. Cost accounting structure of Fuzhou Unified Company 2019

Direct ingredients	eggs, flour, fruit, milk, sugar, cream, chocolate, jam, starch, vegetable oil, food additives, etc.
	Wages, benefits, bonuses and travel expenses

Direct human employees	
Utilities costs	fuel costs, quality inspection costs, maintenance costs, plant and equipment depreciation costs, management fees, other

Source: Financial Statements of the Company for 2019

With the development of Internet economy, the scope of enterprise cost accounting is becoming larger and larger, which is no longer limited to the accounting of product cost. Cost items may also include human resource costs, service costs, liability costs, etc. According to the needs of value chain management and production and operation decision management, under the background of "Internet +", enterprise cost control also includes the cost items of research and development design, procurement, production, sales and storage, so as to more comprehensively calculate the cost of the entire production and operation of the enterprise.

3.3 Analysis of cost control problems of T Company

At the present stage, there are some problems in the cost control work of Company T, including the method of cost accounting, the content of cost control and the cost control system.

3.3.1 Lack of modern cost control concept

Under the background of "Internet +", the market competition becomes more fierce and transparent, and the backward idea of T Company in cost control becomes increasingly obvious. Due to the lack of modern enterprise management philosophy and the failure to timely combine the requirements of the "Internet +" era, there is no unique system for cost control. The modernized cost control is the whole process management, but the enterprise still adopts the traditional cost control management idea, mainly focuses on the cost accounting stage, for in advance forecast, in the matter control, after the feedback link is relatively weak. The whole process cost control concept not only includes the explicit cost in the whole operation process, but also considers the implicit cost[2]. Therefore, it is more necessary for all the members of the enterprise to establish a modern cost control concept from top to bottom to promote the better development of the enterprise.

3.3.2 Backward cost accounting methods

At present, T Company's cost accounting method is backward, which does not meet the specific situation and cost accounting requirements of the enterprise. T company is one of the traditional cost accounting method, namely the total production of products, from different category to classify the direct labor cost, manufacturing cost to merge, then classifies the materials directly related production data consolidation, calculated on the basis of the total of all costs, and with the product quantity by calculate the final unit cost of production.

Table2. Cost accounting of three products of T Company in 2019

Item	A product	B product	C product
Direct material (yuan)	1564716.65	3308452.14	412607.26
Direct manual labor (yuan)	698701.15	775136.65	30310.14
Manufacturing expenses (yuan)	478053.14	77561.58	125283.16
Product cost (yuan)	2741470.94	4161150.37	568200.56
Weight (ton)	206	413	56
Unit Product cost (yuan)	13387	10189	10256

Source: Financial Statements of the Company for 2019

According to the cost accounting of the three products of the company in 2019, there is a large error between the final acquired product cost and unit product cost, especially the big difference between Product A and product B and C, as shown in Table 2. Due to the different production time required by different products, the production process is different, and there are intersecting and separating links in the production process, the traditional variety method for cost accounting cannot calculate accurate results. In order to ensure the best effect of cost accounting, the production and operation of each link of the enterprise cannot be reasonably distributed. In this case, the accuracy of the final result of enterprise cost accounting provides limited reference value for enterprises.

3.3.3 The scope of cost control is not comprehensive

In recent years, the vigorous development of Internet economy has exerted a great influence on the business model and business process of enterprises. At present, T Company's cost accounting is not comprehensive and fails to cover the entire production process of the enterprise, thus resulting in a relatively low degree of accuracy in cost accounting. The cost accounting of Company T mainly covers direct materials, direct labor and manufacturing costs. In fact, this is indeed the most important production process for food industry enterprises, and most of the company's costs and expenses are invested in this link. However, this does not mean that there is no production cost in other production links. In the existing cost accounting scope system, T company's cost accounting does not include the entire product production cycle, including preliminary preparation, sales, supply, technical research and development, quality inspection, customer demand satisfaction, etc., which should be included in the cost accounting content. Although these contents are not directly related to the output of the enterprise products, there is also the consumption of resources[3].

3.3.4 The cost control system is imperfect

Due to the lack of modern enterprise management ideas, The cost control of T Company is not perfect, and it has not created a cost management system suitable for the enterprise itself. In the specific management process, the

lack of the use of appropriate Internet tools, cost control work to the financial department. Most of the time, the financial department only analyzes and calculates the production cost of products, which is beyond the control of the accounting cost in the field of technology and circulation and lacks the necessary information means for management and control. From the perspective of management system, the company has not established the accounting management system under the Internet environment, and lacks the use of Internet means, which makes accounting management more inclined to the post-management. Precisely because of this, many SMES do not put the cost management deep into the hearts of front-line employees, do not combine the cost management with enterprise economic responsibility, so that the level of cost management is not high, is not conducive to market competition.

4 Optimization of T Company's cost control under the background of "Internet + "

4.1 Establish the concept of "Internet +" cost control

"Internet +" background, the content of the enterprise cost control is more and more wide, business leaders need to change the past, set up the correct cost control concept, the formation of the profound consciousness of cost control, the necessity and the value of the cost control work, to the enterprise cost control, cost management work of the positive impact on the objective judgments are, to include the cost control work in enterprise's long-term development strategy. SMES should establish the overall concept[4]. In cost accounting process, SMES should start from the whole, in every sector of the sharing of information, the company can create information sharing platform, various departments to enter financial information into the system, so that the finance department can obtain each department, workshop production, financial data, which can guarantee cost accounting data is true and effective.

4.2 Select the appropriate cost accounting method

According to its own development, T Company chooses the cost accounting method that is suitable for the company from the perspective of reality to ensure that there will be no omissions in the cost accounting process. Under the background of "Internet +", each department will be more closely connected. In this case, the company can introduce activity-based costing (ABC), with specific requirements as follows: defining main activities and activity centers, analyzing cost drivers, collecting resource costs, and allocating activity-based costs, as shown in Figure 1.

SMES shall, in combination with their own actual conditions, select the cost accounting methods suitable for them to ensure the rationality and accuracy of cost

accounting.

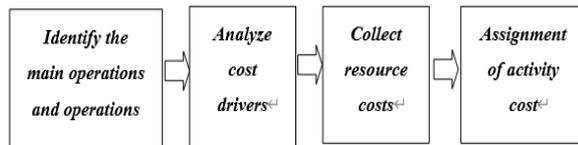


Fig1. Flow chart of activity-based Costing

4.3 Improve the content of cost accounting

In the era of "Internet +", the scope of cost accounting is gradually expanding. In the process of improving the cost accounting of SMES such as T Company, it is necessary to optimize the content of cost accounting, expand the coverage of cost accounting, and conduct a systematic and comprehensive accounting of the entire cost accounting of enterprises. Based on the cost accounting work under activity-based costing method, the scope of accounting content is more comprehensive. In addition, possible omissions in other aspects should also be considered, among which the separation of qualified products and waste products cost accounting in the production process is an important task. Small and medium-sized enterprise operators and leadership to enhance the support to the cost accounting work, starting from the overall manage the plan as a whole, and to mobilize the participation of each department, production, sales, marketing, warehousing, customer service, etc. Every department should take an active part in, and differentiate clearly the scope of their functions and powers of each department and cost accounting of the financial sector led work vigorously to cooperate, to pay the real cost accounting need to take data, so that the financial department can according to the real information for cost accounting.

4.4 Improve the cost control system

In the era of "Internet +", T Company lacks a specialized cost control organization and the cost control system is not perfect. The company shall, in accordance with the objectives and principles of cost control optimization, combine with Internet technology to improve the company's cost control systems, as shown in Figure 2, the cost control system should be in the company set up under the transition cost control committee, the board of directors consists of the cost control centres, including research and development centers, procurement cost control center, control production cost control center and sales cost control center and warehouse cost control center, in order to achieve a good cost control effect[5].

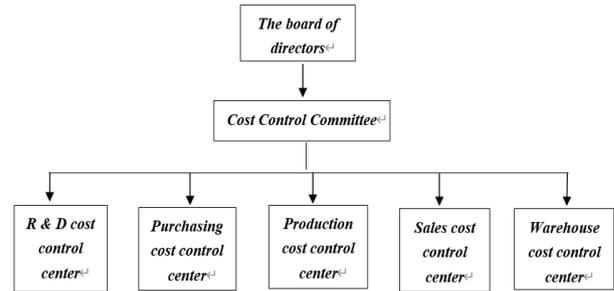


Fig2. Cost control organization chart

5 Conclusion

Under the background of "Internet +", SMES have become more open in their development and more transparent in their cost control. The cost control of SMES to establish the scientific management idea, using the advanced cost control method, set up perfect cost control system, make "Internet +" and the organic combination of enterprise cost control, only such, can use "Internet +" tools and thinking of the cost of SMES under effective control, to realize the steady development of the SMES.

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