

Enterprise Cost Budget Management Based on Amiba Model

Yu Zhiye

Guangdong University of Science and Technology, Dongguang, Guangdong, China

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Abstract: In recent years, the market competition has become more and more fierce, and the development of enterprises has encountered severe challenges. In addition, the increasing operating costs of enterprises have severely restricted the development of enterprises. Under this background, enterprises often choose to strengthen cost control to enhance their market competitiveness. This paper analyses the problem of enterprise cost budget management based on Amiba model, and puts forward some suggestions for enterprise cost budget management based on Amiba model, such as improving cost control system, formulating incentive and assessment mechanism, and establishing and improving internal reporting system, so as to provide reference for enterprises to carry out cost budget management.

1. Introduction

Amiba business model refers to dividing an enterprise into several independent accounting departments, following the principle of minimizing operating costs and maximizing sales scale, accounting and transparent operation of each Amiba independently, so as to promote the common development of enterprises and individuals. Amiba model can be used to solve the problems encountered in the first-line business process in the shortest time, and improve the efficiency of business management. In this paper, we discuss the cost budget management of Amiba model, hoping to promote the long-term development of enterprises.

2. Enterprise Cost Budget Management Based on Amiba Model

2.1. Imperfect information system construction

Satisfying the actual needs of financial department accounting is an important function of information system. This part of information system is mostly confined to the internal financial system, and does not take into account the sharing of resources between departments such as sales and production. The accounting management requirement put forward by a profit center is relatively small and can be fully satisfied by means of computerized accounting. However, under the Amiba model, the number of profit centers has doubled, and the domestic market management system of some enterprises has not yet been fully unified. Each Amiba builds its own information system, and formulates its own accounting subject coding and accounting system, which is prone to the phenomenon of information island. On the surface, in order to support the decision-making and management of amoeba, business management and financial management are severely disjointed. It is difficult for data to be transmitted to headquarters in time and effectively, and the overall efficiency of business management is greatly reduced.

2.2. Insufficient flexibility of management mechanism

In order to ensure the smooth implementation of the Amiba model, we need to build a decentralized and centralized financial control model with the support of flexible financial management mechanism. The vague relationship between the responsibilities and rights of financial management is a common phenomenon in the daily management activities of most enterprises, which leads to the low efficiency of financial management. If the enterprise fails to carry out financial integration and business process in time after the implementation of Amiba organizational division, the issue of financial management authorization and centralization will not be effectively

improved, affecting the overall production efficiency of the enterprise.

3. The Strategy of Enterprise Cost Budget Management Based on Amiba Model

3.1. Improving the cost control system

For example, the main business cost structure of an enterprise in 2018 (see Figure 1) is analyzed, in which the production material expenditure accounts for the largest proportion, accounting for 89% of the main business. Therefore, in order to achieve cost control, it is particularly necessary to optimize production materials and production links, and improve the cost control system.

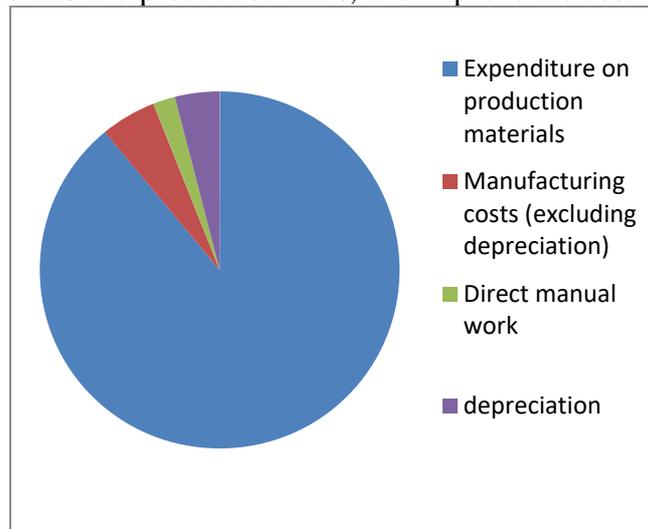


Figure 1 Cost Composition of Main Business in 2018

The first stage is the design stage. The main work of this stage is to divide the enterprise into several economic responsibility units, at the same time formulate corresponding goals, and explore the path to achieve the goals. Based on the division of functions and departments, enterprises are divided into several units that can independently complete their work and account independently. The responsibilities of the heads of each unit are clearly defined, which provides the basis for the performance evaluation and cost management of each unit. Subsequently, the enterprise should define the overall goal and disperse the overall goal to all posts, so as to achieve the small goal and promote the realization of the overall goal. When designing small goals, enterprises should follow the following principles: (1) The goals can be achieved, the goals set by each responsible unit and person should match their own abilities, and it is difficult to achieve the expected results if the goals are too high or too low. (2) Accurate expression of objectives, that is, feasible measures to achieve planning objectives. (3) Targets can be measured, such as the quantity of products. (4) The principle of time limit should clarify the time when the goal is reached. (5) Relevance principle, there should be a certain correlation between the overall goal and the small goal, and it is consistent with the staff's own work. At the same time, enterprises should combine their own management mechanism and production and operation status to find problems related to cost management, and carry out analysis on various problems, in-depth excavation of the causes of the problems. Enterprises can use Pareto Method, Fishbone Diagram Analysis Method, Brainstorming Method as problem analysis methods, and explore the controllable factors. Combining with controllable factors, enterprises put forward problem-solving schemes, considering the cost, time, resource guarantee and feasibility of each scheme, and select the best scheme from them. After the scheme is selected, the implementation plan is formulated, such as the incentive scheme, the required resources, the implementation method and the specific content of the work, etc. The second is the implementation stage. In this stage, the main task is to apply the plan to practice and record the data information generated in the process of practice. The responsible personnel are required to guarantee the authenticity of the data. Only after the data is submitted to the management personnel for examination and verification, can the data be recorded. In this process, enterprises should monitor

in real time and fill in supervision records as the basis. Finally, it is the evaluation and improvement stage. In this stage, the main task is to analyze the effect and process of the implementation of the plan, to summarize the differences between the plan and the expected goal, and to put forward the corresponding improvement direction. The good results obtained in the implementation process are promoted, and improvement measures are put forward to optimize the implementation process in view of the existing problems.

3.2. Formulating incentive and assessment mechanisms

Enterprises can set target values in conjunction with the data of the previous year, which will be examined by managers as work assessment criteria. For example, when assessing production and operation departments, wages, foreign business expenses, subsidies and repair expenses should be calculated and compared with the target value. The main assessment contents of management departments are the overexpenditure of centralized management expenditure and the achievement of work objectives. When the management objectives of health, safety and environmental protection are not achieved, the amount of each project can be deducted from 5000 yuan to 10000 yuan according to the achievement of each goal. In order to promote enterprise value creation, incentive plans should also be formulated, specifically when the value creation increase exceeds 10 million yuan, the bonus should be 3% of the increase; when the value creation increase exceeds or equals 10 million yuan, but is higher than 3 million yuan, the bonus should be 5% of the increase. Detailed incentive mechanism is shown in the Table 1.

Table 1 Incentive mechanism classification Table

Value Creation Increase (\$10,000)	Bonus withdrawal ratio (%)
> 1000	3%
> 300, ≤1000	5%
> 100, ≤300	6%
> 50, ≤100	7%
≤50	9%

3.3. Strengthening cooperation between production and sales departments

Once there is no effective communication between the sales department and the production department, it will easily lead to product backlog, which will affect the cost of the enterprise. Therefore, it is particularly necessary to strengthen communication between the two departments. For example, the production department and the sales department can fill in the production and marketing cooperative management service form together, which clearly marks the sales quantity, production quantity, inventory critical point, repayment method, repayment time, etc. In this way, the production department can make reasonable planning for the production work. Besides ensuring the normal operation of the sales business, it should also reduce the product inventory to a lower level. And the financial department can also understand the related content of enterprise liquidity, which can also strengthen the financial management of enterprises. Sales departments and production departments should also prepare monthly comparison reports, which should be handed over to the evaluators to evaluate the work situation, compare the planned and actual values of the next two months, dig out the problems existing in themselves, and formulate corresponding adjustment measures to improve the sales and production plans.

3.4. Establishing and improving the internal reporting system

Enterprise managers can obtain data related to production and operation management of the same enterprise through internal reports, and make scientific basis for decision-making for managers, so as to strengthen the management and control of the enterprise. Therefore, it is particularly necessary to improve the internal reporting system of enterprises. It can be divided into three parts: one is cost control report. This report mainly reflects the implementation of the cost control scheme, so that the practitioners and managers can correct the deviations. This report should

include the actual amount of cost incurred in the current period and the control indicators. With the help of the difference comparison between the actual occurrence value and the target value, the content of the control needs to be clarified. In addition, with the help of this report, the responsibilities of relevant personnel can also be clearly defined, forming a clear division of responsibilities. The second is budget control report. This report mainly reflects budgeting and implementation. Because the economic environment is not unchanged, in order to ensure that enterprises achieve their own development goals, they should constantly adjust their own business development strategies, and the enterprise budget will change in this process. Under this situation, only timely improvement of the budget report can meet the dynamic needs of enterprise development. In traditional budget report, financial budget report, operating budget report and capital budget report are the main components. The content and function analysis makes it difficult for traditional budget report to meet the budget control objectives proposed in cost control. Therefore, it is necessary to adjust the budget control report and to adjust the key industries of the responsible units. Performance indicators and key performance indicators of responsible persons are included in the scope of disclosure.

4. Conclusion

Amiba model is a new type of enterprise management mode and a new way of thinking. It has a positive significance in mobilizing the vitality of enterprise operation, stimulating the enthusiasm of employees and strengthening the control of enterprise cost budget. Therefore, this paper focuses on the Amiba model of enterprise cost budget management, and puts forward some suggestions, such as strengthening the cooperation between production and sales departments, establishing and improving the internal reporting system, in order to provide a reference for enterprises to gain long-term cost advantages and promote the sustainable development of enterprises.

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