

Research on Cost Management of Logistics Enterprises from the Perspective of Value Chain

-- Take SN Holdings as an Example

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Abstract: In recent years, the rise of online platform transactions has led to the rapid development of the logistics industry. On the other hand, the extensive management mode of China's logistics industry can be changed to precise management, which has more advantages in international competition. This paper adopts a combination of literature research and case analysis to analyze how SN Holdings can use value chain cost management to optimize and allocate internal and external resources in the process of cost management, reduce energy consumption and improve resource efficiency, so as to maintain the long-term competitive advantage of the enterprise.

Keywords: Logistics Cost; Value Chain Analysis; Cost Management.

1. Introduction

1.1. Background and Significance of Topic Selection

1.1.1. Background of Topic Selection

At present, there is still a certain gap between China's logistics industry and foreign logistics industry, and the traditional cost management methods can no longer meet the needs of the current logistics industry cost management. Therefore, it is necessary for the logistics industry to carry out value chain-based cost management.

1.1.2. Significance of Topic Selection

Enterprises use value chain cost management to conduct a comprehensive analysis of internal and external costs, and can implement effective cost management for enterprises. Therefore, this paper can enrich the research on the related cost control of logistics enterprises in China.

1.2. Literature Review

1.2.1. Research Status at Home and Abroad

Yang Ying, Meng Xiaojun et al. (2017) believe that enterprises can achieve value appreciation more quickly by identifying the needs of different customers and producing products in a targeted manner [1]. Hong Hong et al. (2018) proposed that the company should abandon non-value-added operations in the process of production and operation, increase investment in links with large added value, and cultivate its own cost advantages [2].

1.2.2. Literature Review

Therefore, on this basis, this paper uses the value chain analysis method combined with the case enterprise SN company, hoping that the research results can enrich the research in the field of value chain cost management.

1.3. Research Ideas and Methods

1.3.1. Research Ideas

This paper analyzes the strategy of SN Holdings' value chain cost management in detail, explains how SN Holdings implements value chain cost management, analyzes its effects,

and puts forward suggestions for improving and expanding the effects.

In the first chapter, the background and significance of the topic selection are analyzed.

The second chapter mainly expounds the theories related to value chain cost management.

Chapter 3 describes the background of the implementation of cost management in the value chain of SN Holdings.

Chapter 4 describes SN Holdings' initiatives to implement value chain cost management.

Chapter 5 provides an analysis of the effects of the initiative.

Chapter 6 draws conclusions and lessons learned from the analysis of SN Holdings' initiatives.

1.3.2. Research Methodology

In this paper, the following research methods are used:

First, the literature research method. This paper collects relevant theories on value chain cost management at home and abroad, which provides a theoretical basis for the research of this paper.

Second, the case study method. This paper analyzes the cost management strategy adopted by SN Holdings through a case study and analyzes the cost management strategy adopted by SN Holdings according to its actual situation.

2. Overview of the Theory of Value Chain Cost Management

2.1. Definition of Value Chain Cost Management

Value chain cost management refers to the optimization of the value chain of enterprises according to the development situation, and at the same time to understand the value chain of enterprise competitors, and constantly enhance their advantages to achieve long-term development.

2.2. Based on the Theoretical Basis of Value Chain Cost Management

2.2.1. Total Cost Management Theory

Comprehensive cost management requires enterprise

managers to comprehensively manage the costs generated in the whole process of production and operation of the enterprise from the perspective of the overall situation, and continuously optimize the technology and methods of cost management to ensure the sustainability of enterprise operation.

2.2.2. Cost Control Theory

Cost control is to control the cost generated by the entire enterprise operation process in accordance with the established cost objectives, strictly calculate, adjust and supervise, and correct the deviations in a timely manner to ensure success this goal can be achieved.

3. SN the Basic Situation of Holding Cost Management

3.1. SN Company Profile

SN Holdings is one of the earliest logistics companies in China, officially born in Shunde, Guangdong Province in 1993 and officially listed in 2017, headquartered in Shenzhen, Guangdong.

3.2. External Environmental Factors

3.2.1. The Traditional Cost Management Model is no Longer Suitable for the Current Development Requirements of Enterprises

In today's increasingly competitive world, companies must manage the whole process before, during and after the event, so SF Holdings must implement a new cost management strategy to improve the level of cost management and maintain a competitive advantage for a long time.

3.2.2. The Competition in the Express Logistics Industry is Becoming Increasingly Fierce and the Profit Margin is Decreasing

The entry threshold of the logistics industry is low, the number of enterprises is increasing, and the market competition is intensifying, resulting in a gradual decrease in the income of enterprises.

3.3. Internal Environmental Factors

3.3.1. Advantages of the Internal Environment of the Enterprise

SN Holding has created a good environment for the implementation of value chain cost management from top to bottom. The professional ability and quality of employees are high, which improves the efficiency and level of cost control of the value chain of the enterprise.

3.3.2. Enterprise Information Technology Support

SN Holdings has invested a lot of money in the research and development of information technology, and at the same time recruited a large number of excellent R&D personnel, formed an innovative talent team, and helped the upgrading of enterprise information technology.

3.4. The Main Content of SN Holdings' Cost Management from the Perspective of Value

3.4.1. Internal Value Chain Analysis

The activities of SN Holdings' internal value chain are divided into two categories, the first is basic value activities and the second is auxiliary value activities. Figure 1 shows the details:

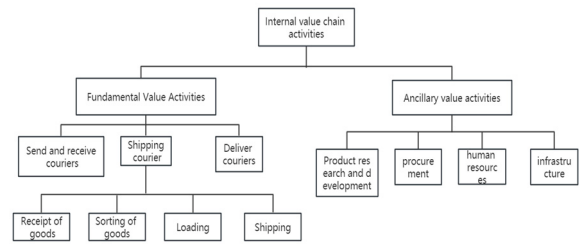


Figure 1. SN Holdings' internal value chain

3.4.2. External Value Chain Analysis

The external value chain of an enterprise includes the industry value chain and the competitor value chain.

(1) SN Holdings provides customers with targeted and diversified products according to the different needs of customers. At the same time, timely communication is achieved to ensure mutual benefit and win-win results.

(2) SN Holdings' cost management should also consider other enterprises in the same industry and collect information on value chain cost management from competitors in a timely manner.

4. SN Holdings' Main Sectors and Initiatives Involved in Value Chain Cost Management

4.1. SN Holding's Cost Management Measures based on the Company's Internal Value Chain

4.1.1. Build a Functional Logistics Information System

Since its establishment, SN Holdings has attached great importance to how to improve distribution efficiency, so SN Holdings has invested a lot of money and manpower to build an intelligent logistics system.

4.1.2. Direct Management Mode

SN Holdings adopts a direct sales model. In the face of problems, customers complain through customer service, and directly transmit the customer's voice to the headquarters, which can follow up and return to the headquarters in the first time to establish a good brand image.

4.2. SN Holding's Cost Management Measures based on the External Value Chain of the Company

4.2.1. Cost Management of the Supplier Value Chain

(1) Reach a strategic alliance with upstream enterprises

With the rapid development of information technology, SN Holdings can exchange information and communicate with suppliers in a timely manner more quickly and conveniently.

(2) Set up a supplier platform to strengthen supplier management

In recent years, SN Holdings has been continuously strengthening cooperation with suppliers, conducting unified procurement, and reducing costs through economies of scale.

4.2.2. Cost Management of the Customer Value Chain

SN Holdings attaches great importance to the cost-effectiveness of products and the individual needs of customers, and at the same time improves service quality and establishes brand image.

5. SN the Effectiveness of Cost Management in the Value Chain of the Holding

5.1. Analysis of the Cost Management Effect of the Internal Value Chain

5.1.1. Reasonably Control R&D Expenses and Improve Business Efficiency

On the basis of fully understanding the market demand, SN Holdings implements different research plans and programs for different needs to effectively control R&D expenses.

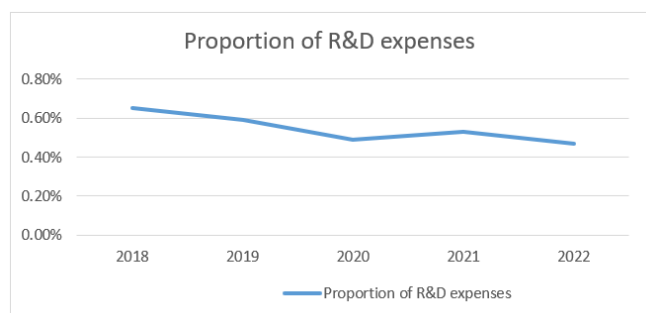


Figure 2. Proportion of SN Holdings' R&D expenses

5.1.2. Reduce the Cost of Competition and Enhance Competitive Advantage

SN Holdings adopts a market concentration strategy to obtain brand premium with lower cost expenditure, and focuses on high-end customers to obtain more benefits and reduce competitive costs.

5.2. Analysis of the Cost Management Effect of the External Value Chain

5.2.1. Reduce the Cost of the Supply Chain

SN Holdings has strengthened the cost management of the procurement process and at the same time, it has shared information with suppliers to achieve effective management of procurement costs.

5.2.2. Customer Management Costs are Reduced and Stickiness Increases

(1) Create brand advantages

SN Holdings has invested heavily in promoting the company in order to increase its visibility and awareness. However, enterprises should continue to adopt new strategies to continuously reduce marketing investment and improve marketing effectiveness.

(2) Provide personalized services

In order to better meet the needs of customers, SN Holdings provides a variety of logistics products and good services, and motivates enterprises to continuously optimize the cost management system.

6. Conclusion and Prospects

6.1. Conclusion

Based on the study of SN's cost in the value chain, the following conclusions are drawn:

(1) Based on the analysis of relevant data, this paper finds that the cost management of SN logistics company has problems such as the lack of forward-looking cost management in outsourcing links and the poor level of cost management in warehousing links.

(2) According to the above problems, this paper proposes

strategies such as using information technology to realize the automatic management of warehousing links and improving the professional skills and knowledge of warehouse management personnel.

6.2. Outlook

This paper hopes to provide reference for SN's cost management, and at the same time enable the value chain cost management model to be continuously improved and improved.

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