

Study on the Application of Value Chain in Strategic Management Accounting

--Take Wal-Mart for Example

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Abstract

Strategic management accounting is the product of the change and development of The Times, and the effective use of value chain can make enterprises more accurate formulation of future development strategy. Based on the application status of value chain in strategic management of enterprises, combined with the successful practice of value chain management of Wal-Mart Group, this paper gets inspiration, so as to provide several countermeasures for the development of enterprises in this field in the future.

Keywords

Strategic Management Accounting; Value Chain; Enterprise Strategic Management.

1. Introduction

At present, with the in-depth development of economic globalization and the continuous progress of social science and technology, especially the development of information technologies such as "big data", "cloud computing", "artificial intelligence" and "block chain", management accounting is both an opportunity and a challenge. On the one hand, the construction of these information platforms reduces the cost of enterprise data storage, improves the efficiency [1], and provides technical support for decision-making. On the other hand, it also requires accounting personnel to transform, participate in enterprise management, and pay attention to long-term strategy.

At the same time, the theory of management accounting is constantly enriched, and modern management pays more and more attention to the adaptability of enterprises to the environment. Competition among enterprises not only focuses on a single product and its marketing, but also revolves around the enterprise value chain, extends to the production link before and after the enterprise, connects the internal and external business processes, integrates resources on the whole, and improves the core competitiveness of enterprises.

The research on the application of value chain in strategic management accounting is of great significance to the development of enterprises and strategic management accounting. For enterprises, it can provide diversified accounting information, innovate internal management and control methods, and facilitate managers to weigh the advantages and disadvantages and make the best decision, thus improving the operation efficiency and market competitiveness of enterprises. From the perspective that strategy is management accounting, the research in this field can give new ideas, new contents and new directions to enterprise management accounting [2], further enrich the theoretical system of management accounting and promote its innovative development.

2. The application status of value chain in enterprise strategic management

In 1985, harvard business school professor Michael porter to bring up in the competitive advantage of the value chain theory [3], he divides into the enterprise value creation activities including internal logistics, production operation, external logistics, marketing and sales, and service the basic activities and involved in procurement, technology development, human resource management and enterprise

infrastructure such as auxiliary activities, These activities constitute a dynamic process of value creation, the value chain. In China, value chain accounting was first proposed by Professor Yan Dawu in 2003 [4]. In the past 20 years, scholars have continuously enriched and developed it. Although China has made some achievements in theoretical research, there are still the following problems in practical application, which need to keep pace with The Times and constantly improve.

2.1 The lack of trust among departments and among enterprises hinders the development of synergy

The improvement of enterprise efficiency largely depends on the unity and cooperation between various departments, but now many enterprises still have problems of unclear responsibilities and poor communication in internal management. In addition, trust not only means that a company is honest and reliable, but also requires win-win cooperation. But at present, most enterprises only pay attention to their own interests, and the awareness of maximizing common interests is weak, so it is difficult to form a close cooperative relationship, especially with competitors.

2.2 Too much emphasis on cost savings and a lack of long-term strategic planning

Cost control should be based on feasibility, not at the expense of long-term benefits. At present, small and medium-sized enterprises generally overemphasize cost saving, take price war as the main means of market competition, and fail to consider the enterprise strategy and vision [5]. This approach is not worth the loss, perhaps the short-term benefits are considerable, but the value chain management is not the core, the lack of strategic planning of product price advantage is not conducive to the sustainable development of enterprises.

2.3 It is limited to the internal value chain and ignores the external value chain

The continuous progress of economy and society requires enterprises to strengthen the modernization construction. Many enterprises have realized the importance of internal value chain and taken corresponding measures to strengthen the connection between various business units within the enterprise [6]. But for the extension of industry value chain has yet to be perfect, it focuses on the longitudinal analysis, the enterprise value chain based on the relationship of enterprise and the corresponding suppliers and demanders, respectively, after forward extension to form the industry value chain, the application of the industrial chain can make the enterprise in the position in industry, seeking its own competitive advantage, and improve the operation effectiveness of the whole industry chain.

3. Case study of Wal-Mart Group

3.1 About Wal-Mart

Wal-Mart was founded in Arkansas in 1962 by American retail legend Sam Walton, and it has repeatedly ranked first in the Fortune Global 500 list [7]. Update: "On May 13, 2021, Walmart ranked No. 18 on Forbes' Global 2000 list of the world's top companies in 2021." It can be said that the purpose of "to help customers save every penny" Wal-Mart is the retail industry leader. The effective use of its value chain enables enterprises to reduce costs and gain, innovate and develop, so as to occupy a favorable position in the fierce market competition.

3.2 Wal-Mart Internal Value Chain Management

3.2.1 Low-cost procurement

Unlike most retail enterprises, Wal-Mart does not use the way of consignment sales, but bypasses middlemen to directly purchase goods from factories at the lowest purchase price, so that middlemen profit transfer, saving 2%-6% of the procurement cost. Procurement channels, in addition, wal-mart implement on a global scale centralized purchasing, one-time sign sell a commodity all orders within a year, a huge number of procurement given wal-mart strong bargaining power, make its can get far lower than competitors' prices, cost reduction makes wal-mart need advance expenditure natural reduction of working capital, Favorable prices also speed up the turnover of inventory.

3.2.2 Warehouse management

The internal facilities of Wal-Mart supermarkets are mainly simple and convenient, and they try to use all the shelf space to store and display goods. The price is not marked on each item, but on the shelf, and the cash register will accurately collect the price by scanning the bar code. Goods are often sold in large packages to reduce the cost of individual packing. Moreover, as a large retailer, inventory management is very important. As early as the 1990s, Wal-Mart stored all its inventory in distribution centers across the country rather than in retail supermarkets, thus greatly reducing warehousing costs.

3.2.3 Efficient logistics distribution system

Wal-Mart's own logistics distribution system has greatly reduced the cost. While realizing the "high efficiency" of the logistics system, it also ensures the "low cost" of its own fleet. 24 hours continuous operation, a large number of goods shipped at night, reducing the impact on the daily business activities. In addition, its distribution centers are usually located in the center of multiple stores, which is convenient to save time and cost. Wal-Mart can complete the transmission of 200,000 boxes of goods in a day, and the logistics cost to deliver the goods to its branch stores only accounts for 2% of its sales, while other retailers generally pay 5%, and Wal-Mart saves hundreds of millions of dollars in logistics cost alone every year [8].

3.3 Wal-Mart External Value Chain Management

3.3.1 Production and marketing alliance to achieve win-win

In the production and marketing alliance with suppliers, information sharing is realized through the data network, so that suppliers can master the sales and inventory information of commodities in Wal-Mart, and carry out production and distribution operations based on it. In cooperation with procter & gamble, through the establishment of "safety stock line", "continuous replenishment system" and "EFT payment system" makes the procter & gamble in the wal-mart sells products sales and profit, more than 50% of the surge in [8], wal-mart profit from p&g products has increased by 48%, close to zero inventory, working capital management performance significantly increased.

3.3.2 Customer oriented

Wal-Mart has always adhered to the principle of "superior service, unique employees", to provide customers with the new enjoyment of first-class service. In addition, Wal-Mart introduced a new concept of "one-stop" shopping, which allows customers to buy all the items they need in the shortest time possible. It is the speed and convenience of shopping that appeals to modern consumers. It starts from customer needs, collects customer suggestions with various survey methods, improves customer satisfaction, and uses the analysis results to guide business decisions.

3.3.3 Advanced information sharing platform

The advanced information platform makes the value of each link of Wal-Mart get effective integration. Electronic tagging and radio frequency technology provide access to a large amount of data, including the storage and location of goods, to facilitate on-demand procurement; Sales point system can quickly feedback customer needs; Automatic replenishment system makes the supply of goods timely and accurate, greatly improving the operational efficiency. Information sharing between Wal-Mart and the upstream and downstream chains provides opportunities for win-win cooperation.

4. The application countermeasures

4.1 Scientific strategic planning

The formulation and implementation of strategy can promote the virtuous circle of enterprises. Blindly pursuing the short-term benefit of low cost while neglecting the long-term strategic planning will make the enterprise lose its development potential. On the basis of ensuring the core elements of products, enterprises can use value chain analysis and environmental analysis to seek for greater development space [10]. In addition, enterprises should also pay attention to the construction of strategic management accounting, the establishment of high-quality financial management team, so that strategic management accounting for the development of enterprises to provide better services.

4.2 Pay attention to the overall optimization of the value chain

The value chain includes not only the internal value chain of the enterprise, but also the supply chain, and the synergistic effect of the industry chain. The close cooperation with suppliers and consumers can promote the integrated application of the value chain. Enterprises should comprehensively consider all aspects of the factors, pay attention to the survey feedback, accurately carry out strategic positioning, effectively integrate all links of resources, "depth and breadth" go hand in hand, "horizontal and vertical" wings go hand in hand, to achieve a win-win situation of the whole value group.

4.3 We will strengthen the development of information platforms

The core of enterprise management is decision-making, and the mastery of information is the key to decision-making, especially in the current era of data sharing. This requires enterprises to increase investment in technology research and development, strengthen the construction of talent team, and develop and utilize information resources according to the enterprise situation and strategic planning. Through the construction of data warehouse, shopping guide system and financial analysis system and other ways to promote the internal and external information exchange, optimize the logistics, information flow, capital flow, enhance the competitiveness of enterprises.

5. Conclusion

The application of value chain in strategic management accounting is a favorable driving force for enterprises to gain market competitive advantage. For accounting reform, it is the innovation and development of accounting theory and method. Although there may be some obstacles in the practical application, with the continuous exploration of all sectors of society and the continuous progress of science and technology, the development of this field will be increasingly prosperous, and it will also provide greater reference for the sustainable and healthy development of enterprises and the study of accounting transformation.

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