



MANAGEMENT AND ANALYSIS OF LOGISTICS COSTS

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ABSTRACT

The article examines the costs of logistics and their management system. The importance of the methodology of their analysis in the management of logistics costs is discussed.

KEY WORDS: *logistics, logistics cost, types of logistics costs, logistics cost analysis, functional analysis.*

INTRODUCTION

Many factors affect the competitiveness of an enterprise in a free competition. First and foremost is cost reduction.

Each step to reduce costs should be analyzed in terms of its impact on the current operations and strategy of the enterprise. Cost management serves as a tool for the enterprise to achieve high economic results. This applies to all controls as well as cost savings. Cost management involves the implementation of the classic elements of the management cycle: forecasting and planning, organization, coordination and regulation, activation and promotion of implementation, accounting and analysis [4].

THE MAIN ISSUE

The basic principles of cost management have been developed by practice and are applied in the management of logistics costs. They depend on:

- a systematic approach to cost management;
- uniformity of methods applied at different levels of cost management;
- cost management at all stages of the product life cycle - from emergence to disposal;
- combination of cost reduction with high quality products and services;
- cost optimization;
- widespread introduction of effective ways to reduce costs;
- informing the cost management process;
- to increase the interest of production units of the system in reducing costs.

Creation of a logistic cost accounting system is a necessary basis for finding ways to reduce them. In modern conditions, this is one of the ways to ensure the competitive advantage of the enterprise.

Logistics costs are part of the cost of finished products and significantly affect their selling price, although little attention is paid to accounting for this group of costs in local practice [1]. There is no systematic approach to identifying, analyzing and optimizing logistics costs. When classifying the costs included in the basic cost, the costs of logistics are not grouped, their separate components are taken into account in different accounting departments, which makes it difficult to separate and systematize them. The currently used classification of costs does not allow the creation of a systematic classification of logistics costs, providing their objective accounting, analysis and regulation.

The identification, analysis and accounting of logistics costs must be systematic and coordinated. The logistics service should deal with targeted accounting of logistics costs, their calculation, monitoring of dynamics, analysis of the structure, search for ways to optimize and reduce.

Thus, in order to organize effective management of logistics costs, their accounting system must meet a number of requirements:

- highlight the costs incurred in the implementation of each logistics function;
- accounting of costs for logistics processes to determine the exact costs associated with one process, but arising in different departments;
- obtaining information on the most important costs;
- generate information about the interaction of the most important costs;
- Identify changes in costs, costs incurred as a result of abandoning this process.

According to the general cost principle, it is not enough to control the costs generated within one



enterprise, it is necessary to determine the costs of all participants in the supply chain, to determine the mechanism of their formation and interdependence. In our country, there are no regulations or laws requiring accounting for processes in financial reporting. Only logistics managers are interested in creating a system for accounting and analyzing logistics costs, for whom this information is the basis for effective management decisions.

Logistics cost analysis is an important element of supply chain management. This gives them information for intelligent planning. Costs are analyzed for the logistics system as a whole, as well as for production units, economic cost elements and cost items, activities, work units, services, stages of the production process and other accounting items.

The main task of analyzing logistics costs is to find ways to reduce them. Costs need to be grouped to determine the impact of cost items on their total cost. The analysis identifies specific reasons for cost changes, the relationship between cost and price, and other economic results of the production of goods and services.

The object of the analysis of the cost of accounting items is the cost of logistics services provided by the enterprise. Analysis of the cost of certain types of services allows you to identify reserves as much as possible to affect profitability and economic results in general. For example, in a transportation service enterprise, the analysis includes the vehicles with the highest share of the business, the non-commercial vehicles and the vehicles with the highest profitability.

When looking for ways to reduce costs, it is necessary to analyze both the cost items (or cost items) and the locations where they arise. For example, lowering the operating costs of using motor vehicles may be based on the assumption that the most effective means of managing operating costs is the cost-effective selection of rolling stock. The reason is that all operating costs are directly related to the specific characteristics of the equipment (including start-up costs; maintenance and repair period; design changes and conversion costs; fuel and lubricant consumption; other costs).

The main cost level is determined by factors directly related to the purchase of moving content. These factors include: the cost of the car; transaction costs; processing and start-up costs may be included. The depreciation rate is determined based on the cost of the purchased equipment.

The costs of secondary operation indirectly depend on the correct choice of the cost structure, as well as on the management methods adopted at the enterprise. These costs include: repair and maintenance; fuels and lubricants; modernization and refurbishment; fines; other expenses; probabilistic costs associated with remuneration, consumer claims [3].

Determination of the cost structure for the provided logistics services depends on the cost structure, cost of services, profitability and general competitiveness of the enterprise when deciding on the purchase of rolling stock.

When analyzing logistics costs, the following rules must be observed:

- The types of costs to be included in the analysis framework should be clearly defined and justified;
- identification of cost centers, that is, functional areas of business, which accumulate significant costs and reducing their level provides an increase in added value for the consumer;
- identify important points of concentration of costs in each center, that is, separate areas in one cost center;
- costs should be based on specific factors associated with evaluating alternative actions and decision criteria should be established;
- consider all costs as a single flow accompanying a specific business process;
- the value for a legal entity should be considered not as the amount of costs incurred within the enterprise, but as the amount paid by the consumer;
- Classification of costs by characteristics and analysis by any methods, determination of costs.

Among the methods used in the analysis of the logistics costs of an enterprise, a special place is occupied by functional cost analysis, which is an effective tool for optimizing costs and the quality of logistics functions. Supervision often performs the functions of internal control in the enterprise, controlling the activities of its departments and the enterprise as a whole. Unlike an audit, it is focused on the current results of activities and is not associated with the need to travel to places where documentary inspections, economic actions and operations are carried out.

CONCLUSION

Thus, control is the main activity of the top management of the enterprise, which includes the process of data processing (collection, preparation, direction, production, financial and other accounting information), general target planning, as well as how monitoring the achievement of goals and management decisions includes

Oversight functions include a service function to provide information required for management and an interpretation function for decision-making and coordination. The control information service is provided through a planning, regulation, accounting and management system aimed at achieving the final result of the activity. The



information should contain deviations (normative, planned) and actual data, deviations from accounting tools in the context of organizational units.

The interpretive function of control is to analyze differences, use coverage metrics and general performance data to make management decisions.

The main tasks of control:

- participation in the development of the goals of the enterprise (system);
- suggest alternative solutions based on available data;
- analysis of economic efficiency (especially investment and innovation);
- guidance on the development of operational planning estimates;
- compare planned targets with actual performance and identify obstacles;
- development of proposals to eliminate deviations;
- creation of new targets based on the results of the measures taken;
- consultations of heads of enterprises on production and economic issues;
- Production and economic justification of data from other specialized departments.

In short, the efficient organization of the activities of enterprises and proper cost control in their management are of particular importance. On the other hand, quality control is more effective when it is based on detailed analytical data.

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