

Study on Logistics Cost Management of S Hemp Products Company

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Abstract

With the rapid development of economic globalisation, the two profit sources of "resources" and "manpower" can no longer simply meet the economic profits generated by enterprises, and the logistics field, which is called the "third profit source", has begun to be favoured by management. "The logistics field is beginning to be favoured by the management, which means that the logistics cost management in China's enterprises is getting higher and higher. If the enterprise logistics cost management has obvious effect, not only can help the management to make the right decision, but also can effectively enhance the economic benefits of enterprises, and then make the comprehensive strength of enterprises to enhance, is conducive to the rapid development of enterprises in the environment to stand firm. Based on this this paper mainly on the S hemp products company logistics cost management issues for research.

Keywords

Logistics Costs; Transport Costs; Logistics Packaging.

1. Introduction

1.1. Research Background

With the rapid development of the economy, China's enterprises are developing faster and faster, but at the same time, they are facing some challenges. Enterprises to meet customer demand, on the one hand, in order to ensure product quality and quality service level at the same time, on the other hand, enterprises to find ways to purchase and warehousing of raw materials, production, sales, distribution and transport and other aspects of the cost of compression. In order to adapt to the fierce competition environment, "the third source of profit" in the field of logistics is gradually favoured by the management. But observe the development direction of China's logistics can be learnt, the use of the "third source of profit" logistics field to produce economic benefits for most of the third-party logistics companies, the vast majority of China's enterprises in their own logistics management is still in the development of logistics at an initial stage, which also caused most of China's enterprises to logistics cost management awareness of the This has also caused most enterprises in China to have a lack of understanding of logistics cost management. Therefore, China's enterprises, especially the manufacturing industry focusing on production, should increase the understanding of logistics cost management, to reduce logistics costs as the primary problem to be solved in the management of enterprises. Enterprises through effective management methods to control logistics costs, reduce the total cost of the company, improve the economic efficiency of enterprises, to enhance the overall comprehensive level of the purpose of the enterprise.

1.2. Research Significance

(1) Improvement of enterprise competitiveness

In China's rapid development of enterprises in such a large environment, enterprises not only to save raw materials and improve labour productivity in these two aspects to improve the economic efficiency of enterprises, is regarded as the "third source of profit" in the field of logistics should also be the attention of enterprises, logistics cost management on the cost of the enterprise has an impact on the enterprise no less than the production of logistics cost management can be effectively improved to provide a good business environment, so that the core competitiveness of enterprises is higher than the competitiveness of other companies in the same industry. Logistics cost management can be effectively improved to provide a good business environment, so that the core competitiveness of the enterprise is higher than the competitiveness of other companies in the same industry.

(2) Effective reduction of logistics costs

At present, China's enterprises in the product production costs continue to increase, who can achieve significant results in cost control, who can stand firm in the fierce market competition. Logistics cost management is the use of logistics between the various elements of the relationship between the logistics activities of effective control, to play a can control the effect of each link of logistics costs, so that the cost of each link can not only be clear, but also will not make the cost of each link of the cost of false increase. The development of enterprises can not be separated from the orderly logistics activities, that is to say, the control of logistics costs of enterprises, not only can timely find enterprises in the logistics cost management in the various problems, but also can effectively reduce the cost of logistics in all aspects of the enterprise so as to greatly improve the economic efficiency of enterprises.

(3) Other favourable effects

At the same time, enterprise logistics cost management can bring a lot of positive impacts: it helps to develop new markets and cause new demand storms; it is conducive to improving the efficiency of various processes; and it is conducive to consolidating the relationship between the enterprise and its customers. Therefore, the discussion and study of enterprise logistics cost management, in reducing the cost of each link of the enterprise, improve the economic efficiency of enterprises and improve the overall competitiveness of enterprises have certain practical significance.

2. Overview of S Hemp Products Company and Current Situation of Logistics Cost Management

2.1. S Hemp Products Company Profile

In 2010 S Hemp Products Company was established, the company's headquarter is located in Zhanjiang City, Guangdong Province, is a professional manufacturer of hemp rope, twine and sacks and other products, and integrated production and marketing. S Hemp Products Company is a private enterprise with the right to import and export. S Hemp Products Factory has been developed steadily in all aspects of the company due to its rich experience, excellent products and good reputation, and its annual sales continue to grow. However, S Products Company has problems such as high transport costs and loading/unloading/handling costs as well as logistics and packaging costs due to the poor management system of its managers and the lack of systematic and formal programmes developed. These problems will restrict the development and growth of the enterprise. Therefore, it is necessary to explore the logistics cost management problems of S hemp products company, analyse and put forward reasonable suggestions.

2.2. Current Situation of Logistics Cost Management in S Hemp Products Company

(1) Employees focus on their own interests

S hemp products company from the beginning of the establishment to now, in this aspect of wage accounting has been used in piecework, and in addition to a few leaders, most of the company's employees are mainly production staff. The daily concern of the employees is the quantity of goods they produce, because the more quantity they produce, the higher their salary is, that is to say, relative to the overall interests of the company, the employees care more about their own interests.

(2) Adoption of traditional cost accounting

S hemp products company has been using the traditional cost accounting method. The company's logistics costs are all accounted for in accordance with ordinary costs, that is to say, the logistics costs in the purchasing process are included in the purchasing costs, the logistics costs in the production flow and processing process are included in the production costs, and the logistics costs incurred in the sales process are included in the cost of goods sold. In addition, some other cost items in the logistics cost are too vague, which is what we call the invisible logistics cost, resulting in the accountant does not know which cost to include, which may ultimately lead to the final total cost is high, the cost of each link is as follows **Table** shows:

Table 1. Costs by segment

	Procurement process	Process chain	Sales segment	Distribution and transport links	Total cost (\$)
Armor plating	14	18	18	17	67
Beta product	16	22	20	17	75

(3) Single company capital investment

The S Hemp Products Company, which has been in existence for 14 years up to now, does not have any capital to consume other than the equipment and funds required for production and the necessary financial equipment and software. In terms of the personnel composition of the enterprise, the enterprise in addition to a few investors, other than the workshop basic production staff, investors and production workers to transition between the management, resulting in investors can not accurately and timely detection of the production line of the problem. At the same time, some investors believe that manufacturing enterprises only need to produce their own products qualified, other aspects of capital investment is completely unnecessary. S Hemp Products Company 2022 the cost of various activities table is as follows **Table** Shown:

Table 2. Consumption of funds by S Hemp Products in 2022

Sports event	Production staff	Investment staff	Raw materials	Machinery and equipment	Financial equipment
Cost sconsumed (\$ million)	56	18	480	5	0.6

3. Problems of Logistics Cost Management in S Hemp Products Company

3.1. Excessive Logistics Packaging Costs

S Hemp Products Company's development strategy is to achieve to become a famous domestic hemp products company, but its current scale is not so large. With the growing sales volume of the company, in 2016 S Hemp Products Company established the Zhanjiang Development Zone Yifu Trading Branch to expand its company scale.

While continuously expanding its scale, the company is also facing a series of difficulties. According to the company's data, the company's hemp products packaging costs account for about 10% of the total cost of logistics, which means that the company will invest a lot of money in logistics packaging, which will inevitably affect the company's profitability. The following **Table** is a table of the proportion of logistics packaging costs to total logistics costs for the last three years for S Hemp Products Company and Y Hemp Products Company:

Table 3. Logistics Packaging Costs of Company S and Company Y as a Share of Logistics Costs, 2020 - 2022 Unit: %

Firms	2020	2021	2022
Company S	10.1	9.5	10.45
Company Y	7.8	6.9	6.5

By **Table** It can be seen that S Hemp Products Company has a higher proportion of logistics and packaging costs compared to Wuchuan Yuanxing Company in the same industry.

3.2. Excessive Transport Costs

When buying raw materials from suppliers and selling hemp products, S Hemp Products did not customise the optimal routes, which resulted in increased damage to the goods when transporting them, with vehicles travelling longer distances and transporting them despite bad weather. In some cases, road closures were also encountered, causing transport vehicles to travel back and forth, which greatly increased transport costs. **Table 4** and **Table** By comparing the transport cost of raw materials and the transport cost of selling hemp products between S Hemp Products Company and Wuchuan Yuanxing Hemp Products Company.

Table 4. Comparison of transportation cost of raw materials between Hemp Products Company S and Y Hemp Products Company 2020 - 2022 Unit: yuan/tonne

Sports event	Sisal hemp		Jute(Corchorus capsularis Linn.)		Flax-cotton		Degummed Linen Cotton	
	Company S	Company Y	Company S	Company Y	Company S	Company Y	Company S	Company Y
2020	60	55	70	67	67	65	69	68
2021	61	56	71	68	65	60	72	67
2022	62	57	72	69	64	60	71	69

Table 5. Comparison of S Hemp Products Company and Y Hemp Products Company at the time of sale of goods, 2020 - 2022 Unit: yuan/tonne

Sports event	Sisal rope		Jute bag		Jute rope		Jute bag	
	Company S	Company Y	Company S	Company Y	Company S	Company Y	Company S	Company Y
2020	80	79	71	67	89	70	90	79
2021	82	75	75	65	86	71	91	79
2022	81	76	79	62	91	72	92	79

By **Table** and **Table** It can be seen that the transport costs incurred by Hemp Products Company S in the delivery of raw materials and the sale of hemp products are higher than those of Hemp Products Company Y in the same industry, which suggests that there are deficiencies in the transport process of Hemp Products Company S that increase the freight costs.

3.3. Excessive Loading, Unloading and Handling Costs

The hemp products of S Hemp Products Company are usually stored in warehouses, and after the company receives an order, it will organise the relevant personnel to move the goods; or when it receives the raw materials, the company will also need the relevant personnel to load and unload the raw materials before accepting them into the warehouse. S hemp products company distributed in many different kinds of hemp products warehouse, these warehouses from the factory headquarters has a period of about ten minutes driving distance, once S hemp products company received the order, these hemp products will be transported to the factory headquarters through the company's internal small loading trucks and then transported; and raw materials warehouse is also the same, when there are raw materials to enter the headquarters of the factory, the need for relevant personnel for loading and unloading, and then through the company's small loading trucks to transport to the factory headquarters, the company will also need relevant personnel to load and unload the raw materials to be accepted into the warehouse. When the raw materials come into the factory headquarters, they need to be loaded and unloaded by the relevant personnel and then transported to the raw materials warehouse or production plant by the company's mini-loaders.

Hemp Products has a low degree of mechanisation in the way it handles loading and unloading, and there are many instances of personnel handling, which increases the number of ineffective operations and significantly increases the time spent on loading and unloading. The irrational distribution of warehouses and the non-standardised use of loading trucks during loading and unloading have led to high loading and unloading and handling costs for the company.

Lower**Table** and**Table** are comparisons of loading and unloading and handling costs between Hemp Products Company S and Hemp Products Company Y in the same industry for the past three years:

Table 6. Comparison of loading and unloading costs between S Hemp Products Company and Y Hemp Products Company for the years 2020 - 2022 Unit: yuan/tonne

Sports event	Skimmed flax		Hemp		Jute(<i>Corchorus capsularis</i> Linn.)		Sisal hemp	
	Company S	Company Y	Company S	Company Y	SCompany S	Company Y	Company S	Company Y
2020	15	14	19	17	20	19	18	18
2021	18	15	18	18	19	18	19	17
2022	19	15	19	17	21	17	20	18

Table 7. Handling costs for S Hemp Products and Y Hemp Products, 2020 - 2022 Unit: \$/tonne

Sports event	Sisal hemp yarn		Sisal rope		Twine		Jute yarn		Jute rope		Jute bag	
	Comp any S	Comp any Y	Comp any S	Comp any Y	Comp any S	Comp any Y	Comp any S	Comp any Y	Comp any S	Comp any Y	Comp any S	Comp any Y
2020	30	20	20	17	24	22	19	15	17	21	16	16
2021	25	22	21	18	23	21	21	15	17	16	17	15
2022	25	21	21.5	18	22	20	22	16	19	15	19	15

By**Table** and**Table** It can be seen that S Hemp Products Company is more costly in terms of loading and unloading handling charges as compared to Y Hemp Products Company in the same industry.

4. Analysis of the Causes of Logistics Cost Management Problems in S Hemp Products Company

4.1. Lack of Strict Packaging Management and High Price of Packaging Materials

(1) Insufficiently strict management of the company's packaging operations

S hemp products company does not have a standardised packaging system, its management is not planned, which leads to a lot of employees in the packaging production line in the packaging of hemp products, due to the staff's work arbitrariness to the enterprise brought about by the waste of materials, extended working hours, machine damage caused by the increase in costs.

S hemp products company packaging strength is insufficient, so that the packaging protection is insufficient, resulting in the loss of packaged goods sacks.S hemp products company sack packaging broken bag rate of 12% -20%, sack packaging breakage rate of 18% -20%. The following **Table** is a comparison of the breakage rate of logistics packaging between S Hemp Products Company and Y Hemp Products Company in the same industry:

Table 8. Comparison of Packaging Breakage Rate between Hemp Products Company S and Y Company 2020 - 2022 Unit: %

Firms	2020	2021	2022
Company S	18	19	20
Company Y	10	9	7

By **Table** It can be seen that the breakage rate of the packages of S Products Company is much higher than that of Y Hemp Products Company in the same industry, which means that the company needs to repair these broken packages, which undoubtedly greatly increases the company's logistics and packaging costs.

(2) Higher prices for packaging materials

S hemp products company has been a certain scale of hemp products company, its production of hemp products need to be very well packaged before sold to all over the world. s hemp products company in the delivery of goods before the packaging of hemp products generally use sacks, but hemp products packaging materials prices are rising, which means that the logistics and packaging costs increase. According to the relevant data in the past three years, S hemp products company in the purchase of procurement packaging materials prices increased year by year, which means that their logistics and packaging costs will increase accordingly.

Lower **Table** vs. **Table** is a comparison of the prices of packaging materials purchased by S Hemp Products Company and Y Hemp Products Company in the same industry:

Table 9. Purchase Packaging Material Prices for S Hemp Products Company 2020 - 2022 Unit: yuan/tree

Vintages	Sisal hemp	Jute (Corchorus capsularis Linn.)	Hemp
2020	4.5	2	4
2021	5	2.2	4.5
2022	5.4	2.5	5

Table 10. Y Hemp Products Company Purchase Packaging Materials Price in 2020 - 2022
Unit: yuan/tree

Vintages	Sisal hemp	Jute (Corchorus capsularis Linn.)	Hemp
2020	4	1.5	3.5
2021	4.5	1.7	4
2022	5	2	4.5

By **Table** with **Table** The comparison of Table 9 and Table 10 shows that the price of packaging materials purchased by S Hemp Products Company in the past three years has been increasing year by year and is higher than the price of materials purchased by Y Hemp Products, and most of the logistic packaging of hemp products is packed in sacks, which indicates that the enterprise has to pay more logistic packaging costs.

4.2. High Number of One-way Idling and Lack of Transport Planning

(1) Frequent one-way idling

No matter what mode of transport, as long as it involves the word transport, it will include two or more areas. S hemp products company in the procurement of materials, will send transport vehicles to go to the material back to the company, usually go to the procurement of empty, and even some times because of the management personnel before the procurement of insufficient preparation, investigation is not careful enough, resulting in the source of the source of goods of inaccurate information, so that the trucks in both directions of the empty load. On the other hand, after the company receives the order to carry out the long-distance transport of goods, it sends the vehicle back to the return journey empty phenomenon is very common, so that the company's transport efficiency is low, so the company's transport costs increase.

Lower **Table** compares the number of one-way empties in the last three years between S Hemp Products and Y Hemp Products when transporting specific data:

Table 11. Number of One-Way Empties for S Hemp Products and Y Hemp Products, 2020 - 2022 Unit: times

Firms	2020	2021	2022
Company S	33	40	43
Company Y	10	21	26

According to **Table** it can be seen that the number of one-way trips made by S Hemp Products Company when delivering hemp products in the last three years is much higher than that of Y Hemp Products Company in the same industry, which makes the enterprise's transport inefficiency and increases the cost of transport.

(2) Lack of pre-shipment planning by companies

Although S Hemp Products Company can guarantee that the hemp products will be delivered on time in the time specified with the customers, the company only considers the timeliness of the goods transport without considering more aspects. For example, the company did not have a specific plan for the transport routes, and transported goods without conducting road surveys, which could lead to long detours and significant wear and tear on the transport vehicles.

4.3. Long Transport Distances and Low Mechanisation of Loading and Unloading by Companies

(1) Warehouses are far from the company's loading and unloading points

The raw materials and hemp products warehouse of S Hemp Products Company is about five kilometres away from the headquarters of the factory, and the loading and unloading handling method adopted by S Hemp Products Company is to use automatic guided trucks and explosion-proof forklifts, etc., which are used for loading and unloading in the purchase of raw materials and the sale of hemp products. The distance of the warehouse from the loading and unloading point leads to higher costs for loading and unloading.

(2) Low level of mechanisation of the company's loading and unloading operations

S hemp products company in loading and unloading handling, because the company's degree of mechanization is not high, many of the loading and unloading handling links are used to carry out cargo handling by labourers, while non-mechanical loading and unloading handling of artificial transport will only aggravate the burden of the company, and non-systematic loading and unloading handling will increase the labour intensity of the workers as well as the energy loss, manual loading and unloading handling there were a lot of irrationality, because the hemp products is a large-scale Goods, non-mechanical loading and unloading transport will increase the company's loading and unloading handling difficulties, making the number of ineffective operations on the high side.

Lower**Table** Comparison of the number of machines used for loading and unloading in S Hemp Products Company and Y Hemp Products Company:

Table 12. Comparison of Loading and Unloading Handling Machines between S Hemp Products Company and Y Company, 2020 - 2022 Unit: units

Sports event	Explosion-proof forklift trucks		Counterbalanced forklift trucks		Continuous conveyor		Crane	
	Company S	Company Y	Company S	Company Y	Company S	Company Y	Company S	Company Y
2020	15	18	19	21	20	28	5	7
2021	18	19	18	22	19	29	5	7
2022	19	20	19	23	21	30	6	8

Adopted**Table** It can be seen that the number of machines on the loading and unloading of S Hemp Products Company is not as high as the number of companies in the same industry, which shows that the loading and unloading of S Hemp Products Company is not as mechanised as it should be.

5. Countermeasures to Solve the Logistics Cost Management Problems of S Hemp Products Company

5.1. Improve Packaging, Enhance Supplier Selection, and Apply Cost Method Controls

(1) Reduction in packaging breakage rate

S hemp products company can be classified according to the volume and weight of the goods, the strength of the outer packaging, as well as the nature of the goods, the strong outer packaging and the heavier weight of the goods underneath the loading should be loaded so that the weight of the goods in the bottom of the box to form an even distribution. After the goods are boxed, voids are generally created. Due to the existence of voids, the goods in the box must be fixed to deal with, in order to prevent the goods from collapsing and breaking during transport, especially sea transport due to the rocking of the ship and reduce the breakage rate of the packaging.

(2) Finding more cost-effective packaging material suppliers through searching and comparison.

Enterprises have to look at the problem with a long run development perspective. Since the raw material supplier Guangxi Yixing Hemp Industry Co., Ltd. has been increasing the purchase price of packaging materials every year since 2020 when it reached a cooperation with S Hemp Products to form an upstream and downstream relationship, and the city where Guangxi Yixing Hemp Industry Co., Ltd. is located is also remote from S Hemp Products and requires higher freight costs. The managers of S Hemp Products should, through a large number of comparisons of various packaging materials suppliers. The manager of S Hemp Products should find a packaging material supplier with better price and closer distance by comparing a lot of packaging material suppliers.

5.2. Rationalise Vehicle Deployment to Avoid Empty Transport One-way Trips

Since petrol prices have skyrocketed, companies need to have plans in place to ensure that transport uses petrol wisely.

S hemp products company vehicles need to do the first step is to re-unify the truck vehicle standardised management, the use of truck value to the limit, reduce the company's transport costs. And the company strictly regulate the use of trucks, can create more economic benefits for the company. Delivery of goods vehicles need to be recruited by the company full-time vehicle administrator to take charge of the rational planning of the use of each lorry, which is the most effective and the most practical management of the vehicle method. In the hemp products in the transport, full-time vehicle administrator must strictly control and supervise the transport vehicle, how many scale of goods to decide what type of transport vehicle, in order to achieve the maximum value of vehicle use.

5.3. Additional Loading and Unloading Machines, Additional Loading and Unloading Points

(1) Increase in the number of loading and unloading machines

S hemp products company urgently need to improve the degree of mechanisation of loading and unloading handling, which requires the company to purchase new loading and unloading handling machines, including cranes, transporters and forklifts and so on. These loading and unloading machines can greatly improve the company's loading and unloading of the degree of mechanisation, can make the amount of manual work to reduce the intensity of labour, in the conditions of the situation, can be carried out with gravity with the machine loading and unloading, can achieve the effect of labor-saving, reduce the loss of energy.

(2) Establishment of closer loading and unloading points

S hemp products company's warehouse is far away from the loading and unloading point, every time after receiving the customer order, the hemp products will have to be transported through more than ten minutes to reach the transport point, which greatly increases the company's logistics costs, but also spends more time. The company in the face of this situation, the author believes that can be solved by setting up a closer loading and unloading point, through the planning of the route to set up a new loading and unloading point, to optimise the company's shipping and handling of goods on the route to reduce the company's loading and unloading costs.

6. Conclusion

Through the study of logistics cost management of S hemp products company, this paper discusses the use of relative cost control method, target cost method, job cost method and other methods to solve the logistics cost management of the company's logistics cost management

exists in the logistics packaging cost is too high, the cost of transport as well as loading and unloading handling cost is too high. First of all, we should improve the awareness of logistics cost management of the company's managers, and secondly, we should combine the actual situation of S hemp products company, carry out an in-depth study to find the optimal logistics cost management methods, and then manage the personnel, cultivate professional management personnel, and carry out professional training for logistics packaging, transport and handling and handling personnel, and put the excellent management methods into place. Help enterprises to reduce logistics costs and maximise economic benefits. The study shows that the adoption of the above countermeasures can effectively optimise the management of the enterprise, reduce its logistics costs, improve the competitiveness of the enterprise, and also has great significance to the sustainable development of S hemp products company.

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