

# Analysis of Shipping Cost Management and Control in Shipping Enterprises

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**Abstract:** With the rapid development of China's economy, and the closer connection with other countries in the world, Marine transportation has gradually become an important pillar of economic exchanges, playing an extremely important supporting role. Since entering the new era, Marine shipping business gradually rising, related industry rapid development, facing the high development to the key situation of high quality development transformation, coupled with the international situation is facing a big change from one hundred, fierce competition in all walks of life and tend to be saturated, the cost of Marine transport increasingly exposed. In the new stage of development, the Marine transportation industry is facing unprecedented opportunities and challenges. How to seize the development opportunities, conform to the requirements of The Times, and seek the high-quality sustainable development of shipping enterprises is an important issue that modern shipping enterprises must consider. Starting from the cost management of shipping enterprises, this paper explores the hidden dangers and specific reasons for the development of modern shipping enterprises, and provides solutions for the further optimization of Marine enterprises.

**Keywords:** Marine Enterprise; Ship Transportation; Cost Control; Management Strategy

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## Foreword

Since the reform and opening up, the Marine transportation industry is in a rising period of development, in recent years is promoted to an unprecedented degree, but due to the huge dividend of our country economic development, lead to further competition of many domestic enterprises and foreign enterprises, shipping industry has entered a relatively saturated period, shipping costs increase, industry technology competition, enterprise optimization transformation is imminent. In today's development of high quality, of course we can't let the cost problem become the development of shipping enterprises in China, should be the management and control of shipping cost more thorough analysis and research, market development as the guidance, with national policy as the fundamental, multi-directional management, learning management professional knowledge and the latest idea, combined with the actual situation of the present stage, the Marine transport cost layer upon layer, specific to each department, each employee, each voyage, realize the comprehensive management of shipping costs, dynamic control, making the shipping enterprise management and benefit to reach a higher level, Improve the overall level of domestic Marine transportation.

## 1. Overview of shipping cost management and control of shipping enterprises

### 1.1 Analysis of Marine ship transportation cost management

The cost of shipping mainly includes the sum of the costs caused by transportation before, during and after the event. Marine shipping income is divided into gross profit and net profit. Usually, Marine shipping income is worth net profit, that is, the net profit of revenue minus cost. Compared with the traditional transportation industry, Marine transportation has a high industry barriers. Because the impact of shipping so far factors is relatively large, fixed cost and variable cost are relatively high. Marine transportation cost index is an important reference index of shipping financial management, Marine transportation cost index directly affects the absolute economic benefit of enterprises, transportation cost determines the shipping price standard, shipping price is the focus of customers,

determines the choice of customers, so the cost management and control of shipping is particularly important, determines the economic benefit and development of shipping enterprise [1].

Ship transportation costs include voyage costs (variable cost) and non-voyage costs (fixed cost). Voyage cost, namely variable cost, refers to the expenses incurred in the course of transportation directly borne by a specific voyage, determined by the transport distance and volume, including fuel, port, accident and other voyage costs. Non-voyage costs belong to fixed costs, which refer to the expenses incurred for maintaining the airworthiness of the ship, and the total amount incurred is not affected by the specific voyage volume and transport distance, non-voyage expenses also include depreciation expenses, crew salary insurance premium, material costs, insurance premium, non-operating expenses and ship fixed costs, etc.

## **1.2 Analysis of cost control of Marine ship transportation**

Marine shipping cost control is divided into cost control in decision period and cost control during operation period. The decision period is mainly the budget planning and target cost formulation, comprehensive budget planning for single marine transportation and prior control; operation cost control is mainly the calculation, analysis and management of various variable costs and expenses during sea transportation [2].

Cost control in the decision-making period is the starting point and key point of the cost control of Marine transportation. It is the cost target and evaluation system combined with the financial management objectives of enterprises. The decision period includes the reasonable calculation and allocation of the fixed cost of shipping and the formulation of the total cost of single shipping. Fixed cost refers to the necessary expenditure in the process of sea transportation. The management of fixed cost should be placed in the height of the strategic development of enterprises, so as to realize scientific and effective cost management. The total cost of shipping is divided into capital cost, operating cost, voyage cost and so on, among which, the focus of management is the voyage cost. The management of capital cost is mainly to calculate the return on investment, reflecting the annual investment and capital recovery of the ship, and analyzing the planning and analysis of the operating cost, and the voyage cost is the cost of the ocean route, including fuel cost, ship port cost, wharf cost, handling and handling fee [3].

The cost control during the operation period is implemented and controlled by the cost planning in the decision-making period. Due to the particularity of sea transportation, even in the control planning of shipping cost, it is necessary to constantly adjust and control it in the actual shipping business process, so that the actual transportation cost is reasonable to the predetermined cost, so as to effectively achieve the cost control target.

## **2. Effective strategies for shipping ship cost management and control**

### **2.1 Change the control concept and improve the management mechanism**

The development of modern enterprises is in the white-hot stage. In order to gain a place in the new era, it is necessary to change the development concept and welcome the upcoming great rejuvenation of the Chinese nation with a new vision and scientific concept, which should not only be limited to the one-sided concept of the old era, but to keep pace with The Times and base on the present. At the enterprise management level, it is necessary to integrate internal resources, accelerate industrial optimization, and realize the informatization and modernization of cost management and control as soon as possible; to establish the management mechanism of interlocking and virtuous cycle, realize the management pattern with unified management leadership and active cooperation of all departments; to learn from the advanced management experience of western developed countries, combine the actual situation of China, improve the management efficiency of enterprises, and build the management mode with enterprise characteristics [4].

### **2.2 Save related costs and achieve the best benefits**

For the port cost, fuel cost and ship maintenance cost are the main aspects of the cost management and control of shipping enterprises, enterprises should focus on the analysis and research of the management and control of related costs. The cost of fuel on shipping depends on changes in international oil prices, But the international oil prices are clearly in the process of constant change, To further save on related costs, Relevant targeted measures must be proposed according to the navigation power of different types of ships, Shipping enterprises can calculate the transportation costs of different ships at different stages by establishing mathematical models, Find out the best sailing speed of them, Avoid cost waste; Limited control over port spending, Generally, the cost of

replenishment and cargo handling at ports of call, Shipping enterprises should reasonably plan their shipping plans, Select the best time, orientation for docking, Whenever possible, To reduce labor costs; The maintenance of ships is an extremely important task, Because it is not repaired in time once potential problems arise, It is likely to cause great economic losses and may even endanger the lives of the staff, So the daily maintenance and maintenance is even more important, Relevant personnel should conduct regular and comprehensive inspections, Deal with the problems in time, Solve the potential hidden problems in advance, To nip serious problems in the bud [5].

### **2.3 Introduce professional talents and accelerate technological innovation**

Talent is the key to the development of enterprises. For a long time, Marine transportation enterprises generally lack relevant talents of logistics majors, but because of the particularity and challenge of the shipping industry, many people hesitate early, even related majors rarely devote themselves to the cause of Marine transportation. Shipping enterprises should in colleges and universities, to the related professional students to preach and popularization, clear national Marine economy goals and vision, clear the enterprise internal work idea, and improve the benefits of talent introduction, ability grading, to the professional optimization, introduce more in line with the actual demand of professional talents. In addition, the introduction of talents can promote technological innovation, and only by realizing the further improvement of relevant ideas and equipment, can we minimize the transportation cost of enterprises, [6].

### **2.4 Set up supervision agencies and implement management responsibilities**

"Make a good law, and correctly implement it" is a maxim of a jurist, shipping enterprises in the process of cost management and control, should further implement the supervision of the relevant content. First, the enterprise should establish an effective supervision system, formulate the evaluation index of cost management, achieve the tracking supervision and inspection during the decision-making period and operation period, the enterprise managers should combine regular inspection and spot check at any time, the cost control personnel should report the specific situation in advance, during and after the event, to ensure the actual implementation of cost control; Second, the enterprise should formulate the corresponding measures of rewards and punishments, implement the relevant responsibilities to the specific individual, clarify the scope of rights and responsibilities, and criticize and punish the staff [7].

## **Conclusion**

To sum up, shipping companies need to strengthen the attention of shipping cost management and control, recognize the main form of the new era development, from the old concept, constantly explore and learn new ideas, absorb professional logistics talents, explore economical and efficient technical solutions, further implement the transportation cost management and control, realize the further optimization of the enterprise.

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