Peer 1

Cost Management and Competitive Strategies

Jiaying Wang posted Jun 16, 2018 12:39 AM

Cost Management and Competitive Strategie

        Many changes in the business environment in recent years have caused major changes in cost management practices. The main changes are (1) increased global competition; (2) lean manufacturing; (3) advances in information technology, Internet, and enterprise resource management; (4) greater customer focus; (5) new forms of management organization; (6) The social, political and cultural environment of business has changed (Blocher,E., Stout D., Juras P.,& Cokins G., 2018, pg. 8). Most companies and organizations use cost management information. Cost management information is used in various ways. No matter what the business is, the company must know the cost of new products or services, the cost of improving existing products or services, and the cost of finding new ways to produce products or provide services. Cost management information is used to determine prices, change products or service offerings to improve profitability, update manufacturing facilities in a timely manner, and identify new marketing methods or distribution channels. The current global economic challenges (high public debt, high unemployment, slow economic growth, etc.) will have a major impact on these six changes. As companies seek new ways of competition and government regulations adapt to difficult economic times, each of these six areas may experience greater rates of change.
       The increasing competitiveness of the global business environment means that companies increasingly need cost management information to increase their competitiveness. Companies need financial and non-financial information about doing business and compete effectively in other countries. In order to remain competitive, companies around the world are adopting new manufacturing technologies. These lean manufacturing include just-in-time inventory methods to reduce the cost and waste of maintaining large quantities of raw materials and unfinished products. Information technology has promoted the growing strategic focus in cost management by reducing the time required to process transactions and expanding the access of individual managers to information in the global enterprise, industry, and business environment. Focusing on customers and creating value for customers will change the direction of managers from high-volume, low-cost production to quality, service, and delivery timelines, and the ability to respond to customer needs for specific functions. Focusing on customer satisfaction and value, the focus has shifted from performance indicators based on financials and profits to non-financial performance indicators related to customers, such as quality, delivery time, and service. Similarly, the hierarchical command and control of the organization is being replaced by a more flexible organizational form that encourages teamwork and coordination among business functions (Blocher,E., Stout D., Juras P.,& Cokins G., 2018, pg. 9)..

References:
Blocher,E., Stout D., Juras P.,& Cokins G., (2018). Cost Management: A Strategic Emphasis, 6th Edition. Retrieved June 16, 2018, from <https://digitalbookshelf.argosy.edu/#/books/1259562557/cfi/6/32!/4/146@0:10.8>

Peer 2

Discussion

Digital Disruption

Jose Maldonado posted Jun 16, 2018 1:34 PM

Current Environment Affecting Cost management

            Today’s business environment is being affect by the digital era. Today’s digital disruption is compared to the introduction of commercial electrical power (Hodson, Moeller, &Sangin 2017).  Digital disruption will vary from one industries to the next, however the biggest impact will be, prices will decrease, and assets will lose value (Hudson et al.2017).

            Digital disruption will allow firms to better analysis prime cost as cost reduction is a standard business practice today.  As cognitive technology and robotic processes develop cost management will change fundamentally by effecting how cost management is viewed in business (Agular 2017).

References

Aguilar, O. (2018). The Wall Street Journal. *Procurement Goes Digital, Offering Cost Savings and Other Benefits.* Retrieved from; http://deloitte.wsj.com/cfo/2017/09/27/procurement-goes-digital-offering-cost-savings-and-other-benefits/

Hodson, N., Moeller, L. H., &Sangin, M. (2017). The Coming Wave of Digital Disruption.  *Technological changes foreshadow a dramatic — but manageable — shift in business logic everywhere.* Retrieved from; <https://www.strategy-business.com/article/The-Coming-Wave-of-Digital-Disruption?gko=33381>