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Research on the Cost Budget Control Mode of Family Enterprise

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Abstract

Based on the weak financial management of family enterprises, the backwardness of cost control methods and disorder, resulting in cost control becoming an objective reality that hinders the sustainable development and transformation and upgrading of enterprises, combined with small business accounting standards and financial management theory, using analogy analysis, The methods of judgment reasoning and logical deduction explain the meaning of the cost and expense budget control model, reveal the necessity and feasibility of the family enterprise construction cost and expense budget control model, and analyze the preconditions of the family enterprise construction cost and expense budget control model. Exploring the structure and implementation of the family enterprise cost and expense budget control model, the period can provide reference and reference for the family enterprise to strengthen cost management and formulate cost and expense budget.

Keywords: *Family enterprises; Costs and expenses; Budget control mode*

I. INTRODUCTION

Family enterprises are the main agglomeration of private capital and an important component of the private economy. Affected by the traditional backward concept, most family enterprise management abides by the “parental system” bad habits. The boundary between personal assets and cash receipts and payments and corporate assets and financial revenues is blurred, and family funds are confused with the nature of corporate

capital. In particular, the arbitrariness of its use of funds is too large, the lack of cost and expenditure control and the disorder of accounting order are extremely common, which becomes a heavy burden of profit growth and an important bottleneck restricting the ability of family enterprises to continue to develop. To this end, the study of the cost and budget control model has become an important way and a powerful measure to effectively solve the problem of out-of-control of the cost of family enterprise, promote the orderly management of cost and expense of family enterprises, and enhance the ability of profit accumulation and sustainable development.

II. LITERATURE REVIEW

The beginning of the formation of enterprise budget control theory is the advent of Maxikin's "Budget Control" in 1922. This book is the first systematic explanation of budget control issues. Then at the third meeting of the National Association of Cost Accountants, Naren Mandula (2010) conducted an in-depth study of Budget Compilation and Use, which not only extended the content of the "budget control" but also set off research budget control. The climax of the problem^[1]. Stephen P. Robbins (1997) argues that budgets have been produced as a management tool in the early 1920s^[2]. Today, enterprise groups in Western countries still use the budget as the main basis for achieving management control and evaluating the performance of subsidiaries. Relevant scholars have also studied this. The main purpose of Anthonia and Chiaka (2014) research is to determine the need for inventory control and pricing capabilities of small business operators in Anambra. A descriptive survey was used in the study involving 280 registered small business operators in the country. The study found that record retention, inventory control and pricing capabilities were considered to be very important, but the level of occupancy was still lower than expected. Based on these findings, this study suggests a training program based on the business operations required for small-enterprise operators to maintain records and inventory control skills^[3].

Domestic research has also been ongoing in recent years. Ma Xiujun (2015) found that international and domestic corporate budget management has experienced three stages of germination, growth and maturity^[4]; Zhou Li, Wang Xiaoyun (2015) has raised the problem of logistics costs for today's manufacturing enterprises. The profit margin of the manufacturing enterprises can be reduced infinitely due to the high raw material and labor prices. Taking Nissan Automobile as an example, the current innovation of the cost control model in China is explained. Based on the experience summarized by the predecessors, a suitable one is gradually explored. At this stage, the modernization method promotes the development of the enterprise more efficiently^[5]. For the analysis of the existing financial management problems in the manufacturing industry, Zhou Yang (2016) is specific to the automobile industry. He proposed the procurement, manufacturing and marketing. It should be regarded as the core content of the cost and expense budget control mode. By implementing the combination of cost improvement and virtual profit center, the cost control budget control of the manufacturing process will be improved, and the influence of after-sales service on the use cost will be enhanced, and the degree of attention will be increased. To achieve optimization of cost and expense budget control^[6].

III. THE NECESSITY AND FEASIBILITY OF BUILDING A COST AND BUDGET CONTROL MODEL IN FAMILY ENTERPRISES

A. *The meaning of the cost and expense budget control model*

Budget control is a kind of control in which enterprises calculate and calculate funds according to their business activities, and then supervise and control the production and operation activities of various departments according to the budgetary income and expenditure standards. The cost and expense budget control model is a model of using the budget tool to force intervention on various costs and expenses incurred in the business management activities, avoiding man-made manipulation and intervention, reducing costs and expenses, and achieving the financial management objectives of the enterprise. Therefore, the

family business can understand the reasons for the increase of cost and expenses by constructing the cost and budget control model, and deeply reflect the whole process of production and operation, and comprehensively reduce the cost.

B. Necessity of Building Budget Control Mode in Family enterprise

1) Promote Production, Management and Management Activities in Compliance with Regulations and Coordinated Development: The cost control of some family businesses is only cost accounting, which does not reflect the whole process of production and operation, and does not know the reason for influencing the cost. It is only to reduce costs and reduce expenses. The preparation and execution of the budget is always closely linked to the control process. The budget establishes quantitative budget indicators for the organization's activities to compare the actual effects of the enterprise activities, and facilitates the performance measurement in the control process. Through budget control, all the daily work of various departments and levels within the enterprise can be fully budgeted and the budgets can be coordinated with each other to form an organic whole that accomplishes the overall goal of the organization. The company's total budget is compiled from sub-budgets. From organizational budgeting to budget execution, all relevant departments must negotiate and communicate with each other, which is conducive to management work consensus.

2) Provide a Basis for Assessing and Evaluating Actual Job Performance: Family enterprises lack the corresponding cost and expense assessment incentive mechanism. Employees have no sense of cost control and enthusiasm. They will not actively reduce costs, cause waste of resources, and cost is difficult to reduce, which seriously affects the effect of enterprise cost control. The budget makes the management control objectives clearer, so that people have a clear understanding of the amount of resources and expenditures they have, and maximize the use of resources. By analyzing the difference between actual expenditure and budget, you can evaluate the performance of managers and employees. When assessing the performance of each department, it is necessary to analyze the degree and reason of the deviation from the budget according to the completion of the budget, draw a clear responsibility, achieve clear rewards and punishments, and motivate employees to achieve greater performance, so as to achieve the purpose of maximizing corporate value.

3) Improve the Financial Management and Cost Accounting Control Infrastructure: An important reason for the poor cost control of family businesses is the weak foundation of cost management. The system of cost management is not perfect, the basic work is weak, the execution of asset inventory system is not strong, and artificial adjustment of costs, cost of misappropriation and earnings management are rampant, which will result in the accounting data not truly reflecting the level of financial consumption of production and operation. The cost and expense budget control model itself has comprehensive budget management characteristics. Its preparation and control have strict requirements on financial indicators and payment information transmission. The demand for production and operation information requires a wide range and a large number, involving many departments. This objectively requires the family business to improve the management environment, strengthen the internal control construction around the "central axis" of financial management, and strictly distinguish the production and operation expenses from the family living expenses, and clarify the property rights as soon as possible so that all production and operation activities of the enterprise must be Focus on the cost control budget to ensure that the cost and budget control model is fully implemented. It can be seen that the construction of cost and budget control mode can not only meet the urgent needs of family enterprises to improve cost and expense management, but also promote the construction of their control environment and lay a solid foundation for the modern enterprise system.

C. Feasibility of Building Cost Budget Control Mode in Family enterprise

1) *Family Enterprises Urgently Need to Solve Financial and Cost Management Problems:* The heads of family businesses cannot solve the problems of reality such as finance and cost management, and even know that there are problems, but they cannot confirm the problem, the nature of the problem and the cause of the problem, so that the decision is impossible. For example, the expenses incurred in the current period should be transferred to the next period, resulting in a false high operating result, and the impact of price changes on cost accounting is not taken into account^[7]. Moreover, the cost and budget control model of most family businesses is not satisfactory, and it still stays in the traditional cost control phase. They pay great attention to reducing the internal production and operation costs, but can not take into account the control of the external market, horizontal competition and other influencing factors; at the same time, the cost control of some enterprises is only cost accounting, can not reflect the whole process of production and operation, do not know The reasons for influencing the cost are mostly the strict control of material prices and labor compensation benefits, so as to neglect the design, timing, quota, settlement method, etc. of cost and expense, it is easy to violate the material and labor costs of “priority rules” and “The law of conservation of quality”; in addition, the financial control method is relatively backward. Some family businesses only require accounting for simple collection, accounting, accounting, and accounting for capital costs, and do not use information interaction management functions in data analysis, forecasting, and decision making. Therefore, cost control implementation cannot be implemented. . In this way, it is urgent to seek ways and methods that are easy to operate and effective. The budget control model just fits this feature, so companies urgently need to build a budget control model.

2) *Have Successful Experience for Reference:* There are many large enterprises in the world that are family-owned enterprises. The most prominent country to be done is Japan. Their cost and budget control model is not the same as that of China. Japanese companies are able to reduce costs so low, mainly because they focus on feed-forward control and team management, product design and VE activities^[8]; they are extremely collectivist and more inclined to hire professional managers People, board members, non-family members and family members coexist, strictly follow the hierarchy, the family only holds a small number of shares, and the top management is a lifelong system^[9]; and the starting point of cost and budget control is set in product development and The design phase is a more typical approach^[10]. Toyota Motor Corporation decomposes cost science, decomposes cost components from procurement, production, and sales, and accurately calculates the proportion of each component in total cost, in order to develop key cost reduction measures and achieve maximum compression cost target value; At the same time, accurately locate the cost of the product and derive the target cost based on the market's pricing minus the target profit, rather than pricing based on cost plus profit. In this way, family members can work together to achieve the target cost.

In China, family businesses have realized that they must continue to develop, and rapidly transform and upgrade into the tide of the overall economic boom. It is necessary to achieve a comprehensive institutionalization of business management and gradually move towards standardized and scientific development. Institutionalization requires the implementation of internal control, and the construction of budget control mode is the primary action to implement internal control, and is also an important tool to constrain the arbitrary management of operational risk and financial risk. Therefore, there are precedents for introducing cost and budget control models. Midea Group began to transform in 2011. After introducing the cost and expense budget method, total operating income increased by 29.15% in 2011 and even reached 51.35% in 2017^[11]. Its quick report shows that the quick ratio has reached 1.18 in 2018 from 0.84 in 2011. The current ratio is from 1.15 in 2011 to 1.40 in 2018, and the operating net profit margin is 4.96% from 2011 to 8.27% in 2018^[12]. It can be seen that the implementation of the cost and budget control model can increase long-term solvency and short-term solvency, operational capability and profitability, and reduce business risks. Although the Midea Group's cost and budget control method needs to be further improved, its

implementation effect is sufficient to prove the construction cost and budget control model, which is in line with the family business's desire to reduce costs and demand, and also provides cost control for other family businesses. It is a valuable experience model.

3) Government Supports Family Enterprise Transformation and Upgrading: As an important part of the private economy, family business is a special group of people who are very concerned about supporting and encouraging healthy development. In recent years, the Chinese government has introduced fiscal, taxation, and industrial support policies to support the development of small and medium-sized enterprises, allowing the private economy to invest in public infrastructure, social utilities, technology research and development, and new energy development. Notice of the Inclusive Tax Deduction Policy of the Enterprise (Finance and Taxation [2019] No. 13), for small and micro enterprises with annual taxable income not exceeding 1 million and 3 million, the introduction of excessive progressive taxation method, the actual income tax rate is reduced to 5 And 10%. If the monthly sales of small-scale taxpayer enterprises does not exceed 100,000 yuan (300,000 yuan per quarter), the value-added tax will be exempted, and the resource tax, urban maintenance and construction tax, property tax, and urban land use will be reduced within 50% of the tax amount. Taxes, stamp duty (excluding stamp duty on securities transactions), farmland occupation tax and education surcharge, and local education add-on; at the same time, financial institutions at all levels are required to relax the financing conditions for small and micro enterprises and agriculture-related loans, and increase the amount of relaxation. This series of measures are aimed at helping the development of the private economy, creating the best business environment for individual investment in the establishment of enterprises to achieve “all-people innovation and innovation” and family business transformation and upgrading, and also for the family business to seize the opportunity to seek development and practice. The internal transformation and upgrading provide an ideal macro layout and strong policy support. As long as the family business analyzes the impact of cost and expense on development in a timely manner, carefully analyzes the management deficiencies and their causes, and strives to standardize the cost and expense management strategy, it can actively construct a cost and expense budget control model and realize the transition to a modern enterprise system with the help of macroeconomic policies.

D. Prerequisites for the family business to build a cost and expense budget control mode

1) Building an Effective Governance Structure: Family businesses must learn to distinguish between family affairs expenses and business operations expenses. Family businesses should set up specialized institutions to discuss family matters related to operations, such as family councils, family shareholders meetings, and so on. It is the existence of these institutions that board members can get away from family affairs and concentrate on considering the company's development strategy and considering how to create shareholder value. Similarly, when such an institution is set up, companies can choose board members based on the principle of “complementary complementarity” rather than relying on blood relations.

2) Establish and Improve the Supervision and Control System and Improve the Internal Audit: The initial institutional arrangements adopted by most private enterprises in China are typical family-oriented. The interests of family members are confused with the interests of enterprises, and there is a serious lack of necessary supervision and control mechanisms. When corporate system damages touch personal interests, they will hinder institutional reform. The financial crisis often appears. Therefore, a sound supervision and control system can ensure the effective implementation of the budget control model, enhance the transparency of financial management, regularly inventory assets, learn from the management experience of “zero stocks” and the relationship between accounts receivable and marketing performance, and enhance management discipline and risk warning effects.

3) *Establishing the Idea of “Personalization”*: The enterprise budget control model includes many aspects, such as investment, income, taxes, costs, expenses, and so on. In practice, the implementation of these budget control models, in many cases there will be “personalization” obstacles, the budget control model is easy to flow in form, the control role and effect will be greatly reduced. To this end, family businesses should attach importance to the construction of incentive mechanisms, give full play to subjective initiative and creativity, build a budget control model to emphasize respect for employee personality, establish the principle of unified responsibility, strictly motivate and restrict the various budget subjects, and enhance the vitality and life of the budget control mechanism.

4) *Find the Management Point of the Family*: The management of Chinese family businesses is mostly composed of family members and close relatives, who have strong dependence on corporate interests and family sentiment. The rashly implementing the budget control model may infringe upon the interests or rights of a certain party, and therefore will be opposed. Therefore, we must do ideological work, strengthen corporate culture construction and grateful education, strive to unify the “three outlooks”, and find a management fit between the relatives. Point, let family members and cronies focus on the interests of enterprises, enhance their tolerance for the implementation of the cost budget control model, eliminate their opposition and exclusion psychology, and ensure the smooth implementation of the budget control model.

5) *To Get the Parents' Approval*: Family businesses are often parent-led. Parents decide all important matters, especially the cost and other capital expenditures, parents are absolutely “be a law unto oneself” control. If you want to implement the budget control model within the company, you must get the approval of the leaders. This is the beginning. The interests of the family are closely linked to the enterprise. As long as we persuade the people to believe that the implementation of the budget control model can enable the company to achieve broader development and the family can obtain greater benefits, then the implementation of the budget control model is feasible.

IV. CONSTRUCTION OF COST BUDGET CONTROL MODE OF FAMILY ENTERPRISE

A. Structure Framework of Cost Budget Control Mode

The most striking feature of family businesses is that family members are manager-led. The cost-budget budget control model is constructed to establish cost management rules for each of its expenses. In the cost management tool, rigid budget control is the most beneficial tool to achieve energy saving, efficiency reduction and efficiency. To build a cost budget control model, it is necessary to combine the actual situation of the enterprise with the establishment of a sound and effective implementation of various management systems, and to observe the state of financial management system construction, as shown in Figure 1.

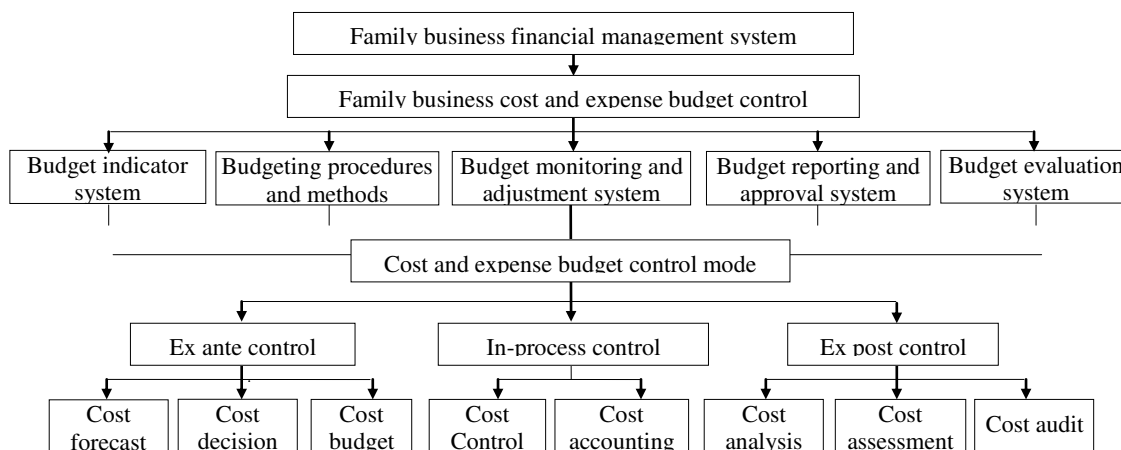


Figure 1: Structure framework of Family enterprise cost budget control model

Figure 1 shows that the family business construction cost and expense budget control model cannot be carried out in isolation, but should be based on the financial management system. In other words, the cost and expense budget control mode is based on the establishment of a sound financial income and expenditure plan or budget management in the family business. According to the established budget organization system, the enterprise accounting staff is responsible for formulating the budget indicator system and the procedures and methods for the preparation of the budget planning. In order to ensure the implementation of cost and budget and achieve practical results, it is required to establish a budget monitoring and adjustment system, a budget report and approval system, and a budget evaluation system. Thus, a complete cost budget control model framework for family businesses is formed; under this framework, cost control budget control links are specifically deployed, including pre-analytical control, implementation of execution control, and post-examination review control. In this way, the cost budget control of the family business forms a systematic model.

B. Establish the Cost and Expense Budget Indicator System

1) *Cost and Expenditure Indicators*: The cost expenditure indicator that the family enterprise needs to control is the related cost formed by the object to be paid for each budget period. Mainly due to various expenditure indicators such as outsourced goods, labor and services, and direct labor costs consumed in the production and operation process, as well as manufacturing costs distributed according to certain methods, etc., which are subject to purchase price, related taxes, insurance premiums, transportation fees, Details of the amount of planned expenses such as handling charges are listed. Projects that are not subject to immediate cash depreciation and deferred expenses are not required to be included in the budget, but it is expected that the current maintenance and renewal costs will be budgeted.

2) *Expenses and Expenditure Indicators*: According to the accounting standards, the expenses of the family business are “period expenses”, including sales expenses, management expenses and financial expenses. Among them, the sales expenses are the salary of the sales staff, the business promotion fee, the product maintenance fee, the advertising fee, the packaging fee, etc.; the management fee is the expenses incurred by the administrative department and the functional organization, the business hospitality, the research fee, and the related Long-term deferred expenses amortization, cash discounts given by small enterprises, etc., generally should be determined by the functional departments according to their respective tasks in the budget year to determine the cost base, responsible for the budget preparation and reporting of the department; financial expenses in the family business There are fewer occurrences, mainly loan interest expenses, settlement expenses, etc., which are filled according to the actual business occurrence situation. Because they account for a small proportion and are uncontrollable fixed expenditures, they may not be included in the cost budget control.

3) *Financial Analysis Indicators*: The financial analysis indicator related to cost and expense budget control is a comprehensive indicator reflecting the quality control of family business costs and expenses. In the economic activities of supply, production and sales of family enterprises, the raw material saving rate, rated wear rate, labor productivity, equipment utilization rate and capital turnover rate are all important indicators for reflecting the cost control results. These indicators are not included in the cost control budget, but should be an important part of the budget control system. The corresponding control ratio levels are listed in the budget preparation statement as an important basis and standard for the evaluation of budget execution results.

It should be emphasized that in the process of establishing a cost and expense control budget indicator system for family businesses, it is necessary to be good at grasping big and small, and taking the lead. According to Midea Group's annual financial statements from 2013 to 2018, operating costs accounted for

between 71.87% and 76.25%, business taxes and surcharges ranged from 0.50% to 0.67%, and sales expenses ranged from 10.25% to 11.87%. Administrative expenses range from 3.10% to 6.02%, financial expenses range from 0.1% to 0.63%, and non-operating expenses range from 0.09% to 0.41%^[12]. It can be seen that among the cost, the operating cost accounts for the largest proportion, followed by the sales expenses, and then the management expenses. Therefore, cost control budget control should focus on these three aspects, control these three aspects, the cost will be greatly reduced, and the small financial expenses are often neglected.

C. Organizational Structure of Family enterprise Cost Budget Control Model: In order to meet the cost control requirements of family enterprises, based on the establishment of cost and expense budgeting procedures and methods, and the establishment of a complete cost and expense indicator system, the annual business objectives and strategies and annual financial returns should be established around the business planning objectives and strategic requirements. The target is to estimate the other business income and non-operating income, etc., based on the estimated sales and sales plans, interest and investment income, etc., and then deduct the various costs, taxes, losses, etc. incurred during the year. Expenditure can be used to settle the annual income of the company. Therefore, the cost and expense budget control model is a financial tool for family businesses to control costs and expenses and promote savings and efficiency. It needs to be integrated into business management plans and strategies, and established and implemented in parallel with income budget control to truly achieve “enhanced results”. In other words, according to the objective reality that the financial strength of the family business is usually weak, the budget preparation should not be too complicated. Therefore, the preparation cost control budget can be not independently compiled, but in parallel with the income indicator, the company's total revenue and expenditure budget can be compiled, as shown in Figure 2.

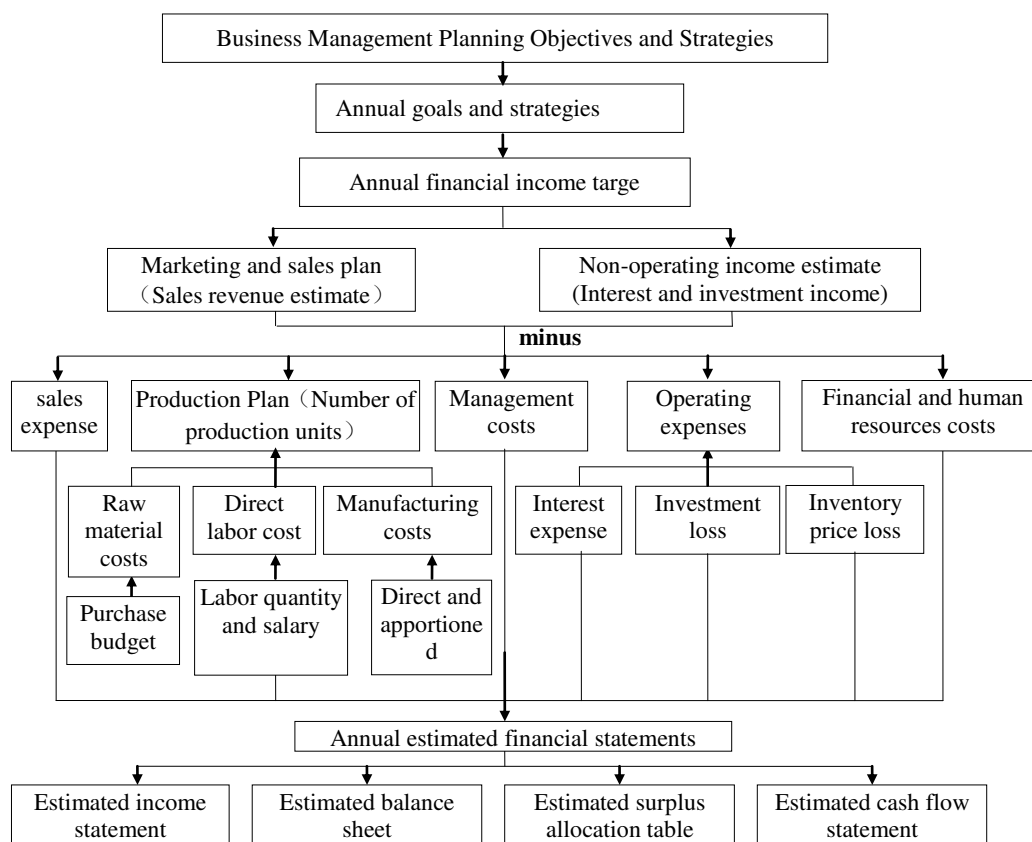


Figure 2: Family Enterprise Annual Revenue and Expenditure Total Budget Structure

Figure 2 shows that “total profit = operating income + non-operating income – sales expenses – production costs – management expenses – non-operating expenses – financial and human resources expenses”. When the family business budgets, it can use the annual expected profit minus the income plan to “push” the target cost, and then set the cost control level according to the historical level to form the cost and budget control target value. This is a typical ex ante control method, which is widely implemented in internationally renowned family-owned enterprises. Toyota Motor Corporation of Japan is one of the best. They derive the target cost by subtracting the target profit based on the accurately estimated market price. At the product cost control and strategic design level, from R&D to transportation, more than 60% of cost items have been identified during the R&D and design phases. Since there are about 20,000 pieces of automobile components in total, not all of the 20,000 pieces will be changed when developing new cars, and about 5,000 pieces will usually be changed and re-estimated^[8]. And to further reduce costs, Toyota reduced the car door handle from 35 models to the three most basic models. Explain that the cost control of the budget through the budget can not only strive to control the level of cost and expense, but also has a significant effect on the rational arrangement of business operations.

D. Cost Budget Control Implementation and Adjustment

1) Cost and Expense Budgeting: The cost budget control model is constructed by first determining the total budget, then determining a series of steps such as indicators, and forming a complete closed loop through the “eight-step method”.

Understand historical indicators and future development plans of enterprises. The implementation of the cost and budget control model is to complete the future corporate target profit. This goal is related to the development strategy of the enterprise. Only when combined with the development strategy of the enterprise, determine the focus of the next stage of the enterprise, and build the cost that meets the needs of the enterprise. Cost budget control mode.

Formulate the total budget of the enterprise. The total budget is the quantified overall goal of the next stage of the company's production and operation activities, and should be based on market forecasts and production capacity.

Decompose the total budget, and the budget indicators of the unit are calculated by each department and the grassroots unit. Divide each responsible unit, decompose the total budget, and calculate the respective budget indicators based on the cost of the previous years.

Adjust the departmental budget and the total budget to determine the budget plan. In order to reduce the false report situation, according to the indicators calculated by each responsible unit, the actual cost of the previous year is adjusted, the cost is reduced as much as possible, and the budget plan is finally determined.

2) Cost and Expense Budget Execution: Organize the implementation of various indicators determined in the budget and strengthen monitoring. According to the budget plan, it is implemented in each department and even each employee, and the implementation process of each responsible unit is monitored to control the cost and expenses within the effective range.

Accounting and reporting on completion. In order to reflect the situation and results of the implementation of cost and budget control by each responsible unit, it is necessary to conduct daily accounting and regular reporting, and prepare an “internal responsibility report”, which is an important basis for cost control and evaluation.

Identify the deviation and take corrective action. As the internal environment and the external environment of the enterprise are constantly changing, there will be cases where the budget indicator breaks the threshold. Enterprises should identify deviations in a timely manner and take measures to enable the model to continue

to operate effectively and prevent deviations from the original target.

Evaluation of budget indicators. According to the audited budget indicator accounting and internal responsibility report, the responsibilities of each unit are determined by analyzing the reasons for the differences between the indicators, and the results are linked to economic interests.

3) *Cost and Budget Adjustment:* When implementing the cost and budget control model, enterprises cannot guarantee that each budget indicator will not exceed the predetermined value. If the indicator changes, it is necessary to perform certain procedures to correct it in time. The procedure is as follows:

Determine the analysis object and decomposition criteria. The object of the difference analysis is first determined, and the decomposition criteria are determined second. The budget management committee combines the actual development of the differential decomposition criteria for major cost and expense items, including: the degree of differential decomposition, the data sources and collection methods referenced by each project's differential decomposition, and the responsible parties corresponding to the differences.

Collect information. During the implementation of the budget, the budget execution and control room conducts information collection according to the requirements of the differential decomposition standard, including: financial information, external market information, and internal non-financial information.

Difference calculation and decomposition. Calculate the budget difference of each item based on the collected information, and decompose the difference according to the difference decomposition standard to determine the responsible party of the difference. According to different reasons, the budget execution and control room can ask the corresponding responsibility center to explain the reason for the difference.

Determine the importance of the difference. Based on actual experience, the budget management committee sets standards for the importance of differences. The budget execution and control room measures the actual budget differences according to this standard, and determines the important differences that need to be explained by the relevant responsible departments. According to the different nature of the project, the difference importance criteria can be determined in the following forms: setting the difference rate, the amount of difference, and the trend of variation.

Explain important differences. After identifying important differences, each responsible unit should explain the reasons for the differences. A comprehensive explanation of budget differences requires each responsible department to conduct an in-depth and quantitative analysis of its business activities on the basis of differential decomposition, and to make judgments on its controllability and possible impacts in subsequent months.

Report and confirmation of the difference. The analysis results of each responsible department are summarized into the budget management committee and reported to the company's executive level. The company's executive layer reviews the cause of the difference and confirms it.

V. CONCLUSION

In the early days of the family business, the registered capital and investment amount were very limited, and the expenditure control requirements were extremely strict. The necessary expenditures should be prioritized and adequately arranged, and unnecessary expenditures should be avoided as much as possible. This is the iron law that financial management of private companies must comply with. But in terms of the necessary cost and expenses, it must also be prioritized. In this way, it is necessary for the family business to proceed from the overall situation of sustainable development and scientific management, in line with the guiding ideology of transforming and upgrading the modern enterprise system as soon as possible, unswervingly clarify the property rights, formulate the enterprise construction planning and development strategy based on the actual

situation, and strive to learn from Japan. Family-owned enterprises and the experience of large-scale family-owned enterprises in China, actively formulating and strictly implementing the cost-control rigid budget management model, consciously negating the patriarchal management style and habits of previous expenditures, realizing the democratic management of the target cost of family businesses, and promoting family businesses rapid transformation and upgrading.

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