

LOGISTIC COSTS IN COMPANY

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Abstract: Logistic money present an important role in complete money of activity of enterprise. They come forward in every organizational cage of enterprises. The wide cut of presence of money also their correlation bothers their correct determination. In the article the review of literature is presented from an area money of logistic in an enterprise.

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1. INTRODUCTION

At present every being enterprise on the market in order to be competitive should conduct its activity according to one of two principles stewards. A minimization of operating costs is the first principle in order to achieve the better financial result. Increasing the effectiveness of the production is the second principle which will also contribute to correct the ultimate profit of the enterprise at keeping current costs. Choice of the second option in most cases is connected with applying innovative solutions and the need for technological changes of production processes.

All processes are associated with material-information flows to which the planning, implementing and monitoring belong in the range of the interest of the logistics. All tasks performed as part of the logistic entire system and individual of his subsystems, are generating costs. Including costs of functioning of the system logistic lets for the comprehensive look at their forming in the entire supply chain and in single links of this chain (Ślusarczyk & Kot, 2013, p. 7).

The production logistics gaining the more and more great significance in the conduct of business of manufacturing companies can be the source of reducing costs, or optimizing of, stock and supply production processes a company of productions being aimed at improving efficiency. The attempt at occurring processes in the enterprise as the system enables to distinguish logistic processes which costs constitute considerable part of all-in costs of the enterprise.

The separation of logistic costs in company permit no the term of the areas having potential to the lowering of costs and the improvements of the results of finance activities of productive company. In the literature the costs logistic are identified company to many, categories having various participation in the costs entire firms.

The aim of the article was presentation of concept of costs, and also review of division of costs of logistic in enterprises. An initial review of literature will be an exit attributive the next stages of the advanced study of author of the article.

2. COSTS

The leadership of company indissolubly is united with the notion of costs. Wanting to produce product we must carry the costs of the purchase of raw material, labor costs, the costs of ownership of machines and the like. In connection with the indissoluble federation between economic activity, particularly productive firms but by costs is necessary to look at the notion of costs, which in the literature is differently defined.

The basic definition of costs we will find in the statute about the accountancy, which speaks, that the costs – given verisimilitude of the reduction in the period the

reporter's economic advantage, about the plausibly definite value, in the form of the decrease of the values of assets or increase of the values of the obligations and of reserves, which they will lead to the decrease of own capital or the increase of its shortage in a different way than the withdrawal of means by the partners or the owners (DzU 2013, poz. 330: art 3).

The term of costs is also determined as an economic category, that marks expounded in the monetary item of value of living work also property supplies exhaust in this period with an aim making of products and can be presented as a product of price also consumption of factor of products (Nowak, 2005, p. 23).

In the field of accounting costs are determined as assets expressed in money, consumed in the economic main activity of the enterprise in the certain period, material, out-sourced services and of put human work in the destination of producing products or the service delivery. In such a way of defining costs one should also rank positions unrelated to consuming resources, but ranked under current regulations among them called the purely monetary expenditure (Kiziukiewicz, 2009, pp. 39–40).

Costs in company they are also defined as the expenditure of the elements of fixed asset and rotary, strange services, the printings of work and some expenses the not determining expenditures, connected with the leadership of a normal activity by economic individual (Sawicki, 1996, p. 2).

3. LOGISTIC COSTS IN MANAGEMENT

Shifting the definitions of costs on logistic activity of company possible to establish, that logistic costs will determine the expressed valuably expenditure of property, capital and human work, engaged in connected processes with the transport, by storing, by the flow of logistic information in the supply chain.

In the literature logistic costs is defined as expressed in financial individuals the advisable expenditure of the stores of company and expenses finance resultant from the flows of material right, support of reserve funds and transformation of connected with logistic activities (Fertsch, 2006, p. 231).

Logistic costs are one of parameters of the business administration. Regarding logistic costs as one of parameters is being justified based on many premises, from which they are most important (Kaczmarczyk, 2012, p. 911):

- it is the large participating of logistic money in complete (from 20% to 80%) costs,
- are large possibilities of decline of logistic money that have an influence on financial end-point of enterprise,
- are difficulties of considerable increase of turnover of enterprise in the conditions of steady-state demand.

One of methods of decline of money of logistic of enterprises is the cost of external transport cutting. We can here use different methods however each time more popular I become method of VMI (Archetti & Speranza, 2016, p. 394).

With an aim measuring of management efficiency used the logistic systems many instruments. One of basic instruments to this aim are indexes.

Determining the amount of logistic costs in enterprises is difficult on account of the lack of uniform readings where to include given costs. All sorts enterprises can in the different way distinguish the inner areas of coming into existence of costs of the business activity.

Logistic costs be also logistic indices possible to seize in the different sections of accounting of costs. The first kind of the classification of logistic costs in the activity of company is their classification in the periods of the flow of commodities. Other section of costs is their division according to basic elements of logistic processes, to which we number the costs of a physical flow of materials, reserve funds and information processes (Table 1).

Table 1. Classification of the activity and logistic costs; (Nowicka-Skowron, 1999, p. 19)

| Logistic areas | Type of logistic activities | Type of logistic costs |
|--|---|--|
| Receiving of the materials | The delivery of materials to the warehouse | Wage costs, fuel, depreciation, repairs, interest |
| The warehouse of the receivings | Warehousing of materials | Costs of freezing capital, depreciation, insurance, energy |
| Internal transport in company | Transporting materials | Wage costs, depreciation, interest, repairs |
| Production | Preparation and realization of productive tasks | Wage costs, costs of packages |
| Distribution | Delivery of the commodities of the receiver | Wage costs, fuel, depreciation, percentages, insurance of transport, taxes, repairs, energy, general costs |

In Table 1 submitted one from more popular kinds of the classification of logistic costs in company. In literature we can find many other classifications of logistic costs how for example (Beier & Rutkowski, 1993, p. 25):

- running costs of supplies,
- costs of the supply shopping,
- costs of the order processing,
- storage costs,
- transport costs,
- costs of the customer service.

4. CORRELATION OF COSTS OF LOGISTICS

The costs of logistics in company are characterized large diffusion among many groups of costs according to traditional sections. Difficulty in the division of responsibilities for the formation of these costs on the different organizational cells in company causes the large correlation of the costs of logistics in the activity of firms. The correct identification of costs of the logistics in the enterprise is being brought up also in other countries what are writing among others about F. Straube H - Ch. Pfohl (2008, pp. 48–49), R.Z. Farahani, and other (2009, p. 60) whether Q. Dianwei (2006, p. 592), pointing at problems in this area.

Fig. 1. Correlation of costs of logistics; (Beier & Rutkowski, 1993, p. 25)

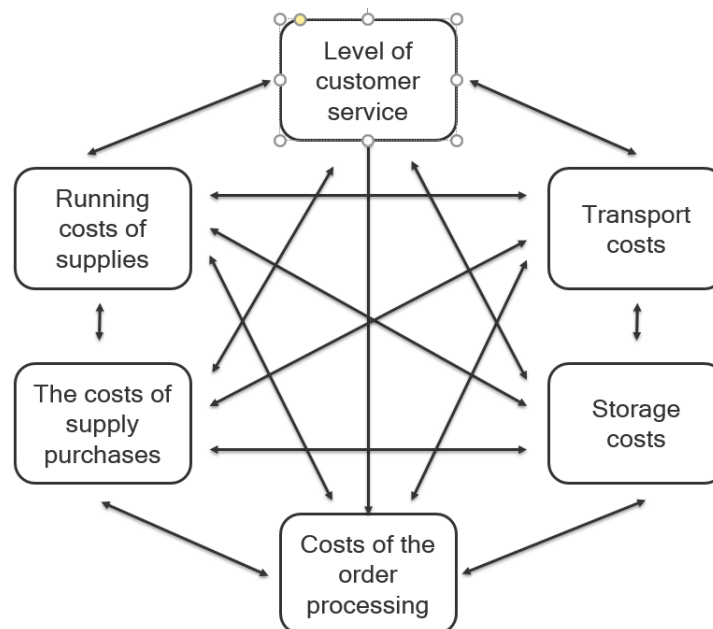


Figure 1 is presenting reports of logistic costs which are around soba tied together and are having an influence on themselves. Relations between costs of the logistics are visible peculiarly in the cost allocation to three main categories according to phases of the flow and places of their coming into existence: the supply, the production and distribution.

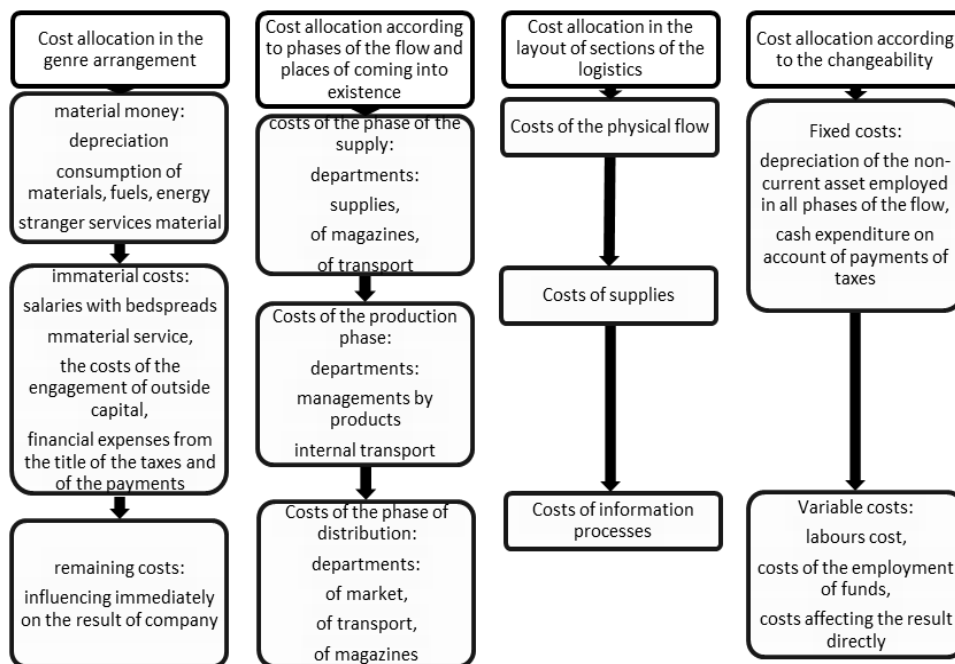
Many various factors affecting costs of the logistics exist. Amongst most important it is possible to rank:

- supply: (1) for heavy costs of processes of supplying, (2) for high inventories, (3) for high material losses, (4) for frozen current assets, (5) for the high expenditure on the transport,

- production: (1) for long times of flows and the low rhythmicity of supplies, (2) for the insufficient information advance of processes of supplying, (3) for the rock bottom of processes of the transport, transshipment, storing,
- distribution: (1) for extended times add, (2) about low readiness of supplies, (3) about low reliability of supplies, (4) for heavy costs of the marketing process, (5) about poor quality of supplies.

Even though the cost allocation of the logistics in the enterprise is mentioned above one from most popular various criteria of the cost allocation exist. In the literature on the subject we are finding the cost allocation of the logistics to four categories. Figure 2 is showing the cost allocation of the logistics in the enterprise including basic criteria.

Fig. 2. Basic criteria of the division of the costs of logistics in company; (Nowicka-Skowron, 2000, p. 93)



The penetration of the costs of logistics on the different organizational cells only does not make difficult their classification but can also lead to the conflicts between the separate organizational cells in company. The separate departments of firm can have the different related goals with logistic costs. Of dependences between the goal but the function in company introduces Table 2.

Table 2. Conflicts of aims and function in an enterprise; (Konkol, 2017)

| | Shopping | Production | Finances | Marketing | Logistics |
|--|------------------------------|---|--|---|--|
| Wholesale purchases of materials | Advantage: greater discounts | | Defect: frozen working capital | | Defect: larger costs of the warehouse |
| Stabilized long-term production | | Advantage: lowest costs | Defect: frozen working capital | Defect: small assortment of products | Defect: larger costs of the storing |
| Variable production, the large assortment | Defect: small discounts | Defect: large capital in a short period | Defect: duze supplies of finished products | Advantage: larger sales - diversification | Defect: larger warehouse, larger costs |
| The larger control of the credit | | | Advantage: better utilization of the working capital | Defect: possible lowering the sale | |
| Change of the cycle of supplies from 7 for 4 days | | | Defect: higher production costs | Advantage: better sale | Defect: larger costs of the service |

5. CONCLUSION

The analysis of costs in company is pivotal in the context of attainable results. The division of costs, their accounting, choice of a appropriate change cost accounting and the analysis of results ought to determine the source of information about profitability of separate articles or of testified services by the individuals.

The review of literature fixed author in the conviction, that the costs of logistics play important role in the results of finance attainable by company. Exists however the certain difficulty in the exact term of the costs of logistic occurring in economic activity of firms. The penetration of costs by the different organizational cells is one from principal difficulty of their straight and correct term. The large correlation of the costs of logistics in company also influences on their meaning in the total costs of activities.

The lack of the ambiguous definition of logistic costs in the literature on the subject isn't also having a positive effect for appointing them. In spite of these problems, they are more and more often activities of the company regarded as sources being able to reduce all-in costs.

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