

# An Analysis of the Application of Target Cost Management in Museum Design

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**Abstract:** The museum belongs to a more functional public building. Due to the impact of modern social life concepts and methods, the function is becoming more and more complicated. In addition, many factors such as form and environment make the museum architectural design difficult. How to carry out cost management in museum design is an issue that needs urgent attention. Target cost management is of great practical significance for museum design projects to reduce operating costs and improve economic efficiency. This article systematically expounds the concept and content of target cost management. On this basis, the application countermeasures of target cost management in museum design are studied.

## 1. Introduction

The museum is a treasure trove of human cultural heritage and natural heritage, a sacred place for regional and urban culture and art, and a spiritual palace for modern people. Modern museum architecture is often a landmark of a region or city, representing the level of architecture and architectural design of a region or city. Due to the complexity of functions and the originality of forms, and the extraordinary expectations of society, the architectural design of the museum building is the most difficult and most creative and challenging of all kinds of buildings. With the development of human society and economy, the advancement of science and technology, and the increase in cultural demand, people have put forward more and higher requirements for museums, which provides a huge development space for the construction of modern museums, and at the same time for the architectural design of museum higher requirement. Cost management has a great effect on the architectural design of museums.

## 2. Overview of target cost management

### 2.1 .The background of the target cost management

Target cost management was first developed in the United States. In the 1980s, under the policy of reform and opening up in China, along with the wave of economic globalization, target cost management was introduced into China. First, mechanical industrial enterprises expanded the connotation of target cost management. With the extension, China has a certain understanding of target cost management and implements the target cost management of the whole process. By the 1990s, the socialist market economy with Chinese characteristics formed the target cost with Chinese characteristics represented by the experience of Handan Iron and Steel. With the continuous strengthening of economic globalization, countries are constantly improving their technology to improve the quality of their products to maximize the occupation of the international market. Therefore, the differences in technology and quality of products are gradually narrowing. Target cost management provides a guarantee for companies to maximize their long-term profitability.

## **2.2 . Principles of target cost management**

Target cost management is a strategic system for profit planning and cost management that requires price guidance, customer focus, product and process design as the center, and cross-functional teams. Target cost management must establish relevant basic work systems; the implementation of target costs should be combined with other work to maximize economic efficiency.

### **2.2.1. Price-guided cost management**

The price is usually determined by the competition in the market, and the target profit is determined by the financial status of the company and its industry, establishing a complete price-directed management organization, designing the cost management process and operating procedures, and using the cost management system documents. The competitive cost is determined by subtracting the expected profit from the market price. According to the price, the market is constantly changing, and the actual situation is used to make reasonable changes, so that the enterprise economy can gain greater advantages in the fierce competition.

### **2.2.2. Focus on customers**

In line with the principle that the interests of customers are above all else, the target cost management system is market driven. The customer's requirements for quality, cost, and time should be reflected in the production process of the product, and guide the cost analysis. This is the true value and soul of a product only when a product's characteristics or functions meet consumer expectations, customers are willing to pay a higher price, and can bring in sales and market share.

### **2.2.3. Focus on product and process design**

Invest in more time in the design phase, according to the market-oriented design of products that meet actual needs and are accepted by consumers, and those that are expensive and time-consuming are not considered for the time being, so that the time for products to be put on the market can be shortened.

### **2.2.4. Cross-functional cooperation**

Under the target cost management system, the product and process teams are composed of members from various functional departments, including technology, production, sales, procurement, workshops, etc., as well as suppliers and customers. Each department has its own goals, but the goals are not isolated, which requires corresponding cooperation to achieve the goals. The goal management emphasizes the two-way communication between the superiors and the subordinates. It requires everyone to be honest and united. In the process of communication and discussion, not only will they increase their feelings and information, but they may also gain constructive and creative insights from employees. Cross-functional collaboration improves product quality, shortens production cycles, and reduces product costs by reducing design checks and changes.

## **2.3 .Target Cost Management Definition**

Target cost management mainly refers to the detailed planning of the enterprise through the budget, and the completion of the operational target cost in a certain period of time in the future. For target cost management, it mainly refers to the whole process of long-term use and generation of systems in the process of business management. In short, it is the target cost of the product obtained after the company uses the price of the market competition to reduce the predetermined revenue, and focuses on analyzing and controlling the target cost, in order to better manage the enterprise's economy and improve the economic efficiency of the enterprise.

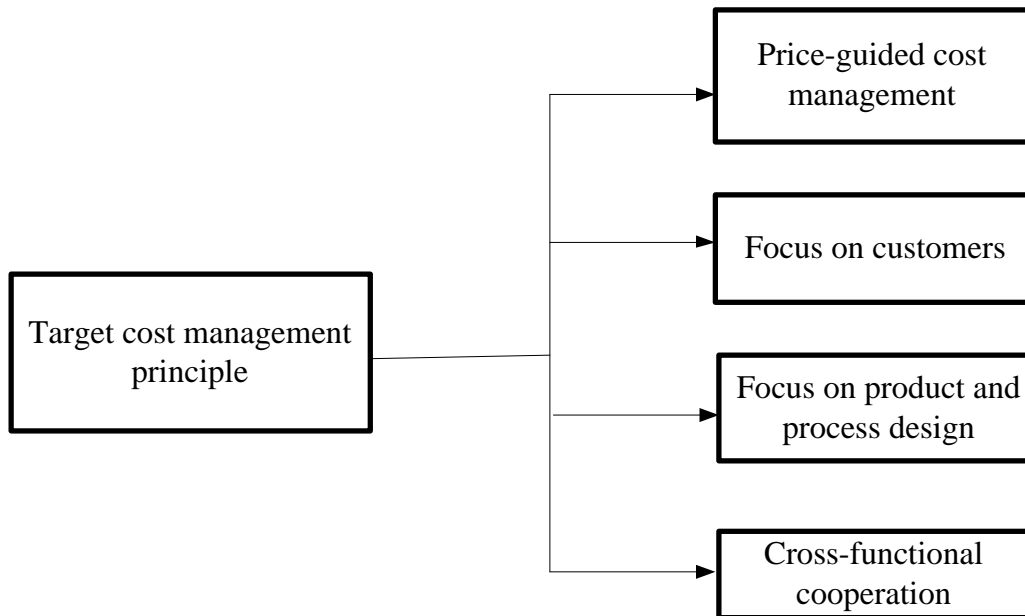


Fig.1. Target cost management principle

## 2.4 .Content of target cost management

Target cost management mainly includes three aspects.

### 2.4.1. Human Resource Cost

The cost of human resources mainly includes the costs of staff training and salary. Employee compensation has always been a major component of the company's production costs. With the continuous deepening of education, the demand for human resources continues to rise, and the proportion of human resource costs in the production costs of enterprises has also increased. By strengthening the management of human resources costs, employees' work efficiency and enthusiasm can be significantly improved, thereby further improving the effectiveness of production management.

### 2.4.2. Product raw materials and management costs

The management cost of the product and the management of the raw materials refer to the cost of the raw materials used to ensure the quality of the products and the cost of controlling the cost of the raw materials when using the target cost management to produce the enterprise products. Significantly reduce the material consumption of enterprises, and thus obtain higher economic benefits.

### 2.4.3. Equipment Maintenance Cost

The cost of production maintenance and management of an enterprise refers to the cost incurred by the later maintenance of the cost of the production equipment of the enterprise. Different companies use different equipment, so the cost is different. For some large enterprises, production costs and maintenance costs account for a large proportion of total costs. By applying enterprise target cost management, equipment wear and energy consumption can be significantly reduced, equipment operating efficiency and service life can be improved, costs can be effectively reduced, and the economic benefits of enterprises can be improved.

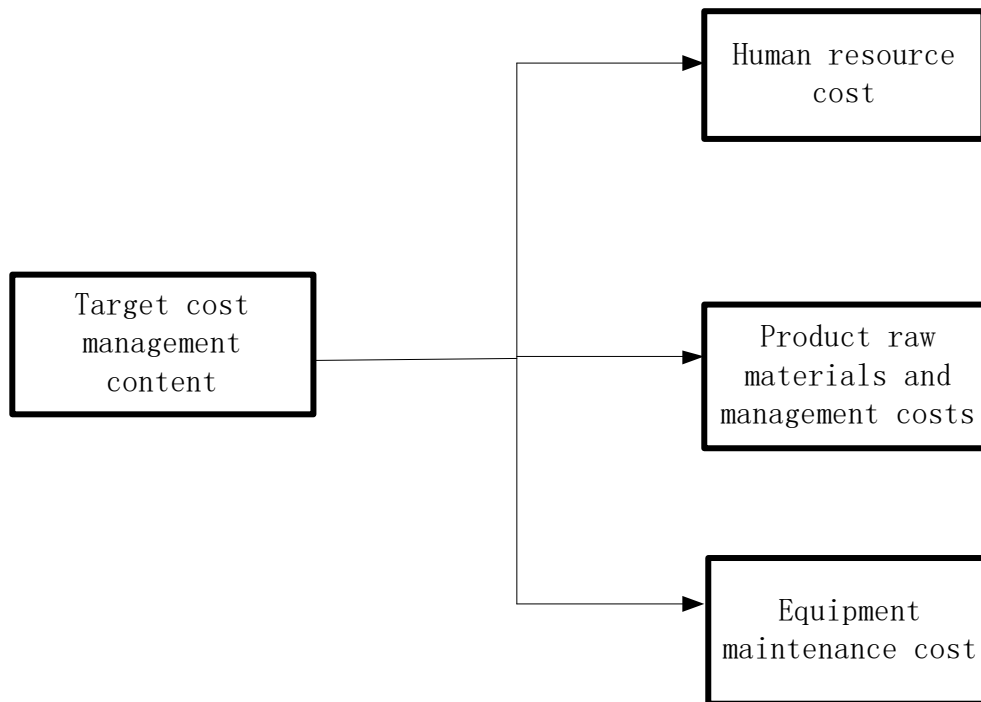


Fig.2. Target cost management content

## 2.5 . Advantages of target cost management

With the development of China's economy and the establishment and improvement of the market economy system, the market competition faced by Chinese enterprises has become increasingly fierce. Cost is a measure of an important indicator of an enterprise. Strengthening cost management is the fundamental way to improve the economic efficiency of enterprises. Enterprise management that reduces costs has become an eternal theme of enterprise survival and development.

### 2.5.1. Pay attention to mutual contact and cooperation in the formulation and implementation of the target

The evaluation of each person's work performance is also more specific and more reasonable; it is conducive to managers to play their own management skills; it is conducive to each person to play their own creativity and enthusiasm to clarify the tasks that each staff member should perform, and can completely break The phenomenon of eating "big pot rice" at work makes every staff member have a real burden on his shoulders and forms a complete organization management system to make this system work effectively.

### 2.5.2. Customer and market oriented

The cost management goal should be based on market orientation and "customer satisfaction" as the purpose, design the most competitive product prices to meet customer needs, and obtain the maximum economic benefits while recovering the target cost. Some actions in the design, production, procurement, sales, and after-sales services involved in cost management activities require employees to work together to improve performance. Modern enterprise cost management meets the core of customer needs and value management, breaking the restrictions inside.

### 2.5.3. Total cost management

Cost planning, improving the relevance and practicality of cost information in enterprise decision-making, and playing an important role in the theory and practice of ABC, through the cost management of business analysis and cost driver analysis to achieve continuous Cost reductions

maximize value-added services, increase customer value, provide timely and useful information loss and waste minimally, thereby increasing corporate value.

#### **2.5.4. The disadvantages of target cost management**

There are differences in the structure, organization, rules and regulations, and personnel quality of each organization. Therefore, there are some problems in the management of objectives in various organizations. The participation of senior management is not enough, and the middle management is responsible for the management of the target. However, in the actual goal management process, there is a problem of insufficient participation of senior managers; although the overall goal and overall strategy are made by the top management, they often hand over the tasks to lower-level managers to perform. However, many middle and bottom management personnel have become accustomed to traditional dictatorship management. Implementing goal management is a challenge to traditional management methods. Such senior leaders actually do not assume their true responsibility for this, due to the spirit of goal management thinking. Different from traditional management ideas, it will inevitably harm some people's interests, and of course they will contradict the target management. Naturally, its enthusiasm will not be exerted, which will inevitably affect the effect of target management.

### **3. Problems in the application process of target cost management**

#### **3.1. Management means single**

As an important part of enterprise economic management, target cost management needs to reflect all management work in every aspect of production. When carrying out management work, it is necessary to formulate matching management objectives according to the specific content of different work departments. The setting of this goal must be practical and needs to be subdivided into several departments and implemented into each individual. Establishing management objectives requires identifying management responsibilities, including cost responsibilities and job responsibilities. However, from the perspective of corporate management, many management methods are too singular, and there is no cost budget. Many of them do not even have clear cost targets. There is a large randomness in the production process of products, and there is a lack of adequate assessment of the market. It is impossible to formulate a reasonable product price, which ultimately leads to a lower market competitiveness.

#### **3.2. Management implementation is not in place**

Compared with traditional cost management, the target cost management work must be carried out in all aspects of the production and operation of the enterprise. This puts higher requirements on the management work and needs to ensure that the work of each link is put in place. However, from the current situation, the lack of a corresponding control mechanism, can not accurately grasp the actual operation of cost management, and there is no corresponding assessment mechanism, neglecting the coordination between departments, and ultimately caused a lot of cost management loopholes.

#### **3.3. Lack of personnel cost awareness**

Enterprise target cost management requires that each member needs to be cost-aware, ensuring that target cost management can be effectively reflected in all aspects of production. However, the cost consciousness of the employees themselves is relatively weak, and they do not pay attention to the coordination between them. It is not only unable to promote the improvement of management effects, but also because the intermediate departments and individuals affect the smooth implementation of all management plans, resulting in the goal cost cannot be achieved smoothly. The management target cost can be completed only by the financial department and the rules and regulations. It is also necessary to refine the management to each department and position, so the employees must be cost-conscious.

## **4. Target cost management application measures**

### **4.1. Build control mechanism**

In order to better carry out the target cost management work, it is necessary to actively construct the cost control mechanism of the enterprise, and try to ensure that the management function can penetrate all aspects of the production of the enterprise. First of all, to carry out the management of data materials, while producing enterprise products, it is necessary to carry out extensive investigation and research on the market, and collect corresponding data and analyze the data to ensure that the management work is more reasonable. Therefore, it is necessary to improve the traditional management mechanism to ensure that the information and materials are more complete and accurate. At the same time, it is necessary to ensure delivery within the stipulated time, so as to ensure the standardization of cost management. Secondly, actively construct an analysis system, comprehensively analyze the management of production costs and financial work, and realize the notification of information as soon as possible to ensure that all departments can grasp the content of information in a timely manner, and timely adjust the cost plan and use various types. Resources to improve the efficiency of cost management.

### **4.2. Strengthening the links between various tasks**

The goal management of enterprises is the premise of enterprise economic management. It is necessary to improve the economic benefits of enterprises as an important goal, and to communicate with other links in production, and to formulate management and working standards that meet the requirements of work for the characteristics of different links, and Conduct cost management actions in accordance with rules and regulations. Since the enterprise will involve many production links in the business process, it is necessary to construct the original data of the enterprise according to the economic accounting requirements, and use the time-lapse record to evaluate and review the cost control effect, so as to better control the cost. In addition, it is necessary to formulate internal prices to ensure that the company's prices can have a certain basis, to ensure that the specific accounting is constant for a certain period of time, and to adjust according to market price changes.

### **4.3. Improve management awareness**

If enterprises want to gain advantages in the fierce market competition, they need to change the traditional cost management awareness in the past, so that all enterprises can work hard to achieve the target cost of the enterprise, thus accomplishing the cost goal and actively implementing various management tasks. All employees of the company adopt a new management concept and cost control concept to enhance the awareness of all members' benefits and cost control. Each department should strengthen the practice and achieve detailed management between different levels. At the same time, we must determine the management methods at each level, calculate the objectives, principles and responsibilities, clarify the cost management plan at all levels, and ensure that all work can be implemented, and the responsibility system is used to restrict the behavior of employees and regulate the production behavior of employees. In this way, the fox can make it feel the urgency of enterprise cost management, so as to ensure that employees can feel empathy and have a sense of ownership, can consciously participate in the enterprise goal management, and build a cost control system in which all employees participate together.

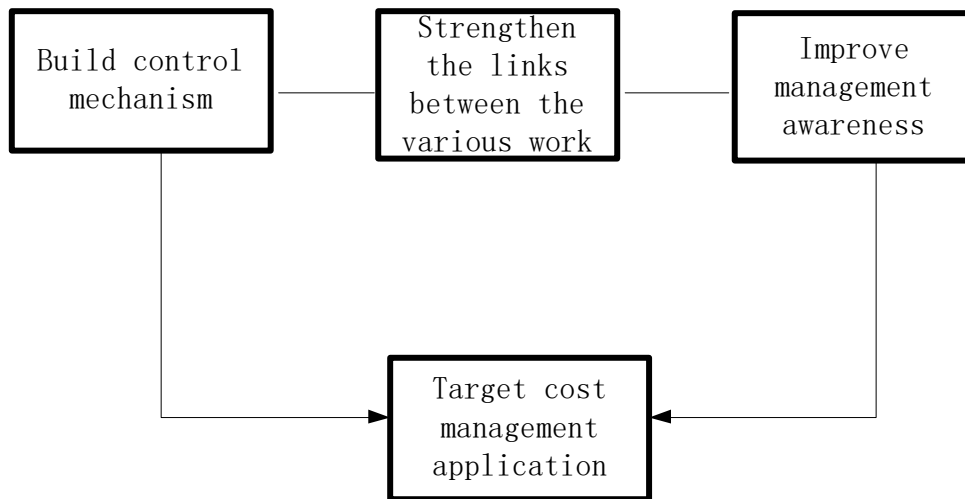


Fig.3. Application path of target cost management

## 5. Conclusion

Target cost management is a cost-effective means of cost management. It plays an important role in reducing costs and expenses and effectively improving the level of financial management in museum design. This is also a strategic management method for making profits in museum design projects. Museum design as a complex project, a clear understanding of costs is required in the process of target cost management. Each department cooperates with each other to make the cost items more detailed, thus performing well in all levels of accounting and management. Establish a corresponding management mechanism, decentralize power and responsibility, reduce the operating costs of enterprises, and improve the efficiency of enterprises.

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