

Profit optimization during crisis periods

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Abstract. *This article highlights the authors' attempt to identify a simple and effective calculation method for profit optimization in crisis periods. This method was identified based on the analysis of a representative sample of professionals working in both state-owned and private bakery companies in Romania. The article also presents methodological case studies for three bakery products aimed to highlight the changes in results according to changes of variables in the current business environment. The results obtained are presented and analysed by the authors. The article ends with the authors' conclusions on the benefits of the Direct-Costing Method and profit optimisation in crisis periods.*

Keywords: Direct-Costing; cost-volume-profit analysis; dashboard; breakeven; profit.

JEL Codes: M41, M21.

REL Code: 14K.

1. Introduction

Due to the economic and financial crisis currently faced by the business environment both in Europe and at global level, managers must identify ways to regain their lost financial position, but also to obtain new profitable sources for the next period. *Can the economic and financial crisis bring beneficial business solutions?* This is one of the questions that underlie our research in this article.

Among the objectives of our study we can enumerate the following: identification of a viable simple and effective calculation method for achieving positive results; identification of advantages brought by this method compared to market and users' information needs; identification of a tool for monitoring and measuring the performances of a company and respectively the impact of its use.

2. Literature review

Back in 1898, the German economist Schmalenbach made the first attempts to group costs in fixed and variable costs. The first calculation developed based on the current principles of the Direct-Costing Method was reported at General Motors in 1923. The promoters of this method, Jonathan N. Harris (1934) and Carter G. Harrison (1935), set the methodological bases for the application of this method, which was implemented in the American economy. After the Second World War, the American Management Association adopted and supported this method, which was used with good results both in the USA and in Europe. It was considered *a system established in order to provide the companies' management with more and clearer information on the relationship between production costs, production volume and benefits*.

K. Rummel laid the foundations of this method in Germany. In this country, the variable cost method was known under various names, such as: *block cost calculation (Blockkostenrechnung)* – total fixed costs are allocated to results on a monthly basis; *proportional cost calculation (Proportionalkostenrechnung)* – calculation of coverage contribution (*Deckungsbeitragsrechnung*); *planned marginal costing (Grenzplankostenrechnung)* – H.G. Plaut widely applied and adequately promoted the latter. The variable cost method expanded rapidly to other European countries such as France, where it was promoted by G. Bouchet and called *méthode des coûts directs*, but also to England, where it was promoted by F.C. Lawrence and E.N. Humphreys, being known as *marginal costing*. The advantage of applying this method consists in the fact that it introduced electronic computers that facilitate data recording and processing.

Since its occurrence to present days, the concept of variable cost method developed through various approaches. Thus, some authors consider that the

Direct-Costing Method requires a prior study of cost trends and their separation in fixed and variable (Brumet, 1955). This study is particularly useful for understanding costs at all responsibility levels and for a correct assessment of cost planning and control issues. Other authors believe that Direct-Costing assigns to goods only variable costs and treats fixed costs as period costs (Seiler, 1959). In the opinion of other professionals (Lentilhon, 1964), Direct-Costing causes a decrease in inventory value as fixed costs are not considered for the calculation of costs per products. Some authors have demonstrated the effectiveness of Direct-Costing and cost-volume-profit analysis in determining a company's short-term gains (Budugan, Georgescu, 2008, Mihalache, Salagean, 2010, Topor et al., 2012). Other authors highlighted the method's importance in taking managerial decisions and its usage as a financial reporting tool (Briciu, Sas, 2008).

3. Research methodology

3.1. Research questions

Starting from the main objective of this scientific approach, respectively profit optimization in crisis periods, we aimed to conduct a case study at a bakery company and test managers' reactions when identifying a viable cost calculation method. In other words, we aim to answer the following questions:

- 1. What would be the simplest viable and effective cost calculation method that would help a bakery company in optimizing profits in crisis periods?*
- 2. What would be the advantages of the identified method?*
- 3. What tool(s) could be used successfully during the crisis for monitoring and measuring the performance of a bakery company?*
- 4. What would be the impact of using this/these tool(s) on the bakery company?*

3.2. Instrumentation

This study involved the observance of principles and rules that are specific to mixed research methodology. The used research technologies and procedures were as follows: literature review, use of various information sources, data gathering and processing, summarising of theoretical aspects and research results, and questionnaire. We used this research technique for the empirical work of our study. The questionnaire was used for the empirical part of our study and it was structured to meet the overall objective, namely profit optimization in crisis periods by using an effective cost calculation method.

Questionnaires were sent electronically to 45 respondents in bakery companies located in different regions of Romania, as follows: 15 state-owned companies and 30 private companies. Further to gathering the questionnaires and data centralization, the situation is presented below (Table 1):

Table 1

Categories of respondents

(%)

Questions/Answers	Category of respondents			
	State-owned		Private	
	pros	cons	pros	cons
<i>1. What would be the simplest viable and effective cost calculation method that would help a bakery company in optimizing profits in crisis periods?</i>				
a) Standard-Cost Accounting	33.34	66.66	50.00	50.00
b) Direct-Costing	80.00	20.00	73.34	26.66
c) Order method	60.00	40.00	60.00	40.00
<i>2. What would be the advantages of the identified method?</i>				
a) simplicity, effectiveness and reduced computation time	40.00	60.00	46.66	53.34
b) effectiveness and reduced computation time	60.00	40.00	50.00	50.00
c) reduced costs and computation time	80.00	20.00	66.66	33.34
<i>3. What tool(s) could be used successfully during the crisis for monitoring and measuring the performance of a bakery company?</i>				
a) dashboard	53.34	46.66	70.00	30.00
b) cost-volume-profit analysis	60.00	40.00	83.34	16.66
c) balanced dashboard	40.00	80.00	16.66	83.34
<i>4. What would be the impact of using this/these tool(s) on the bakery company?</i>				
a) profit optimization	66.66	33.34	80.00	20.00
b) gradual improvement of the company's results	26.66	73.34	40.00	60.00
c) reduce costs	46.66	53.34	46.66	53.34

The related graphs are shown below (Figure 1):

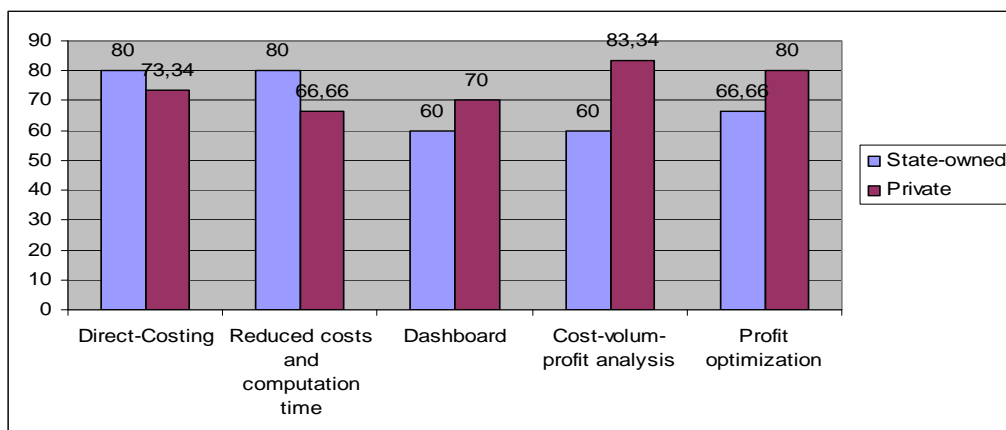


Figure 1. Graphical representation of respondents from bakery companies

As you can see, for all the four issues pursued in our study, the largest weight in both surveyed categories supported the use of Direct-Costing Method as a simple viable and effective cost calculation method, which would help a company in crisis periods (80.00%); the advantages based on reduced costs and time (80%); the cost-volume-profit analysis and the dashboard, as tools to guarantee performances (53.34%, respectively 60.00%); and profit optimization is the result of the impact of using those tools (66.66%).

4. Direct-Costing method

4.1. Axiology and indicators of Direct-Costing Method

The essence of this method is the separation of production and sales costs in terms of their character in relationship to the physical volume of production and sales, in variable and fixed costs, and in considering only variable costs for calculating the costs per product. Fixed costs are considered expenses of the period and deducted from the company's gross financial results. The method focuses on boosting sales due to the fact that fixed costs are not distributed on inventories (work in progress, finished goods, not collected shipped goods), but should be covered by the sales of the period. Direct-Costing uses specific indicators, such as: breakeven, coverage factor, safety coefficient, safety range.

Breakeven is the point where profits equal to zero or revenues equal to costs. By knowing the breakeven or the balance point we are able to know the point where a company should start from in order to obtain profits and cover its fixed and variable costs. Breakeven is calculated according to the equation (Briciu et al., 2010, p. 360):

$$\text{Breakeven} = \frac{\text{Fixed costs}}{\text{Gross contribution per unit}} \quad (1)$$

where:

$$\text{Gross contribution per unit} = \frac{\text{Total gross contribution}}{\sum \text{Sold quantities}} \quad (2)$$

Gross contribution is the difference between turnover and variable costs. The results are the difference between gross contribution and total fixed costs.

Coverage factor or *contribution margin*. This indicator emphasises the extent to which a product or an order is profitable for a company in terms of covering costs and obtaining profits. The contribution margin of the coverage factor per order is calculated according to the formula (Briciu et al., 2010, p. 360):

$$\text{Contribution margin} = \frac{\text{Gross contribution}}{\text{Turnover}} \times 100 \quad (3)$$

With the Direct-Costing Method we can detect those products that cannot cover the costs and are not profitable for the company.

The dynamic safety coefficient shows how much sales can decrease for the company to reach the balance point. Any decrease over this coefficient will make the company to incur losses.

So, all decisions related to sales must be taken within the dynamic safety coefficient. It is calculated as follows:

$$S_c = \frac{P}{GC} \times 100 \quad (4)$$

Where:

P = company profits,

GC = gross contribution.

The safety interval shows how much sales can decrease so that the company does not incur losses. It is calculated as follows:

$$S_I = TS - SB_p, \quad (5)$$

Where:

SB_p = sales at balance point; TS = total sales.

4.2. SWOT analysis for the Direct-Costing Method

Based on the SWOT analysis, the method has the following strengths:

- simple, effective and economical computation and analysis method; *simple* – it easily calculates costs per product only based on variable costs, without allocating the fixed costs (Lentilhon, 1964); relationship between cost evolution and variation of the physical production volume, by dividing them in variable and fixed (R Brumet, 1955); *effective* – it provides quick information on the final results, especially for companies with large number of products and sorts; *economical* – by reducing the work required for cost calculation and final results it also reduces the costs for obtaining such information;
 - variable costs are identified and collected directly by the cost bearers;
 - fixed costs are treated as costs of the period in which they incur; they are globally programmed and tracked, and are not included in the cost per product, but deducted directly from the company's gross financial results (Călin, Cârstea, 2002).

Weaknesses of the Direct-Costing Method:

- although there are a number of methods by which production costs are separated in fixed and variable costs, such a separation is not accurate, but it keeps a certain degree of relativity; this is due to certain semi-fixed or semi-variable costs;
 - costs per unit and end results cannot be determined precisely;
 - final results calculated during the year are distorted also because fixed costs considered refer to total production of the current period, and sold production and variable costs refer only partially to the production of the current period;
 - fixed costs known only at the end of the period may be higher than the gross profit contribution and result in losses;
 - a higher gross profit contribution does not always mean higher profits.

Opportunities offered by this method:

- it allows management both in terms of efficiency and productivity per work places or activity centres, and in terms of product profitability (Călin, Cârstea, 2002);
 - by calculating the gross profit contribution, the balance point and the fixed costs, the method easily provides the first information required by management for taking long-term decisions, such as those related to investment policy, production and sales planning, use of various technological process, production mechanisation and automation, size of batch production, etc. (Călin, Cârstea, 2002);
 - it allows indirect computation of selling price as offer price, which is an advantage for taking decisions related to the sales policy;
 - it is very useful in management, because it allows the computation of indicators for the price-cost-volume analysis and for taking short-term decisions related to production and sales policies, thus optimising profits in a forecasting view (Călin, Cârstea, 2002);
 - it allows cost standardization and a strict control of business results at all management levels, thus strengthening their work responsibility.

Threats of the Direct-Costing Method:

- the calculation of gross profit contribution does not provide a clear image to those taking decisions related to production and sales policies during the period, as it is complex and includes both fixed costs and profits (Briciu, Sas, 2008);
 - in order to take a safe decision related to production and sales policies we must know the profit per product, but this can only be calculated at the end of the period, usually when the balance sheet is prepared (Călin, Cârstea, 2002); during the reporting period, Direct-Costing Method can only provide information on the period's profits, which is insufficient for a fair decision.

4.3. Tools for measuring the company's performance

4.3.1. Cost-volume-profit analysis

The cost-volume-profit analysis is focused on the research and analysis of the breakeven, the relationships between product prices, volume of activity, variable costs per unit, total fixed costs, the balance of mixed production, planning and decision-making (Araujo, 1999). Before conducting this analysis, the company's costs are classified in: *fixed and variable costs*. The cost-volume-profit analysis is particularly useful for forecasts, but also as a managerial control tool (Budugan, Georgescu, 2008). The method includes a set of techniques for solving problems based on understanding the features of the company's cost evolution models. These techniques show the relationships between turnover, cost structure and production volume, including results. They also refer to the determination of the balance point and profit forecast, thus providing a general business model that can be used by managers for profit optimization, short-term decision-making, and analysis of alternatives in decision-making.

4.3.2. Dashboard

The dashboard is the way of employment, selection, arrangement and disclosure of indicators which allows visualization of the overall trend in the evolution aimed by the company's management (Ravignon et al., 2003). The dashboard includes that system of indicators expressed in absolute and relative sizes, used for the evaluation and control of a company's activity. Data disclosure must be as relevant as possible. The dashboard can contain tables with values, graphs or a combined form of the two. Value tables present data related to the expected forecasted level of set objectives, results of the reference periods (negative or positive) deviations due to differences between results and fixed objectives, the degree of achieving the objectives and the causes that determined the negative or positive deviations. Graphs illustrate the trends of indicators or indices for a specific period.

4.3.3. Profit optimization by means of using performance measurement tools

The bakery company manufactures three products, as follows: white bread, semi-white bread and black bread. When choosing the three products they considered studies performed by the marketing department (Table 2), which showed a higher degree of consumer interest for the three products mentioned above.

Table 2

Consumer interest degree for the three types of selected products (%)

Type of bread	Urban consumers	Rural consumers
White	80.56	76.45
Semi-white	67.15	69.20
Black	35.67	72.33

To reflect profit optimization in crisis periods, we bring to your attention an initial situation (Table 3) based on which we analysed four cases encountered in the current practice of many bakery companies. The four cases are:

1. Increase of variable production costs by 10% and of fixed production costs by 5%.
2. Increase of total variable costs by 10% and of total fixed costs by 5%.
3. Increase of physical volume of production by 10%, total variable costs by 20% and decrease of fixed costs by 10%.
4. Increase of selling prices by 10%, increase of total fixed costs by 10%, decrease of variable production costs by 5% and decrease of number of products by 10%.

Table 3

Initial situation of the bakery company

No.	Explanations	White bread		Total (lei)	Semi-white bread		Total (lei)	Black bread		Total (lei)
		Quantity (pc.)	Price/Cost per unit (lei/pc.)		Quantity (pc.)	Price/Cost per unit (lei/pc.)		Quantity (pc.)	Price/Cost per unit (lei/pc.)	
1.	CA	20,000	6.5	130,000	20,000	5.5	110,000	20,000	5.2	104,000
2.	CVP	20,000	3.2	64,000	20,000	3	60,000	20,000	2.9	58,000
3.	CVD	20,000	1.8	36,000	20,000	1.6	32,000	20,000	1.5	30,000
4.	CVT	-	-	100,000	-	-	92,000	-	-	88,000
5.	CB	-	-	30,000	-	-	18,000	-	-	16,000
6.	CFP	-	-	8,000	-	-	6,000	-	-	5,700
7.	CFA	-	-	6,000	-	-	4,000	-	-	3,500
8.	CFD	-	-	2,000	-	-	1,000	-	-	800
9.	CFT	-	-	16,000	-	-	11,000	-	-	10,000
10.	R	-	-	14,000	-	-	7,000	-	-	6,000

Where:

CA = turnover; CVP = variable production costs; CVD = variable sales costs; CVT = total variable costs; CB = gross contribution; CFP = fixed production costs; CFA = fixed administration costs; CFD = fixed sales costs; CFT = total fixed costs; R = result (profit or loss).

Starting from the initial situation, we determined the changes required by each of the cases referred to above, as follows:

Case 1. Increase of variable production costs by 10% and of fixed production costs by 5%. The situation is as follows (Table 4):

Table 4

Revenues, costs ad results for case 1

No.	Explanations	White bread		Total (lei)	Semi-white bread		Total (lei)	Black bread		Total (lei)
		Quantity (pc.)	Price/Cost per unit (lei/pc.)		Quantity (pc.)	Price/Cost per unit (lei/pc.)		Quantity (pc.)	Price/Cost per unit (lei/pc.)	
1.	CA	20,000	6.50	130,000	20,000	5.50	110,000	20,000	5.20	104,000
2.	CVP	20,000	3.68	73,600	20,000	3.45	69,000	20,000	3.335	66,700
3.	CVD	20,000	1.80	36,000	20,000	1.60	32,000	20,000	1.50	30,000
4.	CVT	-	-	109,600	-	-	101,000	-	-	96,700
5.	CB	-	-	20,400	-	-	9,000	-	-	7,300
6.	CFP	-	-	8,800	-	-	6,600	-	-	6,270
7.	CFA	-	-	6,000	-	-	4,000	-	-	3,500
8.	CFD	-	-	2,000	-	-	1,000	-	-	800
9.	CFT	-	-	16,800	-	-	11,600	-	-	10,570
10.	R	-	-	3,600	-	-	-2,600	-	-	-3,270

Case 2. Increase of total variable costs by 10% and of total fixed costs by 5%. The situation is as follows (Table 5):

Table 5

Revenues, costs ad results for case 2

No.	Explanations	White bread		Total (lei)	Semi-white bread		Total (lei)	Black bread		Total (lei)
		Quantity (pc.)	Price/Cost per unit (lei/pc.)		Quantity (pc.)	Price/Cost per unit (lei/pc.)		Quantity (pc.)	Price/Cost per unit (lei/pc.)	
1.	CA	20,000	6.5	130,000	20,000	5.5	110,000	20,000	5.2	104,000
2.	CVP	20,000	3.52	70,400	20,000	3.3	66,000	20,000	3.19	63,800
3.	CVD	20,000	1.98	39,600	20,000	1.76	35,200	20,000	1.65	33,000
4.	CVT	-	-	110,000	-	-	101,200	-	-	96,800
5.	CB	-	-	20,000	-	-	8,800	-	-	7,200
6.	CFP	-	-	8,400	-	-	6,300	-	-	5,985
7.	CFA	-	-	6,300	-	-	4,200	-	-	3,675
8.	CFD	-	-	2,100	-	-	1,050	-	-	840
9.	CFT	-	-	16,800	-	-	11,550	-	-	10,500
10.	R	-	-	3,200	-	-	-2,750	-	-	-3,300

Case 3. Increase of physical volume of production by 10%, total variable costs by 20% and decrease of fixed costs by 10%. The situation is as follows (Table 6):

Table 6

Revenues, costs ad results for case 3

No.	Explanations	White bread		Total (lei)	Semi-white bread		Total (lei)	Black bread		Total (lei)
		Quantity (pc.)	Price/ Cost per unit (lei/pc.)		Quantity (pc.)	Price/ Cost per unit (lei/pc.)		Quantity (pc.)	Price/ Cost per unit (lei/pc.)	
1.	CA	22,000	6.5	143,000	22,000	5.5	121,000	22,000	5.2	114,400
2.	CVP	22,000	3.84	84,480	22,000	3.6	79,200	22,000	3.48	76,560
3.	CVD	22,000	2.16	47,520	22,000	1.92	42,240	22,000	1.8	39,600
4.	CVT	-	-	132,000	-	-	121,440	-	-	116,160
5.	CB	-	-	11,000	-	-	-440	-	-	-1,760
6.	CFP	-	-	7,200	-	-	5,400	-	-	5,130
7.	CFA	-	-	5,400	-	-	3,600	-	-	3,150
8.	CFD	-	-	1,800	-	-	900	-	-	720
9.	CFT	-	-	14,400	-	-	9,900	-	-	9,000
10.	R	-	-	-3,400	-	-	-10,340	-	-	-10,760

Case 4. Increase of selling prices by 10%, increase of total fixed costs by 10%, decrease of variable production costs by 5% and decrease of number of products by 10%. The situation is as follows (Table 7):

Table 7

Revenues, costs ad results for case 4

No.	Explanations	White bread		Total (lei)	Semi-white bread		Total (lei)	Black bread		Total (lei)
		Quantity (pc.)	Price/ Cost per unit (lei/pc.)		Quantity (pc.)	Price/ Cost per unit (lei/pc.)		Quantity (pc.)	Price/ Cost per unit (lei/pc.)	
1.	CA	18,000	7.15	128,700	18,000	6.05	108,900	18,000	5.72	102,960
2.	CVP	18,000	3.04	54,720	18,000	2.85	51,300	18,000	2.755	49,590
3.	CVD	18,000	1.8	32,400	18,000	1.6	28,800	18,000	1.6	28,800
4.	CVT	-	-	87,120	-	-	80,100	-	-	78,390
5.	CB	-	-	41,580	-	-	28,800	-	-	24,570
6.	CFP	-	-	8,800	-	-	6,600	-	-	6,270
7.	CFA	-	-	6,600	-	-	4,400	-	-	3,850
8.	CFD	-	-	2,200	-	-	1,100	-	-	880
9.	CFT	-	-	17,600	-	-	12,100	-	-	11,000
10.	R	-	-	23,980	-	-	16,700	-	-	13,570

4.3.4. Findings based on the cases presented and analysed

In order to reflect the evolution of prices, costs and physical volume of production based on the four analysed cases, we have designed the following situation (Table 8):

Table 8

Evolution of revenues, costs and results based on the four cases

No.	Explanations	Case 1			Case 2		
		White bread	Semi-white bread	Black bread	White bread	Semi-white bread	Black bread
1.	CA	130,000	110,000	104,000	130,000	110,000	104,000
2.	CVP	73,600	69,000	66,700	70,400	66,000	63,800
3.	CVD	36,000	32,000	30,000	39,600	35,200	33,000
4.	CVT	109,600	101,000	96,700	110,000	101,200	96,800
5.	CB	20,400	9,000	7,300	20,000	8,800	7,200
6.	CFP	8,800	6,600	6,270	8,400	6,300	5,985
7.	CFA	6,000	4,000	3,500	6,300	4,200	3,675
8.	CFD	2,000	1,000	800	2,100	1,050	840
9.	CFT	16,800	11,600	10,570	16,800	11,550	10,500
10.	R	3,600	-2,600	-3,270	3,200	-2,750	-3,300
No.	Explanations	Case 3			Case 4		
		White bread	Semi-white bread	Black bread	White bread	Semi-white bread	Black bread
1.	CA	143,000	121,000	114,400	128,700	108,900	102,960
2.	CVP	84,480	79,200	76,560	54,720	51,300	49,590
3.	CVD	47,520	42,240	39,600	32,400	28,800	28,800
4.	CVT	132,000	121,440	116,160	87,120	80,100	78,390
5.	CB	11,000	-440	-1,760	41,580	28,800	24,570
6.	CFP	7,200	5,400	5,130	8,800	6,600	6,270
7.	CFA	5,400	3,600	3,150	6,600	4,400	3,850
8.	CFD	1,800	900	720	2,200	1,100	880
9.	CFT	14,400	9,900	9,000	17,600	12,100	11,000
10.	R	-3,400	-10,340	-10,760	23,980	16,700	13,570

From a geographical point of view, the evolution is as following (Figure 2):

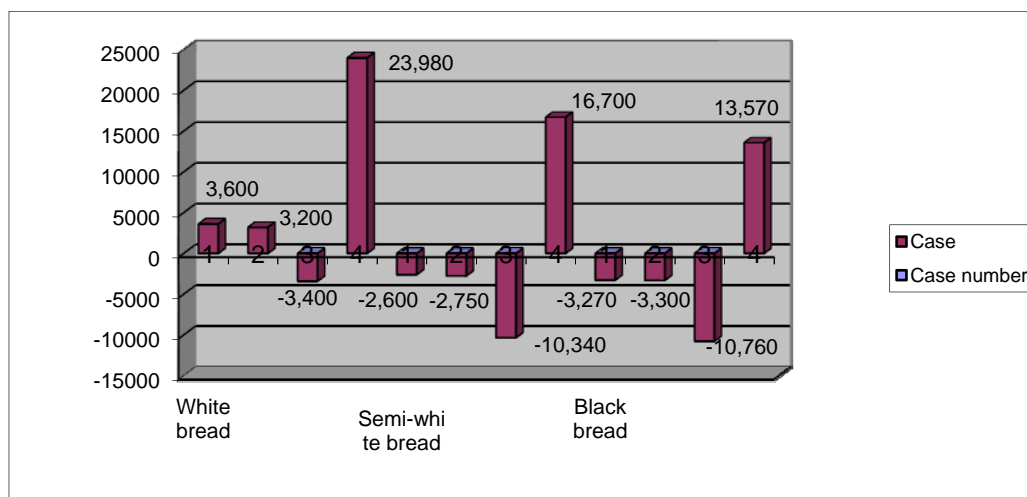


Figure 2. Evolution of results based on the presented cases

Based on the overall situation (Table 8 and Figure 2), we note a significant increase in the results of the three products in case 4. Because it is considered to be an ideal profit optimization, we used it for calculating the specific indicators for the Direct-Costing Method and for preparing the dashboard based on the provided data.

Based on the cases presented and analysed above (cases 1-4) we can draw the following general conclusions:

1. Controlled percentage increase (a certain percentage) of sales prices leads to a *decrease of the balance point; increase of coverage factor; increase of dynamic safety coefficient; increase of profits.*

2. Quantitative increase of the physical volume of production *maintains the balance point and the coverage factor; leads to an increase of the safety coefficient and of the safety interval; increase of profits.*

3. Decrease of variable costs per unit will lead to an *increase of the coverage factor, of the safety coefficient and of the safety interval; decrease of the balance point; increase of profits.*

4. Decrease of fixed costs with a certain percentage will lead to a *decrease of the balance point; maintenance of coverage factor; increase of safety coefficient and safety interval; increase of profits in accordance with the decrease of fixed costs.*

4.3.5. Preparation of the dashboard

Based on the data provided by case 4, we calculated the indicators that are specific to the Direct-Costing Method (Table 9). These were used to perform the *cost-volume-profit analysis* and form the basis for the preparation of the *dashboard* specific to Direct-Costing Method.

Table 9

The situation of indicators for the three products and overall

Indicator	White bread	Semi-white bread	Black bread	Total
1. Balance point	7,619.04 pc.	7,562.50 pc.	8,058.60 pc.	23,146.90 pc.
2. Coverage factor	32.30%	26.44%	23.86%	29.62%
3. Safety coefficient	57.67%	57.98%	55.22%	57.13%
4. Safety interval	7,4221.29 lei	63,140.22 lei	56,854.51 lei	194,561.92 lei

After selecting the indicators, the dashboard specific to the Direct-Costing Method looks as following (Figure 3):

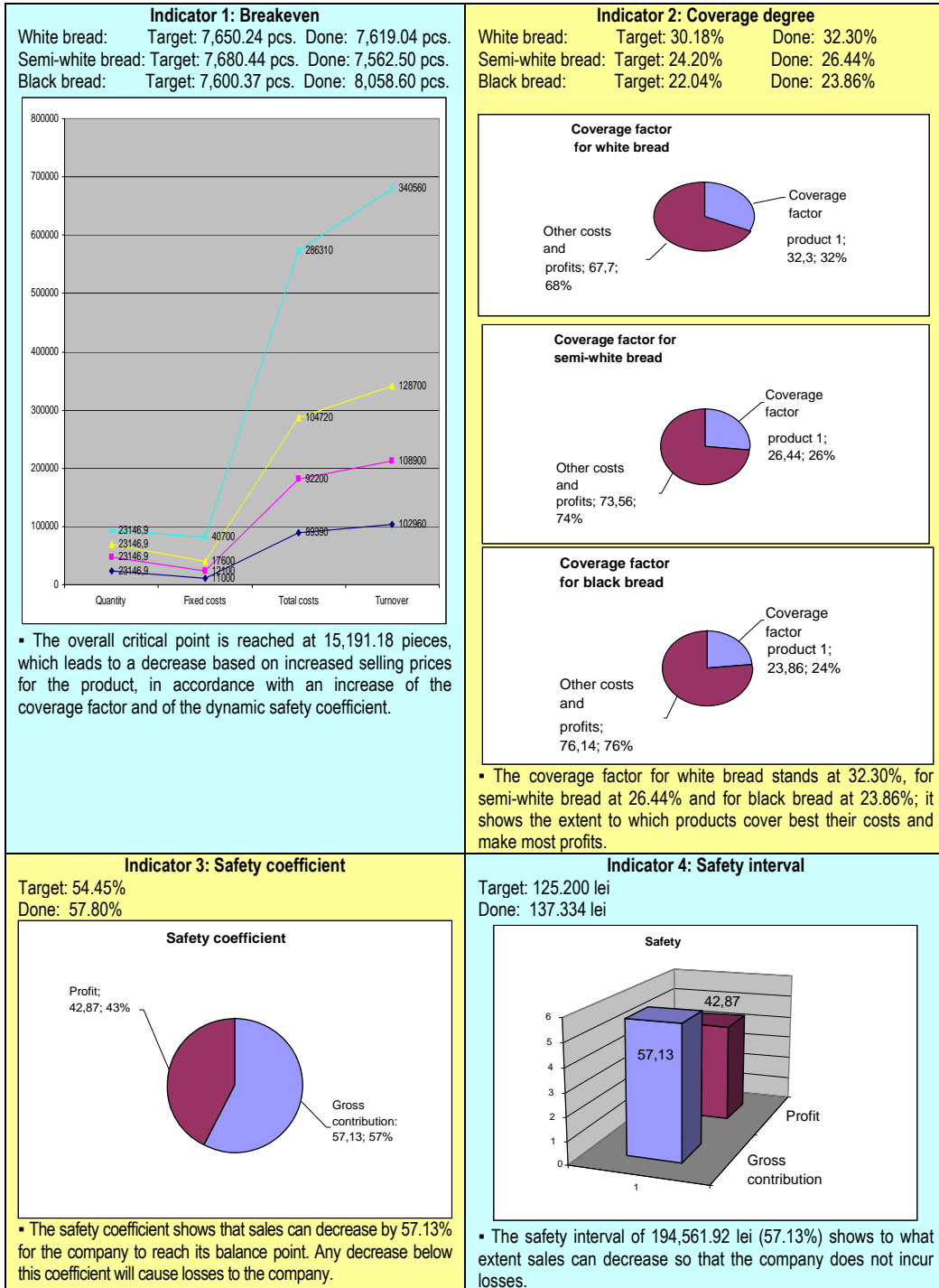


Figure 2. Dashboard for the Direct-Costing Method

Based on the data disclosed in the dashboard, we came to the following findings (negative and positive), causes and action points (Table 10):

Table 10

Analysis of the indicators in the dashboard for the Direct-Costing Method

Indicator	Stages			
	Findings	(Negative) causes identified	(Positive) causes identified	Action points
Breakeven	In comparison to the target, there is a decrease	Decrease due to increase of the product's selling price	Increase of the safety coefficient and profits	Expanding the range of products
Product's coverage degree	In comparison to the target, there is an increase	Below 32.30% for white bread, below 26.44% for semi-white bread and below 23.86% for black bread – these percentages do not cover costs and do not bring profits	Covers to a greater extent the costs and brings more profits	Increase of the product's coverage factor
Safety coefficient	In comparison to the target, there is an increase	Decrease below the registered level brings losses to the company	Increase over the registered level brings profits to the company	Increase of the safety coefficient
Safety interval	In comparison to the target, there is an increase	Below RON 194,561.92 the company incurs losses	Over RON 194,561.92 sales lead to profits	Increase of the safety interval

Source: Data processed by authors.

6. Conclusions

Based on the obtained data, we can say that it is possible to obtain performances in crisis periods, by taking into account the following estimates: quantitative decrease of goods to be sold; increase with a certain percentage of the sales price per unit, decrease with a certain percentage of variable costs per unit and increase with a certain lower percentage of fixed costs. The disclosure of indicators that are specific to the Direct-Costing Method in the dashboard allows managers to have a real picture in order to take the appropriate decisions. The cost-volume-profit analysis is the basis for ensuring sustainability of managerial decisions. The two tools for monitoring and measuring performances mix perfectly in the decisions taken at management level. In other words, you can be able to optimise profits in crisis periods as well, with beneficial solutions for the current business environment, and in this way we believe that we managed to answer the question set at the beginning of our study for the presented cases. Our research will not stop here, but we will try to identify also other effective tools to help professionals in terms of consolidating information required by management for decision-making.

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