**CASE STUDIES IN SUCCESSFUL COST REDUCTION STRATEGIES**

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**ABSTRACT**

The related particular solutions based on X Pharmaceuticals' cost control problems are presented in this chapter. Establish a target cost system first, decide on the target cost as the X pharmaceutical company's standard system for cost control, and identify the primary research objectives for cost control at X pharmaceutical company.Ultimately, a cost management strategy for the company's day-to-day operations, including transportation, capital occupation, and procurement expenses, is developed in conjunction with X Pharmaceuticals' real operating activities and cost-influencing elements. This essay suggests that as the fixes for these issues are put into practice,Enhancing the cost control accountability framework, stepping up oversight, and raising staff cost control awareness are all essential.

**Keywords:** Cost reduction, Case studies, Pharmaceutical company

1. **INTRODUCTION**

With time, customer behavior changes, and today's consumers are interested in the packaging's specifics. Customers must be aware of the product's origin, manufacturing method, and environmental impact in addition to simply purchasing and using it [1].Sustainability has moved from being a non-factor for package producers and customers to becoming a driving force when taking into account the United Nations sustainable packaging goals.During the 2015 UN-Sustainable development summit, 193 United Nations members established new global goals for sustainable development [2]. The goals established a path for all industries to follow as they work toward sustainability. The worldwide community is establishing the proposed Sustainable Development Goals (SDGs) under the the United Nations charter, established goals for eradicating poverty, protecting the environment, and empowering people and organizations.One of the most relevant industries that gets a lot of attention is packaging, and for good reason. By 2030, all materials used will be environmentally friendly, with the aim of fully implementing packaging in accordance with UN sustainable development goals. that eliminates the need for more coal and oil [2]. By 2030, the amount of polyethylene terephthalate material used per bottle should also be reduced by 35% [3]. The packaging business is vital to every transition, from warehousing to end-user packaging and from manufacture to logistics. The paper delves deeper into the supply-chain issues that make large manufacturing challenging when it comes to creating sustainable packaging. The study's main goal is to examine the significance of a sustainable supply chain from the standpoint of a supply-chain expert in the packaging sector. Because packaging affects the whole supply chain—from suppliers of raw materials to merchants and product makers to waste collection companies—it returns to the recyclable facility. Unsustainable packing methods are now a danger to both circular economy development and sustainable development [4]. The global economy greatly benefits from the packaging sector [5]. Packaging is a procedure that guarantees the safe, economical, and effective handling, transportation, and storage of the goods from the point of production to the point of consumption [6]. It goes beyond just a basic carton, box, or plastic wrap. Many local businesses continue to use environmentally harmful packaging options, like single-use plastics and multi-layered packaging, where unsustainable consumption is the norm, despite the fact that packaging is an important component of the supply chain and the economy. and the disposal of packaging by final users causes environmental issues [7]. Companies are being forced to think creatively in order to gain a competitive edge by incorporating sustainability into their supply chain processes, particularly those related to packaging [8]. This is due to growing concerns about the environment and the future of the planet.In order for our local supply chain management to remain competitive with the global shift toward sustainable development, it is critical that they incorporate sustainability into their operational aspects, logistics procedures, and strategic decision-making. This is because the world is moving quickly toward sustainability by implementing sustainable practices in their processes.

Sustainable packaging is becoming a key factor in the packaging industry's transition toward recyclable substances [9]. Although Pakistan has not seen much of a shift [10], nations that deal with Europe are required by the European Union's Circular Economy goal to harmonize their processes by 2030. Since Pakistan exports goods to Europe at a rate of about 60%, Pakistan must move toward sustainability at a quicker rate. In this case study, the causes and effects will be examined.

This study highlights the importance of sustainable packaging from a supply chain perspective in the modern world by examining the current workflow of three Midas Safety departments: the Packaging Department, Sustainability and Compliance Department, and Supply Chain Department. A gap analysis is then conducted to identify the future state in which all those gaps are fulfilled.

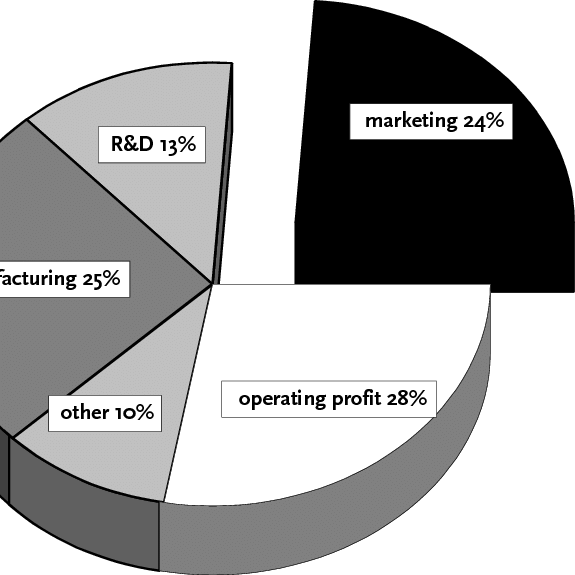
1. To determine, from a supply chain viewpoint, what barriers exist for the existing sustainable packaging practices.

2. To recommend an environmentally friendly packaging solution that would lessen the effects of supply chain activities on the environment.

3. To appreciate the role that logistics systems play in the creation of sustainable packaging and the importance of better packaging designs.

**2. DEFINITION OF COST:**

Cost control indicates that the primary controlling entity is acting within its authority. The management objectives and associated standards are developed prior to production. Throughout the production process, real costs are monitored in accordance with plans and standards, and discrepancies are corrected to meet objectives. "Cost" and "control" make up cost control. The value that must be paid for in order for the business to operate is known as the cost. Correcting and regulating is the process of control. The scope of cost control is broad and encompasses all aspects of corporate management, including costs associated with production, sales, R&D, human resources, quality, and crisis management. They can use full-process cost control for their own companies' characteristics.



**Figure no.01:** **Cost structure in the pharmaceutical industry**

**2.1.1 DEFINITION OF COST REDUCTION :**

The goal of cost reduction is to reduce an item's cost per unit without compromising its quality of manufacture or service. It can be accomplished by applying fresh and enhanced strategies and tactics. It determines alternative strategies for lowering a unit's production costs.

Therefore, cutting costs guarantees lower costs per unit and increases the company's profitability. The goal of cost reduction is to eliminate needless expenditures that arise during the product's manufacturing, storage, marketing, and distribution processes. The following key components should be our main emphasis while looking for cost reductions:

• Reductions in production costs per unit.

• There should be no compromise in the product's quality.

• Savings ought to be characterized by stability.

The main areas of concentration for cost-cutting tools are quality control and research, product design enhancement, job evaluation and merit rating, variety reduction, etc.

**2.1.2 THE COST CONTROL PRINCIPLE:**

**(1**) The idea behind system controlSystem control is either the outcome of the organization's operations or the process of combining static and dynamic cost control. Managers utilize variance analysis to pinpoint important areas that require adjustment. Avariance is defined as the discrepancy between planned and actual performance. A business should analyze variances for each revenue and spending account once a month. Since those accounts have the highest impact on business results, management can address the largest dollar amount variations first.

**(2)** The differentiation principle states that cost control management should use adaptable and unique techniques and tools based on the demands of cost control.For instance, if a process and connection of cost control indicators are predicted to differ significantly in practice within a given time frame, it is imperative to give particular attention to and prioritize the cost control of this link in order to determine the reasons.

**2.1.3**  **AREA OF COST REDUCTION :**

1. Area of cost reduction is product design, which involves standardizing and simplifying the product. This is the most crucial task for cost management and reduction. The company's options will be restricted after the product's design is accepted and production plans are finalized.

2. Organization of the factory layout and production techniques; and 3. Marketing: points of sale and distribution, transportation, distribution channels, etc.



**Figure no 02: Area of cost reduction**

* + 1. **CHARACTERISTICS OF COST REDUCTION :**

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* + 1. **What factors contributed to Increasing Packaging Costs?**

1. Enhancing Lines for Material Storage and Packaging
2. Use automation to cut down on the amount of packing time
3. Utilize Smaller Boxes for Optimal Packaging
4. Reduce Returns by Making Sure Items Are Transported and Packaged Correctly
5. Examine Your Model for Packaging Operations
6. Pay Attention to Packaging Industry Developments
7. Remodel to Boost Packaging
8. Examine New Packing Products; Purchase in Small Amounts
9. Modify Your Packaging Expenses Depending on the Items' Durability
10. **Enhancing Lines for Material Storage and Packaging :**

It seems sense that as your company expands, so too will the quantity of packing materials you utilize. Within each category, there are numerous variations and a broad range of packing materials available.

**Table no:01**

|  |  |
| --- | --- |
| **Packaging Materials** | **Examples** |
| **Cardboard** | * Corrugated |
| **Seal** | * Plastic film * Stretch foil * Shrink foil |
| **Plastic Bags** | * Zip/zipper * Snap-fastening * Adhesive closure * Drawstring * Isothermal pockets * Foam sachets |
| **Paper** | * Bleached kraft * Crepe paper * Natron kraft * Grey paper * Brown paper * Oil paper * Courant paper |
| **Stuffing Materials** | * Foam-in bag * Filled air * Styrofoam * Foam chips/peanuts * Wood wool/excelsior * Paper wool * Paper fiber/fiber board * Silica gel grains * Bubble wrap * Foam foil |

Think about your warehouse's design. Are the packing materials kept in a neat and orderly manner? Is there a method to expedite the packing procedure overall and simplify your layout? To enhance your current operations, consider implementing the following measures:

1. Examine your present product packaging inventory.

2. Determine which things are comparable enough to be classified together.

3. Sort and classify packing items that are not regularly utilized.

Several packing lines should be condensed into a small number of extremely efficient packing lines. Your facility will accomplish more by expediting the packing process and save labor costs by eliminating waste transportation as opposed to a distributed, decentralized approach.

By using less warehouse space and paying less for related expenses, you'll also cut costs.

1. **Use Automation to Cut Down on Packing Time**

Will significantly reducing your unit costs mean sacrificing the quality of your packaging? Fortunately, there's more good news: decreasing packing times can increase productivity and lower expenses.

The following labor-intensive packing process tasks could be consuming significant time from your staff:

1. Building with corrugated cardboard
2. Putting together and fastening cartons; putting in dividers or filler; taping and fastening boxes
3. In fact, because the stakes are so high, taping and sealing are among the most time-consuming procedures in the packaging process. A product that is not properly sealed is more likely to be damaged or spoil.
4. Long sealing times are frequently caused by outdated, broken sealing machinery or a packaging line with a lot of hand labor.

Do your devices frequently malfunction, causing delays for your team?

Comparably, do your sealing equipment frequently break down, causing miscuts or tape jams that impede your entire process?

Your team will function more slowly in such an environment, producing more redundant work and requiring your employees to conduct more manual inspections.

However, if you don't have any equipment for them to break down in the first place, then malfunctioning machinery might not be your problem. It's possible that you're utilizing labor-intensive packing procedures that may be automated.

**Your operations will be enhanced by an automated packing line in the following ways:**

• Enhanced output: Automation expedites the picking and packing process, increasing the profitability of your company.

• Lessen your carbon footprint: There is a lot of waste generated by manual sealing. An automated device only utilizes the precise quantity of material required.

• Decrease workplace injuries: Automation lowers the chance of injuries from repetitive strain, which lowers the risk of absence and claims relating to workplace injuries.

• Strengthen the image of your brand: Precision brought about by machinery ensures that your products are securely wrapped and packaged. As a result, you can offer your clients a more attractive product while lowering the possibility of harm. **Better Warehouse Performance = Higher Profit Margins:** With Logiwa, your entire interface is synced with precise data, so the inventory values that appear on your dashboard also appear on your employees' tablets. Find out how Logiwa can help you quadruple your shipments and achieve up to 100% inventory accuracy with real-time data.

1. **Utilize Smaller Boxes for Optimal Packaging :**You should consider cutting shipping costs in addition to packaging expenditures.UPS and FedEx priced shipments based on weight prior to 2015. This seemed reasonable in theory, but it really cost these carriers money. Customers shipped relatively little things in huge boxes, taking up room in a carrier's van that could have been used by another paying client.FedEx and UPS implemented dimensional pricing to address this. In order to determine the "dimensional weight," this involves determining the volume and weighing the product to determine the "normal weighted rate." You, the customer, pay the larger amount.When sending huge boxes filled with relatively little items, You're passing up a simple way to save money.

**To maximize packaging and minimize shipping expenses, take into account the following tactics**

• Make the most of packing space by shipping as many goods as you can in a single box.

• Vary the materials you use for packaging: Instead of utilizing the same three box sizes, assess the average size of your shipments and make sure your packaging is suitable and doesn't incur additional charges due to the dimensional volume rate.

• Use padded envelopes: Rather than small boxes, some of your products can fit inside large, padded envelopes.

• Automate your process: Based on product size, automated packaging systems may rapidly choose the best box for each item.

• Agree on shipping costs: Get in touch with your account manager to talk about preferred pricing if you send a lot of merchandise on a regular basis. Recall that there are always compromises. Before you negotiate with your carrier, review your shipping data to understand your shipping profile.

1. **Reduce Returns by Making Sure Items Are Transported and Packaged Correctly :**

Product damage has a severe financial impact on your company. The costs associated with manufacturing, packing, shipping, and returning a defective product to a buyer are all sunk. Additionally, you've damaged your reputation with a client who might not return business from you or, worse, might tell their friends, family, and online social networks about their unpleasant experience.Inadequate packaging and damage during transit are the two main reasons why products are damaged. The former is simpler to deal with, but the latter seems more challenging. Something that is physically outside of your warehouse location is difficult to regulate.

**What Does Transit Damage Include?**

Recognize the origins of transit damage first. It frequently happens during transit when there is an abrupt impact or persistent vibration. Storage fatigue, which is the term for wear and tear brought on by repeated handling and transportation, might occasionally be the cause.

Low load stability is another factor that could lead to transit damage. Products may be harmed if a transporter improperly stacks their loads or stacks their pallets too high.

Certain causes are difficult to prevent, such as continuous vibration. Purchasing sturdy packing, such as sturdy boxes or protective stuffing materials, is crucial in these situations.

It is more difficult to prove that poor load stability is the carrier's fault. It is advised to use many carriers and ascertain which one handles the majority of your damaged and returned items.

1. **Examine Your Model for Packaging Operations :** makes it possible for businesses to significantly cut inventory, freeing up funds and warehouse space. Nevertheless, in order to prevent stockouts and disgruntled consumers, they calculate their demands using a mathematical method.

This model can be used for your packing. The packing supplies we talked about previously require a large amount of warehouse space. The copious amounts of corrugated cardboard, paper, and plastic you use to package and distribute items could be difficult to find space for.

How can a Just-in-Time packing model be implemented? with the use of a packaging WMS system. Even better, collaborate with a package provider who provides this service. Your provider stores your corrugated cardboard and paper orders and releases them as needed, rather than sending them all to you at once. You may worry that you'll be cutting it too close and won't have time to get the things you need. If so, seek out a provider such as Packaging Technologies Inc., which provides automated or pre-planned releases of packing materials according to your business's historical data.

1. **Pay Attention to Packaging Industry Developments :** Pay attention to any developments that may occur in the packaging sector. especially for adjustments pertaining to your industry, be it food, cosmetics, or drugs. In order to create goods that are more robust, lightweight, safe, and ecologically friendly, the packaging sector makes research and development investments.

These all add up to financial savings. Stronger packaging lessens the chance of breakage during transportation. You can fit in carrier trucks with less room if you package light. Damage and spoiling are less likely to occur when packing is secure. Not to add, eco-friendly products enhance the reputation of your brand.

You can stay ahead of the competition by staying ahead of the curve.

**Observe the following packaging industry trends and consider how they can affect your company:**

* Research into fiber-based materials as alternatives to plastic
* Robotics for sorting, selecting, and packing; smart packaging that tracks items in the supply chain via the internet of things; and 3D printing for customizing and designing packaging

1. **Remodel to Boost Packaging :** It is never a good idea to reduce unit costs at the expense of product safety. However, sometimes the expense of product packaging is driven more by appearance than by need. Think about rearranging your present packing to maximize the available space. Furthermore, by imprinting images or logos directly onto the box, you may do away with costly extras like labels.
2. **Examine New Packing Products; Purchase in Small Amounts :** Purchase a modest quantity of packing materials and see how it keeps up under various circumstances before committing to a new kind. For instance, you might discover materials that are more resilient to breakage during transportation, which would reduce the money you waste on product replacements and returns.Conversely, you won't have a lot of resources to burn through if they don't work as planned. Having an excess of inappropriate packing materials is the last thing you need.
3. **Modify Your Packaging Expenses Depending on the Items' Durability :** goods last longer than others. Others must have better aesthetic appeal. Sort your products into the following categories based on their packaging:

* Sturdy: You can use open boxes with covers to keep dirt and debris out.
* Benchmark: Packaging costs should not exceed 2% of product cost.
* Fragile: Internal parts needed to keep things safe. Supplies for packaging required to prevent movement while in transportation.
* Benchmark: 3 to 7% of the product price goes into packaging.
* Marketing Materials: Due to the need for expert printing and product design, these materials are more expensive.
* Benchmark: 3 to 7% of the product price goes into packaging.
* Complicated: These are the goods that need intricate packaging. They can be using delicate equipment or calibrated parts. They need specific, highly robust packaging that is created to order.

**4.1.1 CUTTING PACKING EXPENSES CAN HELP YOU FIND SIGNIFICANT SAVINGS :**

The process of cutting packaging costs is comprehensive and calls for careful planning and execution. Every action done, from implementing smart shipping procedures to enhancing automation and warehousing operations, can result in significant savings.

Other important tactics include investigating new packaging developments and rethinking packaging to maximize resource utilization. Companies can increase their profitability without sacrificing the quality of their products or their brand.

**In the final installment of our series of articles on our service offering, we would like to highlight some of the main reasons why i3 Consult has been providing cost reduction analysis to its life sciences clients since the company's founding:**

1. **Financial sustainability**: Due to a number of variables, including rising competition, R&D costs, regulatory requirements, and pricing pressures, pharmaceutical businesses are under a lot of financial pressure. These businesses can optimize their spending and preserve financial viability in a fiercely competitive market by performing cost reduction analyses.
2. **Increased profitability:** Pharmaceutical businesses can increase their profitability by determining and cutting out superfluous costs. Companies can find areas where costs can be cut without sacrificing product quality, safety, or compliance by using cost reduction analysis. Better financial performance and increased profit margins may result from this.
3. **Enhanced competitiveness:** Many Pharmaceutical companies are fighting for market share in the very competitive pharmaceutical sector. Pharmaceutical firms can become more competitive in the market by lowering the pricing of their products through the use of effective cost reduction techniques. Revenue growth and a larger market share may result from this.
4. **Healthcare that is more economical and easily available to patients:** Pharmaceutical cost reduction study can help. Pharmaceutical businesses have the ability to decrease the cost of their prescriptions by cutting costs associated with manufacturing, distribution, and operations. Patients can profit from this, especially those who would find it difficult to pay for expensive medical care.
5. **Focus on innovation and R&D:** The money saved by doing a cost reduction study can be used to support initiatives in the fields of innovation and R&D. Pharmaceutical businesses can make investments in new treatment alternatives, drug discovery and development, and medication improvement. This promotes industry innovation, which enhances patient care and improves healthcare results.
6. **Regulatory compliance**: Strict rules, including as quality standards, safety guidelines, and reporting requirements, apply to the pharmaceutical business. While minimizing expenses, cost reduction analysis assists businesses in guaranteeing adherence to these standards. Businesses can comply with regulations without having to spend extra money by optimizing processes and finding ways to cut costs.
7. **Long-term sustainability:** Pharmaceutical companies can continue to be successful in the long run by using sustainable cost-reduction initiatives. Companies may manage financial risks, adjust to changes in the market, and maintain their resilience in the face of economic uncertainty by continuously analyzing and optimizing expenses.

**5.1.1 THE COUNTERMEASURES OF COST CONTROL OF X PHARMACEUTICALCOMPANY:**

Within the next three years, X Pharmaceuticals wants to treble its sales revenue as a strategic aim. Comprehensive and effective cost control must be implemented immediately in order to accomplish strategic development. First, we should utilize advanced cost control techniques to identify the primary sources of influence on company costs and identify the goal in order to achieve high efficiency in cost control of financial management. We need to set up a sensible system of product cost targets, take into account the company's actual operations, and work hard to keep costs under control. The issue of cost containment at XPharmaceuticals Company will eventually be resolved with full application in every area of the business.

**5.1.2 ESTABLISHING A TARGET COST SYSTEM:**

Enterprise cost control now relies on the fixed cost technique for production and ignores the target cost method for business activities. The target cost approach is one that takes into account XPharmaceuticals' current state of development. Additionally, this approach is more beneficial than the company's present fixed cost method. Enhancing the efficacy of X Pharmaceuticals' cost control is also facilitated by the use of a target cost system. This approach, which integrates XPharmaceuticals' real development strategy with the target cost concept, is more suited to the company's long-term growth. he target cost method is to calculate the difference between the target cost and the actualcost, and to make a strict budget for the difference, effective control and supervision. Useeffective means to minimize the occurrence of unfavorable balances, optimize businessoperations to minimize the difference, and reduce unnecessary costs in the company'soperations and management activities. The method of controlling the actual cost of theenterprise in the target cost range.

**5.1.3 ESTABLISH PRODUCT TARGET COSTS**: X Pharmaceuticals offers a wide range of pharmaceutical goods in the pharmaceutical industry. As a result, there is intense market rivalry and a higher percentage of steady consumers for the products. Three questions need to be taken into account when determining the desired selling price of products:

**1**) Take various regions' demands into account. Whether they are different types of hospitals, pharmaceutical firms, or stores, they all have the same goal. to buy for the most affordable price. However, there are regional differences in the desire for the quality and efficacy of two drugs, as well as regional differences in the degree of economic development. Pharmaceutical businesses ought to thus satisfy the demand. Establish the supply, conduct a detailed study of the particulars, and take into account any variations in the conditions surrounding the application of differential pricing.

2) Examine the costs of medications produced by other companies in the same sector. In the current competitive pharmaceutical market, it is necessary for some individuals to promptly ascertain the pros and cons of industry rivals in relation to their own organization and carry out comparatively extensive analysis of the latter's pricing strategies. To make the right selection, X Pharmaceuticals must thus first ascertain the true critical information pertaining to its opponents. We are unable to set prices that are much higher than those of comparable goods, break market regulations, or arbitrarily lower prices. As a result, we must take market dynamics into account when determining the prices of competitors in the same industry and promptly change our own prices.

**5.1.4 IMPLEMENTATION TARGET COST CONTROL:**

Determine the cost gap in Step 1 of the implementation target cost control. Cost gap accounting is carried out at the marketing, finance, procurement, and other departments at the three different levels, all overseen by company executives. The difference between the target and actual costs in the current market economy is computed using the value chain and cost driver theories as a guide.Goal expense teardown. After breaking down the entire goal cost, each of the combined costs is broken down and examined individually. For various cost components, corresponding policies and plans of action are developed, and ultimately, each department's efficacy in cost control is enhanced.

**5.1.5 REDUCING PURCHASE COSTS :**

According to procurement requirements, quality comes first and is of utmost importance.The buyer will then process the best pricing based on the anticipated quality, provided the product satisfies the manager's specifications. They'll make every effort to obtain the best deal on the highest caliber. Although purchasing staff members will make every effort to balance quality and affordability, "quality is the most important."

1. Modify the mode of payment. Modify their custom of making purchases on account, as this approach is unable to secure more price breaks. If the business has a lot of money, it can settle in full at once or directly with cash.
2. Recognize when prices alter. Prices fluctuate in response to shifts in the supply and demand in the market, the weather, the seasons, and other variables.
3. This serves as an assessment for the procurement staff. In order to secure the best possible price concessions at the lowest possible cost, procurement staff must precisely understand how the market is changing and the nature of the purchase.the cost of acquisition.Modify the supplier's process for selection. Not only can the best supplier be chosen, but the level of competition among suppliers may also be raised by creating a fair competition environment and using tendering to choose the best supplier.In the end, the business has to gain the most.

**5.1.6 Strengthen Transportation, Storage, Handling, Distribution Cost Control:**

The corporate environment must make use of crucial information sources in the monitoring subsystem for the behavior of the logistics manager in the logistics system in order to maximize the outcomes of external and internal impact evaluations. Things to think about. First, evaluate the efficacy of the company's logistics solutions with the help of its information personnel. For instance, financial data or the cost of a rival's final product can offer thorough explanations of the management's efficacy; the transportation division of the business can make use of details regarding the dimensions of the items. Second, the information subsystem can be used by the company's logistics partners—suppliers of material resources, distributors, operators, and partners—as well as finished products to enhance collaboration, coordinate, and cut costs. The first crucial step was to foresee the gathering of baseline data and make use of the most effective forecasting methods.

**5.1.7 IMPROVING EMPLOYEES' AWARENESS OF COST CONTROL:**

Boost staff members' understanding of cost management and their underlying initiative to save expenses. X Medicines exhibits low levels of cost management, disregards the development of corporate culture, is unaware of cost control, and feels that leadership is responsible for controlling costs. Workers are unaware of the strong correlation between the degree of cost control at the company and their personal interests. In order to do this, we should uphold the idea of full coverage, increase each employee's ideological consciousness, and eradicate the cost-control mindset of indifference.

**CONCLUSION :** For the pharmaceutical sector to be financially sustainable, profitable, competitive, innovative, compliant with regulations, and successful over the long run, cost reduction analysis is crucial. It lets pharmaceutical businesses cut costs without sacrificing standards of quality, safety, and compliance. Private pharmaceutical companies can only become more competitive in the market by controlling costs. Raising the level of cost control is necessary to fulfill the demands of contemporary economic and social development, and doing so is a good method to enhance the current wide cost control model. X Pharmaceuticals' cost control is beset with numerous issues. Of them,the human resource costs are increasing, the capital occupancy phenomenon is serious, the transportation costs are excessive, the staff is not aware of cost control, the cost control supervision is insufficient, and the procurement system is not perfect. The procurement method is also not scientific enough, and the procurement system is not strict enough. Issues like frailty are the main factors.

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