

Research on the Development of Feed Enterprises Based on Financial Risk Control

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Abstract: *With the deepening of global economy and the development of China's economy, feed enterprises are in a high-speed economic environment, and in the new economic period, feed enterprises are facing more severe tests while there are more development opportunities. There are various financial risks in the business activities of enterprises, and financial personnel should establish financial risk awareness. This paper analyzes the financial management and risk control of feed enterprises based on the types of financial risks and the current situation, and puts forward corresponding suggestions, so as to inspire the sustainable development of feed enterprises.*

Keywords: *Feed enterprises; Financial risk; Control; Suggestions*

1. Introduction

With the rapid development of economy, China's feed enterprises have great development opportunities and also face certain challenges. The expansion of the capital market has led to the continuous expansion of feed market demand, but feed enterprises are vulnerable to financial risks due to their own limitations. In order to promote the sustainable development and transformation and upgrading of enterprises, it is necessary to improve the financial management mode of enterprises so as to avoid financial risks [1].

2. The current situation of financial management of feed processing enterprises

With the development of the economy the development environment of feed enterprises in China has improved greatly, and the market position of enterprises has been greatly enhanced. The improvement of financial management system plays a vital role in the business development of enterprises [2], and there are opportunities and challenges in the development of feed enterprises. The various financial activities of the enterprise also need the promotion of the financial management system, and the improvement of financial management promotes the rational decision-making and sustainable development of the enterprise. Therefore, enterprises should pay attention to the establishment of a reasonable financial management mechanism, the formation of a modern management system, and actively promote the development of enterprises.

3. Basic characteristics of financial risks of feed enterprises

3.1. Funding Risk

Feed enterprises rely on investment and borrowing as their source of funds, and use the investment money to expand the scale of production and operation of the enterprise and thus improve economic interests. Different financing methods produce different asset and liability structures, and enterprises bear the risk of maturing but not being able to repay on time [3], and this risk is not conducive to long-term stable development of enterprises. Due to changes in the supply and demand market for funds and the macroeconomic environment market and macroeconomic environment, the financing process of an enterprise may bring uncertainty to financial results [4]. Financing risks mainly include interest rate risk, purchasing power risk, which may interfere with the company's development plan the risk of financing includes interest rate risk, purchasing power risk, etc. which may interfere with the company's development plan and reduce the speed of development.

3.2. Investment Risk

Investment risk is the risk of deviating between actual and expected returns due to the market environment and various economic factors. Investment risk can bring great loss to the enterprise, and enterprises should pay attention to the risk anticipation and control [5]. Among the various investment risks, inflation risk and default risk can cause huge losses to enterprises and hinder their further development. Due to the actual production characteristics of feed enterprises, market assessment may be delayed. The investment risk should be paid more attention to because of the delay in market assessment.

Investment risk refers to the possibility of loss or even non-recovery of capital invested due to uncertainty of future returns. The possibility of not being able to recover the principal. Investment risk is one of the more common financial investment risk is a relatively common financial risk, mainly including financial investment risk and project investment risk. Financial investment risk mainly refers to the risk of investing funds in financial markets and financial investment risk refers to the possibility of loss due to changes in financial markets or different timing of buying and selling, etc. Financial investment risk refers to the possibility of loss due to changes in financial markets or different timing of buying and selling. After investing the capital in the project, the project cannot operate and generate income as expected, resulting in its failure to obtain income as expected or even loss of invested capital. The project investment risk refers to the possibility that the capital invested in the project will not operate and generate income as scheduled, resulting in the possibility that the capital invested will not earn income or even lose money.

3.3. Capital recovery risk

Two conversion processes of funds reflect the realization of product sales of the enterprise, one is the process of conversion from finished goods funds to settlement funds, and the other is the process of conversion from settlement funds to monetary funds. The uncertainty of time and amount in these two conversion processes creates the risk of fund recovery. This uncertainty is the capital that feed companies face recovery risk and is also an important type of financial risk. Receivables Accounts receivable cannot be collected on time and in quality, resulting in bad debts, and customers defaulting on capital The bad debts caused by the failure to collect accounts receivable on time and in quality, the default of funds by customers, the negative impact on the enterprise's capital chain, and even the This is very unfavorable to the future development of the enterprise.

Therefore, this uncertainty is the capital that feed companies face recovery risk and is also an important type of financial risk. Receivables Accounts receivable cannot be collected on time and in quality, resulting in bad debts, and customers defaulting on capital The bad debts caused by the failure to collect accounts receivable on time and in quality, the default of funds by customers adversely affects the capital chain of the enterprise, and even causes This is very unfavorable to the future development of the enterprise. The risk of converting finished product funds into settlement funds the risk of converting finished goods to settlement funds is mainly related to the market share, management ability and product core competitiveness of feed enterprises. Therefore, it is important to minimize the risk of converting finished goods into settlement funds. Therefore, the way to minimize the risk of converting finished goods into settlement funds The main ways to minimize the risk of converting finished goods into settlement funds are to improve the competitiveness of feed management efficiency, improve the market share of feed enterprises through good after-sales service and extensive

4. The current situation of financial management and risk control of feed enterprises

4.1. Higher financial risk

The biggest challenge that feed enterprises face while expanding their competitiveness in the market is the problem of capital. The development and growth of enterprises cannot be separated from the material basis, and capital is a favorable guarantee for enterprises to increase profits. The financial risk faced by feed enterprises is the uncertainty of the enterprise's investment return, and investment comes with risk. At the same time, the stable market environment, economic and political environment also affects the financial risk of enterprises. The risk awareness of financial personnel also affects the risk of the enterprise, and attention should be paid to cultivating the risk awareness of financial management personnel.

4.2. High operating costs and low solvency

China's feed enterprises have a high gearing ratio and low solvency, which is easy to form internal conflicts and weaken the motivation of employees. At present, most of the feed enterprises in China are small and medium-sized enterprises, with low scale, high cost and weak market competitiveness, which is not conducive to the sustainable development of enterprises.

4.3. Poor capital turnover

The return cycle of feed enterprises is long, so the shortage of capital regional chain and poor turnover in business management are not conducive to the long-term stable development of enterprises. The above issues can also be a trigger for financial risk, which poses a new challenge to the financial management department, not only to meet the daily not only to meet the records and summaries of daily business operations, but also to take the flow of funds as The financial management department should not only meet the record and summary of daily business operation. The financial management department not only needs to keep records and summaries of daily business operations, but also needs to handle the flow of funds as a major part of the work, and deal with the loopholes in the utilization of funds in time.

4.4. Lack of professional power of financial personnel

Feed enterprises pay more attention to the training and selection of innovative scientific and technological talents, ignoring the assessment of the professional knowledge of financial personnel, resulting in the lack of core technical personnel in the finance department, making it difficult for the work to meet the established requirements. Therefore, the importance of recruiting professionals and building a scientific management department, institutionalize the financial risks that may exist in the development financial risks in the development of the company, and to keep and analyze important information such as capital, production costs and sales. The company's strategy is to keep and analyze important information such as capital, production costs and sales in a timely manner, which is also a good strategy for sustainable development.

5. Financial risk prevention suggestions

5.1. Implement diversified business model to reduce financial risk

As the economic environment changes, the business model of the enterprise should be upgraded and transformed. The core business of the enterprise should focus on the development, and the corresponding industries that are not related to the core business but have good returns should also be promoted. Enterprises can broaden their business scope based on their core business to realize the implementation of diversification strategy and promote the multilateral development of different businesses by complementing each other. Diversification can reduce the competitive pressure of the company and find new growth points. In conclusion, diversification strategy can effectively reduce the financial risk of enterprises.

5.2. Strengthen the integration of the management of feed enterprises

During the long-term development of feed enterprises, many feeds are small in scale, weak in risk resistance and slow in technological progress due to the state's targeted policy encouragement. The threshold of the feed industry has not been high, and the overall profitability of the industry has been slow to improve, making it difficult for internal competition to abate. These small-scale enterprises not only find it difficult to reform their. These small-scale enterprises not only find it difficult to reform their own financial management mode and solve their own financial crisis, but also may transfer the risk to the whole industry. In this regard, it is necessary for the decision makers to consider the integration and restructuring as a way to complement the advantages of small and large enterprises, with the aim of achieving group, scale and integrated operation. This will also facilitate the diversification of business models and the orderly promotion of financial reforms from top to bottom.

5.3. Improve the financial management system of feed enterprises

Enterprise managers should clearly understand the work content and responsibilities of the

management department and implement the work to the staff, and establish a reasonable reward and punishment system. The finance department should evaluate the cash flow situation in different periods and tailor the management system to best suit the development of the enterprise.

5.4. Improve the awareness of risk management in feed enterprises

Feed enterprises should have the ability to take risks under the continuous development of market economy, and the financial management department should have the awareness of risk management. Firstly, we should broaden the source of funds of the enterprise, and secondly, we should establish a reasonable management system according to the changes of the market environment.

5.5. Strengthen the professional training of financial personnel

The development of an enterprise cannot be separated from a financial team with professional ability, and an excellent team is conducive to strengthening the upgrading of the enterprise. Professional training for financial staff can make the enterprise have a more complete financial system and make the staff have a deeper understanding and research on the financial risks of the enterprise. The training of professional talents is an essential part of the development of the enterprise, and the development of the enterprise cannot be guaranteed without the talents.

The stronger the professional ability and risk awareness of the financial staff, the lower the financial risk for the development and growth of the feed enterprise, but this does not mean that financial risk control is only the responsibility of the financial staff, the financial staff The higher the professional ability and risk consciousness of the financial staff, the more feasible and efficient the internal control system developed by them. The higher the professional ability and risk awareness of the financial staff, the more feasible, efficient and effective the internal control system will be, and it also needs the more professional and risk-aware the finance staff is, the more feasible, efficient and effective the internal control system is. The more professional and risk-aware the finance staff is, the more feasible, efficient and effective the internal control system is.

6. Conclusion

The main characteristics of financial risk are financing risk, investment risk and capital recovery risk. The main reasons for the formation of these financial risks are the imperfect financial management system, the uncertain economic environment and the weak risk awareness of financial personnel. Therefore, enterprises should pay more attention to the implementation of diversified business models, strengthen their own integrated management, improve the financial management system, establish risk awareness so as to reduce the financial risks of enterprises, so that they can obtain more comprehensive development and promote the sustainable economic development of enterprises.

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