

# Strategy Driven Cost Reduction



Most organizations have, in recent years, successfully completed several rounds of cost cutting. Yet today, many face the challenge of finding yet further savings. Where are these to be found? And how, at the same time, can the business be structured to meet ever increasing competitive pressures and customer demands?

Thomas Group's approach to cost reduction crosses boundaries imposed by the functional organization and looks beyond the borders of the isolated enterprise.

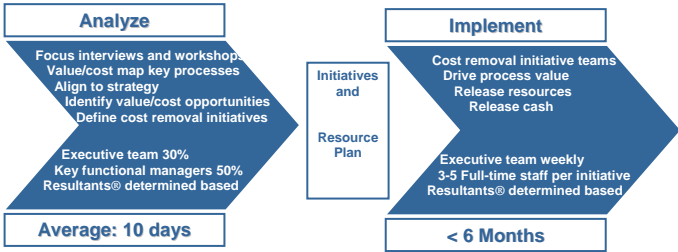
We look at end-to-end customer-centric processes and at the value/cost contribution of the internal organization and external parties. By removing inefficiency, rework, and waste within and across internal and external boundaries, we not only deliver direct cost savings but also help to create a process culture that significantly increases organizational competitiveness.

Does this take years?

No, who can afford to wait that long?

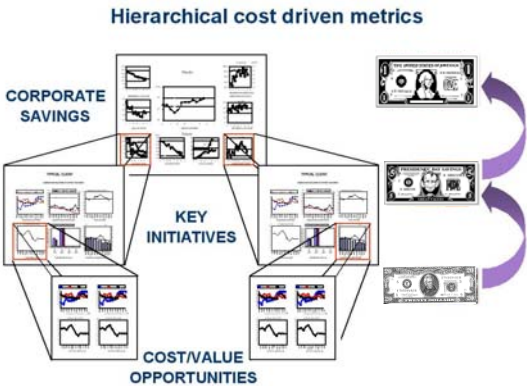
A Strategy Driven Cost Reduction (SDCR) program starts with an intensive short-term assessment. Its first step is an evaluation and alignment, against current financial objectives of the organization's customer value proposition in terms of output, quality, service level, and speed. Core customer value delivery processes are then mapped to determine their cost in terms of people, time, capital and materials.

SDCR swiftly identifies value/cost opportunity gaps together with specific prioritized initiatives to drive cost out of the organization.

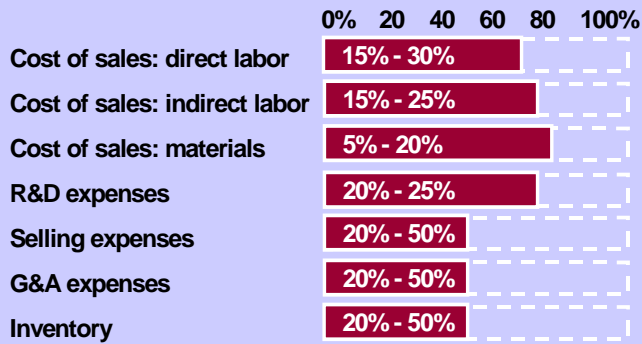


During the implementation process, detailed and time-phased action plans are realized through empowered cross-functional teams. These use Thomas Group's proven and unique tools and methodologies and are actively supported by a team of Resultants®, each an experienced executive from industry.

Hierarchical, cost-driven metrics ensure the linkage of all actions to the overall cost-saving objectives of the organization. ::::



**Typical P&L and Balance Sheet Results**



Selling Expenses  
Elevator manufacturer



600 person support team  
Productivity ↗ 100%  
G&A Expenses  
Commercial Bank



Back Office Staff ↘ 50%

Inventory  
Smart-Card Manufacturer



Inventory ↘ 40%

Cost of Sales (Direct Labor)  
Airline Catering



Productivity ↗ 30%  
Costs ↘ \$12 million  
Cost of Sales (Indirect Labor)  
Vehicle Manufacture



Delivery & Logistics ↘ 15%

Cost of Sales (Material)  
Vehicle Infotainment Systems



Material Costs ↘ 18%

“Our newest, most efficiently run unit was profitable...but after 4 months we saw that it (the Thomas Group methodology) worked...soon our results had doubled...that was a shock...how can we have an efficient unit, the most modern unit, then realize that there are still great improvements to be made.”

Managing Director: Market Leading Airline Caterer

“Thomas Group concepts were much more sophisticated and better developed than anything I had considered...they brought a very experienced team of people...they took the initiative to work on our inventory problem before anyone even recognized that it existed.”

President & CEO: Semiconductor Manufacturer