

PROJECT OVERVIEW

CHALLENGES:

- Ambitious target to improve Cost/Income ratio
- Lack of centralized purchasing; purchases largely decentralized
- Low concern about costs from most employees

OBJECTIVES:

- Define the implementation plan: cost, resources and deadline
- Gain at least €45 million savings from “quick-wins” during first year

OUR SOLUTION

ASSIGNMENT STRUCTURE:

- Assigned top-down target saving: 45 Million Euro at steady state
- Clustering of spend categories according to managerial logic vs accounting logic (disregarding Function currently owner of the spend): 32 clusters identified
- 4 Waves program, of 5 months

APPROACH / TOOLS:

- Cross-functional teams assigned to each cluster
- One dedicated program manager
- Bottom-up spend analysis through bench-marking, value analysis
- Specs/user requirements challenge sessions and re-definition

MAIN ANALYSES

- Identification of problems of client internal cost reduction
- Purchase spend segmentation
- Target costing

RESULTS

9.1% BASELINE COST REDUCTION



ADDITIONAL BENEFITS:

- Revised spend categories responsibility allocation
- Created “Cost Management” organizational unit to monitor costs, track compliance and ensure continuous improvement of achieved results
- Defined implementation plan to build centralized purchasing organization
- Cultural change: instillation of cost awareness
- Initiation of trans-functional workshops