



ENTERPRISE COST OPTIMIZATION

\$2B+ INCREMENTAL EBITDA

PROBLEM

A Fortune 50 manufacturer had a typical approach to yearly cost-cutting, where executive leadership defined and applied an overall cost-reduction goal at a macro level across all functions. The result was a dysfunctional combination of the loss of key core capabilities and a retention of waste.

A continuous improvement expert evaluated third-party data leading to focus and implementation of optimized resource allocation (cost increase/decrease) based on strategic goals.



OBJECTIVE

Use data to identify and prioritize where cost cutting opportunities exist as well as where strategic needs exist for investment.



ROOT CAUSE

Leadership did not have an appropriate, data-based view of how similar organizations were structured with respect to cost. As a result, they did not have appropriate process & operational benchmark targets at the functional level.



SOLUTION

Sourced internal and external data and built Focus Trees to provide organization alignment and consensus on specific opportunities. Working with the exec steering committee, created a new, data-based yearly process for the entire organization.

RESULT

Year 1 benefits of \$2.1B in hard savings over a \$130B operating expense and justification of \$100M in strategic investments.

The result was a leaner, more competitive organization that tied its investment activity to achieving the organization's strategic goals.

