



Cost Reduction & Program Management

Specific cost reduction initiatives were developed (~8% of cost), with cost reduction and complexity management methodologies defined to improve client capabilities



Challenge

Client is not cost competitive in new Asian markets and was seeking tactical cost reduction ideas. Client had over 1,000 end item SKUs with no systematic understanding of complexity or how to control future proliferation. Client was looking to empower it's organization with tools and methodologies to be able to reduce cost and manage complexity from within the organization.



Approach

- Client-supplied information was found to be insufficient, so numerous other approaches to develop data were employed to support the analysis
- Product teardowns and client workshops were used to develop tactical cost reduction initiatives, with collaborative client agreements on value and difficulty
- Client interviews were conducted to facilitate identification of organizational gaps that may affect complexity management and cost reduction efforts



Recommendation

- A database was developed to support complexity analysis across the inventory of SKUs
- 32 design and commercial opportunities were proposed and agreed to, totalling \$2.5M in annual savings
- A number of additional gaps were identified for further follow-up, including product attributes management, knowledge management, BoM management, and cost transparency across manufacturing sites



Results

Methodologies to identify cost reduction were detailed to support client's internal capability development

