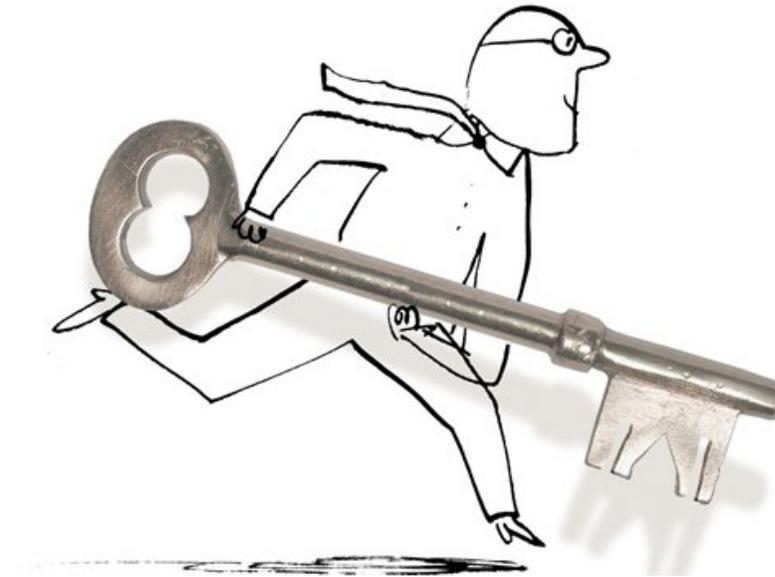




goetzpartners

STRATEGY | M&A | TRANSFORMATION



goetzpartners Color Books®

UNLOCK THE FULL POTENTIAL OF TRANSFORMATION PROGRAMS

Typical issues of transformation programs

Companies face multiple issues when setting up, planning, and executing transformation programs

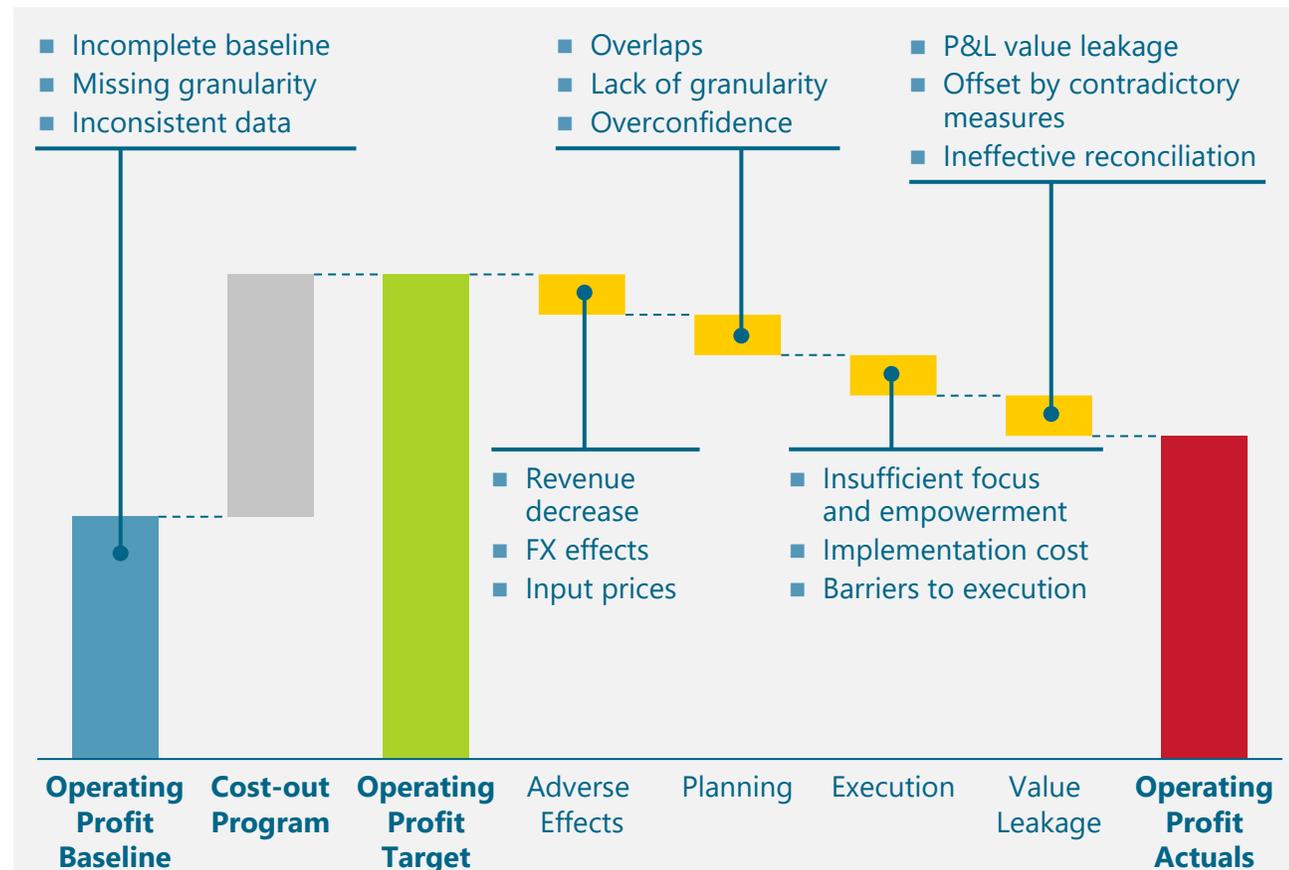
More than 80% of all cost-out programs miss their financial and operational targets



Expected P&L benefits

Actual P&L benefits

OVERVIEW OF TYPICAL ISSUES



KEY CHALLENGES

Lack of accountability and appropriate resources at the right level

Incoherent approach of initiatives and misjudgment of overall effects

Incomplete link between financial effects, operating drivers and P&L impact

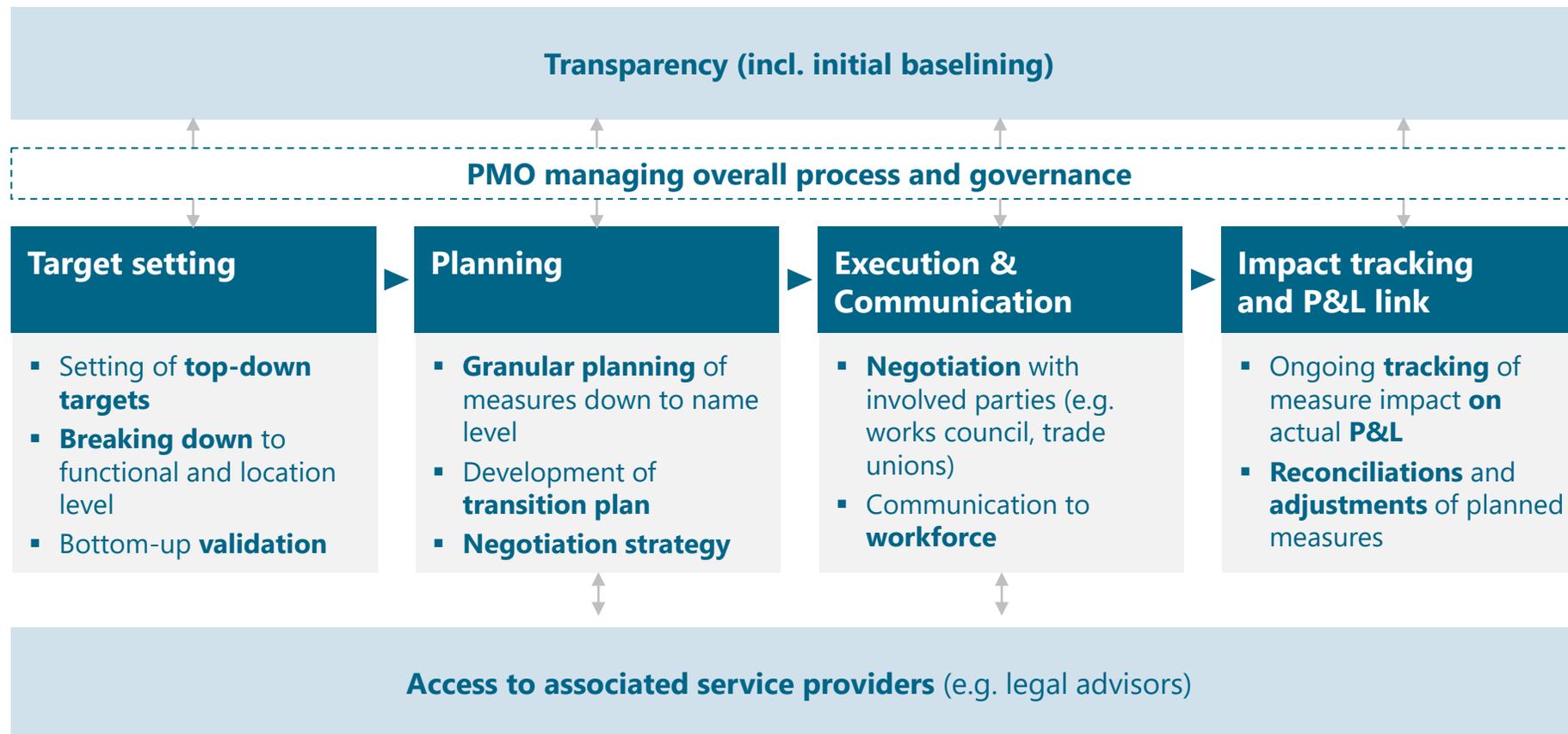
Missing transparency on risk and regulatory compliance impact of initiatives

Slow silo-based organization w/o transformation governance across divisions

Required program elements

Transformation programs require transparency on the baseline from the beginning, forming the basis for managing the overall process from target setting to measuring the “true” impact in the P&L

PROGRAM ELEMENTS



Color Books® methodology providing overall program methodology and tools

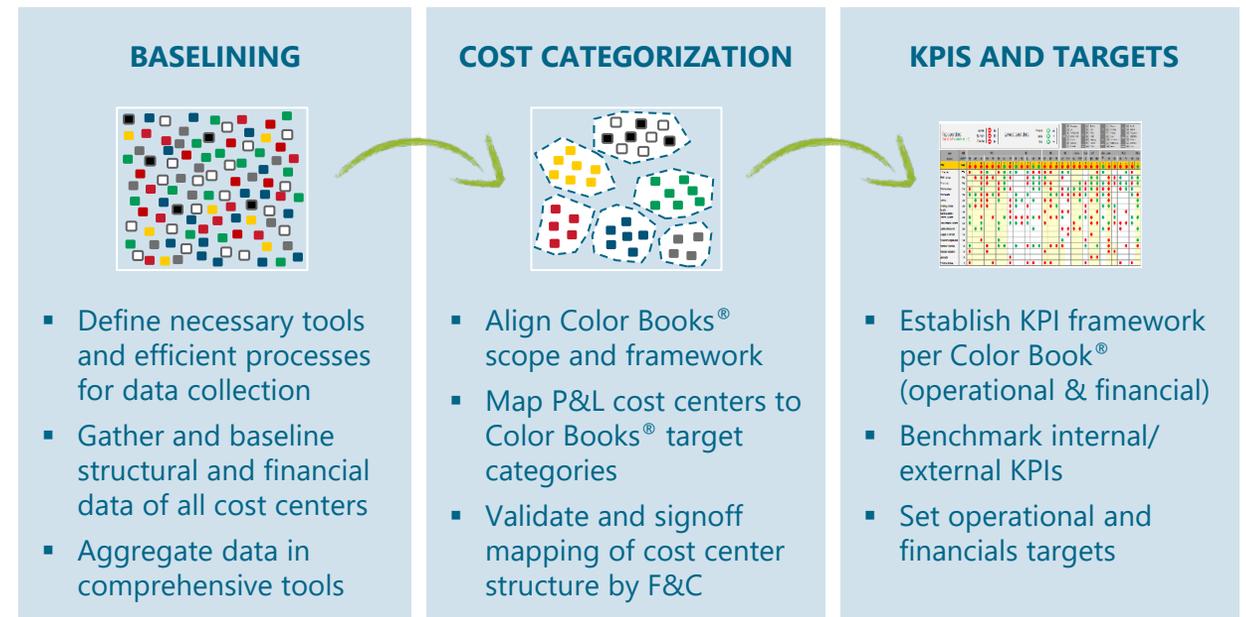
Methodology for cost transparency

The Color Books® methodology creates transparency on financial cost baseline and traces measure impact directly to the corporate P&L at cost center level, allowing for overlap free impact tracking and identification of value leakage causes

Introduce Color Books® to create full transparency on cost baseline and lay the foundation for performance and cost improvement potential

	P&L	RELEVANT COST
PEOPLE	Internal headcount	<ul style="list-style-type: none"> Personnel cost Germany
	Internal headcount	<ul style="list-style-type: none"> Personnel cost globally
	External headcount	<ul style="list-style-type: none"> Daily rates per FTE
MATERIAL	Sub-contracting	<ul style="list-style-type: none"> Contract fees (e.g. maintenance, IT services)
	Direct cost	<ul style="list-style-type: none"> Procurement Supplier-managed cost Supply chain
	Indirect cost	<ul style="list-style-type: none"> Travel & car cost Marketing cost Training cost
ASSETS	Real estate	<ul style="list-style-type: none"> Rent/ leases Depreciation Facility services Utility cost

ACTIVITIES & ELEMENTS



BENEFITS & TOOLS

- ✓ **Full transparency** on cost baseline in minimum timeframe
- ✓ **Measure impact** directly linked to P&L at cost center level
- ✓ **track4impact®** as a centralized tool to manage process and **track impact**

Clear link to P&L

Tracing of measure impact directly to the corporate P&L at cost center level allows for overlap free impact tracking and identification of value leakage causes

APPROACH

ASSIGN P&L LINE ITEMS TO COST GROUPS

Review company P&L jointly with Finance, break it down into pre-defined cost categories, with each category having a fixed set of overlap-free P&L line items

MAP MEASURE IMPACT TO THE P&L

Map measure impact to P&L line items and respective cost categories at the planning stage; review measure funnel to define interdependencies and eliminate overlaps

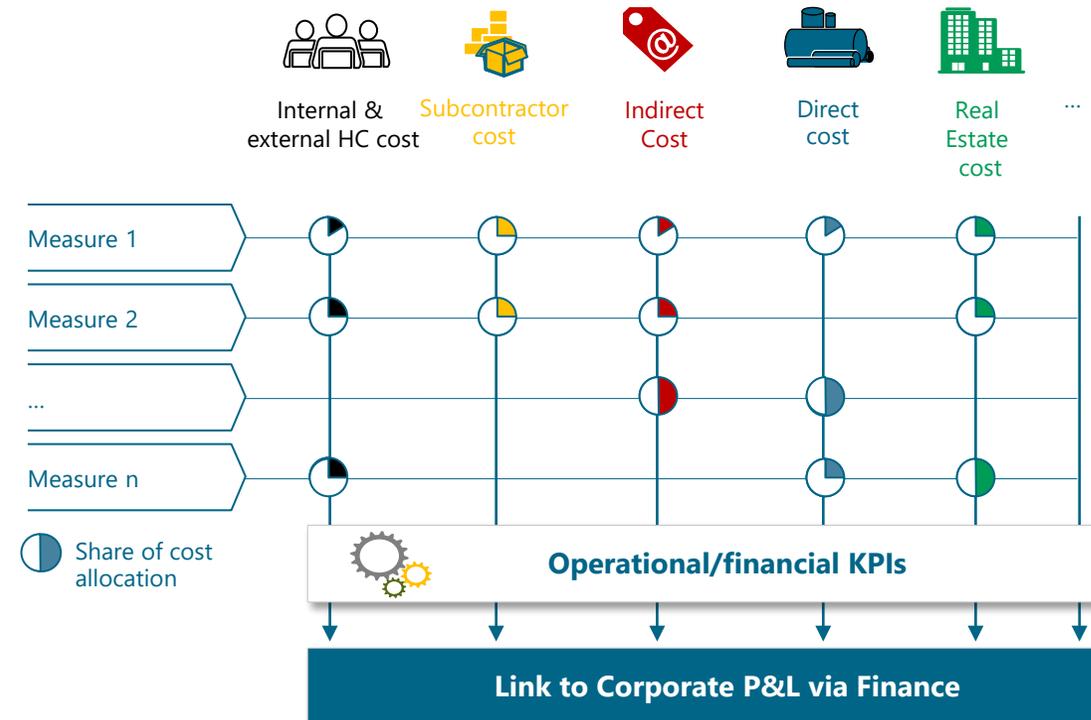
SIGN-OFF IMPACT WITH FINANCE

Require Finance's approval for each measure's business case and P&L mapping prior implementation

CONTINUOUSLY MONITOR PROGRESS

Track initiative impact via dedicated tools, in line with the cost categories and reconcile with overall company performance to ensure transparency

LINK OF PROGRAM IMPACT TO P&L – COLOR BOOKS®

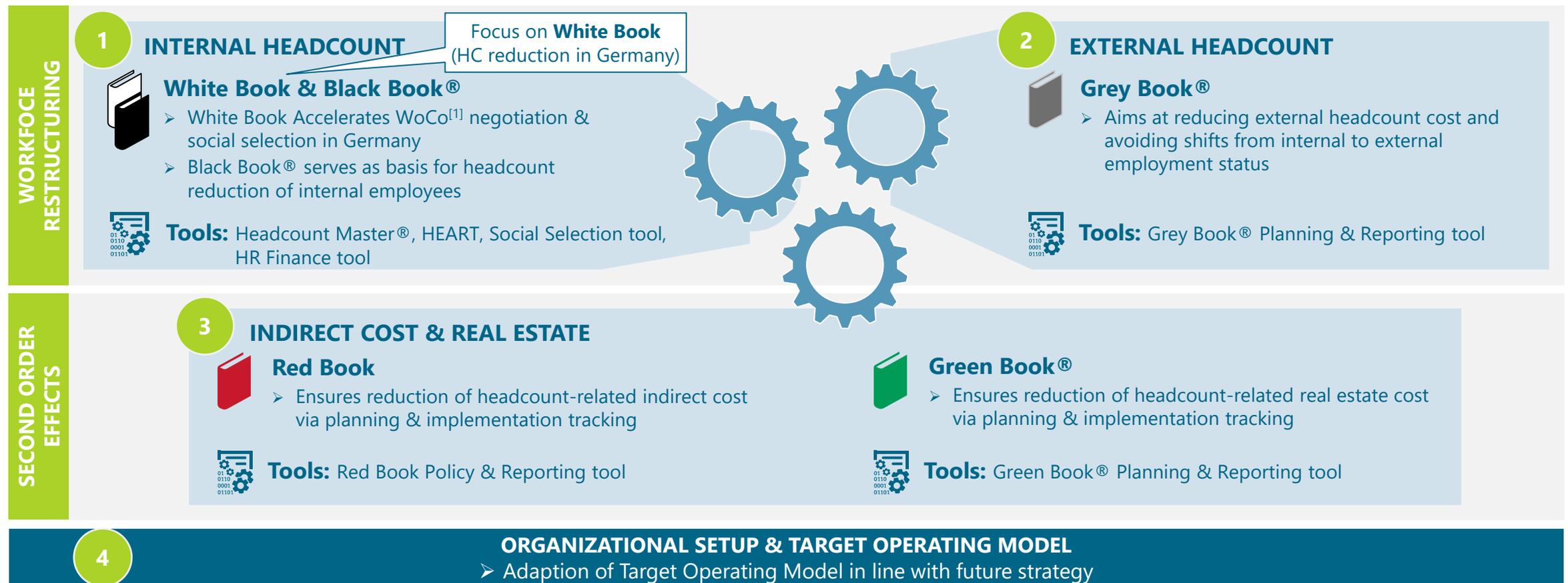


A centralized IT platform ("**track4impact**") is available to manage progress and track impact with minimized manual effort and high data integrity

Color Books® interplay & structure

Typically, focus of transformation programs lies on executing headcount reduction measures and on realizing indirect and real estate cost savings as second order effects

INTERPLAY OF RELEVANT COLOR BOOKS



[1] Works council
Source: goetzpartners

Get in touch!



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We will gladly answer your questions in a personal meeting and provide you with further information on our services. We are looking forward to hearing from you.

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