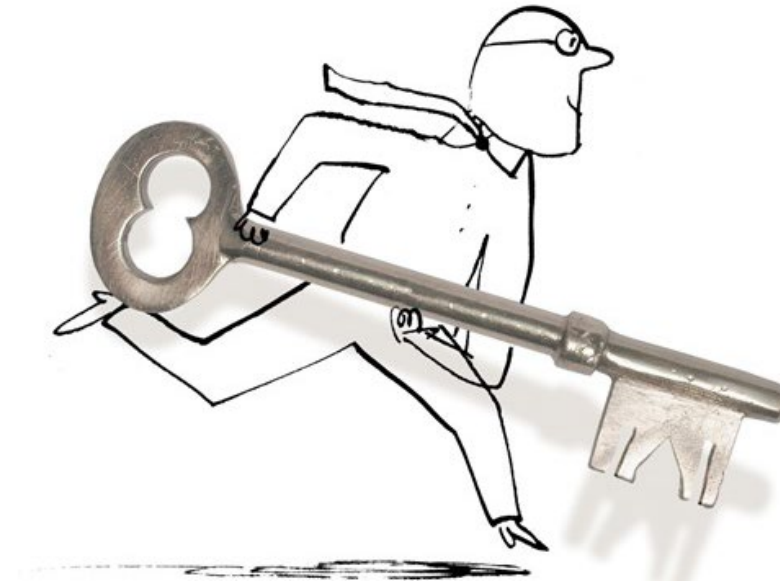




goetzpartners

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

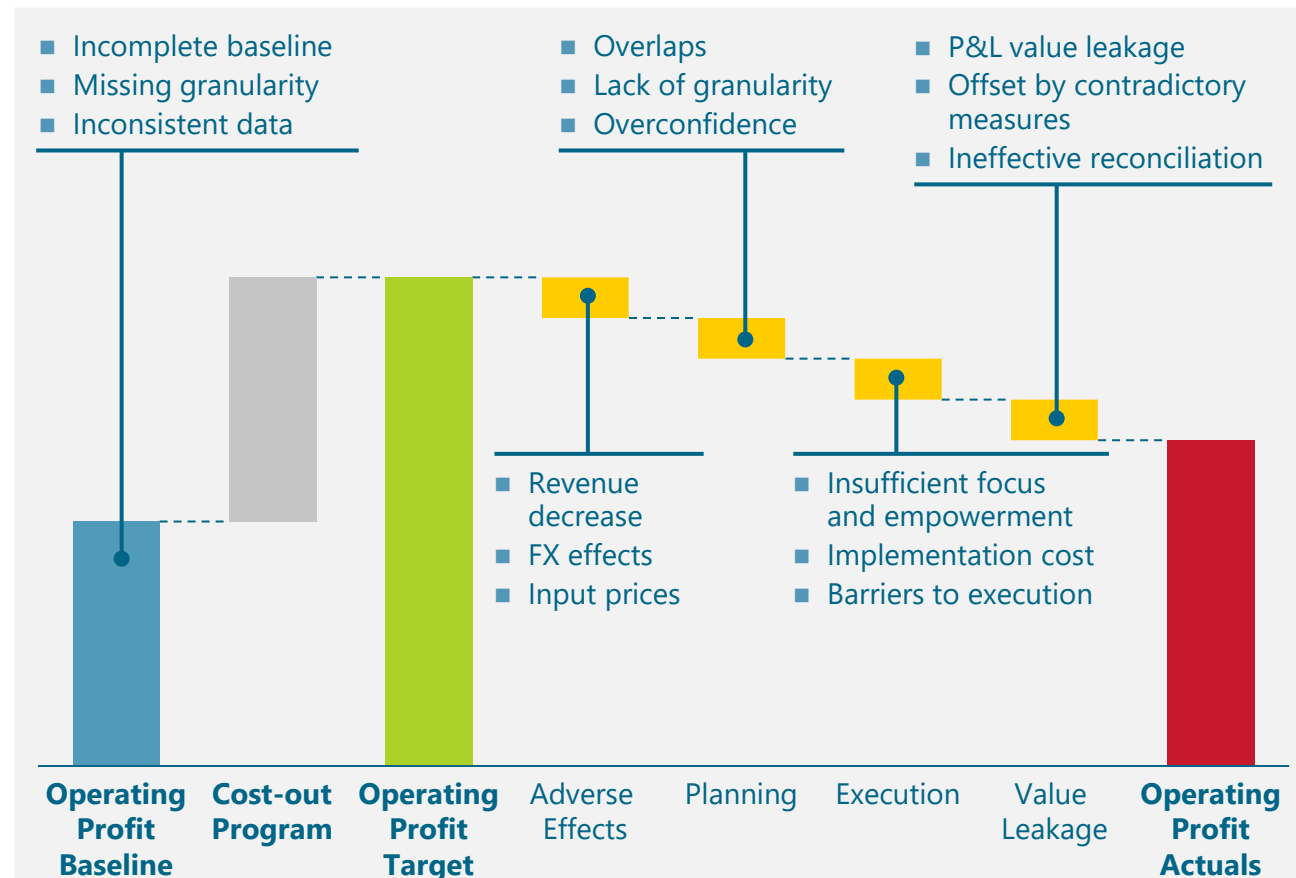
More than 80% of all cost-out programs miss their financial and operational targets



Expected P&L benefits

Actual P&L benefits

OVERVIEW OF TYPICAL ISSUES



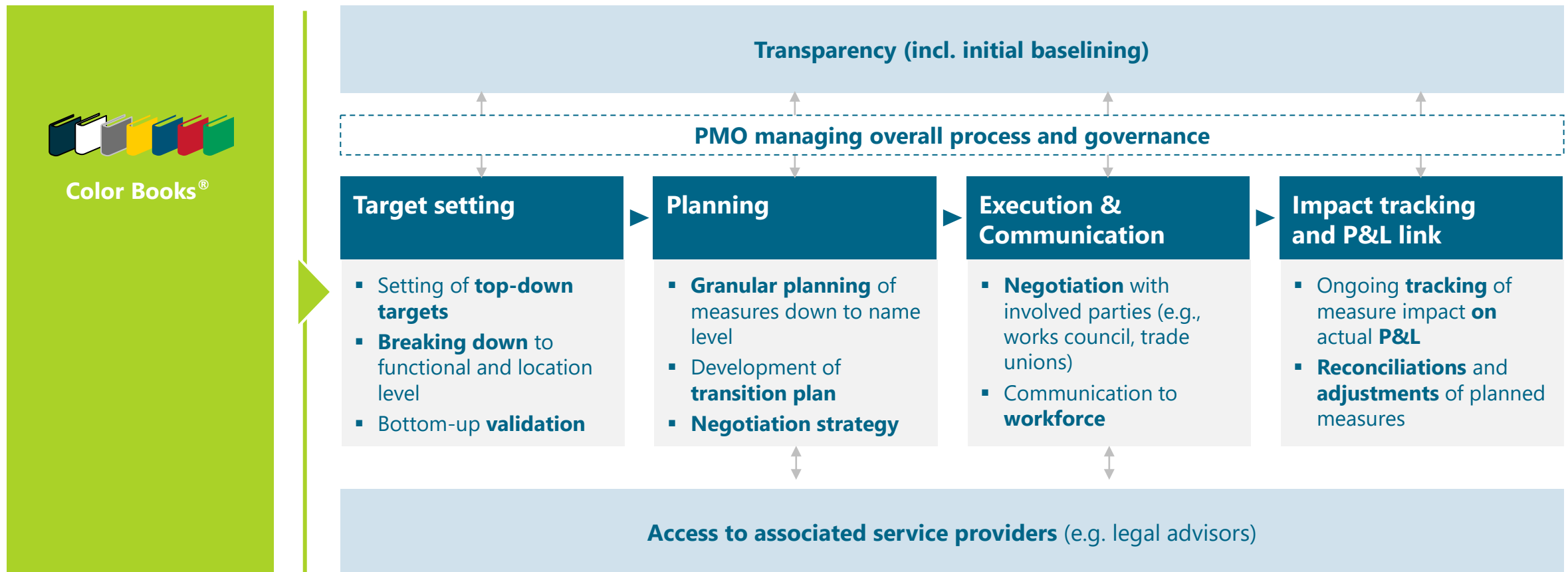
KEY CHALLENGES

- 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



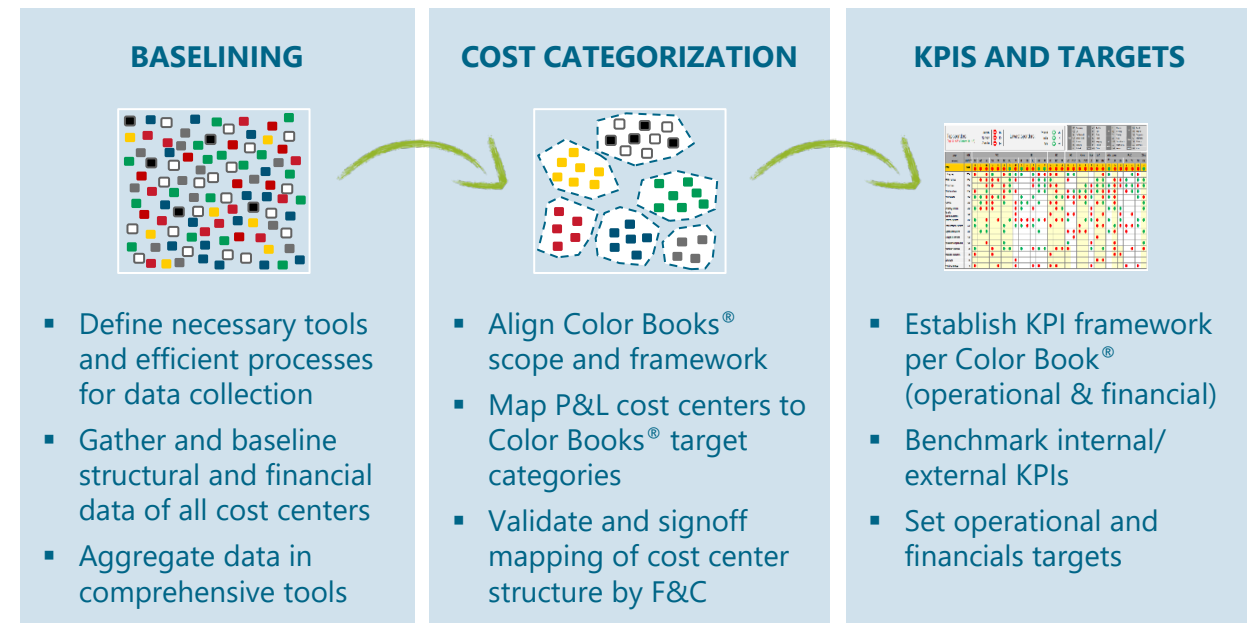
Full cost transparency

The use of Color Books® 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

The use of Color Books® leads to full transparency on cost baseline. It lays the foundation for performance and cost improvement potential.

| | P&L | RELEVANT COST |
|-------------------|--------------------|---|
| PEOPLE & SERVICES | Internal headcount | Personnel cost |
| | Internal headcount | Personnel cost globally |
| | Works & services | Personnel leasing rates/cost of service providers |
| MATERIAL | Sub-contracting | Contract fees (e.g., maintenance, IT services) |
| | Direct cost | Procurement Supplier-managed cost Supply chain |
| | Indirect cost | Travel & car cost Marketing cost Training cost |
| ASSETS | Real estate | 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

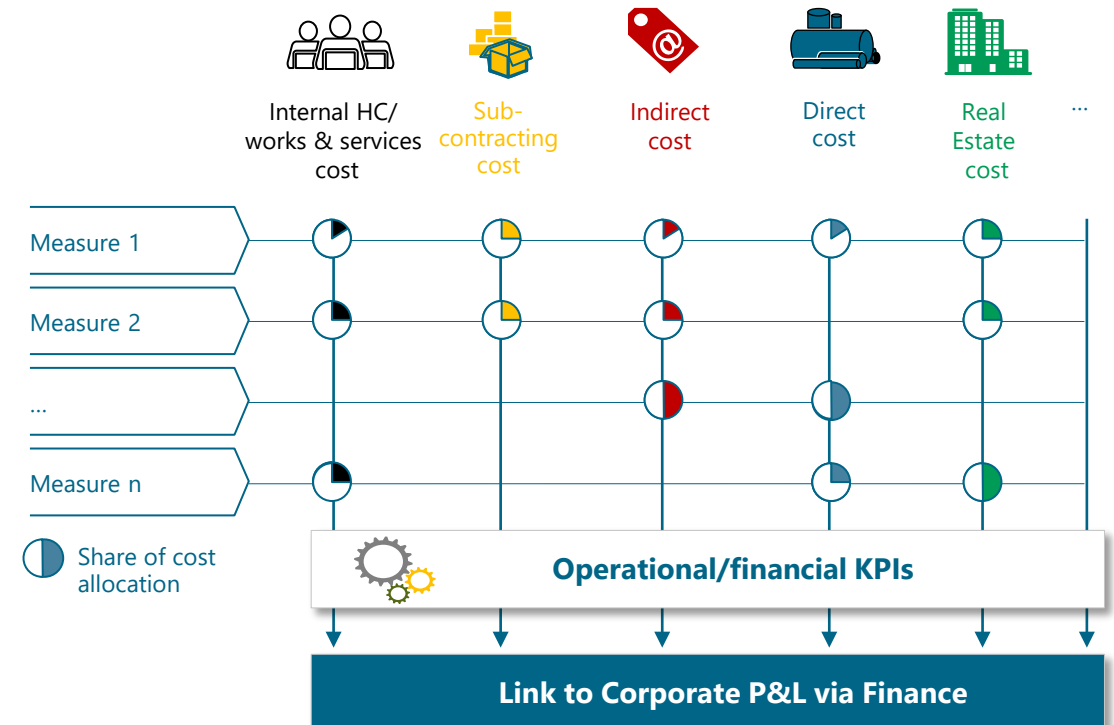
SIGN-OFF IMPACT WITH FINANCE

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®

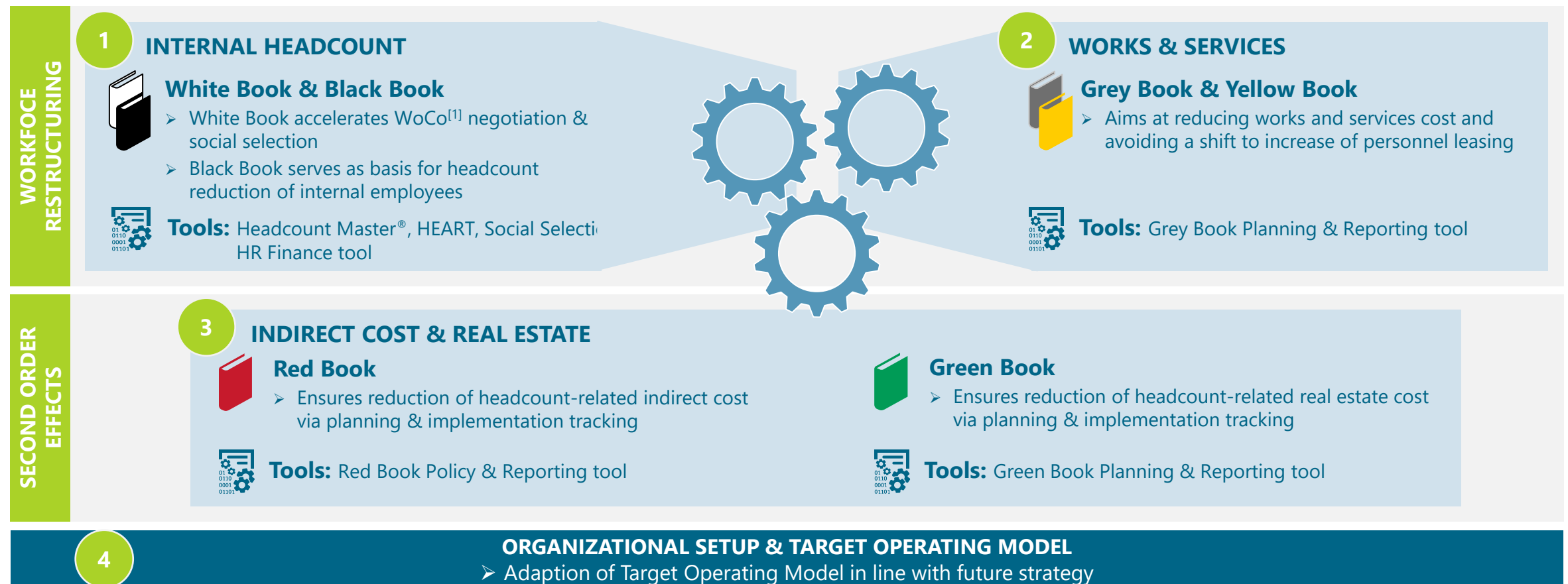


A centralized IT platform (**track4impact®**) is available to manage progress and track impact with minimized manual effort and high data integrity

Color Books[®] interplay & structure

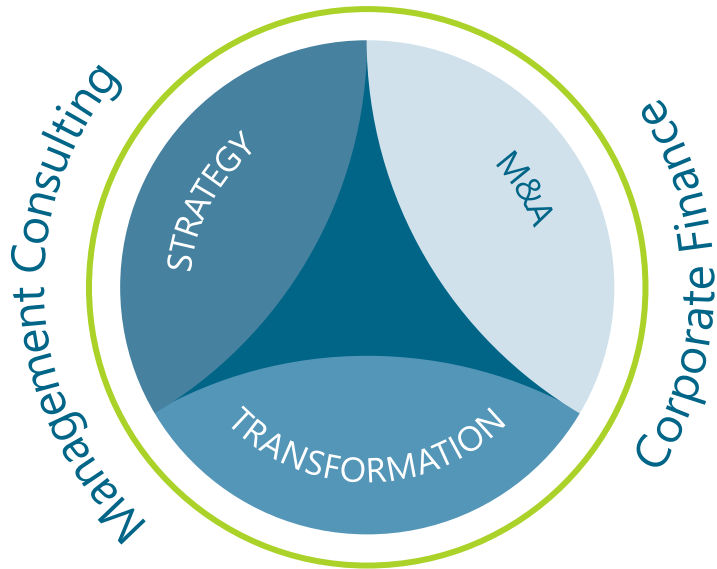
Typically, focus of transformation programs lies on executing headcount reduction measures and on realizing indirect and real estate cost savings as second order effects

INTERPLAY OF RELEVANT COLOR BOOKS



[1] Works council
Source: goetzpartners

About goetzpartners



ADVISERS FOR STRATEGY, M&A AND TRANSFORMATION

goetzpartners, founded in 1991, is an independent advisory firm for all key issues of entrepreneurial activity: strategy, M&A and transformation. As a trusted partner with a valuable track record and a far-reaching network, we are ideally positioned to prepare companies worldwide for the future.

With 250 professionals operating out of 12 offices in 9 countries, goetzpartners advises decision-makers and top executives in all key industries.

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