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DOING COST-OUTS RIGHT

Five beliefs about cost-out programmes

By Adam Norsker and Christian Sparrevohn

FIVE BELIEFS ABOUT COST-OUTS

In the economic landscape of today, nearly all companies and public institutions are forced to drive their businesses efficiently and effectively. Few executives have the luxury of ignoring the agenda of cost reductions. After all, in most sectors, Western European companies face the challenge of having to structurally increase their productivity – and public sector spending is being scrutinised in most EU countries, forcing institutions to realise synergies and take out incremental costs.

In sectors normally considered "recession proof" or less influenced by low-cost competition, the multiple economic crises within the last five years have shown that optimistic economic forecasts can quickly take a turn for the worse. This volatile economic environment demands contingency plans which can be executed quickly without compromising the organisation's ability to function.

Even for the few truly protected sectors, focus may be almost purely on growth, but asset-heavy investments are often constrained by a lack of focus on costs and management. Therefore, focused cost-reduction initiatives can be an effective method for freeing up resources to reinvest in growth.

Oftentimes, however, cost-reduction programmes are poorly set up or orchestrated. The journey from an overall benchmarked savings potential to realised savings is too often a bumpy ride, driving the organisational vehicle in the pit – or even worse, weakening the structure of the company. The root causes are various, but in our experience, many crashes and detours can be avoided.

This document is therefore intended for semi-public or private organisations that pursue larger budget analyses or cost-out programmes. The decisive factor is not the scope of the targeted costs – as you will find, larger cost-out programmes, in many cases, do not target the entire cost base. In our experience, the critical factor for success, i.e. actually being able to realise cost savings, is how you set up and manage the programme.

In the following, we would like to share our perspectives on some of the elements in the successful identification and realisation of cost potentials. We have focused on five beliefs that are based on our personal experience from working with clients over the past 10 years. Each belief will be presented in detail.

FIVE BELIEFS

1. PUT THE COST REDUCTIONS INTO A RELEVANT CONTEXT
2. BASE THE WORK ON ROBUST HYPOTHESES
3. SET UP AND PLAN THE PROCESS THOROUGHLY
4. INSIST ON TANGIBLE INITIATIVES
5. PLAN THE IMPLEMENTATION

PUT THE COST REDUCTIONS INTO A RELEVANT CONTEXT

Although cost reduction is a recurring element on many top management agendas, we often see saving efforts go wrong from the very beginning. Too often, the need for carefully preparing comprehensive programmes of this type is underestimated, and the real responsibility for identifying and implementing the savings and maintaining a well-functioning organisation is pushed too far down the organisation without proper guidance.

Align the effort with the company's strategic direction
To most people, a cost-reduction effort entails a period of great uncertainty, and occasionally even personal anxiety. Making sure that as many people as possible understand why it is necessary to reduce costs and what advantages a successful effort will bring about greatly increases the legitimacy and acceptance of what follows.

Whether you are dealing with a genuine burning platform, improved competitiveness in comparison to named competitors or new growth ambitions within lower-cost areas, it is important to attempt to make the rationale credible, to quantify the needed cost reduction and to link it to the company goals. Merely stating a need to "improve the bottom line" of an already healthy company will rarely serve as a motivation outside the management team.

Play to the management strengths of your organisation
When choosing the right methodology for a cost-out programme, you must have a sober understanding of the organisation's management capabilities. For example, in some settings, we see top-down delegation of savings targets work fairly well; in other contexts, the organisation reaches the best results through processes that emphasise cross-functional collaboration in the identification of the right solutions. In some organisations, "fairness" is a strong value pointing to the need of choosing uniform savings targets, while others work well with differentiation.

Such differences in cultures and competences present possibilities and barriers which should be reflected in the way the cost-out programme is designed. Also, this type of programmes can be an excellent occasion to bring people outside of the top management group into play and test their talent for management.

Do not overestimate the budget process
We often see companies attempt to use the budget process to drive cost reductions. Though this may work well in incremental efficiency improvements, it is rarely effective if the cost reductions are more substantial. The reason for this is that budget processes contain their own logic for bargaining and buffering the numbers, but they rarely get down to activity levels or work well across organisational units. The apparent "easy fixes" such as assuming optimistic savings on procurement thus often get priority, while the larger, seemingly complex solutions that impact the company strategy, organisation or product focus rarely get the proper attention in budget processes. It will often be more beneficial for management to define a separate process for that type of work.

However, the budget process plays an integral role in making sure that budgets are adjusted across the company in order to put pressure on overall decisions made. Therefore, as soon as the initiatives have been decided, budget adjustments need to be divided and drilled-down to the respective accounts. This will ensure that the right level of pressure is put on the different managers to execute on the different savings.

FREEING UP RESOURCES TO FUEL GROWTH – COST SAVINGS FOR THE PURPOSE OF GROWTH

When a global production company saw growth ambitions struggle in the midst of a global downturn, it realised that additional resources were needed in sales. Instead of investing in sales upfront, the company initiated a cost-out programme to liberate resources to be reinvested in growth. Two dual agendas were formed simultaneously and completely separate from each other, meaning that each programme had individual governance structures, with their own project participants.

The first programme contained a list of potential investments to boost growth: An initiative catalogue with discrete investment cases including description of the "sales boost" initiative, the persons responsible, the needed investments and the payoff and timing. Simply put, a very concrete wish list with clear accountable investment opportunities (many of which already existed as latent ideas in the organisation, but had not surfaced to the management level).

The second programme consisted of a list of cost initiatives to liberate resources. Methodically, this programme worked like the first; however, with a catalogue of savings initiatives. Again, each initiative had clear descriptions and a logic rationale, clearly defined responsibility and timing as well as a list of risk concerns or upfront investments needed to realise the initiative.

While the two programmes were driven separately, the growth initiatives were directly dependent on generated savings. This enabled management to make an informed trade-off between the two. This is a good example of discussing cost configuration rather than merely cost savings. All companies should ask themselves: "What could we do if we had an additional 20 or 100 million?"

BASE THE WORK ON ROBUST HYPOTHESES

Aside from slashing costs evenly throughout the business and letting the managers identify and realise the savings, we typically see three approaches to cost reduction:

- The benchmark approach
- The activity value analysis approach (sometimes referred to as AVA)
- The hypothesis-based approach

All three approaches are valid and widely used. However, in our experience, the hypothesis-based approach is the most effective in driving the work.

The benchmark approach basically compares a company's performance to best practice. This is typically done on quantitative factors such as economic performance, but can also be done on other parameters such as working-time efficiency, throughput time, days of inventory, etc. The benchmark approach can be effective in creating a story or burning platform, and sometimes it works well if used internally between very similar operational units. It can tell the story of why the company should cut costs and set the overall target for the organisation; however, it rarely provides concrete answers in terms of where and how to cut costs, e.g. "our costs in Quality Control are 20% above the mean or best practice". Most often, the greatest effort goes into discussing comparability and normalising benchmarks. In the end, benchmarks rarely provide an answer on what should actually be done, and too often, they are used to push the responsibility for finding the right choices down the organisation. Therefore, while benchmarks do little to drive the actual work, they can provide some background insight. Internal benchmarks, too, can provide some indications of potential – often with higher certainty than external ones (e.g. performance across stores, sales representatives, days of inventory across warehouses, etc.)

CREATING IDEAS WITH EMPLOYEES – INVOLVE MANY PEOPLE IN VALIDATING AND BUILDING HYPOTHESES

Many executives driving cost-out programmes have a tendency to keep the problem-solving process very tight and with a large degree of secrecy. The rationale behind this is that initiatives have to be completely thought-through before they can be presented. Hence, middle managers are involved at an arm's-length basis, until the solution is presented in the end. While some degree of secrecy is needed, it is typically overemphasised and organisations are often bright enough to see what is going on, anyway. Therefore, it can be a great advantage to involving the organisation and be open already during the hypothesis generation phase.

When a large transport company needed to liberate 400 million in cost, the entire management group and middle managers (approximately 200 people) were rallied to a management boot camp. The company realised the need for "crowd control" to guide a quite diverse group in providing fruitful insight. Therefore, the hypothesis areas were fairly developed beforehand, allowing the group to concentrate on very concrete ideas within subareas.

Along with a general fact book, the hypothesis areas and initiatives were openly presented in groups of eight people, where each individual contributed to further detailing cost initiatives within their group.

Along with good input on the actual initiatives, the inclusive process provided significant buy-in for the cost-savings while still leaving the final decision to the executive management.

All companies need to think about how to involve their employees in this type of process.

The activity value analysis approach basically entails dividing the entire company or parts of it into units of 50 to 150 employees, which are then subjected to analysis. Within each unit, all activities and costs are broken down into end products (e.g. the making of an annual report). The problem-solving process, which typically involves large parts of the organisation, then concentrates on each of the end products (e.g. size/scope of report, frequency, etc.). While this turn-every-stone approach is thorough, it is also cumbersome and resource-heavy; however, in companies in which there is a significant amount of uncertainty in terms of where the potential lies, the AVA can be the way forward, but in our experience, this is rarely the case. This approach often overshoots the target.

The hypothesis-based approach is often most useful, striking the right balance between efficiency and insight. It formulates a number of concrete cost-reduction initiatives (as tentative hypotheses) and then concentrates all efforts on describing and proving or disproving the initiative while quantifying the potential. Therefore, instead of an all-encompassing analysis, a number of ideas or hypotheses are formulated upfront. While each initiative presumes an idea of where the main cost levers lie, it is extremely efficient as it focuses on the key areas to begin with (e.g. inventory reduction, salary benefits, etc.). The hypothesis-based approach does require some knowledge of the organisation. And while the ideas should be concrete, they can vary in terms of how narrow or widely they look at the scope of costs.

Formulating the hypotheses is a good opportunity for management to set the direction for the work going forward. In other words, it is simply the most effective method of driving real potential.

Get involved and prioritise
It is relevant to keep in mind the 80/20 rule in the definition of scope. While there may be many areas of interest, it is often the case that a few initiatives hold the lion's share of the potential. Thus, it is better to make sure that enough time is allocated to go in depth within a few areas than to focus the energy on too many issues and not get the needed solution depth which allows for actual realisation. Now, while the cost size of an area is an important selection criteria, it needs to be focused. In this phase, management has the key responsibility for making the problem definition as narrow as possible.

Leverage prior knowledge
A number of strong hypotheses should make use of available company and market insights. Previous benchmark data, company insights and analyses as well as market data should be leveraged together with management insight to establish the initial arguments for selecting the hypotheses. Very often, a comprehensive fact book based on existing information is sufficient to get started. Be aware that novelty in a hypothesis is rarely a quality in itself. Many good ideas may have been surfaced or even dealt with previously, but may still serve as a powerful hypothesis.

Leverage your employees
Ideas often arise within the organisation itself. Employees are sceptic when it comes to finding areas where costs can be reduced. Final management design and prioritisation is essential, yet during the establishment of a number of focus areas and hypotheses, key stakeholders can often provide valuable contributions on how to test the ideas. There is a strong correlation between the top management's ability to link the savings processes to the strategic situation of the company and the level of participation – the stronger the link, the more constructive participation can be expected. wwTherefore, you should set up a structure for broad stakeholder involvement. Suggestion boxes and unstructured discussions will rarely generate a complete picture, although they may be useful in creating buy-in. The willingness to include your employees and middle managers should not, however, overshadow the responsibility of the management in defining the final set of hypothesis.

In figure 1, there is a non-exhaustive list of cost-cutting hypothesis areas which can guide the work. In all companies, the management should be able to establish such a list for their company or business units.

As seen in figure 1 to the right, defining the hypothesis list is all about focus (therefore, the list should not be exhaustive). However, as it is often the case, the devil is in the details. Thus, for each issue point, a detailed hypothesis plan is laid out. This is shown in figure 2. Initially the hypo-thesis is stated, then the possible arguments are listed, and lastly the types of analysis needed are defined.

FIGURE 1: COST-CUTTING CAN ENCOMPASS MANY DIFFERENT ACTIVITIES

HYPOTHESES	POTENTIAL ISSUES
Administrative redundancies	Span-of-control Administrative overlaps between centralised and decentralised units Use of outsourcing and offshoring Removing non-value adding tasks
Purchasing optimisation opportunities	Commercial levers such as renegotiation Purchasing behaviour (use of warranties, stop-buy, etc.) Recycling Specifications
Working capital	Inventory (raw material, work in progress, finished goods) Accounts payable Accounts receivable Payment terms
Operational efficiency	Effective working time Working time constraints (union work rules) Planning inefficiencies Salary levels and use of additional pay
Other	Closing of non-profitable product areas or segments Maintenance and service agreements Energy costs – electricity, heating, fuel Facility management

FIGURE 2: BREAKDOWN OF A SINGLE INITIATIVE (SHOWN AS A HYPOTHESIS)

HYPOTHESES	MAIN ARGUMENTS	ANALYSIS TYPES
Span of control should be increased	The current span-of control is on average low, and there are managers with very few subordinates	Analysis of number of reports per manager Analysis of functional differences Comparable overview with industry average Scenario analysis of different targets
	A lot of the manager's time is bound in management independently of number of subordinates	Time analysis of manager's time used on management vs other job tasks Correlation analysis with span-of-control Interviews
	Appointment to manager has significant salary costs and is to some degree used to give specialists a salary increase	Salary analysis of average differences between managers and subordinates Analysis of salary increases in connection to manager designation
	There are positive organisational side effects from a more flat organisation, and it can easily be implemented	"Zero-based" new organisational layout design Company employee satisfaction data correlated with span-of-control

SET UP AND PLAN THE PROCESS THOROUGHLY

With the hypotheses well in place, it is time to set up the right process for analysing and substantiating the actual savings.

Goal-setting and motivation – ensure a large number of solutions to choose from
It is important to recognise that the way goals are set and formulated will impact the final result of the cost-reduction exercise. In general, goal-setting should provide the basis for developing many different solutions to cost-cutting. There are three main approaches:

- Stress target goal approach. Top management sets a higher cost-cutting goal than they actually want to implement. This often results in the creation of more solutions to cost-cutting, which provides a broad overview of alternative choices. An example could be a cost-cutting target of 25%, but a choice to only cut down by 15% in the end. Stress-targeting can also provide a high degree of motivation to meet targets and push the creativity off the targets

- Specific target approach. This approach is based on specifying a percentage by which costs should be cut (e.g. setting a savings target of 8%)

- The "as much as possible" approach. Although this approach seems aggressive and is often used when external advisors are invited in, in reality, it often leads to lengthy discussions about how much it is really possible to achieve. It requires significant management focus to ensure that the organisation stays on track and remains constructive

Planning – let the hypotheses structure the work
One of the greatest advantages of working on the basis of hypotheses is that it is simply more efficient than the "boiling-the-ocean" approach of the activity value analysis. Since the number of hypotheses is limited, it is most efficient to structure the project into a number of workstreams that are derived from the key hypotheses.

The content and number of workstreams can vary. In essence, the key is to make the workstreams relevant and manageable. For most large organisations, three to five streams are typically sufficient.

Each workstream should have its own leader, who may or may not be the same person as the responsible day-to-day area manager. It would also make sense to appoint an overall project manager who can keep track of the overall project design and progress. Also, consider the number of employee workshops needed in order to generate and synthesise ideas. These need to be planned from day one.

Project structure – give the right people the right mandates
With the workstreams defined and the overall project manager appointed, it becomes rather important to establish the decision-making structure, the steering committee as well as the role of middle management in the process. This includes deciding how employees are assigned to the project (fully or part-time assigned) and determining the level of authority assigned to them in the process. Too little makes the process weak, too much makes it hard to hand over the results to the line organisation at the end of the process. As shown in figure 3, the work should not take more than three to four months. The structure may change over the course of the project, during which additional team members are added in phase 3 to work on the independent workstreams. The managers, who ultimately need to accept and implement the initiatives, should, at a minimum, be included during the process. For example, a BU professional is often staffed to a workstream, thus providing anchoring already during the design phase. In other instances, management buy-in can come through reference groups or less formal stakeholder interviews.

Communication – in the project team and the rest of the organisation
It is important to establish how communication should take place within the project team as well as between the team and the rest of the organisation. As with many other aspects of the cost-reduction programmes, this should be strictly aligned with the communication culture in the company.

Key milestones in the process should be communicated in order for the rest of the organisation to understand exactly what answers will be made available when. It is important to impose tight internal guidelines in the team with respect to the flow of information and to avoid leaks – and in sensitive processes even to ensure that as little information as possible flows between the streams.

USING STRETCHED TARGETS TO GET UNIFIED GOALS AND MANAGEABILITY

One of the most common pitfalls when initiating cost savings is to end up in a situation where the cost initiatives are not accepted by the respective BUs or functional units in the organisation. Often, the person responsible for the cost-out programme is being put in an adverse position vis-à-vis the BU and left with the "burden of evidence". Ultimately, time is wasted due to these unnecessary hurdles. This pitfall can quite easily be avoided as the example below shows:

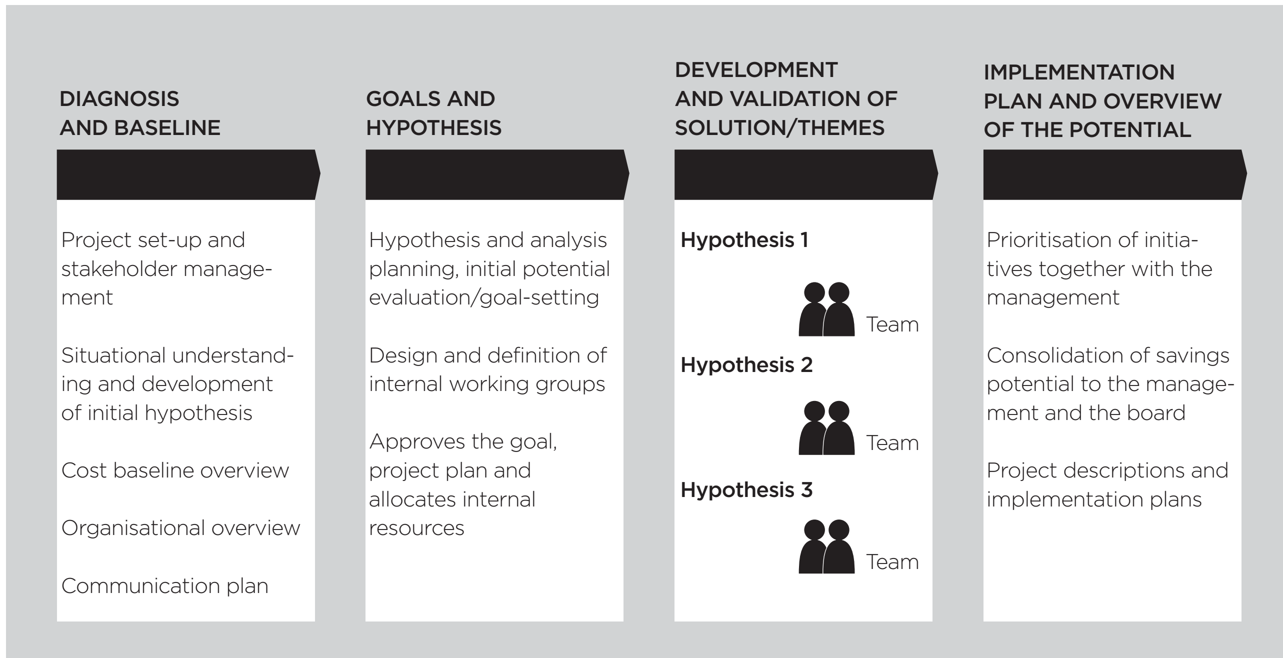
When a large cost-out programme was initiated, the management decided to use a stretched targets approach to guide the process. Using stretched targets, the different workstreams were given an even fixed target of 40% in savings. The BU or functional responsible for each workstream was assigned along with project and process assistance. The savings target was not debateable, there was simply "nowhere to hide". The non-negotiable target meant that no time was spent on discussing what the target should be or whether the 40% was too ambitious. Consequently, the high target meant that the workstreams needed to also come up with more unconventional ideas beyond what typically would give the first 10-20% in savings.

With a shared objective within each workstream, the task at hand was entirely focused on identifying and describing savings initiatives within each area. The entire process took 12 weeks after which each workstream came back with ideas of different savings initiatives to the management.

Management could then pick and choose from the different ideas leading to differentiated savings across the different streams.

The average savings accepted were at a level of approximately 35%.

FIGURE 3: A TYPICAL PROJECT SHOULD NOT TAKE MORE THAN 3-4 MONTHS



INSIST ON TANGIBLE INITIATIVES

In order for a decision to be reached about whether or not to go forward with implementing specific cost-cutting measures, the hypothesis must be developed into an initiative that contains sufficient information for top management to make a decision. The description of the initiative is known as a business case.

The business case – show the why and how
A business case should tell the story of why a cost-cutting process should be implemented. It should be convincing and describe the expected benefits that will be obtained after the cost-reduction exercise. When you are designing a business case, there are four main elements to consider:

- Develop and test your arguments. All hypothesis planning starts with a number of arguments or rationale (shown in the example in figure 2). However, the arguments need to be pushed to the extent where the arguments provide a clear foundation for the initiative. You should be able to state the exact reason for the cost-cutting to take place and how you expect to improve after the exercise

- Get the baseline straight. For each of the initiatives the baseline needs to be clear in terms of how much the initiative affects the baseline (i.e. the delta effect of an initiative). Therefore, while the overall baseline is established in the beginning and divided in different workstreams, it must be clear how large a share is influenced by each of the initiatives. There can be multiple baselines (efficiency, number of stock days, number of employees or purchasing spend). However, it is useful to convert all of these into a shared denominator such as profit impact to provide a total overview of the potential impact of the initiatives

- Get to the right level of detail. Many business cases either contain too much or too little information. It is important to strike the right balance in order to tell a convincing story. If you cannot, chances are that the arguments simply are not compelling enough. The description of ideas should be sufficiently detailed to enable implementation without detailing everything. In other words, how the initiative can be implemented and the implications of such an implementation should be clear to all the decision makers

- Develop the comprehensive story. Even though many of the initiatives may be independent of each other, a comprehensive story needs to be developed describing what the situation is, which issues have been identified and what the potential solution(s) look like as well as how it/they are implemented. Allowing each of the workstreams to write their story provides a good foundation to create the overall story for the organisation

REACHING THE RIGHT LEVEL OF DETAILS TO ALLOW EXECUTION

There is no simple answer to what the right level of detail is in order to a) have a savings initiative presented and approved and b) provide the necessary detail to the person who is ultimately responsible for the implementation. While companies act differently, tangible examples, logical arguments and numbers are at the centre of a good initiative description. Here is an example of what is sometimes needed:

When a large retail bank needed to understand where exactly to free up resources for bank advisors, an extensive timing study was conducted. The hypothesis was that the advisors spent too much time on administrative tasks and too little in direct dialogue with the customers. However, it was not clear neither which activities were redundant nor how much time could be liberated. In order to pinpoint exactly where the potential was, they established a time usage baseline (method known as Group Timing Technique or GTT). A number of customer advisors were followed for days registering time spent in five-minute intervals into pre-defined categories. With a sufficiently large quantity of timing data, myths and sound arguments could be separated.

Therefore, having an exact activity baseline, discussions concerning wasted time could be done very concretely. The bank identified a significant amount of wasted time which could be directly reinvested in time spent with customers.

For this bank, this was the needed level of detail to allow execution. A strong and tangible baseline enabled the basic discussion of whether an initiative was 0.2% or 5.0%. For many companies, equally valid savings ideas which are treated as equally important often hold huge differences in potential. Therefore, in some companies, this level of detail is needed; in others, less may be required.

PLAN THE IMPLEMENTATION

When you choose to implement some or all of the ideas generated during the cost-cutting exercise, it is important to consider the following elements.

Strategic alignment – ensure congruence between strategy and initiatives
It is important to consider whether the proposed cost-reduction initiatives are aligned with the overall corporate strategy. Cost reductions are either independent of or dependent on the corporate strategy. A renegotiation of purchasing agreements to provide the same input at a reduced price is an example of a strategy-independent initiative. Meanwhile, limiting the amount of products offered to include only the most profitable products is contradictory to wanting to serve as many customer segments as possible. This is a strategy-dependent cost reduction.

Implementation method – be specific on how to execute initiatives
There are two primary methods for implementing cost reductions. The first method is known as “pushing to the line”. This means that line managers/middle managers are forced to realise the identified savings in the ways that they see fit in order to meet goals. Pushing to the line is usually a budget-driven process and sometimes means that managers decide to realise the savings in ways that are different from what has been agreed in the programme.

The second method is to establish a programme management office (PMO). Large cross-departmental changes are usually difficult to implement, which often results in the establishment of a PMO. The PMO co-ordinates the implementation across department functions. As a corporate function, the PMO has a better overview of the project progress than the middle managers or line managers. A PMO would typically support/drive the initiatives where needed and, typically on a monthly basis, report specific progress on the initiatives, hurdles and potential covered. A PMO can last anywhere from 6-12 months to get the initiatives off to a good start or even for the entire strategic period.

Depending on the amount of cost-cutting and the complexity of the project, each method can be applied with success. However, in companies with a track record of projects getting “lost in translation”, pushing to the line is potentially dangerous. Given the right mandate, a PMO will often be most effective.

SUPPORTING THE GROWTH AND COST SAVINGS STRATEGY

A PMO can be configurated in different ways. Hence, the role of the PMO ranges within a spectrum from mere process control, through control and follow-up, all the way to actual project execution assistance. Or, as the example below shows, it is typically a flexible combination of the above throughout the project phases.

When a large Danish public company launched a new strategy containing both growth and savings targets, it also set up a structure to support the initiatives. A new PMO function was established to help co-ordinate, support and sometimes drive the initiatives. An employee that was well-connected and trusted by the BUs was appointed to lead the PMO.

Many of the initiatives had cross-functional implications, e.g. procurement initiatives. Therefore, without taking the responsibility for the different cost initiatives from the functions or BUs, top management was able to view the process in its totality and address the issues that unavoidably arose during the implementation process.

Also, resources from the PMO were allocated to creating clear project charters for each area just as they were included in critical cost initiatives such as administrative reduction initiatives in order to ensure timeliness and success.

Along with an integrated budget process, the new function successfully drove reoccurring cost initiatives of more than 400 million kroner while investing in growth initiatives. The PMO lasted during the entire strategic period of three years and was then shut down. Job done.

ENDING REFLECTIONS ON COST-OUTS

No matter why they are initiated, the nature of cost-out programmes is inherently grim, and despite the strategic requirements for the institution or company, the consequences for a number of individuals will be negative. In our experience, these uncomfortable facts paradoxically lead many top managers to shy away from focusing their resources on planning and conducting these processes in the most optimal way. The responsibility is hidden in a budget process or pushed down to an organisational unit as far down as possible, sometimes backed by ambiguous benchmarks. Too often, the savings end up being temporary or having the wrong configuration, i.e. the cost-outs damages the core of the business.

In contrast, we see a number of executives embrace cost-out efforts as a tool for developing the mindset of the organisation, an opportunity for strengthening management talent in the process and a tool for fuelling growth. They apply highly customised approaches which are in compliance with the organisation's prevalent strategy and culture, and typically end up with lasting results and a sharpened focus on cost consciousness throughout the organisation.

If conducted correctly, cost-out programmes can thus boost the total productivity of the company with fewer employees and therefore limit the need for such efforts to become a recurring annual event.

QUARTZ+CO'S EXPERIENCE WITH COST-OUTS

Unlike many other transformation processes, cost-outs are rarely a pleasant experience for the companies involved. Therefore, many of our clients are rightfully not interested in explaining too many details beyond what needs to be communicated in the press. Therefore, this paper contains no specific client information.

As stated initially, the rationale behind designing and executing cost-out programmes varies between companies. Many are initiated to meet profit targets or as part of a survival strategy. However, other companies identify and liberate resources in order to fuel growth.

Some of these reports made for public companies are available for download through public websites, which can be a good starting point for inspiration, even though the industry may be different from yours. Industry examples are typically police, public defence, rail operators and theatre.

Across the different motives for initiating programmes for liberating costs and resources, these are a selection of the clients that we have served with a focus on this topic.

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