

TakeOut

A dynamic process for constructive cost cutting

Your
organization
has to become
leaner

The question:

Will it be weakened or
strengthened in the
process?

The answer:

TakeOut

A dynamic process for constructive cost cutting

Almost every organization is cutting costs to stay competitive in today's environment

**This must be done.
But how you do it is as important as what you are doing.**

Three questions must be addressed:

1

As you remove costs, are you preserving your most critical capabilities – and removing unnecessary work?

2

As you reassess your priorities, are you confident that people will act on them?

3

As you restructure, are you keeping people engaged, and focused on your most important objectives?

RHS&A's TakeOut approach will help you achieve cost-cutting goals without sacrificing long-term viability or opportunities.

Three Critical Elements of Successful Cost Cutting

1

Strategic Context

- Revisit performance targets
- Retain core capabilities
- Simplify the business model

2

Human Factors

- Communicate need for change
- Keep process fair and transparent
- Make quick, clean decisions

3

Drive to Implementation

- Engage people around the new “must-dos”
- Set rapid-cycle improvement targets
- Create a context where people can quickly experience success

**Take out costs –
not capabilities or
commitment**

How TakeOut Works

RHS&A works with a core group of managers to plan cost reduction in focused areas such as:

- Restructuring
- Energy
- Inventory
- Product Rationalization
- Working Capital
- Operating Cost/COGS
- Back Office
- Facilities

This group revisits strategic and profit targets, prioritizes the biggest gaps, and identifies opportunities to achieve those targets.

At a one-day TakeOut event, participants create a plan to reduce costs and meet new realities. They evaluate scenarios, make decisions as a team, and make commitments to deliver tangible benefits.

A portfolio of rapid-cycle initiatives assures that your company will realize financial benefits quickly – and refocus people on the things that matter most.

TakeOut Timeline and Phases



TakeOut Leaves You With...

- **Decisions based on an assessment of opportunities, barriers to change – with plans to address implementation challenges.**
- **Leadership aligned behind the decisions.**
- **A realistic, implementable plan – with short-term milestones and performance metrics.**
- **Initiatives launched to realize near-term operational and financial benefits.**

Pricing

TakeOut fees are structured
to yield twenty or more times
the investment.

TakeOut Examples

Restructuring TakeOut

- Take out redundant jobs, work and costs to hit profit targets.
- Maintain commitment and focus on the 2009-2010 strategy.

Inventory TakeOut

- Drive changes in all functions that contribute to inventory.
- Take out costs, improve turns, and optimize backlog.

Working Capital TakeOut

- Reduce working capital as a percent of revenue and EBITDA.
- Implement effective AR and inventory processes at all sites.

Back Office TakeOut

- Improve the value of back office functions or shared services.
- Streamline operations while maintaining service levels.

Energy TakeOut

- Link conservation behavior changes to opportunity identification.
- Quickly realize significant reductions.

Product Rationalization TakeOut

- Optimize your product portfolio for today's environment.
- Eliminate unprofitable products and quickly transition internal operations and customers.

Operating Cost/ COGS TakeOut

- Look across functions to find and eliminate the duplicative and non-value adding costs.

Facilities TakeOut

- Free-up or divest wasteful space and other fixed infrastructure.
- Link to work-force needs.

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