

Sustainable Cost Reduction Strategies

Generate 50 to 150 Basis Points of Profit by Working More Effectively Across Functional Silos

Identify and eliminate the causes of waste and lost productivity that are fixed “between” business functions (silos). Through cross-functional collaboration, SD Retail Consulting can help you find and extract hidden costs rooted in your company’s culture, technology, processes and management structure.

In reality, there’s very little low hanging fruit left when applying traditional cost reduction methods within a company’s functional silos. However, as a cost reduction strategy, cross-functional collaboration – working in the spaces between silos – is, as yet, untapped in most organizations. Incremental profit enhancements of 50 to 150 BP are commonplace.

Cross-Functional Collaboration... The Big Picture

Concealed Silo-Driven Costs

Cost-to-Sell

Benefits: Reduce hidden sources of avoidable cost across every step from source-to-sale.

Action Steps:

- Measure total vendor costs and vendor IRR.
- Make fixed costs more variable from product source to customer experience.
- Align replenishment with logistical flows and not with your organization structure.
- Understand the “total cost” of promotions and private label.
- Improve overhead productivity and asset efficiency across your value chain.

HQ Overhead

Benefits: Make fixed costs more variable by identifying root causes of cross-silo productivity losses and waste.

Action Steps:

- Realign the interfaces between merchants, supply chain and stores towards your customer and front-line associates.
- Uncover hidden CapEx waste and recover lost ROI between silos.
- Monetize underused tangible, intangible and real assets today.
- Uncover significant energy costs trapped by silo-centric behaviors.

IT /Marketing Asset Management

Benefits: Clarify project and campaign accountabilities and reduce conflicts to improve overall performance.

Action Steps:

- Unleash hidden cross-silo costs driven by sourcing, staff & licenses.
- Streamline & monitor processes for initiating, integrating & deploying IT or Marketing assets.
- Balanced scorecard for cross-functional accountability and project/campaign ROI.
- Eliminate non-compliant projects and consolidate overlapping services.

SD Retail Consulting offers cross-functional cost reduction services that provide the insight, strategies and tactics for unlocking hidden costs. We can help you:

- ◆ Change old habits and forge relationships that foster trust and collaboration
- ◆ Build bridges across geographies, jargon, success metrics and political “turf”
- ◆ Shift from a functional focus towards a grander, enterprise-oriented paradigm.

Our team of highly-experienced, cross-functional industry specialists utilize tools that can be applied to all areas of your business.

Recent Assignments:
















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“No snowflake in an avalanche ever feels responsible” –Voltaire

Take and hold the operational and financial “high-ground”. Put your organization into the best position to benefit now and beyond this economic slump. Make costs more variable, and improve execution across silos. Leveraging all aspects of the balance sheet may go against venerable retail conventions, but that is what is necessary to uncover competitive opportunities.

Three Reasons to Use an Experienced Guide

The goal is fundamental: reduce costs and improve competitive performance. Achieving that goal by breaking down “silo” barriers within the enterprise requires experience, not just in cost reduction, but also in negotiation and mediation. Our experiences show that:

1. Without external analysis and support, management rarely goes far enough to reduce overall cost structure. Costs caught “between” functions are de-emphasized, often ignored.
2. Pilot & roll-out efforts are often under-invested and represent the greatest loss of ROI
3. Waves of cost-cutting that do not involve the front-line in the solution cultivate resistance, reduce collaboration and often show up in eroding customer experience.

“Culture eats strategy for breakfast” -Peter Drucker

For any Cost Reduction program to work, it requires significant change and organizational commitment. Achieving superior levels of efficiency today requires tackling hard-to-reach areas such as fixed cost structures and the fundamental delivery of your products and services. Sustaining these hard-fought improvements requires a differentiated approach that focuses on improving the effectiveness of the “softer” skills of your organization’s front-line culture and talent. Without this differentiated focus, your organization will probably be limited in its ability to make these changes stick.

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