



EFESO
MANAGEMENT CONSULTANTS

MARGIN MAXIMIZER

An approach to boost your business performance

PERFORMANCE MANAGEMENT
INSIGHT

Global industry sectors are undergoing significant transformation and changes, creating opportunities for those who understand how to take advantage of disruption

GLOBAL INDUSTRY SECTORS OFFER ENORMOUS POTENTIAL OPPORTUNITIES



- Traditional **manufacturing companies are under intense pressure**, thanks to a seismic shifts across multiple industries
- This is putting **enormous stress on established players**, who now **face a steady global stream of fast-growing challengers**
- However, it has been shown that **many of the restructurings undertaken fail**
- But it is also clear that **many failures could easily be avoided** if the **fundamentals of product cost structure (Euro/CO₂) were better understood, AND** if comprehensive **profitability programs were applied more consistently**

THE KEY TO ACHIEVING FUTURE-READY MARGINS IS A HOLISTIC UNDERSTANDING OF PRODUCT COSTS



- In order to be **competitive across all sectors** in the future, and enter the market as a cost-out champion, two areas stand out as being of significant importance:
 - ✓ **Cost/CO₂**: Innovative and state-of-the-art technology are the only way to achieve a competitive factory cost base and define sustainable overheads
 - ✓ **Price Performance**: Optimizing costs for materials, manufacturing and overheads results in a net sales price that allows your product to successfully penetrate the market, and ensures your long-term business profitability
- **Healthy margins can only be achieved** through a combined and detailed **understanding of product, tooling, investment and CO₂ costs**

FOCUS OF THIS PRESENTATION: PERFORMANCE-ENHANCING LEVERS THAT BECOME APPARENT, ONCE THERE'S A CLEAR UNDERSTANDING OF PRODUCT COSTS



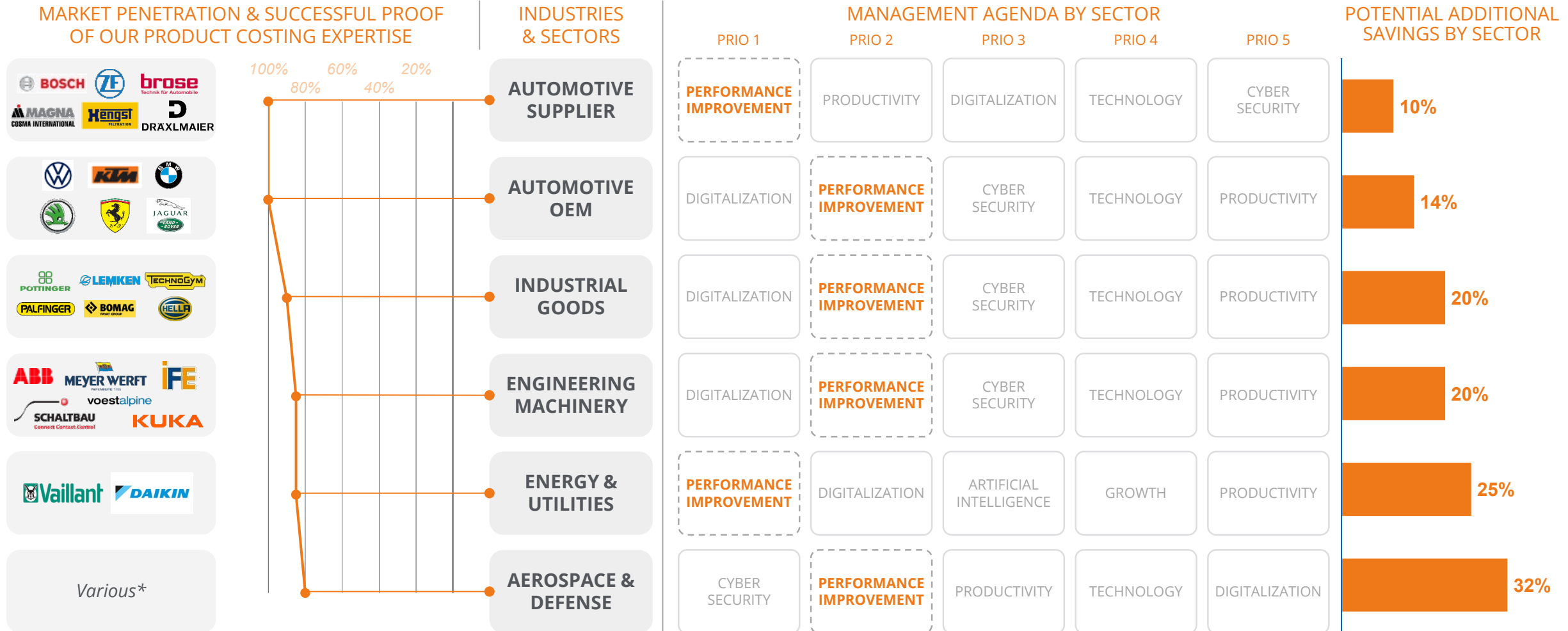
- The following paper presents our view on **cost structure based on >20 years of consulting experience in cost engineering and management consulting** as well as **key insights on cost out maturity**
- **Past collaboration** with OEMs, suppliers, specialists and start-ups across various industries **puts us in a position to attack the areas of greatest potential with the right approaches**



When it comes to identifying and realizing unused cost potential, nobody does it better than EFESO. Let us show you why we're the right partner to have by your side.



Performance improvement is a top priority for management across all sectors. With our extensive experience, we're perfectly placed to help you achieve significant savings



Our goal is to unlock the full potential of your company. To do so, we take a holistic approach that analyses all of your major performance indicators, such as **price, costs and CO₂**.

*Detailed customer information cannot be provided due to confidentiality restrictions

We are second-to-none in supporting our clients, based on our unique combination of end-to-end consulting solutions along with a proven, consistent ability to deliver



Data & analytics

- Process modelling skills and data access
- Holistic assessment of product, tooling and assets
- Technology skills to analyze sustainability/CO₂ footprint
- Innovative AI-based capabilities for costing and CO₂
- Scalability of services through innovative software platform

Integrated cost optimization



End-to-end transformation approach

- Deep understanding of product, process and strategy
- Leading product-costing expertise
- Hands-on negotiation and implementation support
- Strong performance management skills



Have we got your attention yet? Would you like to learn how YOU can benefit from this consulting service? Then allow us to introduce you to our **MARGIN MAXIMIZER**.



In tough times, when cost pressures and tight finances are the norm, trialling the MARGIN MAXIMIZER is a zero-cost way of seeing just how much we can do for you!

WE WILL CHECK YOUR MARGIN!

A ZERO RISK OFFER TO DEMONSTRATE OUR SKILLS

THIS IS YOUR OPPORTUNITY TO SEE WHAT OUR MARGIN MAXIMIZER CAN DO

We all know the key to profitability and competitiveness is maintaining healthy margins. This requires continuous performance assessment and cost control. By analyzing the individual components of a product, and breaking down its costs - such as materials, manufacturing, overheads, and CO₂ emissions - companies can identify areas for improvement and find ways to maximize margins.

ONE PART

01

Let's define a specific part together. We'll calculate it

Our experts will evaluate one component of your choice, using 25 years of industry experience and cost engineering techniques. All we need is basic information about the selected part... we will take it from there.

ONE WEEK

02

Within seven days, we will send you a comprehensive analysis of the chosen component

We will analyze the provided data without obligations. Based on your data, we will advise you of your chosen component's costs and CO₂ consumption, assessing and comparing it with any and all benchmarking.

ONE SOLUTION

03

Our analysis will provide you with concrete levers for maximizing your margin

There's no catch... we WANT to share our report with you. It will contain detailed recommendations that explain how you can enhance your profitability, offering insights into cost-out opportunities, optimizing your CO₂ footprint, refining manufacturing techniques, and boosting production volume.

OUR SPECIALISTS

Working with highly qualified EFESO Consultants is your guaranteed route to success

Speak with an expert in your industry who can help you move your company toward your specific goals. We implement our expertise in a particular and targeted way and tailor the choice of methods to your individual requirements. In this way, we can support your long-term success.

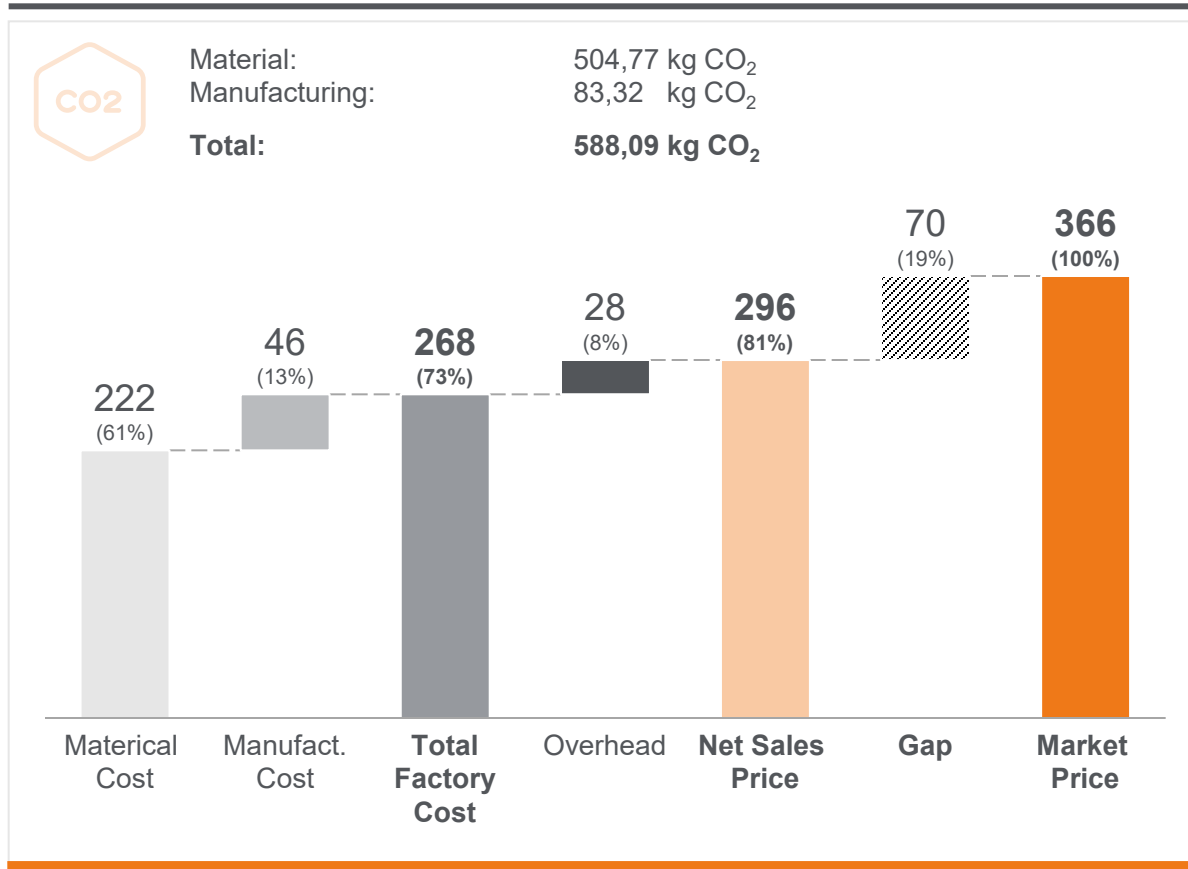


The benefits of our analysis will become abundantly clear when you see the final figures, data and conclusions. Trust us, you'll WANT to take action and get on with the process of identifying the rest of your untapped potential!



Based on an example from the past, we can be specific – but the same picture of non-cost-optimized product cost structures emerges across all analyses

Detailed cost & carbon structure



What does that mean in practice?

- Invariably, we always seen **significant disparities** between our ideal **greenfield values** and clients' market prices
- Too often, many of our **customers fail to see the gaps as untapped potential** and **address it effectively**
- When you see that that you are **not moving within a cost-optimal corridor**, you'll ask **“What can I do to transform this shortcoming into optimization potential that will benefit my business case?”**
- **Our solution is very simple: use the MARGIN MAXIMIZER!** Take the first step and challenge us. See the value of our services for yourself, and **let us demonstrate what better profitability looks like in YOUR environment**


✓ With a **customized profitability program**, we will help you **become a leader in your industry** and **maximize your company's performance**

▶▶ The **MARGIN MAXIMIZER** is our best-in-class solution for targeted gap closure – **EFESO** is the only consulting firm that fully integrates all the drivers of success to boost your business case!



When it comes to end-to-end success, cost-out projects require far more than just product cost-calculation capabilities. We provide MUCH more.


Results summary of our analysis

 Focus	Product cost >2,000 specific processes and products	Tooling cost >620 specific benchmarks	Invest cost >1,500 unique datasets	CO₂ All product, tooling and invest data
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 Optimization	Commercial optimization based on best-practice calculation	Value-stream optimization based on supply chain transparency	Technical optimization based on in-depth technology expertise	Integrated cost and PCF optimization based on best-practice calculation
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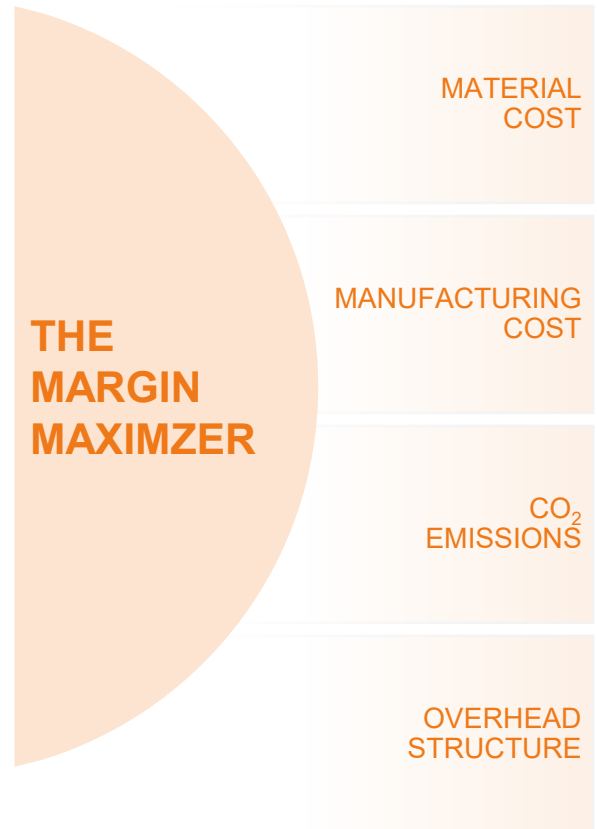
 Tools & systems	Established solutions and databases such as TcPCM, SPHERA & Gabi, etc.	Unique solutions and databases such as our I-CAT (~600 CAPEX projects, ~500 datasets and ~8,800 pcs. component cost data)	Highly innovative solutions such as Tset (AI-based software, automating cost and CO ₂ calculations)
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 Savings¹⁾	15-30% Manufacturing process	7-35% Direct materials	15-35% Tooling	25-35% Invest cost
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Based on the results of the MARGIN MAXIMIZER analysis, we'll tell you exactly which selection of our unique services will pave the path to your future profitability

STEP I:
MARGIN MAXIMIZER



STEP II:
OUR OFFERING OF END-TO-END CONSULTING SERVICES

CUSTOMIZED SELECTION OF BEST-IN-CLASS SERVICES

End-to-end Excellence						
Sustainability	Creating Transparency	Defining an ESG Strategy	Building the ESG Governance	Delivering ESG Transformation	Anchoring the Approach	Sustainability Maturity Check
Performance Management	Holistic Profitability Programs	Program Mgmt. Office	Performance Tracking & Reporting	Performance Booster	Task Force Management	
Cost Value Engineering	Cost Engineering	Value Management	Value Engineering	Engineering Excellence and Efficiency	Value Management Excellence & Efficiency	CVE Capability Training
Functional Excellence						
Supply Chain Management	SC Resilience & Sustainability	E2E Transformation	S&OP	Network Design	Inventory Management	SCM Maturity Check
Procurement	E2E Procurement Transformation & Digitalization	Procurement Performance Diagnostics	Procurement & Category Strategy	Supplier Management & Sustainability	Negotiation & Awarding Mgmt.	Spend & Cost Improvement Programs
Operations	Production Strategy	Global Production Footprint	Factory Planning	Blueprint Manufacturing Engineering	Invest Cost Optimization	Indirect Overhead Optimization
	Plant Performance Booster & Plant Taskforces	Prod. Equipment Energy Efficiency & CO ₂ e Emissions	Launch Management			
Sales	Sales Performance Diagnostics	Portfolio & Market Strategy	E2E Sales Transformation & Digitalization	Claim & Margin Management	Sales Negotiation Excellence	Lifecycle Price & Profitability Management

STEP III:
CONTINUATION



▶▶▶ To give you an idea of what a holistic profitability program with a **PRODUCT COST OPTIMIZATION** focus can look like, we'd like to show you a recent example of one that we successfully completed

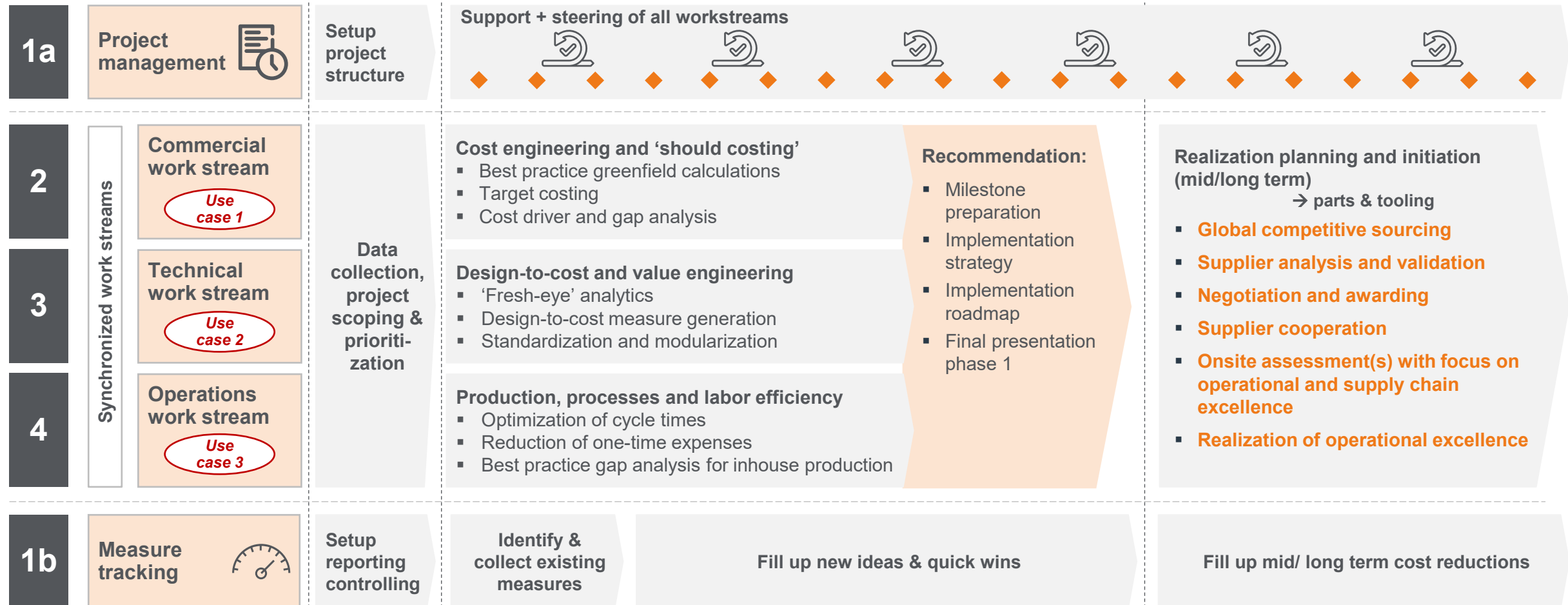


For an effective 'Product Cost Optimization' project, we recommend a project setup with three synchronized workstreams, supported by a strong project management

Initialization

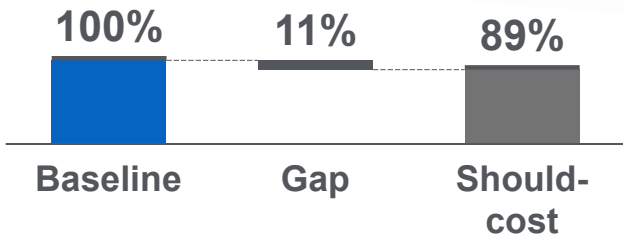
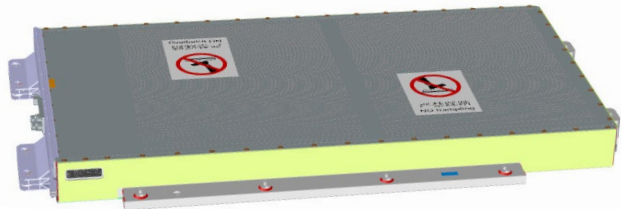
» Analysis & ideation

Implementation



We recently helped an OEM to optimize its HV battery cost, during the development of its new vehicle

Use case 1
commercial
work stream



Initial situation

- Client wanted the most cost-competitive battery design and price, mandatory in order to make an affordable EV
- Initial audit indicated that the current pricing from the battery system supplier was way too high
- › Combined approach for technical and commercial optimization of the HV battery system was identified

Approach / method

Set-up of holistic cost-down approach:

- 360° HV analysis & product costing
- Design-to-cost measure development
- Business case calculations and forecasts, factoring in volatile raw material markets
- Risk mitigation strategies to secure supply, avoid raw material-related price increases
- Preparation of management negotiations, storyline w/ market and techn. insights

Customer value added



Full cost, technical and commercial transparency



~11% cost reduction opportunities identified



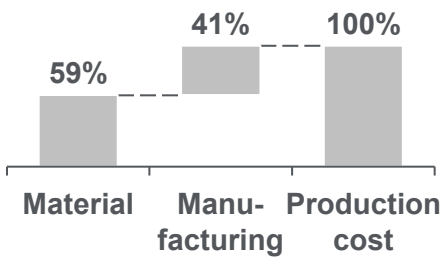
Risk mitigation plans and story developed for successful negotiations

We were tasked with analyzing every aspect of the IONIQ 5 in detail, and to develop commercial and technical cost-down measures (e.g., for an 800V battery)

Use case 2
technical
work stream



EXAMPLE:
HV battery



+
up to - 10%
(tech. savings)

Initial situation

- We have analyzed the IONIQ 5 for various automotive OEM and Tier 1 suppliers
- The entire vehicle was evaluated with regards to cost, invest and CO₂e
- › Required a full tear-down and benchmarking of the entire vehicle

Approach / method

Benchmarking and cost structure analysis:

- Bottom-up cost calculation
- Set-up of battery module architecture
- Best practice production processes
- Invest cost model set-up
- CO₂e emission
- Benchmarking
- 'Fresh-eye' analytics

Customer value added



Full cost and technology transparency gained into an innovative electric vehicle



Detailed cost basis for benchmarking and definition of target costs established



Basis for the development of technical optimization ideas, leading to technical savings of up to 10%

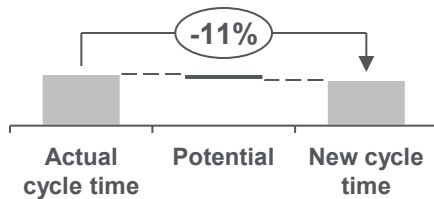


We were tasked with analyzing every aspect of the IONIQ 5 in detail, and to develop commercial and technical cost-down measures (e.g., for an 800V battery)

Use case 3
operations
work stream



**EXAMPLE:
cycle time
optimization**



**+
Cycle time
reduction up
to - 11%**

Initial situation

- Existing machining process at customer with less than competitive cycle times
- Potential for machining process optimization hard to see at first stage but other high hidden potential uncovered
- Focus was mainly on the secondary times (e.g., tool movement)

Approach / method

Video analysis of machining process:

- Step 1: record a video of the machining process and part changeover
- Step 2: derive potentials from the video footage with a special analysis tool
- Step 3: review potential optimizations with operations and feasibility analysis
- Step 4: implement potential optimizations in production

Customer value added



Deep dive into cycle time of existing machining process



Detailed video analysis performed, with overall 18 new ideas generated



Ideas and savings can be adapted and ported to similar machining processes

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