



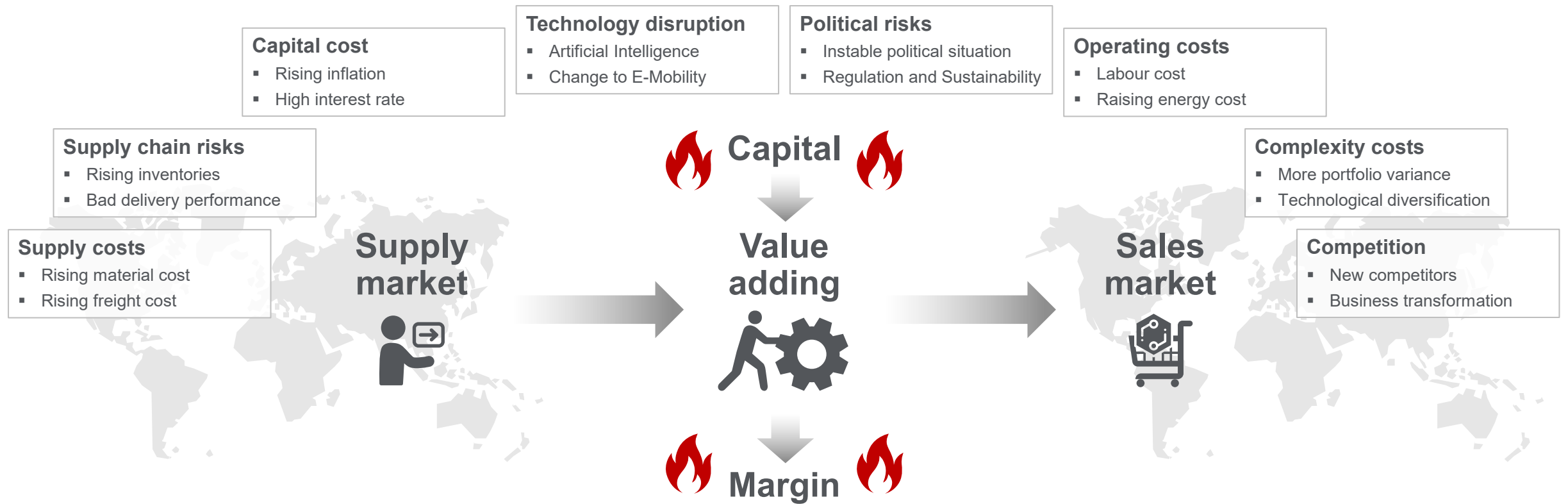
**EFESO**  
MANAGEMENT CONSULTANTS

SUPPLY CHAIN MANAGEMENT  
**INSIGHT**

# BOOST, BUILD, TRANSFORM

Strategic levers for a strong and competitive supply chain

# Multiple supply chain challenges are reducing working capital (cash) and margins

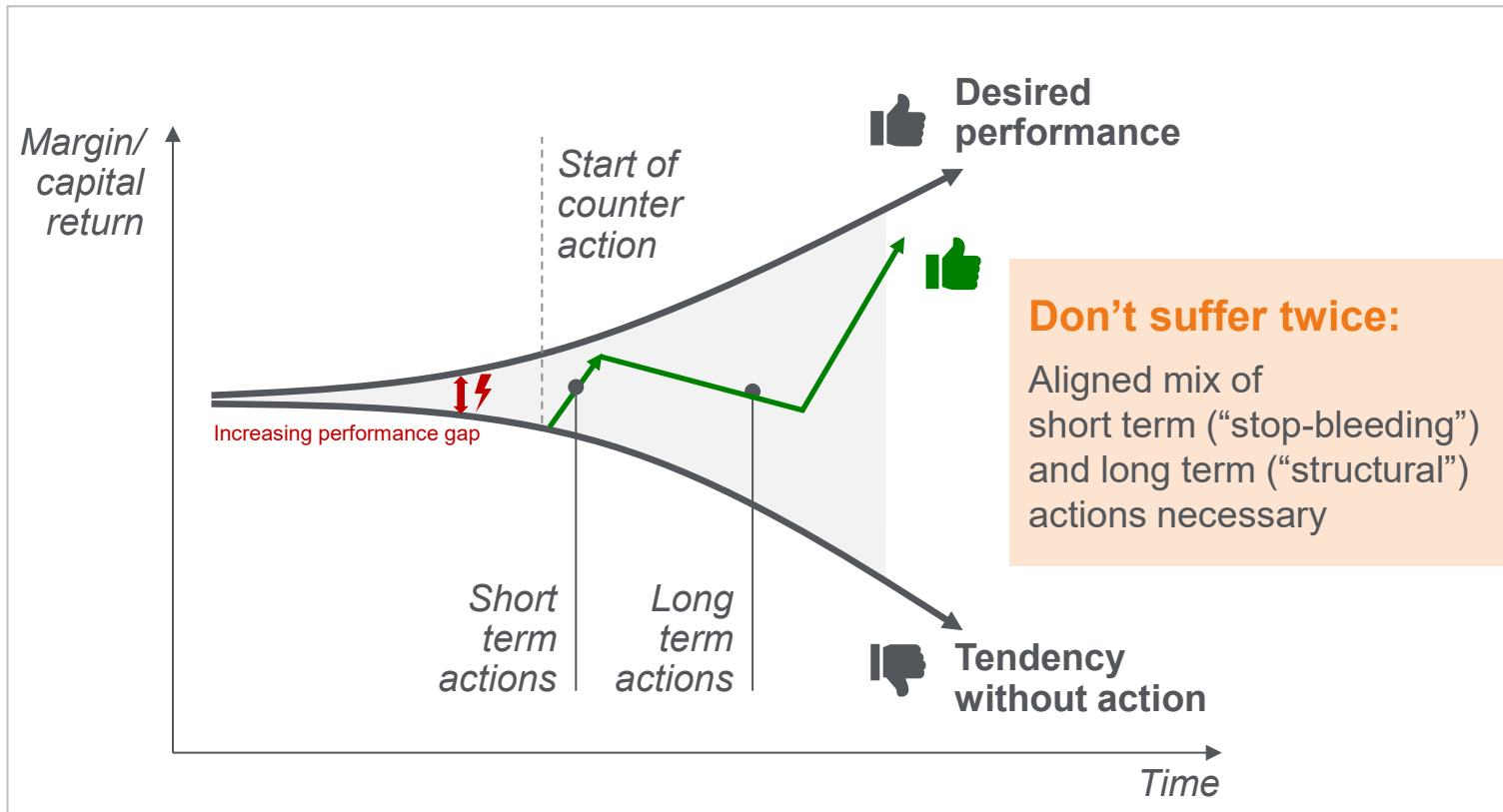


|   |   |   |   |
|---|---|---|---|
| <b>WACC*</b><br>7,3% (2019)  9,2% (2023) | <b>Net income/sales*</b><br>7,2% (2022)  6,3% (2023) | <b>ROE*</b><br>10,4% (2019)  0,6% (2023) | <b>SG&amp;A/sales*</b><br>11,9% (2022)  12,2% (2023) |
|---|---|---|---|

Companies should leverage short and long-term supply chain strategies to minimize the effects of these challenges.

# Short-term plans that stop the bleeding should be in alignment with the longer-term strategy

## Performance at risk of not meeting investor expectations



## Call for action

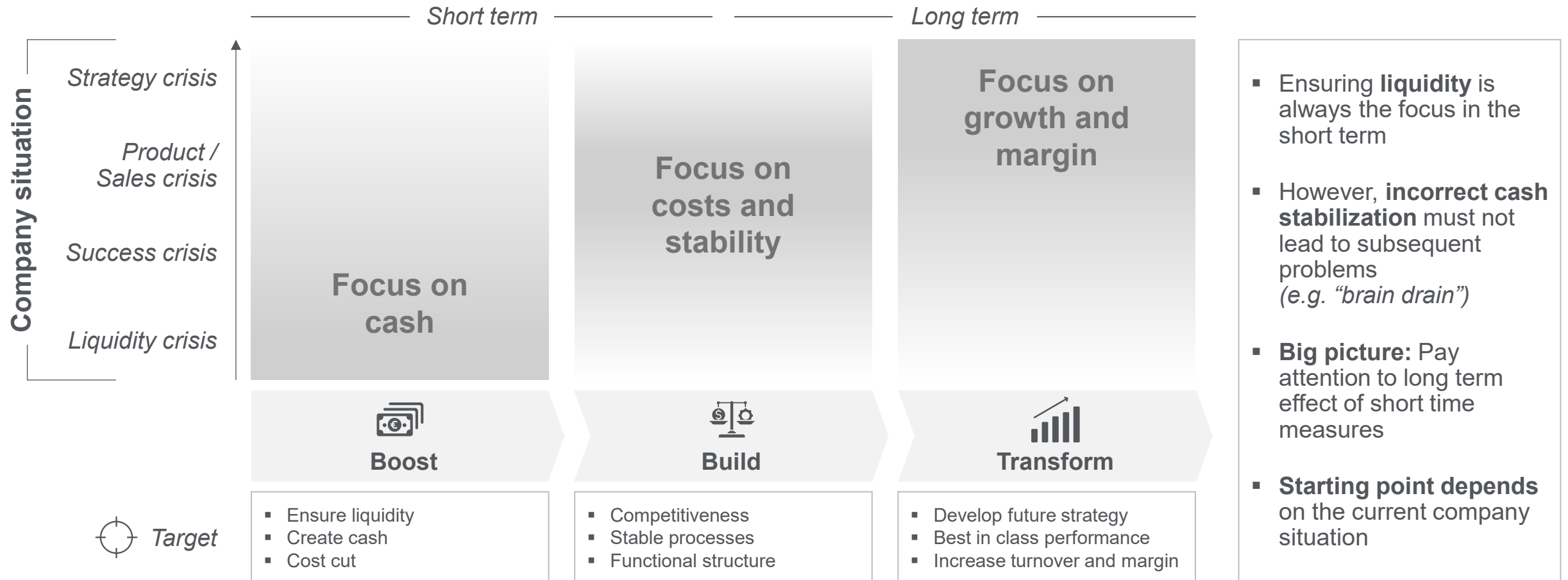
- Survival of the fittest: without taking action, **competitiveness decreases**
- Immediate **short-term actions** are necessary to stop the erosion of **cash, revenue and margin**
- Short-term action can finance the effectiveness of **structural long-term actions** that are necessary to become competitive again
- **Don't risk long term success** with "wrong" short term actions: aligned mix of short- and long-term actions necessary



Alignment of short and long-term actions result in a sustainable recovery that meets expectations.
























To successfully manage today's supply chain, an internal analysis must first be performed to identify which initiatives to focus on and in which order to deploy them




EFESO will analyze and recommend short- and long-term levers that optimize your supply chain.



# EFESO aligns and optimizes multiple levers to improve your supply chain

| Financial impact   | Optimization levers  | Financial impact   | Time-to-benefit*   | Actions (selection)   |
|--|--|--|--|---|
|  <b>Revenue increase</b> | Sales enhancement & customer satisfaction  | 2-10%  Sales impact              | 6-24                            | <ul style="list-style-type: none"> <li>Pricing / negotiations</li> <li>New Products / solutions</li> <li>Cross Selling</li> <li>...</li> </ul>                                      |
|  |  <b>Cost reduction</b> | Overhead efficiency  | 1-5%  Direct EBIT impact         | 3-12   |
| R&D effectiveness  |  | 1-5%  Direct EBIT impact         | 12-24                           | <ul style="list-style-type: none"> <li>Efficient R&amp;D processes &amp; organization</li> <li>Product architecture / re-use</li> <li>Shorter design cycles</li> <li>...</li> </ul> |
| Optimised purchasing   |  | 5-10%  Direct EBIT impact        | 3-15                            | <ul style="list-style-type: none"> <li>Global sourcing / BCC Sourcing</li> <li>More efficient purchase process</li> <li>Price analysis / VAVE</li> <li>...</li> </ul>               |
| Operations productivity  |  | 3-8%  Direct EBIT impact         | 4-12                            | <ul style="list-style-type: none"> <li>OEE / production management</li> <li>Lean Manufacturing / multi-skilling</li> <li>Production planning</li> <li>...</li> </ul>                |
| Manufacturing footprint  |  | 5-10%  Direct EBIT impact        | 12-36                           | <ul style="list-style-type: none"> <li>Relocation to BCC</li> <li>Purchase at BCC suppliers</li> <li>BCC Logistic, value stream &amp; distances</li> <li>...</li> </ul>             |
| Manufacturing overhead reduction   |  | 2-5%  Direct EBIT impact         | 6-18                            | <ul style="list-style-type: none"> <li>Efficient logistic &amp; quality management</li> <li>Waste and scrap management</li> <li>Energy management.</li> <li>...</li> </ul>          |
|  <b>Cash situation</b> |  | Working capital reduction  | 5-12%  Direct free cash impact | 3-12   |
|  | Asset utilization  | 5-30%  Direct free cash impact | 3-12                          | <ul style="list-style-type: none"> <li>Make-or-buy decisions</li> <li>Sale &amp; Lease-back</li> <li>Sale of non-key assets</li> <li>...</li> </ul>                                 |

 Our supply chain experts bring sustainable recommendations to improving competitiveness, cash flow, and margins.

# Results from recent projects!



**Project scope**

**Cash balance**  
projects with focus on solvency

**Cost reduction**  
projects for more profitability

**Revenue increase**  
projects for higher turnover



**Your advantage**

**Up to +25%**

**Up to -15%**

**Up to +20%**



**Project examples**

*Professionalize inventory management by launching a "Plant Inventory Task Force"*

*Thrive for holistic invest optimization based on invest-zero-based budgeting, demand mgmt. and concept battles*

**Short-term (stop bleeding)**

**Project Outline (3b):** Professionalize inventory management by launching a "Plant Inventory Task Force" (Automotive)

**Initial situation:** Lack of inventory visibility, manual processes, high inventory levels, poor inventory accuracy, inefficient inventory management.

**Aggressively realized:** Launch of Plant Inventory Task Force, implementation of SAP Inventory Management, introduction of VMI, optimization of inventory levels, improved inventory accuracy.

**Customer Value Added:** +30% of inventory reduction realized, Substantial concept overhaul to optimize inventory rights, New SCM organization established to ensure project effectiveness.

**Long-term (structural)**

**Project Outline (3a):** Thrive for holistic invest optimization based on invest-zero-based budgeting, demand mgmt. and concept battles (Automotive)

**Initial situation:** Lack of holistic invest optimization, manual processes, high R&D costs, inefficient R&D management, poor demand management, inefficient concept battles.

**Aggressively realized:** Implementation of invest-zero-based budgeting, demand management, concept battles, optimization of R&D costs, improved R&D management.

**Customer Value Added:** +25% invest reduction realized, Capital cycle stretched by 60%, New product introduction being concept defined and implemented.

*Optimize supplier network by ensuring supply chain resilience in given structures*

*Reduce global operating cost by optimizing R&D, SCM as well as Operations footprint*

**Short-term (stop bleeding)**

**Project Outline (2a):** Optimize supplier network by ensuring supply chain resilience in given structures (Automotive)

**Initial situation:** Lack of supply chain resilience, manual processes, high supplier costs, inefficient supplier management, poor supplier selection.

**Aggressively realized:** Implementation of supplier network optimization, optimization of supplier costs, improved supplier management, better supplier selection.

**Customer Value Added:** 100% transparency and risk reduction of direct supply chain, 50% Resilience implemented (strong supplier, expert selection), 100% TCO and reduction through plant activities (JIT).

**Long-term (structural)**

**Project Outline (2a):** Reduce global operating cost by optimizing R&D, SCM as well as Operations footprint (Automotive)

**Initial situation:** Lack of global operating cost optimization, manual processes, high R&D costs, inefficient R&D management, poor SCM management, inefficient Operations footprint.

**Aggressively realized:** Implementation of global operating cost optimization, optimization of R&D costs, improved R&D management, better SCM management, optimized Operations footprint.

**Customer Value Added:** Operating costs reduced & efficiency improved, Streamlined R&D and Operations, 50% and regional CO2 reduction achieved in 2022.

*Winning strategic new business by proactive negotiation support for cost and CO<sub>2</sub>e*

*Winning strategic new business by optimized end-to-end integration across strategic programs*

**Short-term (stop bleeding)**

**Project Outline (1b):** Winning strategic new business by proactive negotiation support for cost and CO<sub>2</sub>e (Automotive)

**Initial situation:** Lack of proactive negotiation support, manual processes, high costs, inefficient negotiation, poor CO<sub>2</sub>e management.

**Aggressively realized:** Implementation of proactive negotiation support, optimization of costs, improved CO<sub>2</sub>e management, better negotiation.

**Customer Value Added:** Business won of CO2e supplier volume secured, Profit margin target secured, CO2e carbon footprint value evaluated & stable.

**Long-term (structural)**

**Project Outline (1a):** Winning strategic new business by optimized end-to-end integration across strategic programs (Automotive)

**Initial situation:** Lack of end-to-end integration, manual processes, high costs, inefficient integration, poor strategic programs.

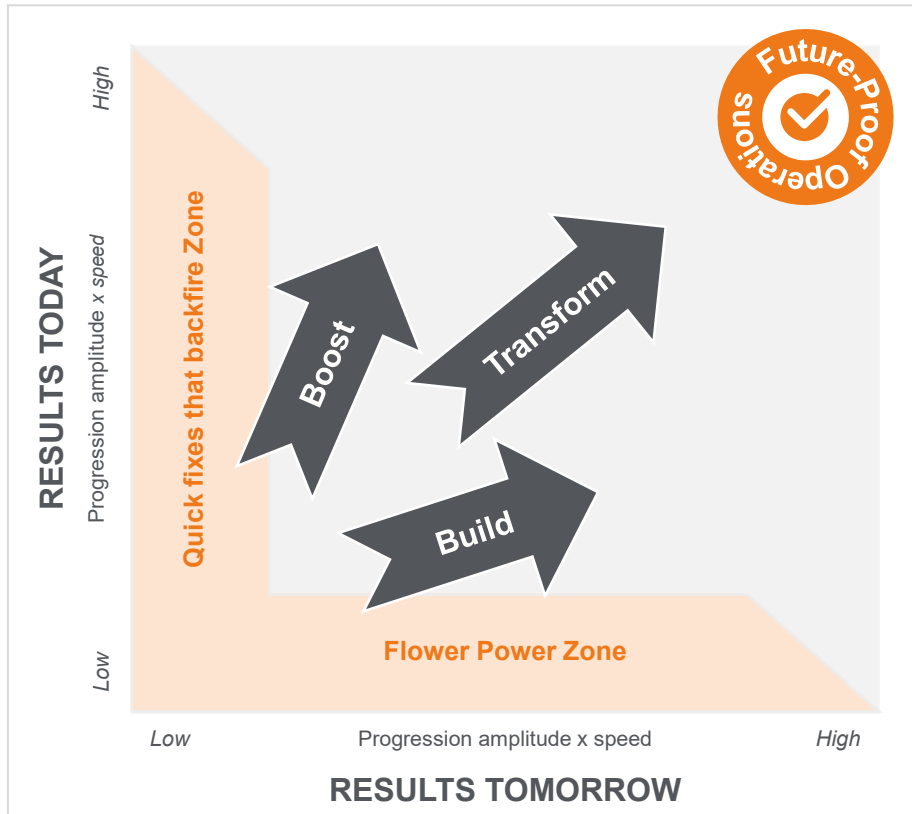
**Aggressively realized:** Implementation of end-to-end integration, optimization of costs, improved strategic programs, better integration.

**Customer Value Added:** New value streams for CO2e implementation, Sustainable cost reduction in CO2e & operations, Global supplier network and improved CO2e management.

Our proven concepts have exceeded our clients' expectations, significantly improving their financial situations.

# EFESO thinks about the alignment of today's actions along with tomorrow's results

## Our way of thinking



## Our way of acting

- 1 We bring a **senior team** committed to the success of your company
- 2 Our experts **work alongside your team**, supporting pragmatic implementation of improvement measures
- 3 We have a **broad experience** in combination of short-term measures to stop cash, revenue and margin drain while preparing for the mid- and long-term growth period
- 4 We have a track record delivering significant improvements through **combined supply chain, operations and financial expertise**
- 5 We are a **leading service provider** for automotive industry standards
- 6 We have proprietary **tools, benchmarks and data bases** to accelerate pragmatic implementation and execution of improvement measures
- 7 We have **strong change management capabilities** focused on enabling impact and making it sustainable to preserve performance uplift



Contact us to discuss an individual approach for your company.



\*Industry Report „KPIs\_Global“ 2023; Total market (w/o financials); WACC = Weighted Average Costs of Capital

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