

Understanding Common Cost Management Levers

HOW TO REDUCE COSTS AND FUEL
RESILIENT GROWTH

WHAT ARE THE INGREDIENTS FOR A SUCCESSFUL COST OPTIMIZATION STRATEGY?

The right strategy can help businesses navigate [economic turbulence while capturing strategic opportunities](#).

By understanding the cost management levers available to them, organizations can execute a cost optimization strategy that mitigates near-term costs and fuels growth.

Read our breakdown of common cost management levers to help you understand how to approach cost optimization across your business.

	Programs / Projects Activities with a finite start and end date	Products / Services Capabilities to meet internal user and customer needs	Operating Expenditures Ongoing costs required to support products / services
STRATEGY 	<ul style="list-style-type: none"> ▶ Assess project portfolio to determine which projects to continue, delay, reduce or eliminate. ▶ Identify mandatory projects and look for opportunities to optimize costs such as discretionary spend, contractor spend. ▶ Evaluate all others with multi-factor qualitative and quantitative analysis. 	<ul style="list-style-type: none"> ▶ Support ongoing ideation and innovation for new business contexts and unmet needs. ▶ Assess product portfolio using the 80/20 rule, then consolidate and simplify. ▶ Understand true cost to serve and restructure cost base. 	<ul style="list-style-type: none"> ▶ Benchmark and evaluate current macro environment and cash flow generation to inform budget. ▶ Address high-impact cost-savings areas first across SG&A, OPEX, including infrastructure (e.g. property, IT). ▶ Reallocate resources to opportunities with high and/or quick returns.
PEOPLE 	<ul style="list-style-type: none"> ▶ Realign high performers to priority projects. ▶ Evaluate hiring, reskilling or outsourcing vs. time to value and time to market. 	<ul style="list-style-type: none"> ▶ Optimize resource alignment to the most important products and customers creating different programs/ service levels for different tiers. 	<ul style="list-style-type: none"> ▶ Measure capacity vs. demand. ▶ Assess productivity levels by geography, product line and functional area. ▶ Implement new operating model and working practices.
PROCESS 	<ul style="list-style-type: none"> ▶ Streamline project portfolio management processes. ▶ Instill flexibility into decision making (e.g., toll gates). 	<ul style="list-style-type: none"> ▶ Reassess the variables and the weighing of the product prioritization methodology to promote quick return rather than longer-term strategic fit. 	<ul style="list-style-type: none"> ▶ Eliminate redundancies and reduce complexity. ▶ Reengineer processes to drive efficiencies and market differentiation.
TECHNOLOGY 	<ul style="list-style-type: none"> ▶ Automate manual processes using RPA and digital technologies. ▶ Assess options to shift to cheaper solutions / systems. ▶ Evaluate opportunities to harness Big Data and actionable analytics to improve decision-making and break down silos. 	<ul style="list-style-type: none"> ▶ Integrate technology into products and services, e.g., automating order taking to reduce costs or providing clients with self-service reporting capabilities for added value. 	<ul style="list-style-type: none"> ▶ Evaluate total cost of ownership. ▶ Use technology to increase standardization throughout the organization. ▶ Capture granular end-to-end data (process mining, quality KPIs, etc.) and fix the highest impact issues.

Ready to build your cost optimization strategy as part of your [strategic resilience](#) plan?