

## THE VALUE ALIGNMENT APPROACH FOR COST TRANSFORMATION *PRIORITIZED AND FOCUSED INITIATIVES PRODUCING SIGNIFICANT PERFORMANCE RESULTS*

### WHAT COST TRANSFORMATION PROGRAMS ACHIEVE THE BEST RESULTS?

Reducing costs has always been a key business priority, but for most efforts and programs, the effects do not last beyond a few years.

A key challenge is identifying where to focus efforts and how to create a cost reduction program that delivers lasting results while protecting the long-term profitability of the business.

***Today's Finance Organization Leadership must:***

- Streamline Processes
- Install Benchmarks
- Increase Partnering with Business Units



### WHY CHOOSE A VALUE ALIGNMENT APPROACH?

The Enterprise View and Portfolio Management approaches to Cost Transformation often yield excellent results, but they also carry more risk, as they're typically executed over the long-term. They may actually cannibalize or delay achievable results from short-term initiatives while the organization "pauses" to structure the larger effort prior to its execution.

The Value Alignment approach can produce valuable results faster while laying a solid

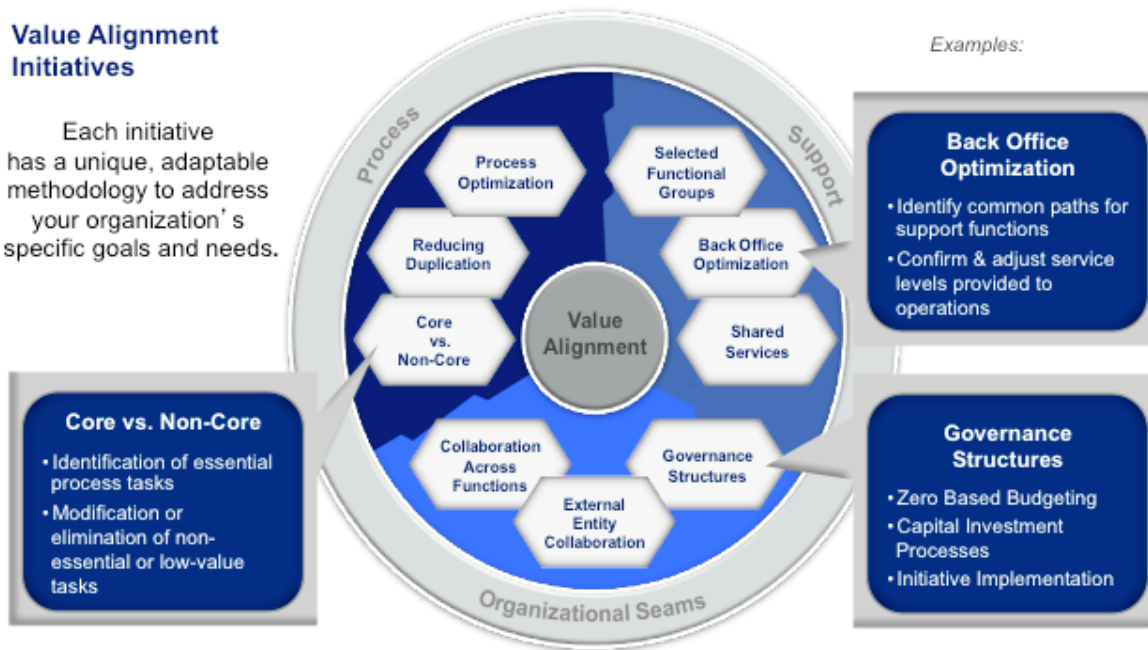
accountability foundation. A single executive (e.g. CFO) can prudently sponsor well-defined initiatives and lay a foundation for embedding cost containment organization-wide.

***Value Alignment incorporates:***

- Sustainability
- Push/Pull Balance
- Change Management
- Alignment with Customer/Growth Strategies

## Value Alignment Initiatives

Each initiative has a unique, adaptable methodology to address your organization's specific goals and needs.



## Achieving True Transformation

The challenge in achieving sustainable cost transformation is how to transform and establish the new approach within your organization:.

<b>Making cost-cutting part of your DNA</b>	Create an environment and culture that embeds a cost-focus in the company DNA and helps enable sustainability.
<b>Increasing Accountability</b> – altering behavior at all levels	Encourage management and staff to adopt a business owner's view regarding costs and expenditures – challenging the status quo and sharing their ideas.
<b>Deploy Technology</b>	Use selected technology to provide data and analysis in managing cost transformation progress and ongoing results.
<b>Build Intelligence</b>	Cumulatively leverage initiative results and findings to efficiently apply to similar functions and learn from ineffective outcomes.

## AN ORGANIZATION USING VALUE ALIGNMENT FOR COST TRANSFORMATION...

- **Fuels Growth** – by integrating a cost reduction strategy with how the savings are reinvested
- **Increases Profits** – by optimizing processes for removing activities and investments that do not add value
- **Leverages CFO Insights** – by adopting a resource allocation mindset to cost management

## CASE STUDY EXAMPLE

### CLIENT ACQUISITION TRANSFORMATION FOR A GROUP BENEFIT SERVICES LINE OF BUSINESS AT A GLOBAL INSURANCE COMPANY

#### THE CHALLENGES

- Getting a new customer group on-boarded with their benefit plans in place involved multiple departments and roles with a variety of handoffs
- Key roles were performed by individuals with varying levels of knowledge and experience, often resulting in errors and rework in establishing plan designs, contracts and system setup
- Responsibilities between groups were not well-defined, resulting in unnecessary rechecking of work and results
- Customer experience was less than satisfactory due to inconsistency and missteps in the process

#### VALUE ALIGNMENT TRANSFORMATION

We worked with the client to accomplish the following:

- Obtain an understanding of their current state processes as the foundation for transforming their processes
- Create a well-defined client acquisition process – moving from a generalist to specialist approach
- Identify multiple related, but non-dependent initiatives with frameworks for execution
- Monetize the savings and positive impacts of the new processes (Up to \$22M in 1st year, \$68M over 3 years)
- Communicate and socialize the new processes and achieve cost management momentum

#### THE OBJECTIVES

- Identify essential components of the client acquisition process
- Identify the appropriate resource, skill and experience for performing each task
- Realize cost savings through implementation of practical initiatives that the organization can ‘digest’
- Develop a change management strategy to increase success and build more ‘Cost Champions’
- Identify technology improvements and outsourcing options

#### THE RESULTS

- Established specialized roles (e.g. Client Acquisition Group and various roles), coordinate and execute new client on boarding and benefit plan installation
- Removed non-value activities from numerous processes
- Standardized and streamlined system and tools usage adding automation in certain areas
- Transitioned tasks to a captive offshore team
- Established central point of contact for client throughout client acquisition process with smooth transition to account management contact – significant improvement in client satisfaction
- Achieved \$19M of savings in 1st year and \$66M over 3-years