

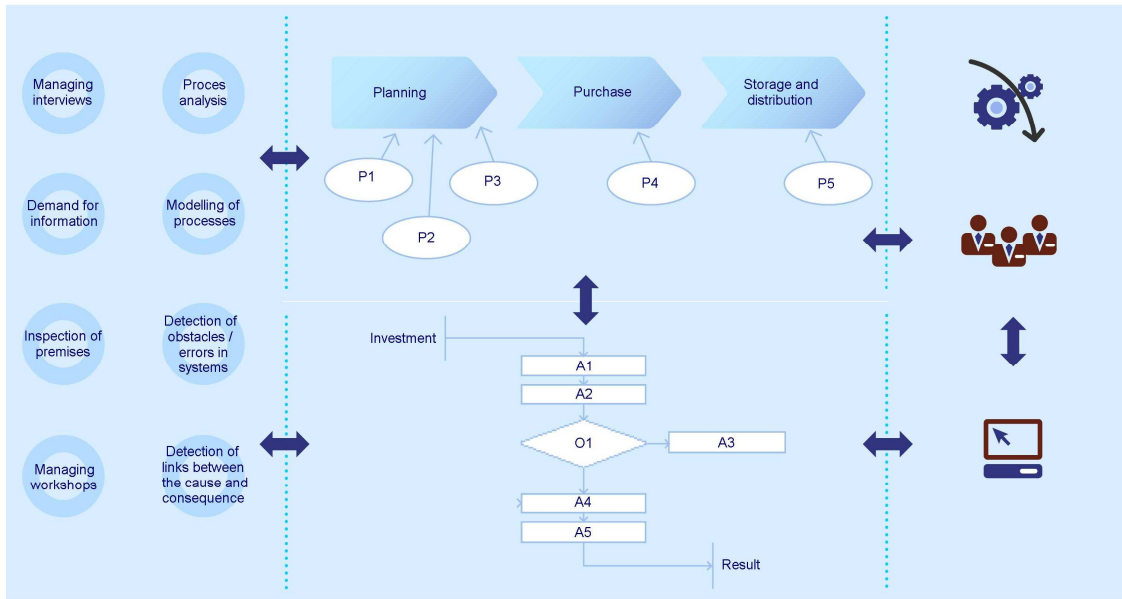
Cost reduction

1. Why prepare a project on reducing costs?

Profitability of a company and competitive prices are an indispensable part of successful business and competitive positioning of a company. Otherwise a company jeopardizes its existence or limits its possibilities of developing its competitive advantage. Increasing profitability and/or competitive prices is possible for a company to achieve through improving sales results, the economics of content on the behalf of suppliers and the cost effectiveness of one's own company. We achieve an increase in sales through the introduction of CRM methodology to the company. The SIGEM Business Consulting approach to cost reduction is focussed on optimal reduction of all expenses and operating costs which occur through contractual relations with suppliers and organization of purchase, internal organization, employees, information support, cash flow, and annual investments in the company and market.

2. What do preparations of the cost reduction project consist of?

The cost reduction project is based on BPR (Business Process Reengineering) methodology which is reinforced by analytical tools needed for the optimization of the purchase process. Realization of the project begins by examining financial indicators and financial statements, as well as with interviews with management employees. When a rough sketch of the way the company conducts business has been made, the advisors of SIGEM Business Consulting continue with the main part of the project, namely with the development of the existing business model of the company. We design the model with the help of analysis of business organization and business processes which take place within the company, as well as between the company and suppliers, information support, and employees, and also an inspection of the purchase policy of the company. Based on experience, best business practices, and comparative analysis, the advisors design the future i.e. the renovated company model, the goals of which is the complete optimization of the company and, through this, an increase of profitability and price competitiveness. In certain cases, goals of the project may be expanded to the area of process standardization, quickness and quality of implementation and guarantee of minimum losses.



Picture: BPR Methodological approach for cost reduction