

Case Example | Overhead Cost Reduction

Humatica enabled our client to achieve a 10% cost reduction in overhead functions while improving support services.

BACKGROUND & CONTEXT

- Carve-out of large European conglomerate
- Non-core division with diversified industrial products
- 1400 employees in European and North American sales and service organizations
- High profitability, but declining sales and margins
- Stable workforce, little change
- Increasing cost and low perceived efficiency across support functions

MEASURES

- Pooling of activities in service centers
- Elimination of low value-add activities driving resource requirements
- Significant reduction of redundant reporting
- Restructuring of production-support processes
- Major reductions in IT, Finance & controlling following re-prioritization of projects and activities

RESULTS

- Immediate cost reduction -10x consulting fees
- 10% cost saving across all overhead activities on average
- Higher value-added support services delivered
- No disruption to daily work

HUMATICA APPROACH

- Smartsizing (modus) across all major sites in North America, Europe
 - Granular activity and driver survey for complete transparency
 - Productivity-benchmarking at the granular activity-level
 - Definition of roles / individual employees in redundancy plan
- Identification of inefficient, redundant and duplicate activities in:
 - Finance, HR, IT – focus on doing essentials efficiently
 - Marketing & Sales support – streamline activities, consolidate
 - Production-support incl. planning, service and maintenance
- Support with works council communication and social plan negotiations

