



CAPABILITIES FOR PERFORMANCE IMPROVEMENT IN CEE REGION

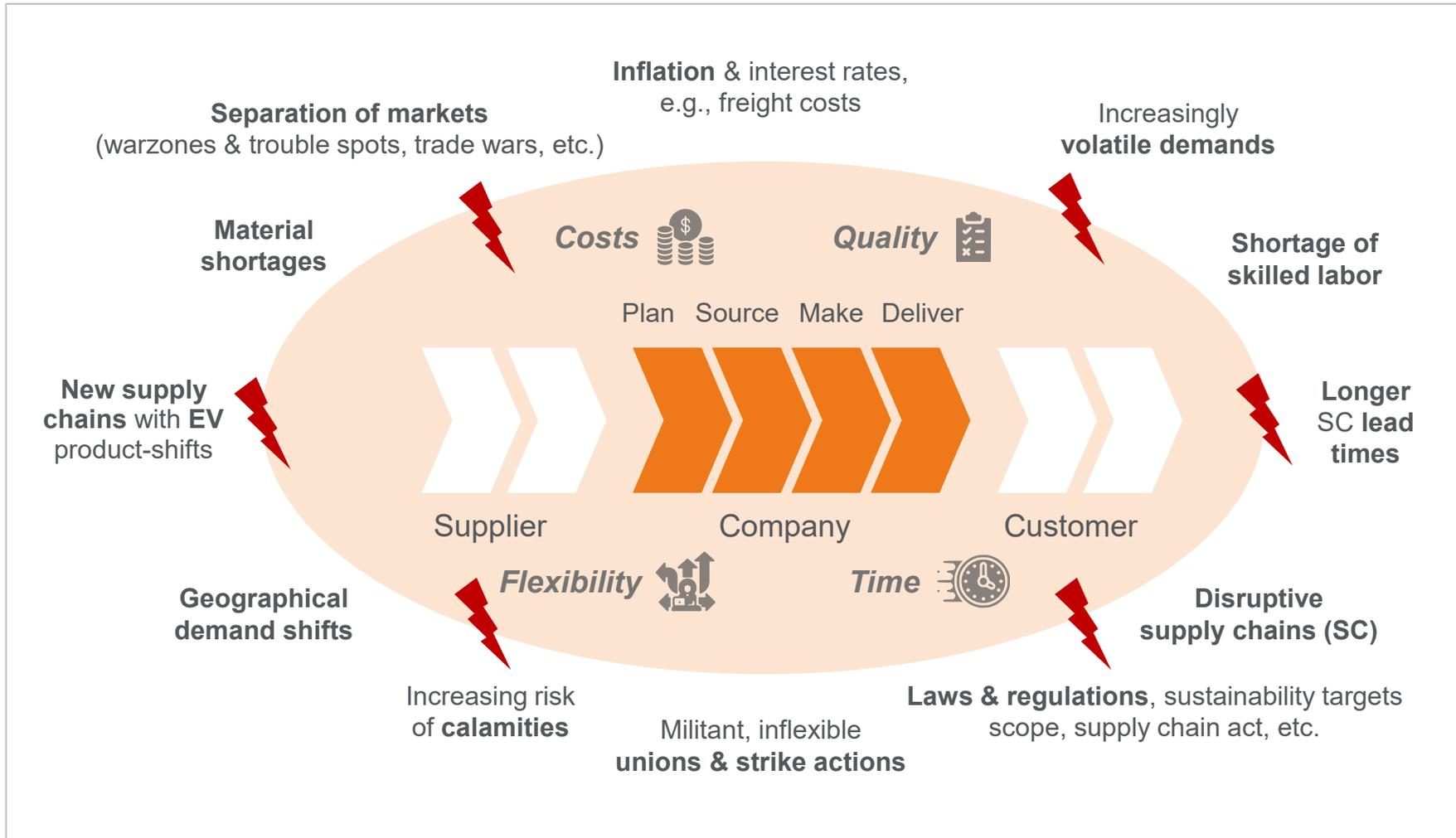
Strategies for enhanced efficiency, cost optimization, and sustainable growth

EFESO
MANAGEMENT CONSULTANTS

DIGITAL TRANSFORMATION &
MANUFACTURING

INSIGHT

European manufacturing companies are facing major challenges - time to set-up appropriate performance programs



- **Rising costs**
- **Lower turnover**
- **Falling corporate profits**
- **Loss of competitiveness**

Priorities of European Manufacturers for 2024+ are clear: delivery of established performance programs and consequent benefits delivery

Typical focus of manufacturers for 2024+

Pushing EBIT and cash

Implementation of performance programs & rigid cost discipline

Right-first-time

Frictionless delivery of new product launches

Leading the transformation

Thriving on opportunities arising from change

Sustainability and digitalization

Pushing ahead in all areas

World-class teams

Encouraging high-performing teams & overcoming labor shortages

Resilient supply chains

Overcoming volatility and building robust SC & production networks

Typical performance program workstreams

1	Direct materials	<ul style="list-style-type: none"> Negotiations with suppliers Technical savings 	<ul style="list-style-type: none"> Revitalizing VA/VE
2	Operations / manufacturing	<ul style="list-style-type: none"> Lean Improvement ratio direct to indirect FTE 	
3	Non-production materials	<ul style="list-style-type: none"> Spend control tower Negotiation with suppliers 	
4	SG&A	<ul style="list-style-type: none"> Efficiency in organizational structure Target productivity vs. benchmark 	
5	R&D	<ul style="list-style-type: none"> External spend Productivity / personnel 	
6	Launch / SOP	<ul style="list-style-type: none"> Ensuring successful product launches 	
7	Commercial	<ul style="list-style-type: none"> Inflation recovery Volume claims 	<ul style="list-style-type: none"> Leaker & bleeder recovery
8	Capex	<ul style="list-style-type: none"> Tech. optimization invest projects Challenge boards: need check 	<ul style="list-style-type: none"> Project cancellations
9/10	Accts payable / receivable	<ul style="list-style-type: none"> Payment agreements / deadline processes Overdue payment management 	
11	Inventory	<ul style="list-style-type: none"> Forecasting Sale of finished products 	



The review and adjustment of manufacturing footprints is essential to achieve priorities in 2024 and beyond.



We identified seven main levers for performance improvement that must be answered holistically to achieve maximum success

Main performance improvement levers

	General plant performance	How can the long-term profitability of a production site be ensured?
	Manufacturing cost	What is the maturity level of your production capability today? How do you perform compared to relevant benchmark companies?
	Cycle time & output	Can non-productive time and main-time of your production facilities be improved?
	Margin	Do your products have potential to maximize the margin and how can you unleash it?
	Procurement	What is the maturity level of your procurement organization and how do you compare to benchmark peers?
	Supply chain	What is the maturity level of your SCM today? How do you compare to benchmark companies?
	Factory expansions	What is the optimum factory footprint to gain maximum efficiency? How to realize necessary expansions?



We can help you to answer these questions.



CEE companies must continuously enhance their performance to remain competitive in an increasingly volatile and cost-pressured world

Target & approach

Target

Enhancing the efficiency of new or existing factories at every level, from **tailored approaches** on the **shop floor** to optimizing **supply chains** and **designing, realizing,** and **ramping up** sustainable factories



Approach

With our **extensive capabilities** and **local expertise**, we design and implement customized concepts to leverage the outcome of manufacturing locations

Service offerings for manufacturing companies in CEE

General plant performance improvement

Achieving holistic optimization of indirect & direct factory cost

Manufacturing cost optimization

Gaining significant improvement in assembly cost

Performance Booster (Video analysis/ machine tuning)

Realizing cycle time & output improvement of existing production

Design of factory expansions

Optimizing existing factory structures & realizing efficient expansions

Margin maximizer

Identifying optimization potential & raising margin by analyzing components & cost of product

Procurement diagnostics

Becoming benchmark in procurement excellence by holistic analysis and optimization

E2E SC assessment & benchmark

Improving long-term supply chain performance



We design and realize efficient manufacturing locations, all from one single source, with the experience from over 50+ successful conducted projects in CEE.



We offer short time measures for immediate reactions as well as medium / long term solutions for a sustainable and stable company success

Impact	Optimization levers	Benefit ¹	Time-to-benefit ²	Actions (selection)
Cost reduction 	Plant performance improvement	+ 15-25%	 3-12	<ul style="list-style-type: none"> Production process optimization Logistics process improvement ...
	Manufacturing cost optimization	- 20-30%	 3-12	<ul style="list-style-type: none"> Production cost benchmark Improvement in assembly cost
	Cycle time & output improvement	+ 5-15%	 1-4	<ul style="list-style-type: none"> Video analysis Software based machine tuning
	Margin	+ 10-15%	 1-2	<ul style="list-style-type: none"> Margin calculation Components analysis
	Procurement optimization	- 20-25%	 2-8	<ul style="list-style-type: none"> Procurement analysis Benchmarking with peers
	Supply chain performance	+ 10-20%	 2-8	<ul style="list-style-type: none"> SCM analysis Benchmarking ...
	Factory design & expansion flex	+ 10-50%	 6-24	<ul style="list-style-type: none"> Layout design General planning of all divisions



EFESO approach offerings have **measurable impact** on your business and **achievable results**.



1) According EFESO project experience 2) approx. in months
 SG&A = Selling, General and Administrative Expenses; BCC = Best cost country; KAM = Key account management; SC = Supply Chain

Service 'General Plant Performance Improvement': holistic optimization of indirect and direct factory cost

Situation & question

- Rising global competition and high pressure on plant profitability

- Cost increases:

 Energy cost increases

 Wage-price inflation

 Supply chain disruptions

 Labor cost increases

- Price reductions from customers

→ How can the long-term profitability of a production site be ensured?

Approach



Review on-site plant production process, SCM / logistics process and plant overhead functions

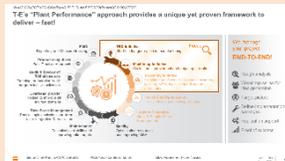


Analysis and preparation of on-site assessment upfront to focus on most promising areas based on facts, figures, and technical deep dives



Identify areas for improvement, prioritize levers, enablers based on our toolset and support realization

Toolset / levers of improvement



Overhead booster



PMO – measure mgmt. & tracking



Target state & benefit

Structured review of existing plant set-up to drive short-, mid- and long-term cost reductions

Direct cost



Indirect cost



SCM / logistics cost



Mainten. cost



Service 'Manufacturing Cost Optimization': developing a holistic manufacturing system for your product to survive the international market

📍 Situation & question

- No transparency of existing manufacturing costs
 - High CAPEX planned for industrialization
 - Localization of production outstanding
 - What is my current market position?
- What is the maturity level of your production capability today, how do you perform compared to relevant benchmark companies?

🔧 Approach



Definition of **future production setup**

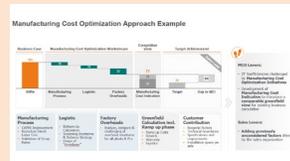


Establish **manufacturing and assembly strategy** depending on target costs



Improvement of **global competitiveness** in manufacturing

Evaluation & benchmark



Detailed potential validation



Tracking & roadmap



🎯 Target state & benefit

Significant improvement in relevant assembly costs in international comparison

Output



CAPEX



Inbound



Footprint



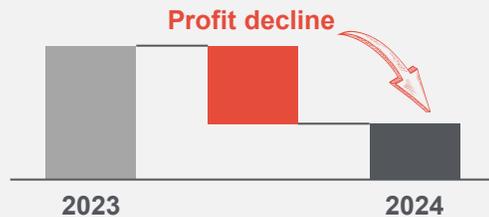
Manuf. Cost



Service 'Performance Booster': how to enhance your factory performance – NOW! Cycle-time & output improvement of existing production facilities

Situation & question

- Profitability is under pressure, due to significant cost increases
- Risk of profit erosion or even loss



- Exploding demand or capacity bottleneck on existing systems

→ Need to increase the performance of EXISTING production facilities and thus reduce CAPEX

Approach

- 1 Video analysis incl. tool optimization**
 Non-productive time optimization & main-time optimization
 - Machining: turning, milling & grinding
 - Assembly & end-of-line test fields
 - Automatization
 - Food & beverage
 - Printed circuit board assembly (PCBA)
- 2 Software-based machine tuning**
 Adaptive feed control for main-time optimization

Insights

Setup as example

Typical use cases

Target state & benefit

Increase the performance of EXISTING production facilities, thereby reducing CAPEX!

Output

Manufacturing cost



CAPEX = Capital Expenditure

Service 'The Margin Maximizer': boosting your business performance

📍 Situation & question

- Traditional manufacturing companies are under intense pressure, thanks to a seismic shifts across multiple industries
- Many of the restructurings undertaken fail
- Fundamentals of product cost structure need to be better understood, and comprehensive profitability programs applied more consistently

→ Are you ready to maximize your margin?

🔧 Approach

WE WILL CHECK YOUR MARGIN!

A ZERO RISK OFFER TO DEMONSTRATE OUR SKILLS

- 01 Let's define a specific part together. We'll calculate it!
- 02 Within seven days, we will send you a comprehensive analysis of the chosen component
- 03 Our analysis will provide you with concrete levers for maximizing your margin

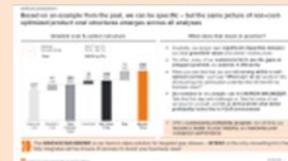
Market penetration & proof of success



End-to-end consulting service



Best-in-class solution for gap closure



🎯 Target state & benefit

The benefits of our analysis will become abundantly clear when you see the final figures, data and conclusions.

Trust us, you'll WANT to take action and start the process of identifying the rest of your untapped potential!

Output



ITR



DP



SUS



SC Cost



Service 'Procurement Diagnostics': identifying improvement opportunities and an excellent roadmap in procurement with concrete cost-saving and efficiency impacts

📍 Situation & question

🔧 Approach

- Purchasing performance is not satisfying
- Cost and price levels are too high / profit margin is too low
- Organizational / process changes are required

➔ What is the maturity level of your procurement organization and how do you compare to benchmark peers?



Run procurement specific **data** and spend analysis, **target costing** of material



Benchmarking – quantitative and qualitative with peers



Identify **areas for improvement** and **prioritize procurement levers & enablers** (organizational structure, processes, performance, etc.)

Search fields

Toolbox

Prioritization & roadmap

🎯 Target state & benefit

Deriving Procurement Excellence Roadmap to create highest business impact and become benchmark

Cost

Risk

Quality

SUS

Efficiency



Service 'E2E SC Assessment & Benchmark': developing an excellence roadmap for Supply Chain Management

📍 Situation & question

- No transparency on current supply chain performance
- SCM KPIs on a negative trend
- Need to set priorities in order to optimize supply chain performance on long term basis

→ What is the maturity level of your SCM today, how do you compare to benchmark companies?

🔗 Approach



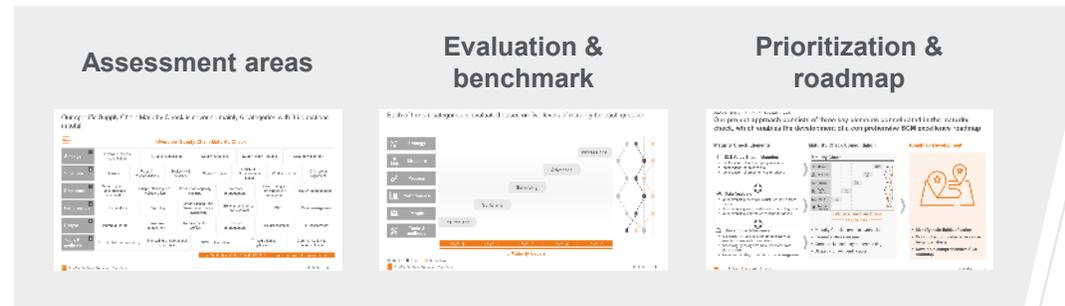
Run SCM specific **data and value stream** analysis



Benchmarking – quantitative and qualitative with peers



Identify **areas for improvement** prioritize **SCM levers** and **enablers**



🎯 Target state & benefit

Deriving **SCM excellence roadmap** to create highest business impact and become benchmark

Output



ITR



DP



SUS



SC Cost



Service 'Design of factory expansions': developing an excellence roadmap for supply chain management

📍 Situation & question

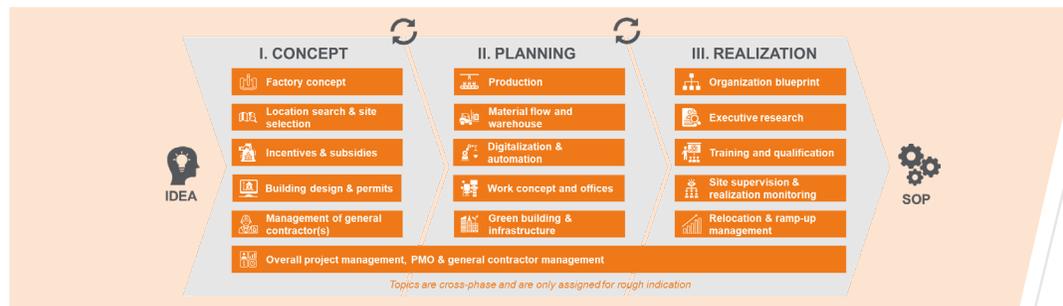
- **Factory capacity not sufficient anymore for target product program**
 - **Efficiency of factories low** due to grown structures
 - **Reassessment of factory design necessary**
- **What is the optimum factory footprint to gain maximum efficiency and how to realize necessary expansions?**

🔧 Approach

Factory design approach

A structured procedure tailored to your needs

- 01 How to dimension the 'right' plant?**
Factory planning and layout design
- 02 How to design the 'new' factory?**
General planning Building & Infrastructure
- 03 How to build the 'new' factory?**
Tender, permitting & realization support



🎯 Target state & benefit

Efficient and sustainable factory design by the EFESO one-stop-shop approach



