How Cost and Value Engineering can help your business to survive - and thrive - during disruption

During a time of disruption, many businesses find themselves compelled to review how they operate – both during the crisis, and as they emerge from it. Identifying the

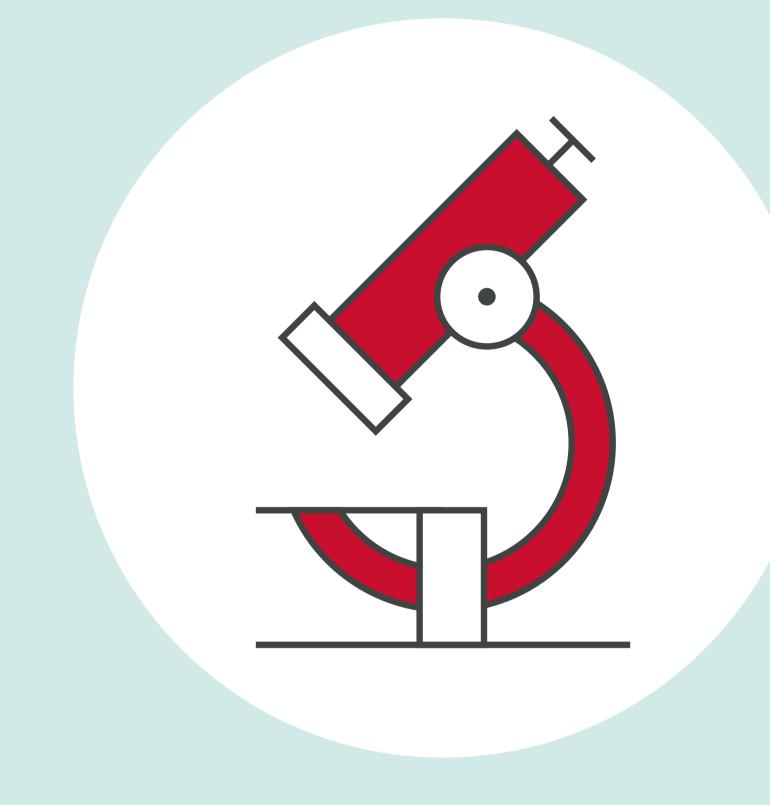
costs involved to source, manufacture and design your product or service is crucial.

Here we explore six key steps that your business can take to utilise cost and value

engineering best practice during challenging times – and how it can help in the future.

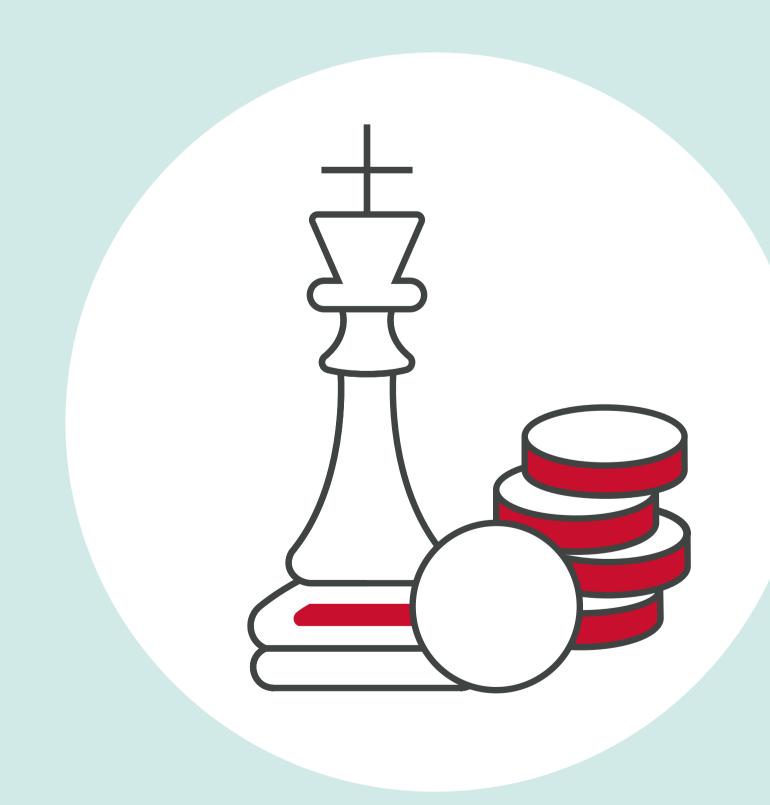
Why use Cost and Value Engineering

during times of disruption – and beyond?



Another Lens

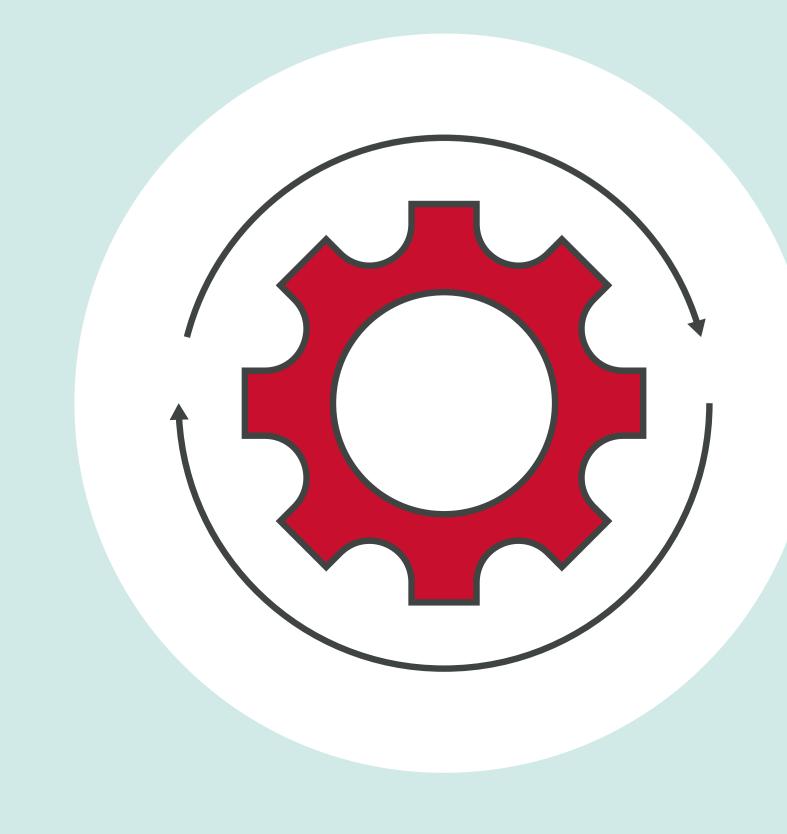
uring disruption, organisations will utilise traditional procurement levers to tackle their cost base. What can you turn to once these avenues have been exhausted? Cost and value engineering provides another lens through which to tackle your cost base, from an individual product/service level, through to total lifecycle costs.



shift in market dynamics means that the cost

Aligning Costs and Strategy

and value engineering skill-set can support the process of aligning costs to a new strategy. It helps your business to focus on the existing products and services that will create genuine value potential, using a bottom-up approach – instead of the more traditional top-down method.



Supports Business Optimisation

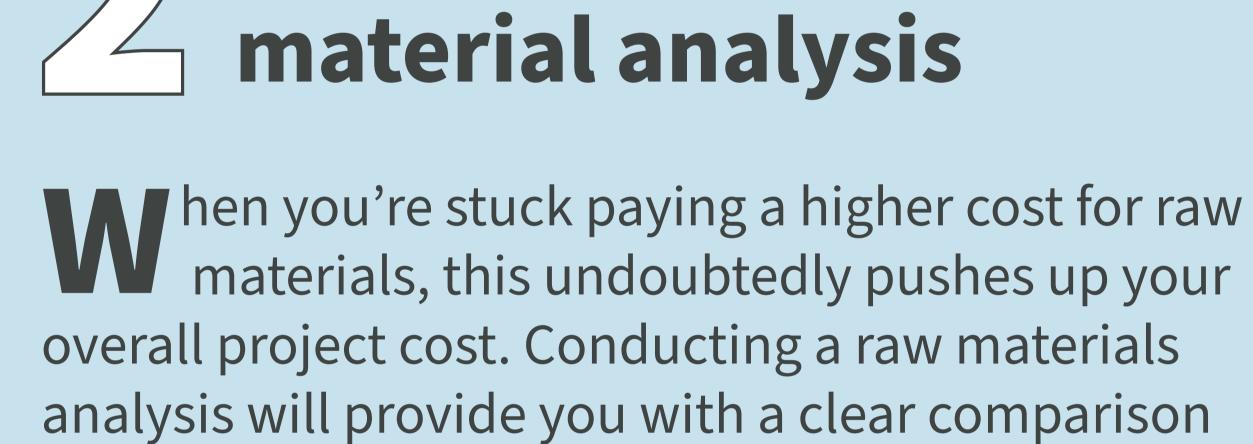
ost and value engineering will also support the optimisation of your business – which doesn't necessarily mean cutting back resources. Utilising different technologies such as TcPCM (Siemens -Teamcenter Product Cost Management) and driving a continuous improvement culture will ensure that your business is well-placed when the disruption eases. This approach, backed up with detailed cost analysis, can support activity of re-basing your business properly.

Six ways to make the most from Cost and Value Engineering



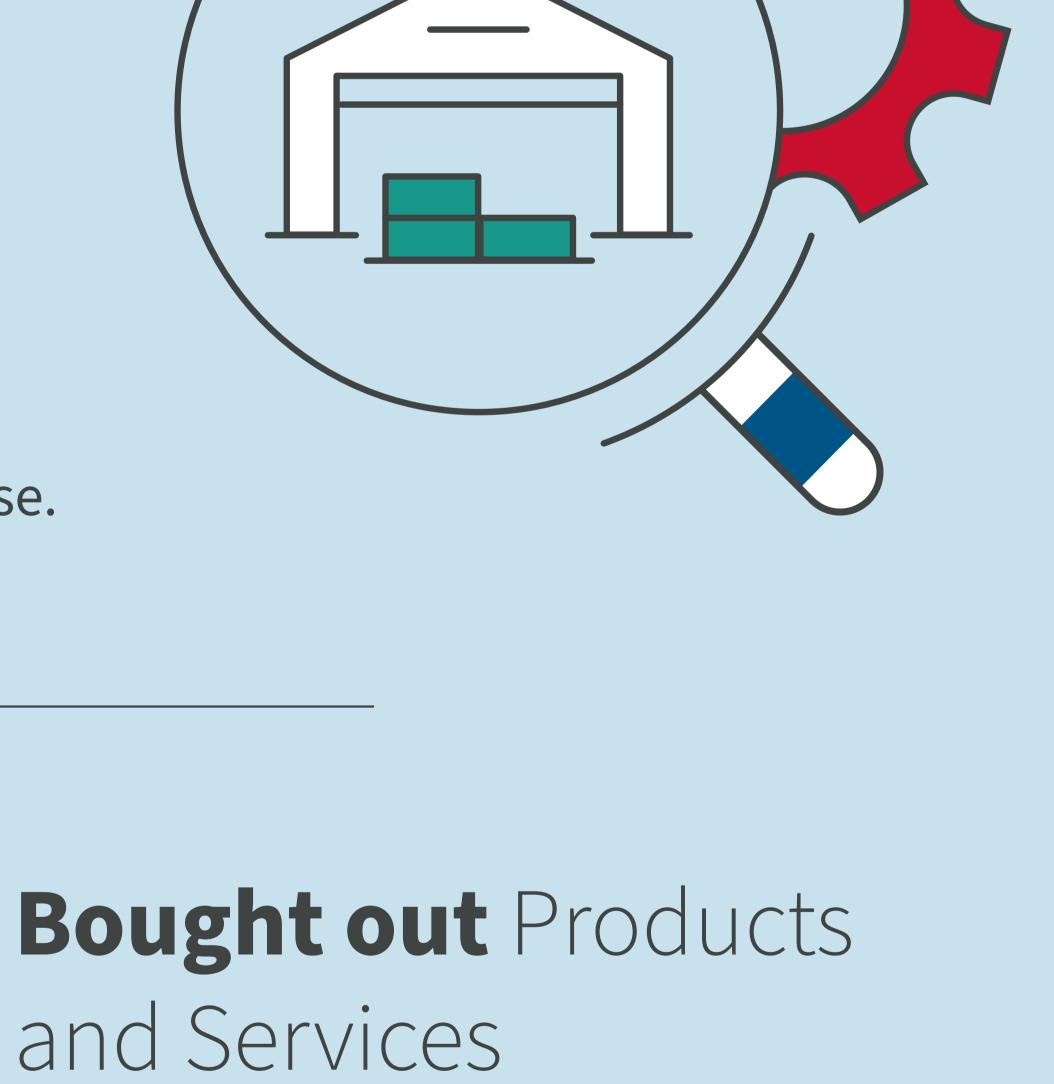
Use data to create a strong foundation It's important to have access to organised data,

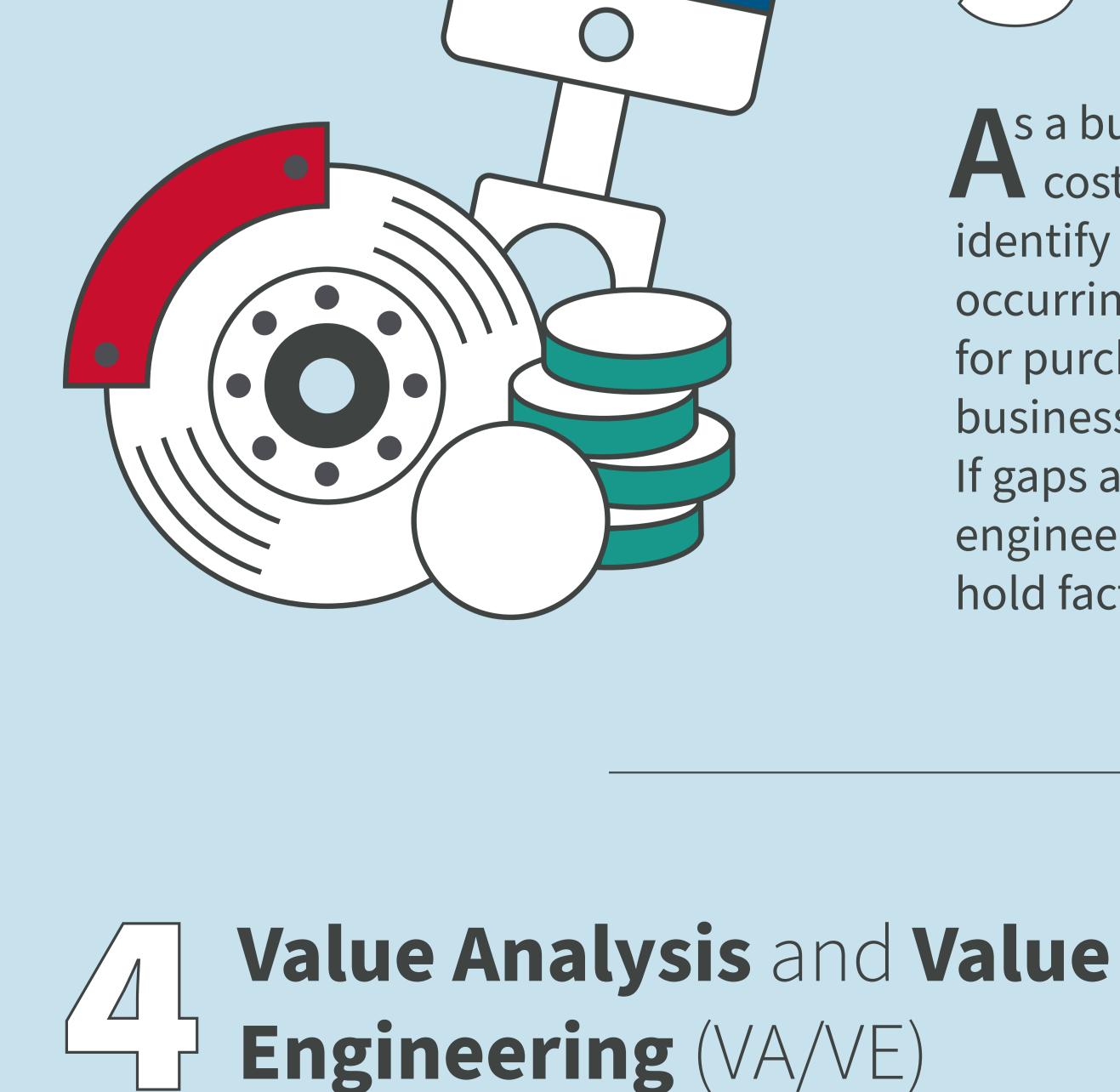
which is both reliable and capable of delivering valuable insights. When you consolidate data, you create a single source of truth. From this, a hypothesis can be developed – and valuable insights gained. This will enable your business to identify areas to explore further.



Undertake a raw

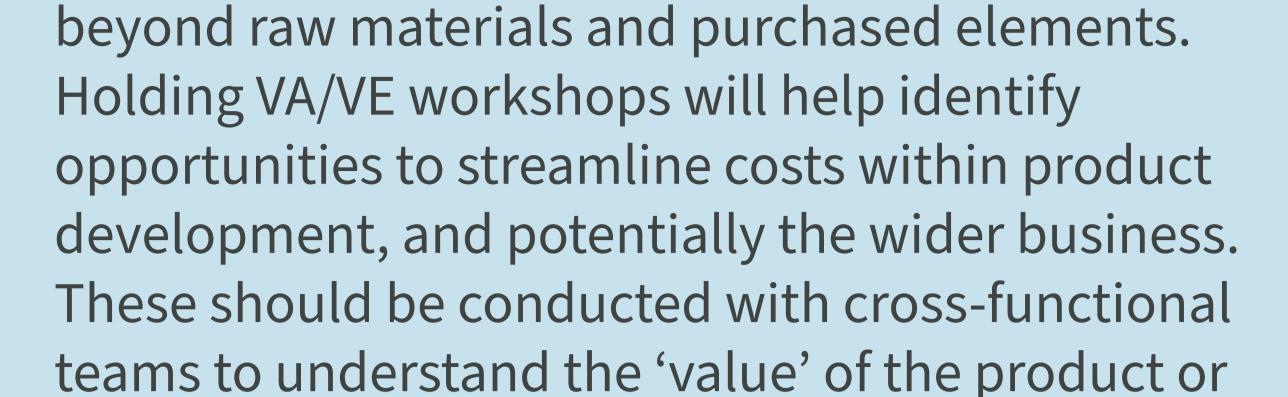
between raw materials spend vs industry indices. With this crucial information, businesses can then explore opportunities within the existing supply base.





s a business, when you understand the true cost of parts and/or services, you can quickly identify where – and why - any overspend is occurring. We provide 'Should Cost' estimates for purchased parts and services, enabling

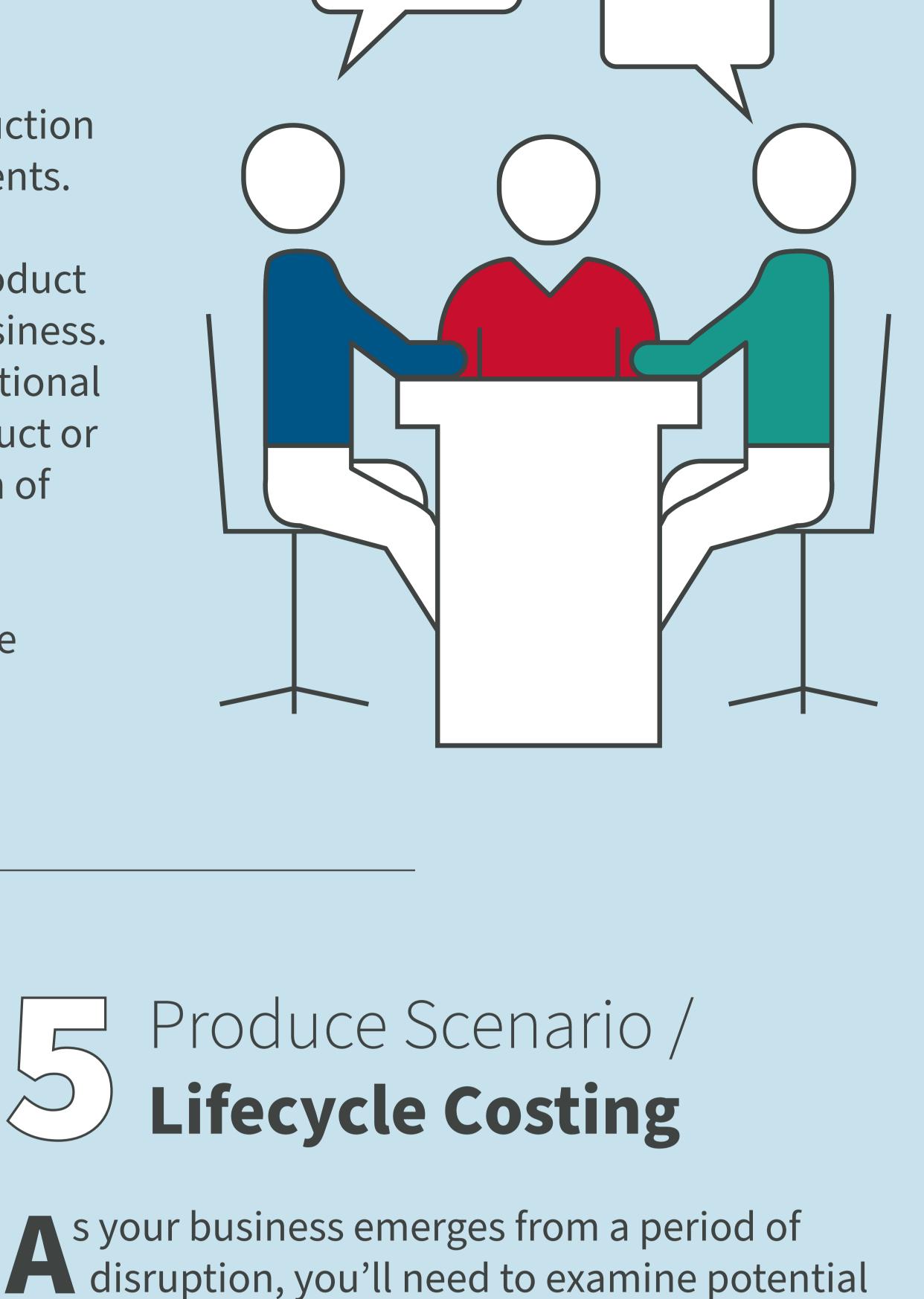
businesses to evaluate any potential cost gaps. If gaps are identified, we use our cost and value engineering expertise and methodologies, to hold fact-based negotiations with suppliers.

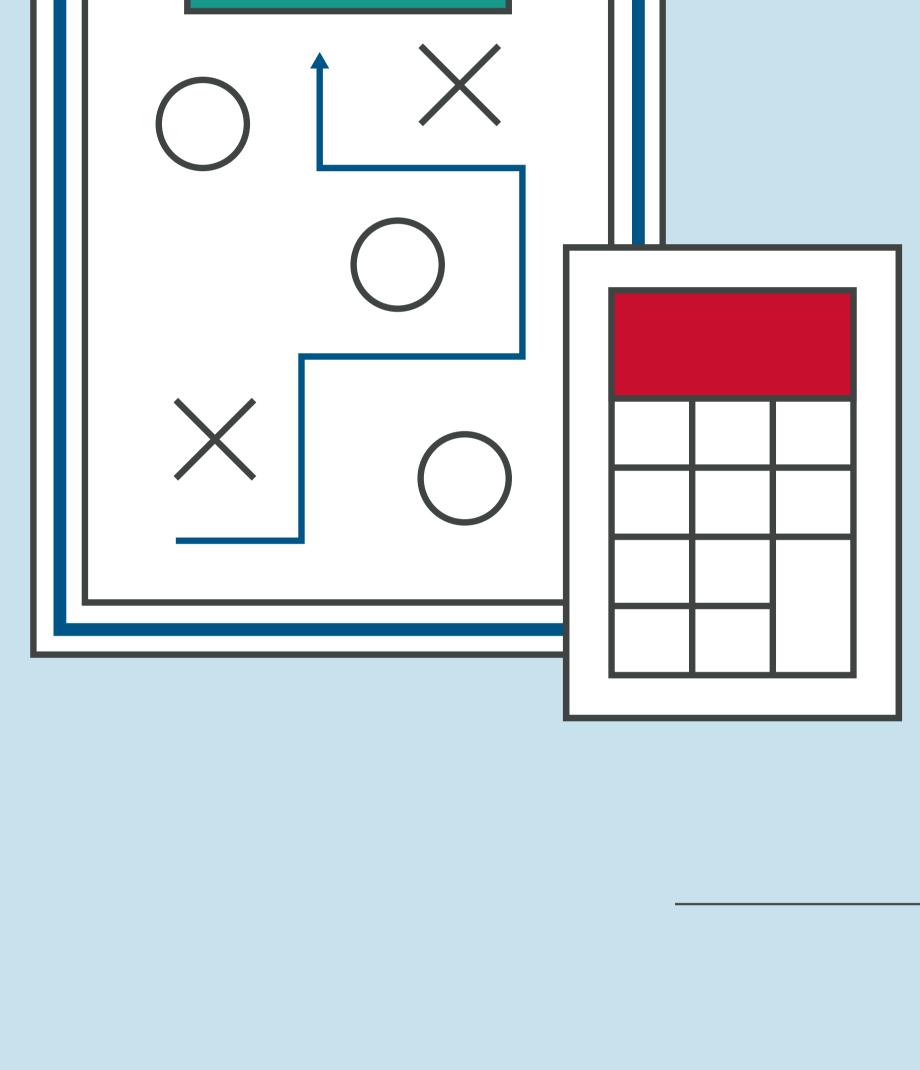


usinesses can look to optimise value by

examining the cost of design and production

service. This requires assessing the function of value-to-cost ratio to find cost reduction opportunities – this is the 'Value Analysis' element of VA/VE. For Value Engineering, the same principals are applied, but during the development stage of a product.





position of your own operations, as well as the supply chain. Businesses need to produce scenarios to accurately model the effect of any

changes, and apply this to show the total costs incurred over the lifecycle of a product or service. Review the profitability of

changes in demand and volume of production.

There may also be an impact on the geographical



your product portfolio

Men you understand the performance of the products in your business portfolio, you can identify opportunities for long-term profitability and growth. A bottom-up, or activity-based costing approach enables us to examine your portfolio activity at a granular level. When combined with rigorous data analysis, and precise financial modelling, you can then gain a clear understanding of the revenue performance of each product or service. This enables you to make informed strategic decisions that will enable your business to thrive.

