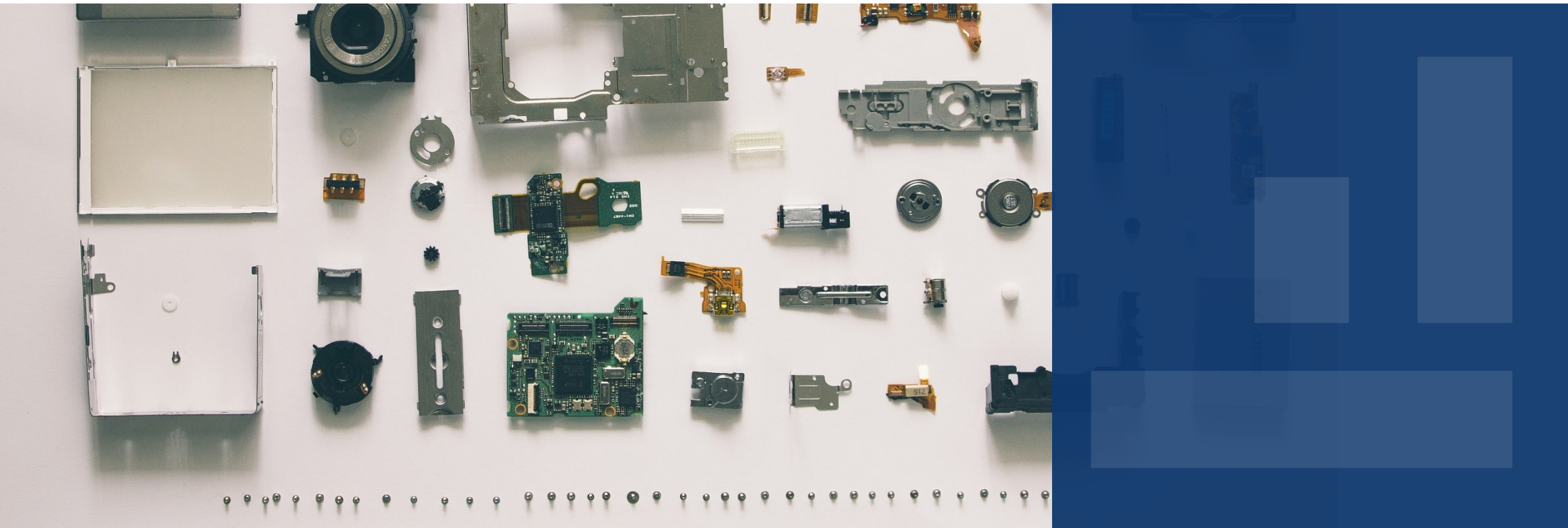




Design-to-value in early product development phases



Developing a product means dealing with a high degree of uncertainty. In the concept phase, several system & component concepts are developed in parallel and their impact on the final product cost can often be unclear. In collaboration with the client Fortos supported in the determination of the cost status as well as reaching their challenging cost target.

Customer Challenge

The client is a **world leading OEM** with a well-known brand. Successfully launching new world class products is necessary for the client to remain competitive.

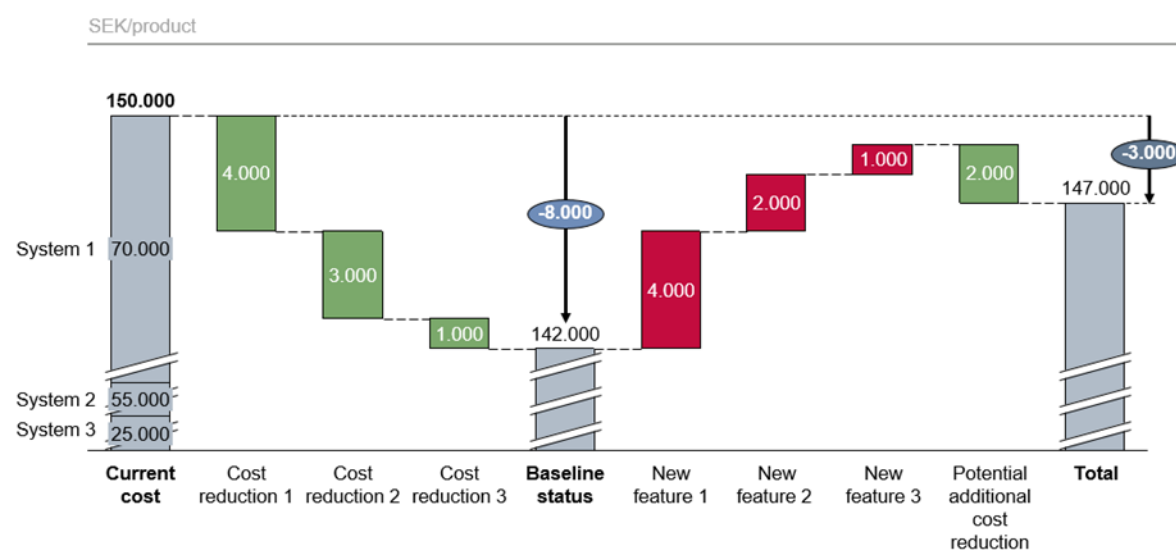
Early in the development of one of their key products, it was unclear if the product was on track to reach its challenging cost target

Customer Solution

To **help the client** in understanding the cost situation, Fortos worked together with the client in the following four steps:

- 1) First the cost of existing product was clarified
- 2) The cost impact of the new system and component concepts were estimated. To estimate the cost required a cross-functional involvement from engineering, purchasing and cost engineering
- 3) The cost of new features was estimated
- 4) Additional cost reduction ideas, which were not planned to be implemented into the project was also estimated

To visualize the result of these four steps, a cost walk was made for the key concepts





At this stage, it became clear that the product was not on track in reaching its cost target nor its profitability target. Consequently, a discussion was taken with the product management if any of the new features should be removed to ensure the cost target was reached.

In the end, it was decided that all new features should be kept and that the project should come up with additional cost reduction ideas. Fortos then took the following steps together with the client to reach the product's cost target:

- 1) The overall cost target was broken down to different system
- 2) For each system the responsible engineer, buyers, cost engineers, etc., had to work in teams to analyze their systems and come up with ways to reach their respective cost target
- 3) Fortos supported by applying different tools (e.g., benchmark teardown workshops, supplier workshops, DFMA (Design-For-Manufacturing-Assembly), bottom-up cost calculations, etc.)
- 4) The impact of the different cost reduction ideas was estimated and a workshop was performed to decide what ideas were to be implemented in the project

After several discussions, the project could reach its cost target without excluding any of the new features.

Customer Value

By evaluating the cost of system and component concepts as well as of features early in the product development, it is still possible to influence the total cost of the product. Later in the product development process, it is more difficult to influence the design, for example due to high tooling costs, supplier selections, etc.

With the **help from Fortos**, the client understood early on that the product was not reaching its cost target. By working in cross-functional teams and applying various tools the product could reach its cost target and its profitability target.

Customer & Fortos Collaboration

The close collaboration between the Fortos team and the client, in combination with not only Fortos' profound knowledge in the automotive industry but also our extensive experience in cost breakdown analysis methodology were three clear success factors. Being able to approach the subject with a holistic perspective while at the same time dig into the details by thoroughly investigating cost reduction opportunities is a crucial balancing act.

What makes Fortos unique is that we come from the business, hence we know the business from within. For more than a decade we have optimized tools and methods to create most possible value for the business and for that reasons we are considered a thought leader and valued advisor.

About Fortos

Transformation is our heritage. Fortos has a long history as one of the most valuable advisors to leading multinational organizations in the Automotive industry. We support our customers to achieve successful transformations through our deep understanding of their business, our world-class transformation competence and long term commitment to deliver sustainable client value.

Learn more about us at [Fortos.se](https://www.fortos.se)

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