



## Value chain optimization



**A world leading OEM was struggling with high costs for mid-range products made for high growth Asian markets. Several initiatives were ongoing, but there was lack of a consolidated view. Fortos helped the client take control of the situation, identify gaps in the strategy and set up a program to reach cost saving targets.**

### Customer Challenge

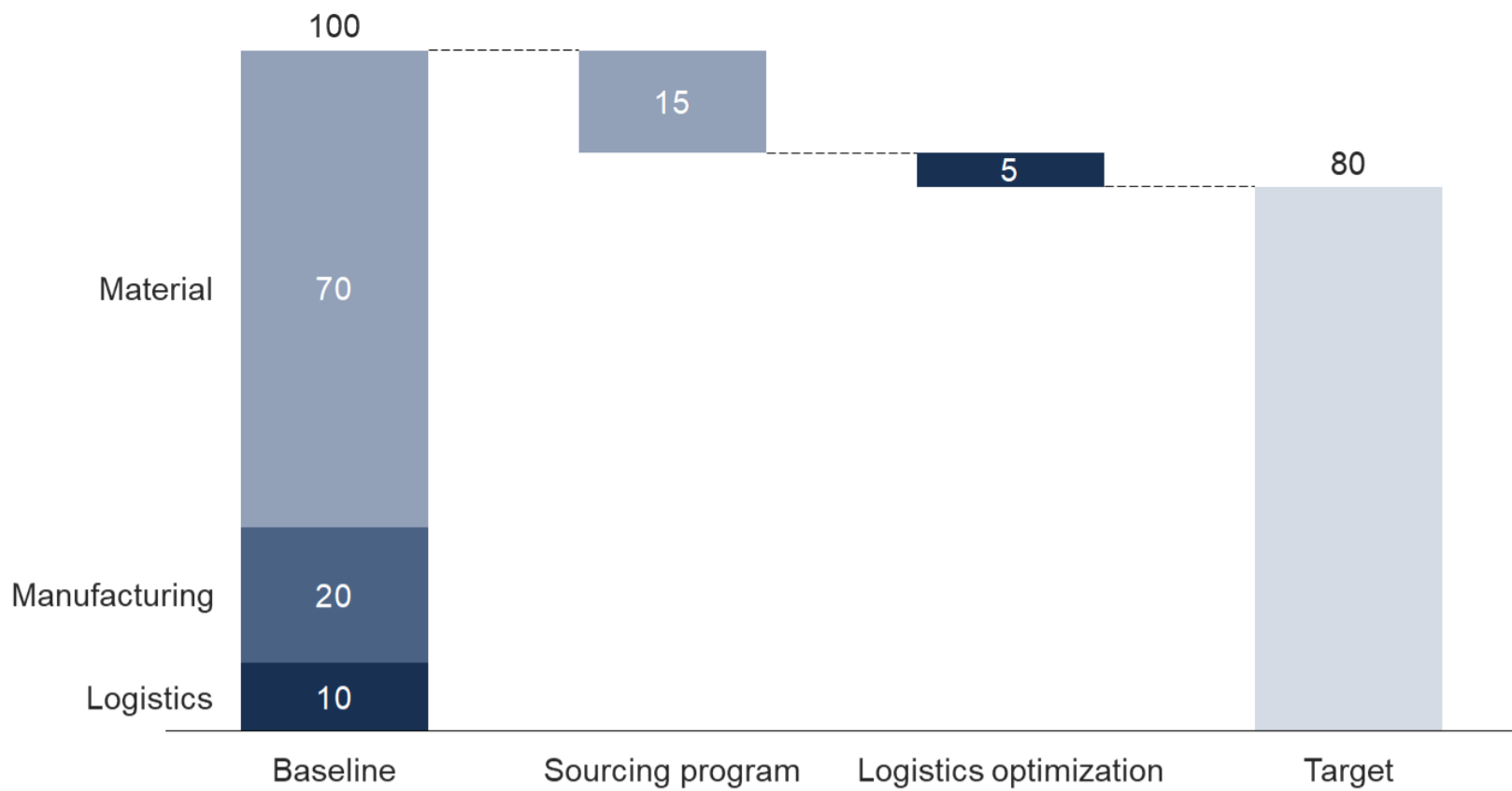
The client, a **world leading OEM**, had a product which was manufactured and sold in several locations across Asia. The new product was meant to address new customer segments at lower price points than existing products. However, the costs were much higher than initially projected and the product was sold at loss in several markets. There was no consensus on what had gone wrong and how to focus efforts.

### Customer Solution

To **help the client** in understanding the cost situation, Fortos worked together with the client to grasp the current situation and launch initiatives to reach cost targets.

- 1) Comprehensive fact basis gathered. Root cause analysis, identification of main drivers behind escalation of material and logistics costs. Consolidation of dozens of initiatives across the entire value chain to project the remaining gap against cost targets.
- 2) Launched sourcing program, closely connected to existing cost-improvement program. Main contributor to cost savings target.
- 3) Strengthening of inbound logistics organization in order to better optimize transports and packaging.
- 4) Launched project to adjust aftermarket logistics cost





## Customer Value

The customer gained insight in the root causes of the profitability problem and was able to focus efforts on the right problems in the value chain to achieve very significant savings. A cross-functional group achieved consensus and could mobilize the resources to implement recommended cost saving initiatives.

## Customer & Fortos Collaboration

**Fortos worked closely with a cross-functional, global team** and facilitated analysis and discussion within this team. Fortos consolidated facts and analysis from many different sources into executive summaries and led the work of digging deeper into root causes of the escalating costs in the value chain.

**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](http://Fortos.se)*

## Want to know more?

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