



Cost- efficiency programs

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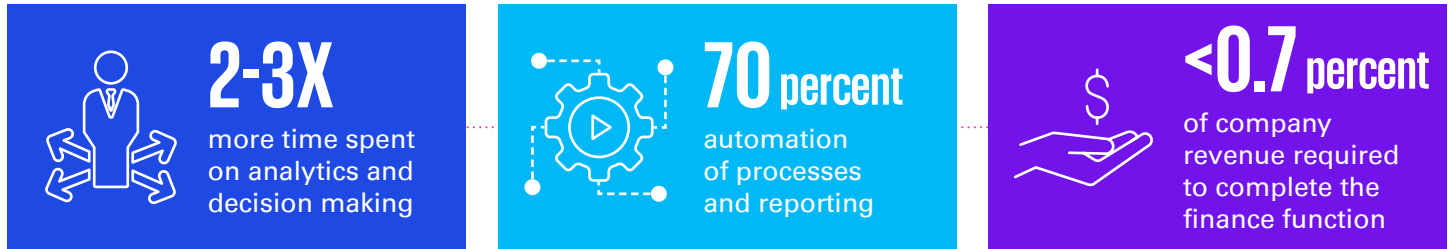
Getting Started

In today's economy, CFOs and financial leaders are taking a hard look at ways to take costs out in a sustainable manner. Each company has its own priorities and opportunities for cost optimization, so it is important that they use data-driven insights to target and pull the right cost levers.

Whether an organization is looking to make immediate cost cuts, ensure stability, or better position itself for future growth, improved cost efficiency will require the right mix of intelligent cost-reduction measures tailored to the unique business needs of the organization. KPMG can help companies undertake cost optimization with a carefully considered, strategic approach.

Value realized from cost-efficiency programs

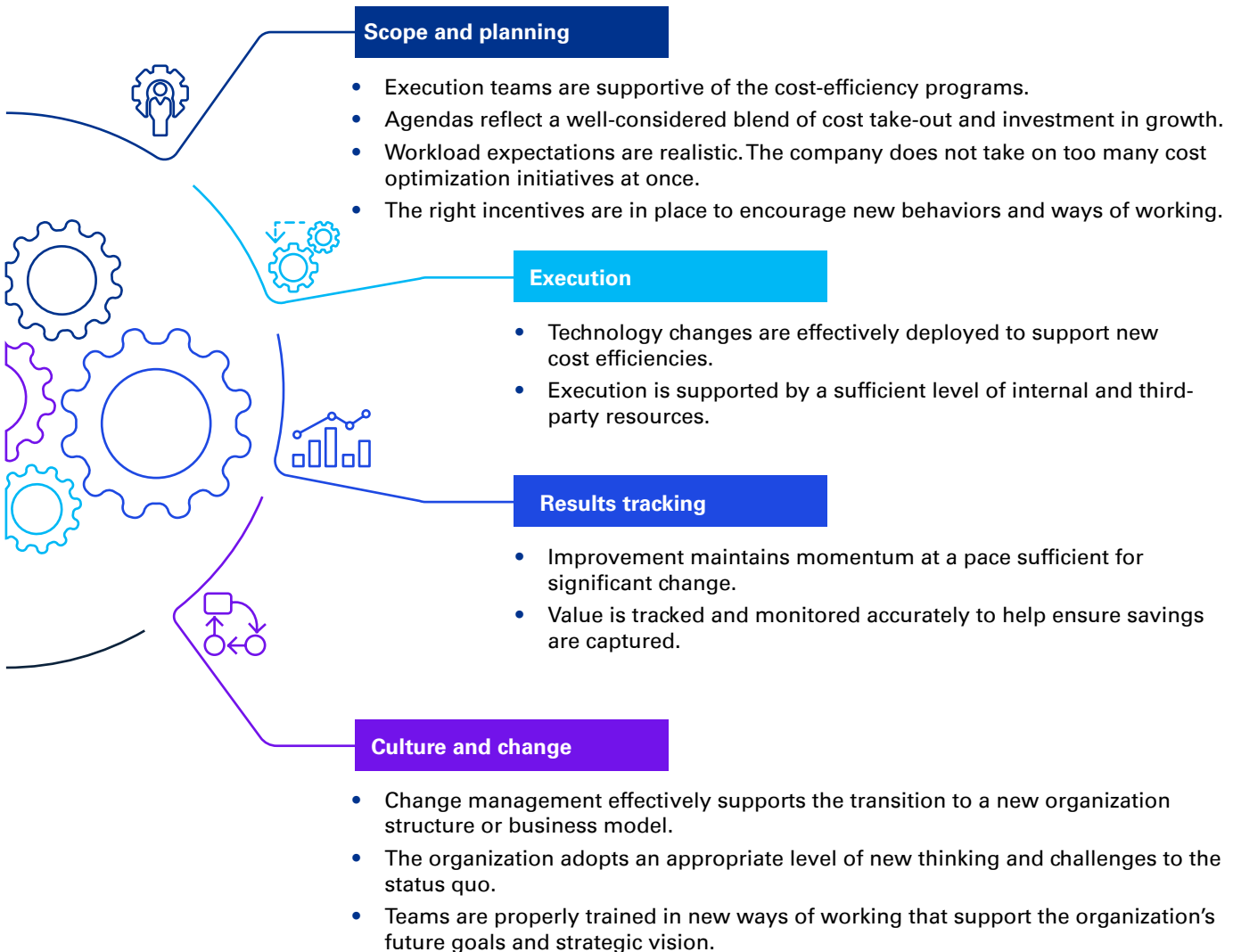
KPMG surveys indicate that finance organizations can realize significant value from a properly planned and executed cost-efficiency program.



Sources: KPMG 2022 Elevating Finance survey and KPMG 2021 EPM survey. Figures represent companies in the top quartile of responses.

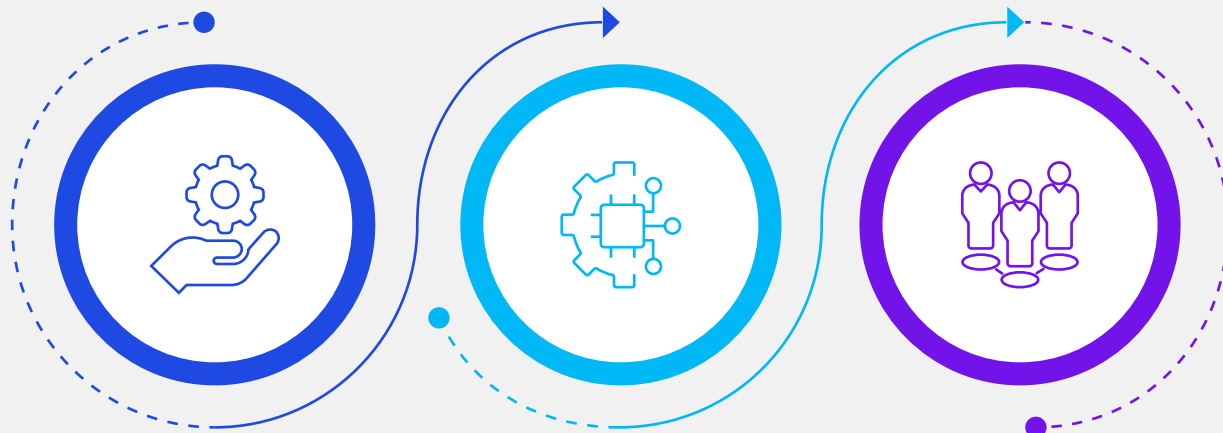
What good looks like

Successful programs have many of the following qualities and expectations:



Different programs for different needs

Cost efficiency programs can begin with executing on quick wins, followed, if appropriate, by more extended initiatives delivering a wider range of value. Options include:

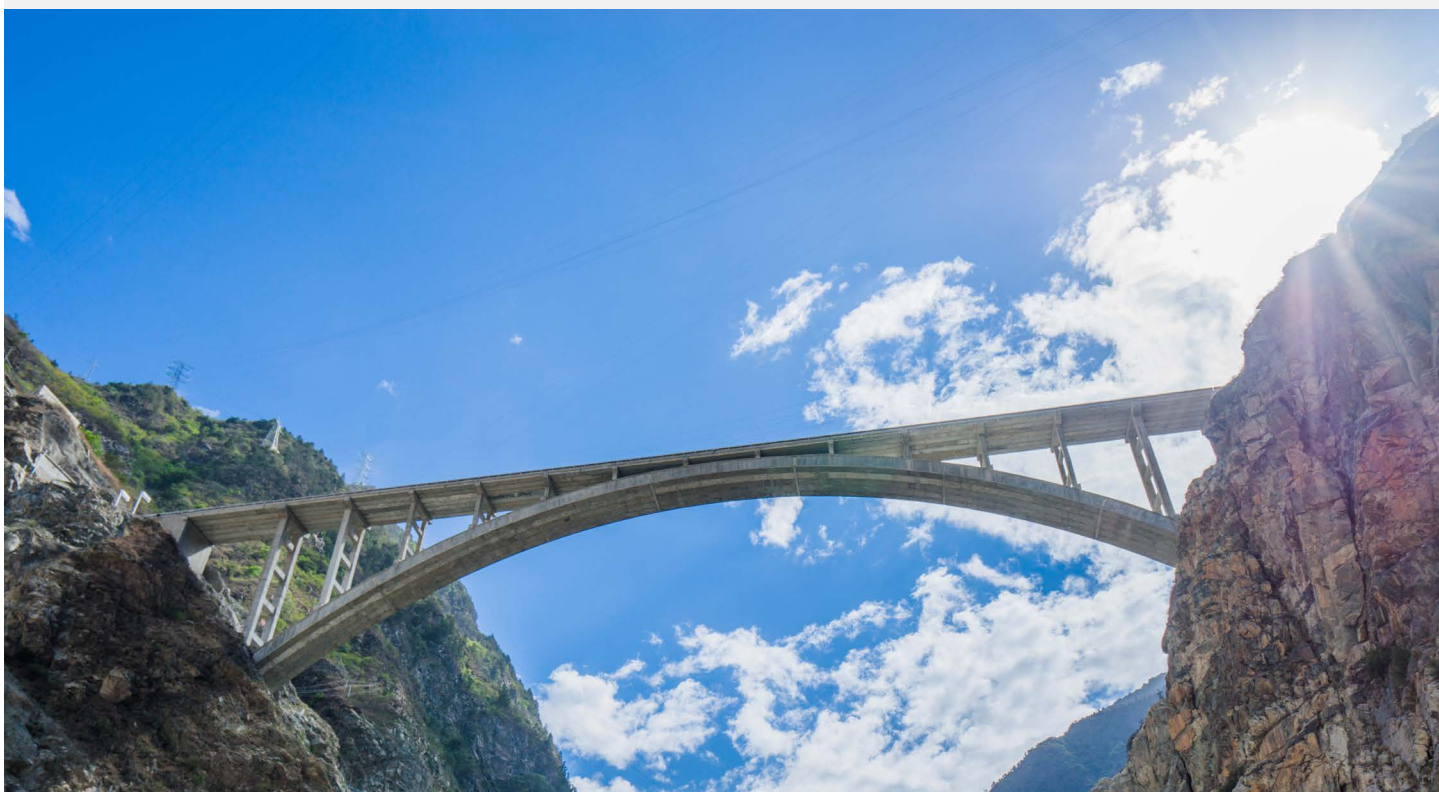


Diagnosing and achieving quick wins that focus on a few simple ways to cut costs, prioritizing ones that can deliver results rapidly

Implementing medium-term solutions that look at new ways of working, more complex technology, and broader automation

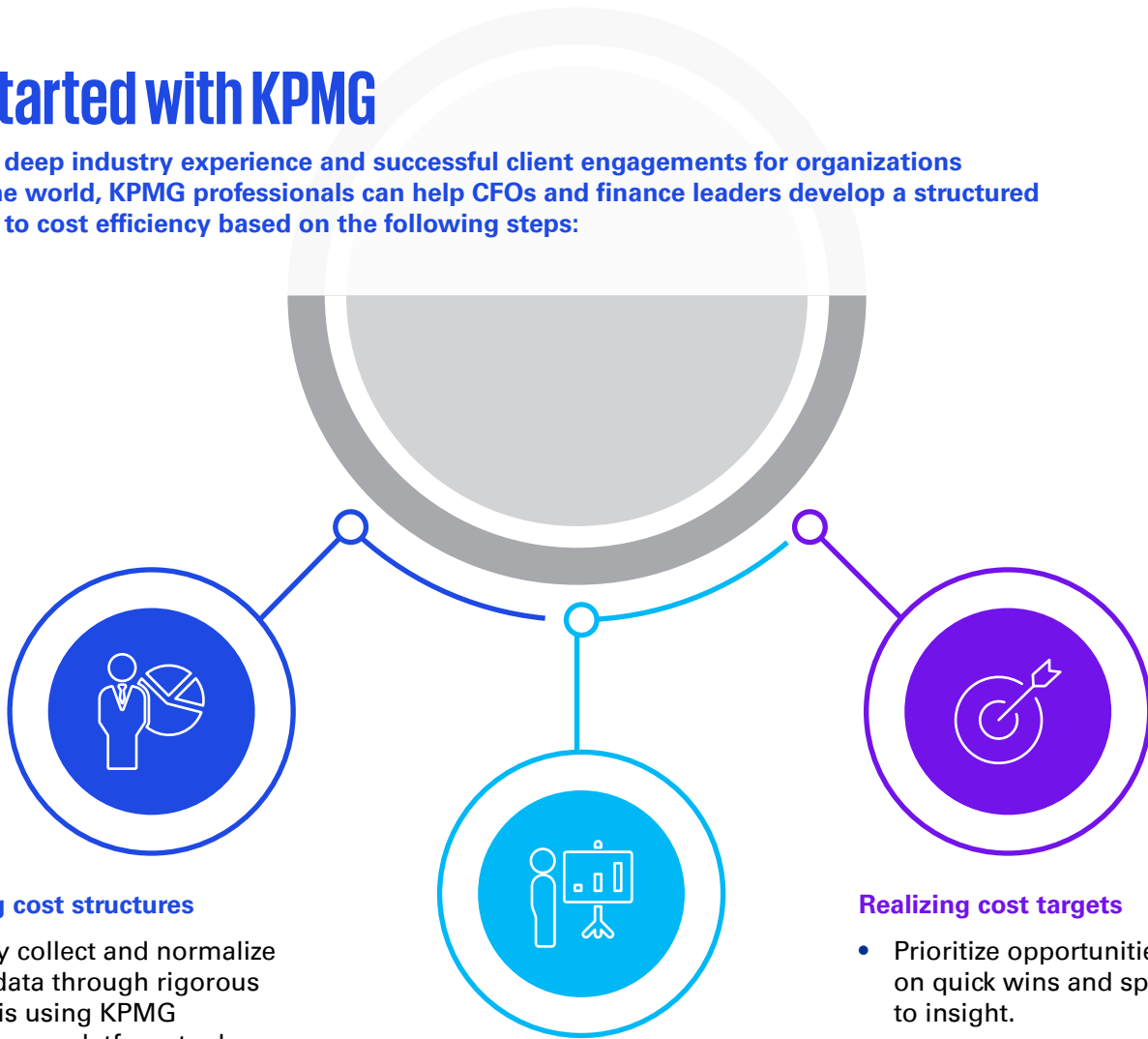
Longer-term transformation that includes modernizing back-office functions, introducing new or enhanced distribution channels, and improving customer interactions

The goal for a company should be to benefit from rapid short-term savings at the start of the initiative and then use these savings to fund investment or make more complex, strategic changes in the future.



Get started with KPMG

Based on deep industry experience and successful client engagements for organizations around the world, KPMG professionals can help CFOs and finance leaders develop a structured approach to cost efficiency based on the following steps:



Analyzing cost structures

- Rapidly collect and normalize client data through rigorous analysis using KPMG intelligence platform tools.
- Include data such as headcounts and personnel costs, real estate and other infrastructure costs, company financial data, employee activity mapping, volumetrics, IT costs, and indirect spend.
- Analyze data and identify opportunities with KPMG Benchmarking Plus, indirect spend optimization tools, working capital analyzers, and spans-and-layers management tools.

Designing a tailored cost-efficiency program

- Develop a baseline of performance to quantify opportunities based on data-driven insights.
- Set a target for cost takeout while accounting for current business needs, goals and resources.
- Evaluate opportunities using a series of levers to unlock savings.
- Identify cost reductions based on specific drivers such as third-party technology or indirect procurement spend.
- Prioritize key skills that the organization needs for the future while also building a scalable and agile model.
- Document initiatives and opportunities to reduce cost or gain efficiency.
- Quantify ROI for all initiatives.

Realizing cost targets

- Prioritize opportunities based on quick wins and speed to insight.
- Leverage KPMG value management offerings which enables detailed analytical tools and tracking mechanisms to help clients precisely quantify and capture value on an ongoing basis.
- Support continuous monitoring to help ensure the expected value is realized, and to help identify the need for corrective actions.
- Promote a culture of cost management to support organizational buy-in for the initiatives.

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