5TH OPERATIONS EFFICIENCY RADAR

Top levers in 2014 – A decision-making aid for CFOs

Study results

Munich and Stuttgart, October 2013
THANK YOU VERY MUCH!

This is now the 5th edition of the Operations Efficiency Radar. With continuously rising numbers of participants over the years, the 5th edition now includes responses from 200 participants. This is an excellent result that highlights how well-established the study has become in just 5 years. We would therefore like to thank our regulars as well as the newcomers among you! We hope that this edition of the Operations Efficiency Radar once again gives you informative insights and helpful suggestions for planning in 2014 and look forward to discussing them with you.

We hope to welcome you to the 6th Operations Efficiency Radar next year. Thank you once again.

Oliver Knapp
Conrad Günther
Thomas Rinn
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A joint study by the **International Controller Association (ICV)** and **Roland Berger**
Management summary
BACKGROUND & OBJECTIVES

> Our Operations Efficiency Radar for 2014 predicts an environment characterized by slow growth:
  – The triad markets will grow only slowly in the coming year – in Germany for example, GDP growth of approx. 1% is assumed
  – Emerging markets will continue to grow but much more slowly, leading to a slow-growth scenario for this region too – in China for example, GDP growth of just over 6% in 2014 is the assumption, after primarily double-digit growth rates over the last few years

> This gives rise to two questions for companies:
  – How can they continue to grow profitably in a slow-growth scenario?
  – What are the top levers in 2014 to do so?

> In our experience, especially in a slow-growth scenario it is all the more important to offer the products customers really want – with the right features, at the right price and at minimal cost
  – For triad markets this means first and foremost evolutionary refinement of existing products using product value-based methods
  – For emerging markets this means revolutionary development of new products based on frugal product approaches (focus on low-end segments)
The special analysis of the Operations Efficiency Radar confirms that

- Only 38% of participants offer their customers products they really want at minimal cost
- Just 8% of participants have so far seized the opportunities of frugal products to the full extent
- In addition, just one-third of companies achieve their target costs

Significant catching up to be done – starting point for profitable growth in the expected slow-growth scenario

In 2014, "the product" will continue to be the focus of the 5th Operations Efficiency Radar – the CFO agenda for 2014 can be summarized as follows:

1. **Product in focus**, e.g.
   - Identify growth opportunities
   - Optimize product features in a customer-oriented manner
   - Cut product costs across all functions

2. **Better transparency & control**, especially:
   - Stronger controlling

3. **Selective efficiency improvement in the functions**, e.g.
   - Efficiency improvement in production
   - Efficiency improvement in sales and marketing
Management summary (3/3)

RECOMMENDATION

> Especially in a slow-growth scenario, it is important to put the customer and product at the heart of all considerations.

> In 2014, companies should thus focus on activities/levers that help offer customers products they really want at minimal cost – both for the triad markets and emerging markets.
Background and objectives
Companies will be facing slow growth in 2014 – Our 5th Operations Efficiency Radar at a glance

Overview of the results – Top levers in 2014

**TRIAD MARKETS**

<table>
<thead>
<tr>
<th>Year</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013 (p)</th>
<th>2014 (p)</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP Growth</td>
<td>3.0%</td>
<td>0.8%</td>
<td>1.2%</td>
<td>1.0%</td>
<td>1.1%</td>
</tr>
</tbody>
</table>

> The triad markets will grow only slowly in the coming year
> In Germany for example, GDP growth of approx. 1% is assumed

**EMERGING MARKETS**

<table>
<thead>
<tr>
<th>Year</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013 (p)</th>
<th>2014 (p)</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP Growth</td>
<td>8.3%</td>
<td>6.8%</td>
<td>6.9%</td>
<td>6.2%</td>
<td>5.6%</td>
</tr>
</tbody>
</table>

> Emerging markets will continue to grow but much more slowly, leading to a slow-growth scenario for this region
> In China for example, GDP growth of just over 6% in 2014 is the assumption, after primarily double-digit growth rates over the last few years

Resulting in more intensive competition & cost pressure

> How can companies continue to grow profitably in a slow-growth scenario?
> What are the top levers in 2014 to do so?

Source: Prognos, Roland Berger
It helps CFOs pinpoint the top levers for profitable growth in 2014

Objective and benefits

THE GOAL

Determine the top levers for 2014 for manufacturing companies to grow profitably

THE Operations Efficiency Radar

THE BENEFIT

> Decision-making aid for CFOs in planning for 2014
> Basis for discussion by CFO ("sparring") with the corporate functions

How do "neutral" CFOs view their own company ("inside-in" perspective)?

Source: Roland Berger
Top levers for CFOs in 2014
In 2014, the focus will be on levers for optimizing the "product"

Top levers for CFOs in 2014

1. PRODUCT IN FOCUS
   - Identify growth opportunities
   - Optimize product features in a customer-oriented manner
   - Cut product costs across all functions

2. BETTER TRANSPARENCY & CONTROL
   - Stronger controlling

3. SELECTIVE EFFICIENCY IMPROVEMENT IN THE FUNCTIONS
   - Efficiency improvement in manufacturing
   - Efficiency improvement in sales and marketing

Source: Roland Berger
The 5th Operations Efficiency Radar covers four perspectives:

I  REVIEW 2013

II  OUTLOOK 2014

III  SPECIAL EVALUATION

IV  RECOMMENDATION

Source: Roland Berger
The 2013 CFO agenda was not fully implemented — in most areas, implementation remains behind schedule.

### Implementation of the CFO agenda in 2013

<table>
<thead>
<tr>
<th>FOCUS OF THE CFO AGENDA 2013</th>
<th>Activities planned for 2013</th>
<th>Actual use 2013</th>
<th>Δ act. vs. plan</th>
<th>COMMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product portfolio</td>
<td>67%</td>
<td>53%</td>
<td>-14%</td>
<td>&gt; The CFO agenda 2013 was only partly implemented</td>
</tr>
<tr>
<td>Production</td>
<td>63%</td>
<td>50%</td>
<td>-13%</td>
<td>&gt; In most areas, implementation remains behind the original plans from 2012</td>
</tr>
<tr>
<td>Working capital</td>
<td>56%</td>
<td>55%</td>
<td>-1%</td>
<td>&gt; In particular, the key areas of product portfolio and production show large deviations</td>
</tr>
<tr>
<td>Controlling and finance</td>
<td>55%</td>
<td>49%</td>
<td>-6%</td>
<td>&gt; The topic of working capital was rigorously implemented</td>
</tr>
<tr>
<td>Procurement</td>
<td></td>
<td>43%</td>
<td>-9%</td>
<td></td>
</tr>
<tr>
<td>Logistics</td>
<td></td>
<td>47%</td>
<td>-5%</td>
<td></td>
</tr>
<tr>
<td>Sales &amp; marketing</td>
<td></td>
<td>41%</td>
<td>-10%</td>
<td></td>
</tr>
<tr>
<td>Innovation &amp; development</td>
<td></td>
<td>40%</td>
<td>-9%</td>
<td></td>
</tr>
<tr>
<td>Administration &amp; overhead</td>
<td></td>
<td>37%</td>
<td>-2%</td>
<td></td>
</tr>
</tbody>
</table>

1) Percentage of companies planning activities in 2013
2) Percentage of companies judging the actual use of the levers to be high (4) or very high (5)

Source: Roland Berger
Controlling & finance is among the top 3 for the first time – Product portfolio still the key area

Focal areas in 2014

> The product portfolio has become established as a key area

> Alongside this, four areas are in focus in 2014
  – Production
  – Controlling & finance
  – Working capital management
  – Logistics

> Controlling & finance among the top 3 for the first time

Source: Roland Berger
Product portfolio remains the focus – Controlling & finance more important, while Procurement has fallen farthest down the rankings

Activities planned, 2014 overview

<table>
<thead>
<tr>
<th>FOCUS OF THE CFO AGENDA 2014</th>
<th>ACTIVITIES PLANNED IN 2014</th>
<th>RANK IN PREVIOUS YEAR</th>
<th>COMMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Product portfolio</td>
<td>66%</td>
<td>1</td>
<td>&gt; Most activities in 2014 are planned in the area of product portfolio</td>
</tr>
<tr>
<td>2 Production</td>
<td>60%</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>3 Controlling &amp; finance</td>
<td>60%</td>
<td>4</td>
<td>&gt; Working capital management (WCM) and controlling &amp; finance still within the CFO's focus</td>
</tr>
<tr>
<td>4 Working capital mgt.</td>
<td>58%</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>5 Logistics</td>
<td>54%</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>6 Sales &amp; marketing</td>
<td>52%</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>7 Innovation &amp; development</td>
<td>49%</td>
<td>8</td>
<td>&gt; Previous year's up-and-coming division, procurement, drops to 8th position</td>
</tr>
<tr>
<td>8 Procurement</td>
<td>49%</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>9 Administration &amp; overhead</td>
<td>41%</td>
<td>9</td>
<td></td>
</tr>
</tbody>
</table>

1) Percentage of companies planning activities in 2014

Source: Roland Berger
Top levers in 2014 focus on production efficiency, growth and stronger controlling

Top 10 levers: Activities planned

- **Product Portfolio**: Optimize planning and control, identify growth opportunities, develop a sustainable product/service portfolio.
- **Procurement**: Reduce cross-functional product/service costs.
- **Production**: Increase production efficiency, etc.
- **Logistics**: Optimize stocks in the supply chain.
- **Sales & Marketing**: Identify growth opportunities, improve sales and marketing efficiency (price policy, customer and channel management).
- **Controlling & Finance**: Stronger controlling, optimize/improve efficiency of back-office services.
- **Working Capital Management**: Optimize stocks in the supply chain.
- **Administration & Overhead**: Focus areas of the CFO agenda 2014.

**Comments**

> Efficiency improvement in production is the most important lever for CFOs in 2014.

> Despite the clear focus on the product portfolio, there is no “innovation & development” lever among the top 10.

> Most important "newcomer" is improving sales & marketing efficiency (price policy, customer and channel management).
By contrast, process-related procurement levers and optimizing sales, marketing and administration are not in focus.

Bottom 10 levers: No activities planned

**PRODUCT PORTFOLIO**
- INNOVATION & DEVELOPMENT
  - Optimize product architecture and use of platform/module concepts
  - Optimize vertical integration in development
  - Optimize development network/control
- PROCUREMENT
  - Apply process-related procurement levers
  - Apply technical procurement levers
- PRODUCTION
  - Optimize the global production network
- LOGISTICS
- SALES & MARKETING
  - Optimize back-office services
  - Improve sales and marketing efficiency (reduce other marketing costs across all functions)

**CONTROLLING & FINANCE**

**WORKING CAPITAL MANAGEMENT**
- Optimize trade creditors

**ADMINISTRATION & OVERHEAD**
- Optimize other costs

**COMMENTS**
- Although efficiency improvement in production is the most important lever, module and platform concepts will not be used to optimize costs in 2014.
- Technical and process-related procurement levers are not planned either.

Source: Roland Berger
Product portfolio activities are consistent across industries – Major differences in controlling & finance

Activities planned in 2014 by industry (1/2)

<table>
<thead>
<tr>
<th>RANK</th>
<th>AUTOMOTIVE</th>
<th>HIGH TECH</th>
<th>ENGINEERED PRODUCTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Production</td>
<td>Controlling &amp; finance</td>
<td>Product portfolio</td>
</tr>
<tr>
<td></td>
<td>74%</td>
<td>69%</td>
<td>70%</td>
</tr>
<tr>
<td>2</td>
<td>Product portfolio</td>
<td>Product portfolio</td>
<td>Working capital</td>
</tr>
<tr>
<td></td>
<td>71%</td>
<td>58%</td>
<td>70%</td>
</tr>
<tr>
<td>3</td>
<td>Working capital</td>
<td>Working capital</td>
<td>Production</td>
</tr>
<tr>
<td></td>
<td>66%</td>
<td>58%</td>
<td>61%</td>
</tr>
<tr>
<td>4</td>
<td>Innovation &amp; development</td>
<td>Innovation &amp; development</td>
<td>Controlling &amp; finance</td>
</tr>
<tr>
<td></td>
<td>61%</td>
<td>51%</td>
<td>57%</td>
</tr>
<tr>
<td>5</td>
<td>Controlling &amp; finance</td>
<td>Innovation &amp; development</td>
<td>Logistics</td>
</tr>
<tr>
<td></td>
<td>59%</td>
<td>51%</td>
<td>57%</td>
</tr>
<tr>
<td>6</td>
<td>Procurement</td>
<td>Sales &amp; marketing</td>
<td>Sales &amp; marketing</td>
</tr>
<tr>
<td></td>
<td>57%</td>
<td>48%</td>
<td>53%</td>
</tr>
<tr>
<td>7</td>
<td>Logistics</td>
<td>Admin. und overhead</td>
<td>Admin. &amp; overhead</td>
</tr>
<tr>
<td></td>
<td>54%</td>
<td>43%</td>
<td>50%</td>
</tr>
<tr>
<td>8</td>
<td>Sales &amp; marketing</td>
<td>Logistics</td>
<td>Procurement</td>
</tr>
<tr>
<td></td>
<td>43%</td>
<td>42%</td>
<td>48%</td>
</tr>
<tr>
<td>9</td>
<td>Admin. &amp; overhead</td>
<td>Procurement</td>
<td></td>
</tr>
<tr>
<td></td>
<td>33%</td>
<td>40%</td>
<td></td>
</tr>
</tbody>
</table>

4 = certain  5 = very certain

Source: Roland Berger
Product portfolio activities are consistent across industries – Major differences in controlling & finance

Activities planned in 2014 by industry (2/2)

<table>
<thead>
<tr>
<th>RANG</th>
<th>CHEMICALS/PHARMA</th>
<th>CONSTRUCTION</th>
<th>CONSUMER GOODS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Product portfolio</td>
<td>Product portfolio</td>
<td>Product portfolio</td>
</tr>
<tr>
<td>2</td>
<td>Sales &amp; Marketing</td>
<td>Working capital</td>
<td>Controlling &amp; finance</td>
</tr>
<tr>
<td>3</td>
<td>Production</td>
<td>Logistics</td>
<td>Production</td>
</tr>
<tr>
<td>4</td>
<td>Working capital</td>
<td>Logistics</td>
<td>Controlling &amp; finance</td>
</tr>
<tr>
<td>5</td>
<td>Logistics</td>
<td>Controlling &amp; finance</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Controlling &amp; finance</td>
<td>Sales &amp; marketing</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Procurement</td>
<td>Admin. &amp; overhead</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Admin. &amp; overhead</td>
<td>Innovation &amp; development</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Innovation &amp; development</td>
<td>Procurement</td>
<td></td>
</tr>
</tbody>
</table>

Source: Roland Berger
The top levers vary greatly between industries – Even the top 3 levers are applied differently

Top 5 levers by industry (1/2)

<table>
<thead>
<tr>
<th>AUTOMOTIVE</th>
<th>HIGH TECH</th>
<th>ENGINEERED PRODUCTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product portfolio</td>
<td>Product portfolio</td>
<td>Product portfolio</td>
</tr>
<tr>
<td>Innovation &amp; development</td>
<td>Procurement</td>
<td>Innovation &amp; development</td>
</tr>
<tr>
<td>Procurement</td>
<td>Production</td>
<td>Procurement</td>
</tr>
<tr>
<td>Logistics</td>
<td>Sales &amp; marketing</td>
<td>Sales &amp; marketing</td>
</tr>
<tr>
<td>Controlling &amp; finance</td>
<td>Working capital management</td>
<td>Working capital management</td>
</tr>
<tr>
<td>Administration &amp; overhead</td>
<td>Administration &amp; overhead</td>
<td>Administration &amp; overhead</td>
</tr>
</tbody>
</table>

1. **Increase production efficiency**
   - Reduce cross-functional product/service costs
   - Optimize global production network
   - Develop a sustainable product/service portfolio
   - Optimize product innovation/development process

2. **Optimize planning and control**
   - Strengthen controlling
   - Develop a sustainable product/service portfolio
   - Optimize project costs

3. **Identify growth opportunities**
   - Increase production efficiency
   - Optimize stocks in the supply chain
   - Develop a sustainable product/service portfolio

4. **Area addressed by top 5 levers**

5. **Top 3 levers overall**

Source: Roland Berger
The top levers vary greatly between industries – Even the top 3 levers are applied differently

Top 5 levers by industry (2/2)

**CONSTRUCTION**
- Product portfolio
- Innovation & development
- Procurement
- Production
- Logistics
- Sales & Marketing
- Controlling & finance
- Working Capital Management
- Administration & Overhead

**CHEMICALS/PHARMA**
- Product portfolio
- Innovation & development
- Procurement
- Production
- Logistics
- Sales & Marketing
- Controlling & finance
- Working Capital Management
- Administration & Overhead

**CONSUMER GOODS**
- Product portfolio
- Innovation & development
- Procurement
- Production
- Logistics
- Sales & Marketing
- Controlling & finance
- Working Capital Management
- Administration & Overhead

1. Streamline product/service portfolio
2. Optimize product/service features in a customer-focused manner
3. Cut product/service costs across functions
4. Optimize inventory costs
5. Optimize transportation costs

1. Increase sales and marketing effectiveness
2. Identify growth opportunities
3. Sales push to take advantage of market opportunities
4. Optimize product/service features in a customer-focused manner
5. Optimize the global production network

**Source:** Roland Berger

**Areas covered by the top 5 levers**

**Top 3 levers that cover all areas**

**CONSTRUCTION**
- Increase sales and marketing effectiveness
- Identify growth opportunities
- Stronger controlling

**CHEMICALS/PHARMA**
- Stronger controlling
- Identify growth opportunities
- Optimize/improve efficiency of back-office services

**CONSUMER GOODS**
- Optimize planning and control
- Identify growth opportunities
- Increase sales and marketing effectiveness
The special evaluation for 2014 focuses on products for the triad and emerging markets

Product optimization

PRODUCTS FOR THE TRIAD MARKETS

Use evolutionary products to improve customer satisfaction and product profitability. Successful products offer features that customers really want and at minimal cost – Triad markets

PRODUCT-BASED-ORIENTED APPROACHES

Example of packaging costs

- Reduce packaging size
- Optimize production
- Eliminate side window
- Change material
- Use smaller crowner
- Reduce logistics costs

-15% packaging costs

PRODUCTS FOR EMERGING MARKETS

FRUGAL PRODUCTS

Capture new markets using revolutionary products. FRUGAL (functional, robust, user-friendly, growing, affordable, local) products are products from the low- to mid-tech segments – New markets

Example of a ultrasound device

- Small, portable and PC-based based ultrasound device that is sold in rural China for approx. USD 15,000
- The device was developed in China and is manufactured there too
- Today, the device is also sold in the US to encourage new approaches, e.g. to cut healthcare costs
Companies are failing to seize opportunities both in the triad and emerging markets

Action areas

PRODUCTS FOR THE TRIAD MARKETS
Use evolutionary products to improve customer satisfaction and product profitability. Successful products offer features that customers really want and at minimal cost – Triad markets

PRODUCT-BASED-ORIENTED APPROACHES

PRODUCTS EMERGING MARKETS
FRUGAL PRODUCTS
Capture new markets using revolutionary products. FRUGAL (functional, robust, user-friendly, growing, affordable, local) products are products from the low- to mid-tech segments – New markets

Seizing opportunities in 2014

Source: Roland Berger
### Optimizing products for the triad markets

#### LEVER

<table>
<thead>
<tr>
<th>Importance</th>
<th>Know-how</th>
<th>Use</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) We have a deep understanding of the product features our customers want and know what they are willing to pay for this</td>
<td>2) We &quot;translated&quot; the customers' needs into technical specifications at the start of product development</td>
<td>6) We will actively revise our product portfolio by focusing on product-value-based approaches in 2014</td>
</tr>
<tr>
<td>3) We achieve the defined target costs</td>
<td>4) We make sure that the products developed with the corresponding features are also appreciated by the customers, e.g. through market tests</td>
<td></td>
</tr>
<tr>
<td>5) Overall, we offer our customers exactly those products that have the desired features and at minimal cost</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Agreement with the statements

- Only 2/3 feel they have a deeper understanding of what their customers really want – Achieving target costs is a big problem.

#### COMMENTS

- Only 2/3 of the companies feel they have a deeper understanding of their customers’ wishes.
- Furthermore, only 1/3 of the participants stated that the target costs will be achieved.
- This means there’s catching up to do in product optimization, even though innovation & development did not rank among the top areas.

---

Source: Roland Berger
There is much catching up needed in exploiting the potential of frugal product approaches.

Product optimized for "emerging markets"

<table>
<thead>
<tr>
<th>LEVER</th>
<th>Agreement with the statements</th>
<th>COMMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Importance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1) We have a deep understanding of the market needs in emerging markets</td>
<td>19% 5% 24%</td>
<td>&gt; 3/4 of those surveyed lack an understanding of emerging markets</td>
</tr>
<tr>
<td>Know-how</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2) We also believe we can seize opportunities in emerging market using frugal products</td>
<td>29% 12% 38%</td>
<td>&gt; Even though 40% of the participants believe that frugal products are becoming increasingly relevant</td>
</tr>
<tr>
<td>3) The share of frugal products in our industry will be increasing significantly over the next five years</td>
<td>30% 12% 42%</td>
<td></td>
</tr>
<tr>
<td>4) We are in a position to also successfully develop products for emerging markets in the low- to mid-tech segments</td>
<td>20% 6% 25%</td>
<td>&gt; And only 8% state that they fully seize the opportunities offered by frugal products</td>
</tr>
<tr>
<td>5) Overall, we already completely seize all opportunities from frugal products</td>
<td>6% 2% 8%</td>
<td></td>
</tr>
<tr>
<td>Use</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6) We will actively revise our product portfolio by focusing on frugal in 2014</td>
<td>17% 6% 23%</td>
<td>&gt; Usage planned for 2014 is correspondingly low (23%)</td>
</tr>
</tbody>
</table>

4 = strongly agree with the statement  
5 = very strongly agree with the statement

Source: Roland Berger
Recommendaion: Focus on customers and their demands, i.e. align activities to achieve this goal

THE GOAL of each company is to GROW PROFITABLY — How can this work given the prevailing growth conditions?

> Especially in slow-growth scenarios, it is vital to focus on the customer and the product.

> This means companies should focus on activities/levers in 2014 which help provide customers with products they really want at minimal cost – for both triad and emerging markets.
Companies now need to evaluate which markets their growth focus should be on in 2014 planning.

Impact on planning

### SCENARIO 1
Consistent planning of levers/activities for each function

### SCENARIO 2
Consistent planning of levers/activities for each function

### SCENARIO 3
Consistent planning of levers/activities for each function

**Focus on triad**

**Focus on emerging markets**

**Focus on triad & emerging markets**

> Companies must look at both the triad and emerging markets when deciding on which new products to invest in.

> If the relevant know-how is available, then development of products in both market segments can be pursued at the same time.

Source: Roland Berger
D.

Integrating the Operations Efficiency Radar in planning
The Operations Efficiency Radar helps CFOs discuss issues with functional heads and is a decision-making aid when planning for 2014.

**Process**

1. **Review Operations Efficiency Radar 2014**
2. **Challenge & discuss with functional heads using basic scenarios**
3. **Develop planning in functions (levers/activities)**
4. **Consolidate, prioritize and synchronize**
5. **Review 2014 strategy & goals**
6. **Develop overall planning and budgets for 2014**
7. **Operationalize the success factors for the CFO agenda**
ICV and Roland Berger have identified 10 key success factors

**Success factors for the CFO agenda**

1. **LEVERS** – Select the most promising levers for the company
2. **GOALS** – Define clear, measurable and ambitious goals
3. **SYNCHRONIZATION** – Synchronize the levers to minimize friction losses
4. **PLAN** – Plan application of the levers: approach, milestones, results
5. **REQUIREMENTS** – Ensure that the basic requirements are met: resources, budgets, etc.
6. **TEAM** – Define cross-functional teams
7. **EMBEDDING** – Integrate the goals into personal target agreements
8. **CONTROL** – Establish an effective project monitoring system
9. **REVIEW** – Conduct regular reviews with management
10. **COMMUNICATION** – Launch supporting communication within the organization

**SPEED** – Define the CFO agenda in a way that ensures a dynamic start to the following year

Source: Roland Berger
Your contacts & study design
The Operations Efficiency Radar is designed for CFOs and Heads of Controlling – All key industries in Germany are represented.

Survey focus and responses for 2014

| TARGET COMPANIES | > Manufacturing companies  
|                  | > SMEs with up to EUR 5 bn in sales |
| TARGET GROUP     | > CFOs/Commercial Directors  
|                  | > Heads of Controlling  
|                  | > CEO/General Managers |
| PROCEDURE        | > Quick survey by e-mail and questionnaire  
|                  | > Check off listed levels  
|                  | > Levers based on ICV’s and Roland Berger’s experience |
| TIMEFRAME        | > August/September 2013 |
| RESPONSE         | > Over 200 participants with a favorable response rate of ~14% |

![Pie charts showing participants' functions and industries]

PARTICIPANTS’ FUNCTIONS AND INDUSTRIES

**SALES OF THE PARTICIPATING COMPANIES – [EUR m]**

<table>
<thead>
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<th></th>
<th>2012</th>
<th>2013</th>
<th>Trend</th>
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</thead>
<tbody>
<tr>
<td>&gt;500</td>
<td>38%</td>
<td>24%</td>
<td>↓</td>
</tr>
<tr>
<td>50-500</td>
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<td>58%</td>
<td>↑</td>
</tr>
<tr>
<td>&lt;50</td>
<td>23%</td>
<td>18%</td>
<td>←</td>
</tr>
</tbody>
</table>

Source: Roland Berger
The study examines levers along the value chain and according to three questions – Special evaluation for 2014 on product optimization.

**Study design**

**VALUE CHAIN**

- Product portfolio
  - Innovation & development
  - Procurement
  - Production
  - Logistics
  - Sales & marketing
- Controlling & finance
- Working capital management
- Administration & overhead

**QUESTIONS**

- **Lever importance:**
  How high do you rate the importance of the lever?

- **Current lever usage:**
  How high do you rate the lever's usage currently at your company?

- **Activities focusing on the lever in 2014:**
  Are you planning specific activities to make better use of the lever in 2014?

**Special evaluation for 2014: "Product optimization"**
Comparing a bottom-up approach (triad market) to a top-down approach (emerging markets)

Source: Roland Berger
Your contacts

OLIVER KNAPP
PARTNER
Löffelstrasse 46
70597 Stuttgart
Tel.: +49 711 3275 7213
Mobile: +49 160 7447213
oliver.knapp@rolandberger.com

CONRAD GÜNTER
MEMBER OF THE BOARD
International Controller Association
Tel.: +49 81 5388974-19
c.guenther@controllerverein.de

THOMAS RINN
PARTNER
Löffelstrasse 46
70597 Stuttgart
Tel.: +49 711 3275 7349
Mobile: +49 160 7447349
thomas.rinn@rolandberger.com

THOMAS TOTZECK
CONSULTANT
Mies-van-der-Rohe-Strasse 6
80807 Munich
Tel.: +49 89 9230-8126
Mobile: +49 160 744 8126
thomas.totzeck@rolandberger.com

INGMAR SCHÄFER
CONSULTANT
Mies-van-der-Rohe-Strasse 6
80807 Munich
Tel.: +49 711 3275 6360
Mobile: +49 160 7446360
ingmar.schaefer@rolandberger.com

Source: Roland Berger
We have prepared numerous studies designed for the product-focused CFO agenda 2014 – Get in touch with us!
IT'S CHARACTER THAT CREATES IMPACT

Please do not hesitate to get in touch with us