

## PROCESS MODELING & ANALYSIS

CGN helped the product support division of this large manufacturing client determine organizational and process inefficiencies while analyzing different business scenarios in order to optimize resource allocation and minimize costs.

### Business Problem

A large Earthmoving Machinery client's product support group wanted to increase the quality of its products, lower its total costs, while increase responsiveness to its customers. The challenge was in understanding core costs as they related to activities at the work group level and in trying to drive process inefficiencies out of the organization.

### CGN Solution

CGN applied its proprietary Organizational Modeling & Analysis (OMA) methodology to:

1. build a process model based on value stream maps and the current state;
2. analyze non-value added opportunities and cost take out opportunities;
3. provide detailed scenarios that accounted for bottlenecks, feedback loops, and rework loops within work processes, resulting in the reduction of the total cost base; and
4. provide an organization decision making tool that enabled management to track various improvement initiatives on a cost-value basis.

### Customer Benefit

The CGN solution resulted in a reduction in the total cost base while providing greater visibility into activity-based costing; identified organization-wide non-value added activities; identified significant bottlenecks and feedback loops that were a drain on efficiency; and gave management the ability to model and analyze their business to increase throughput and reduce lead time. The CGN solution delivered potential savings of over \$2.5M (a10x value for this particular client).

### SCOPE

*Organizational modeling; process analysis; activity-based costing; non-value added analysis*

### BUSINESS DRIVERS

*Costs take out opportunities; driving inefficiencies; minimize total costs; optimize resource allocation*



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