



ECMC

Effective Cost Management & Culture

Creating Effective Control of the Management of Cost in
your Business post 2020

www.phoenixcml.com

HYPOTHESIS

That managers in general, and senior managers in particular, often have a shallow relationship with cost. They treat cost simply as a numerical value and reporting activity.

The dynamics of cost relate to the drivers, the actors and systems carrying / enforcing those drivers and the behaviours of the actors.

In these cases it should be possible to identify weaknesses in cost management and culture that would if addressed lead to more profitable and efficient value delivery to final customers

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During 2020 at **PhoenixCML** interacted with over 60 CEO's and senior executives to understand how they reacted to the threat that Covid19 was to their businesses. Some serious challenges were quickly faced and some uncomfortable lifesaving decisions had to be made very quickly by others. A small few prospered, most suffered and some sadly did not survive the unforeseen threat of the of Covid19.

The gut reaction of many CEO's immediately was to slash and slash again costs. The fact that costs were such an obvious target demonstrated that effective cost management was lacking in many organisations. Cost management is now a major issue for leaders, and senior managers find this is occupying a lot of their time.

In normal circumstances leaders and senior managers tend to be market facing with a focus on budgets / forecast revenue and costs. Costs are set down annually as a plan and the budget is the gospel. Negative variance to plan is a problem per se resulting in compliance cultures. Costs are usually reviewed with a 6+ week lag. Growth is generally favoured before cutting cost and deemed better for the business. At **PhoenixCML** we believe this practice has possibly changed permanently with the arrival of Covid19.

ECMC

Our senior consultants at **PhoenixCML** have extensive experience from over 200 projects across the globe. We have seen that many organisations have historically failed to pay enough attention to effective cost management and culture, and the dangers of ignoring and its negative effect on profitability.

We have developed **ECMC** (Effective Cost Management and Culture) which is a clearly defined set of processes and procedures individually tailored for organisations to sustain effective management of their costs in real time. We find that most organisations can quickly benefit from a change in the understanding of cost management beyond the numbers. The installation of **ECMC** creates an immediate behavioural change which in time evolves into a permanent cultural change.

ECMC provides all the necessary components to assess needs and opportunities, design and test solutions and implement in collaboration with internal teams. **ECMC** focuses on how things can be done and normally require zero capex. ROI on **ECMC** projects have no practical limit and normally range from minimum 3:1 and up to as much as 10:1 returns depending on the size of the organisation. The main benefit to our clients is when well managed **ECMC** is a permanent shift in operating performance and the behaviour change. The savings achieved are often a bonus even though they are recurring.

ECMC

WHAT WILL **ECMC** DO FOR YOUR BUSINESS

ECMC means an organisation has a depth of effective capability and attitude towards cost management and performance that executives can assume assure the delivery of targets.

ECMC means all 'employees' are cost partners in that they are aware, accept and can perform their operations at the required standard and within a cost envelope.

ECMC means there is a focus on performance, and that is integral to team working. Innovation and initiative are encouraged to correct and or enhance poor cost results.

ECMC cultures will demonstrate confidence and capability building trust and loyalty with supply chain and customers.

ECMC cultures know how to manage cost and are ready to cut costs as part of that capability and discipline.

ECMC

What our Experiences tell us

Cost is not simply a number or value but an expression of actions completed

Unit cost reduction usually delivers more bottom line impact and probably quicker than demand volume increase.

Cost synergies are more effective than revenue or market scope initiatives

MI has become an IT responsibility 'absolving' managers of ownership for performance.

Leaders are reviewing history- too late to impact performance.

Overhead is challenged more readily in effective cost environments.

New products will be developed with lower unit costs.

Whole life costs will track lower in an effective cost culture.

Phoenix Change Management Ltd: Some Client Comments on ECMC

Having identified many aspects where we managed to save considerable cost we were finally at a loss to identify what to do next. The decision to select Phoenix to help us proved to be an excellent and positive experience for all. - **Francesca Freeland - MD KLM Ground Service.**

Your management and supervisory training work shops on cost management were excellent.

Steve Allen MD DHL Freight & Logistics

During your project you interacted very well with management and staff and got a sound grasp of the financial challenges being faced by HSE and the contribution that PCRS can make to managing and reducing overall cost whilst driving efficiency. **Jim O'Sullivan Office of the Dir General HSE**

I will happily recommend Phoenix to other organisations who are seeking to improve productivity and reduce costs. - **Richard Van Bruygom CEO - SERVISAIR**

Understanding and managing costs is one of the key factors in successfully running our business. The Phoenix methodology reminded our managers of the importance at all times the team understanding where we were to budget. - **Grant Barrans – MD Aviva Ireland**



If you would like to know more about our ECMC programme and how it can significantly improve your bottom line performance please contact;

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