

TMG IMPULSE

Efficiency

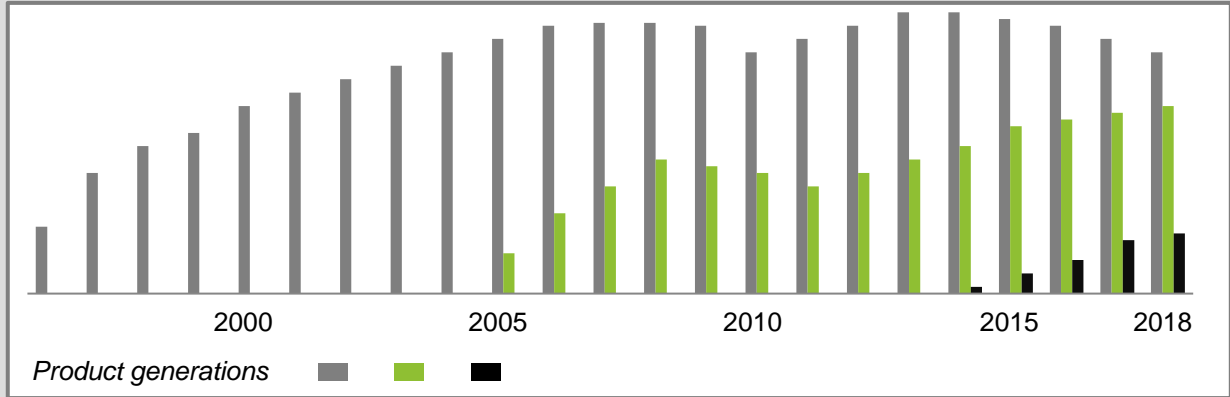
**Reduction of
variant diversity**

Less is more

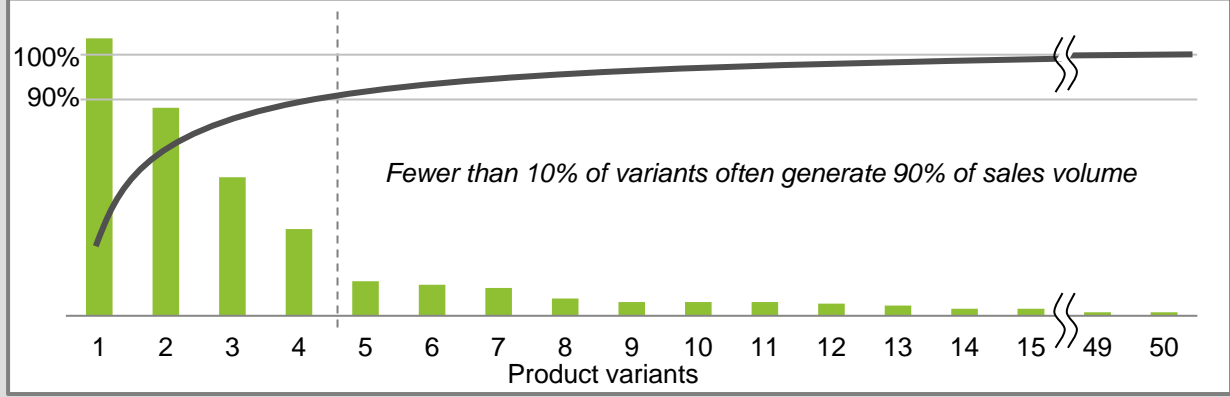
In recent years, a healthy order volume has led to a wide range of variants and covered up inefficient products ...

Current situation in many companies

Overlapping of several product generations with comparable function



Many variants with low sales yet high processing costs



Changes in underlying parameters and challenges

- Variant diversity vs. mastering complexity
- Reliable planning vs. fluctuations in demand
- Price flexibility vs. increasing price pressure
- Focus on absolute contribution margin vs. relative contribution margin
- Available budgets vs. restraint
- Resource planning vs. intransparency
- Seller's market vs. buyer's market

➔ ... streamlining the product portfolio is urgently needed today in order to become efficient again

What are the reasons for your wide range of variants and parts?

Product variants

“externally visible”

- Is your sales team able to switch to new product generations relatively quickly?
- Do you achieve larger market shares through a very broad range of products featuring multiple versions?
- Does sales or product management dominate development and production?
- How often do you offer customer-specific solutions as door openers for follow-up orders?
- Do you keep product variants in your portfolio even though they are rarely sold?

Variety of components and parts

“rather internally caused and generated”

- Do your company or specialist departments coordinate their cooperation when managing variants?
- Can you use systems to effectively access information on diversity?
- Are your product structures sufficiently described?
- Do you actively manage the standardization of components?
- Do you evaluate costs using conventional overhead calculation and do you also consider process costs?

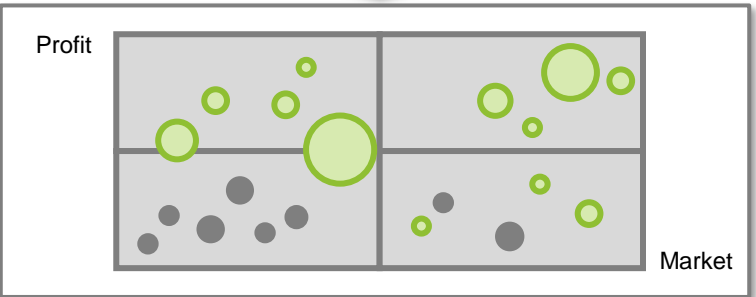
 **Recognizing your specific variant drivers allows you to master the process of variant creation**

How many product variants do I need, how many can I afford?

Proven TMG approach enables rapid exploitation of opportunities

I Transparency and assessment of opportunities across the entire product portfolio

- **Analysis of current sales program**
 - Profitability and resources required for marketing
 - Current and future market requirements
- **Deriving first streamlining approaches**



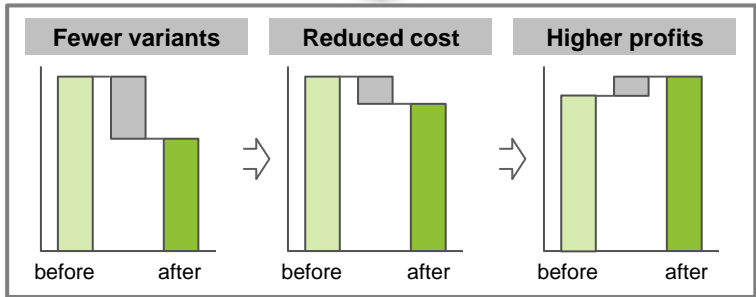
II Prioritization of the product portfolio

- **Definition of criteria catalogue**
- **Comparison of product functions**
- **Evaluation of opportunities and risks**
- **Derivation of key products and definition of lead products**

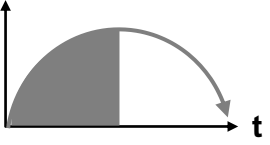
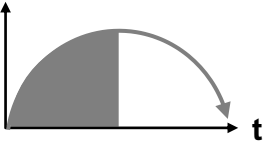

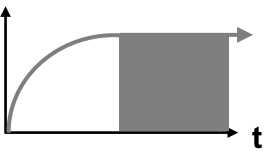
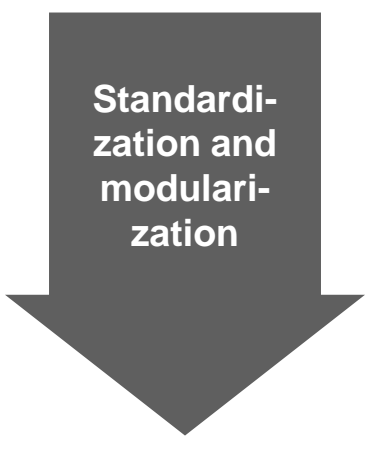
	Function and specification							
	F ①	S	F ②	S	F ③	S	F ④	S
Product V1	■	◐	■	●			□	◐
Product V2			■	◐	■	◐	■	●
Product V3	■	◐	■	◐	■	●	■	●
Product V4	■	◐	■	●	■	◐		

III Implementation of streamlining by pursuing basic strategies

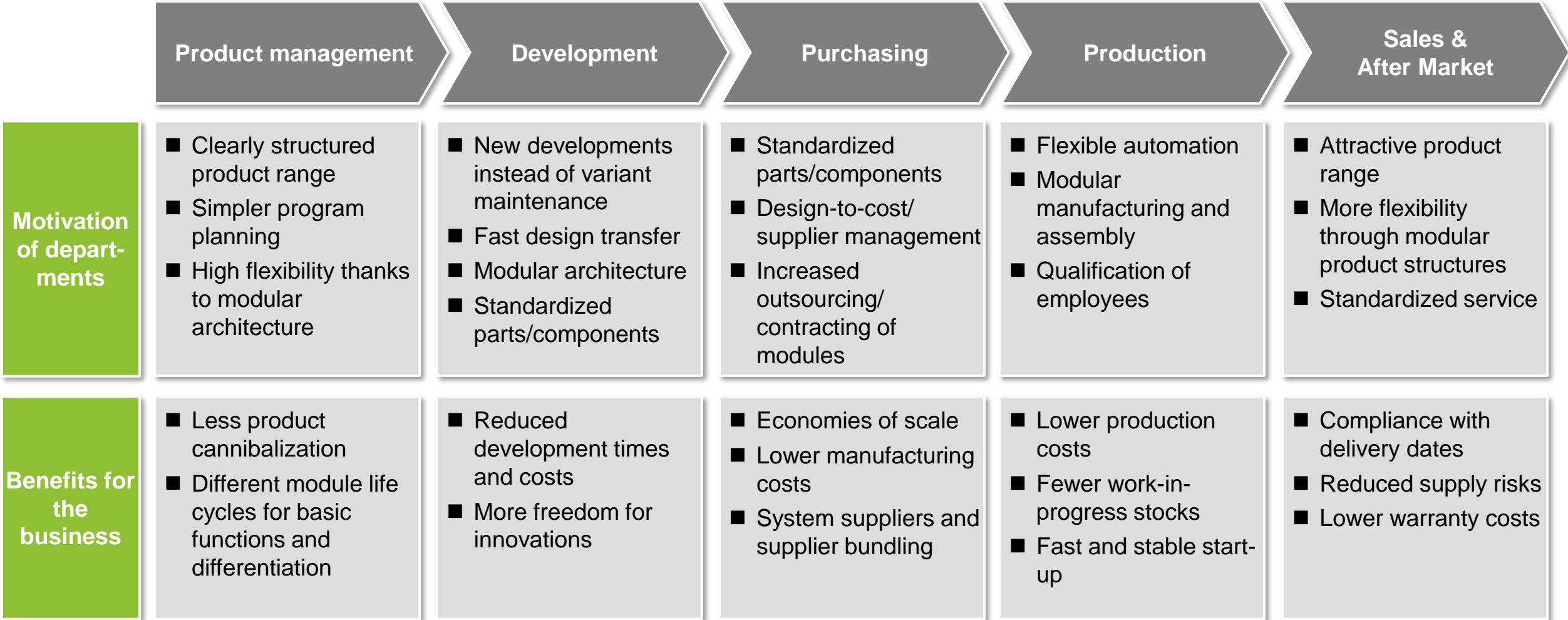
- **Setting up streamlining program and processing in several waves**
- **Definition of guidelines and KPIs for the emergence/avoidance of variants**
- **Developing concepts for standardization and modularization**



➔ Identify key products and define lead products

Base strategy	Levers	Overall objective	Outcome
<p>Short-term effectiveness</p> <div data-bbox="165 364 433 578"> <p>Delete</p>  </div> <div data-bbox="165 606 433 821"> <p>Summarize</p>  </div>	<ul style="list-style-type: none"> Remove products (finished products or components) with, for example, no/low sales in the period under review Identify key products <hr/> <ul style="list-style-type: none"> Identify products with functional redundancy Substitute products with same functional scope by lead products/components 	<p style="text-align: center;">Streamlining product portfolio</p> 	<ul style="list-style-type: none"> Transparency and overview in the product portfolio Focus on high-margin products Reduced stocks Basics for modularization Room for new products
<p>Mid-term effectiveness</p> <div data-bbox="165 871 433 1170"> <p>Standardize and modularize</p>  </div>	<ul style="list-style-type: none"> Increased use of preferred or common parts (bottom-up from parts list) <hr/> <ul style="list-style-type: none"> Set up a modular logic with standard modules (top-down approach) 	<p style="text-align: center;">Standardization and modularization</p> 	<ul style="list-style-type: none"> More external variants with fewer internal assemblies Reduced throughput times Greater planning reliability Reduced expenses in specialist areas

TMG supports your departments in applying base strategies to reduce the number of variants

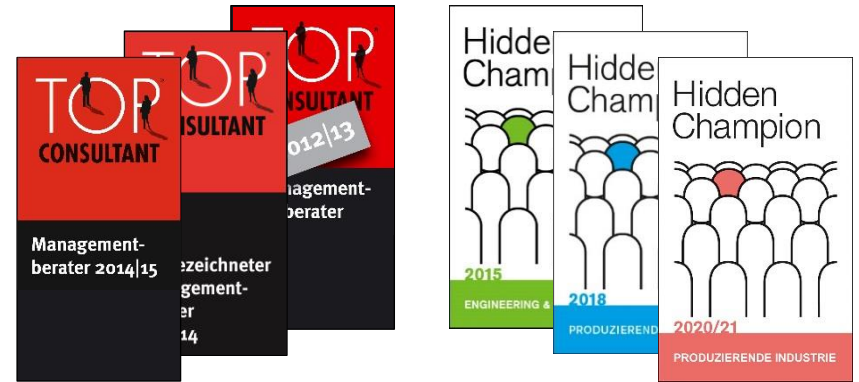


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