

CII – Total Cost Management Maturity Model TM



Cost Management Maturity Assessment



© Confederation of Indian Industry

1



Changing Perspective of Profit



$$\text{COST} + \text{PROFIT} = \text{SALES}$$

In a sellers market cost and profits are reimbursed by the customer



$$\text{SALES} - \text{COST} = \text{PROFIT}$$

- Multiple Players in the Market with Market determined selling price
- Focus is on cost control and reduction
- Cost information is for tactical decision making



$$\text{SALES} - \text{PROFIT} = \text{COST}$$

- Selling price is determined by market forces:
- Profit is determined by the risk/return profile of business
- Focus on cost management to achieve the targeted results



“Business” & “Cost”

Intricately aligned

❖ Cost Correction

Responsive to “economic crisis”
& “profitability challenges”

❖ Course Correction – Strategically designed business model

“Viable Business Model with Efficient and agile value chain”



Is “cost” your key profit indicator?



About the TCM Maturity Model™

- First of its kind in the world and CII has an IPR
- Assessing the systems and processes



Intent

❖ Organizational level

- Emerge as a cost leader
- Achieve cost competitive advantage

❖ National Level

- Make Indian Industry Cost Competitive
- Calibrate maturity levels in cost management of the Indian Industry



Got them right?

Have you identified

- NVA across the value chain?
- Right product / customer profile?
- Future cost challenges?
- De-risking business model?
- Right product design (cost economical)?
- Course corrections through cost corrections?
- Align functional roles with cost economical impact?

Need ?

World Class cost management systems

Awareness on the level of maturity in cost management

Well informed strategic decisions

Deriving competitive edge from your business

Best cost structure in the Industry

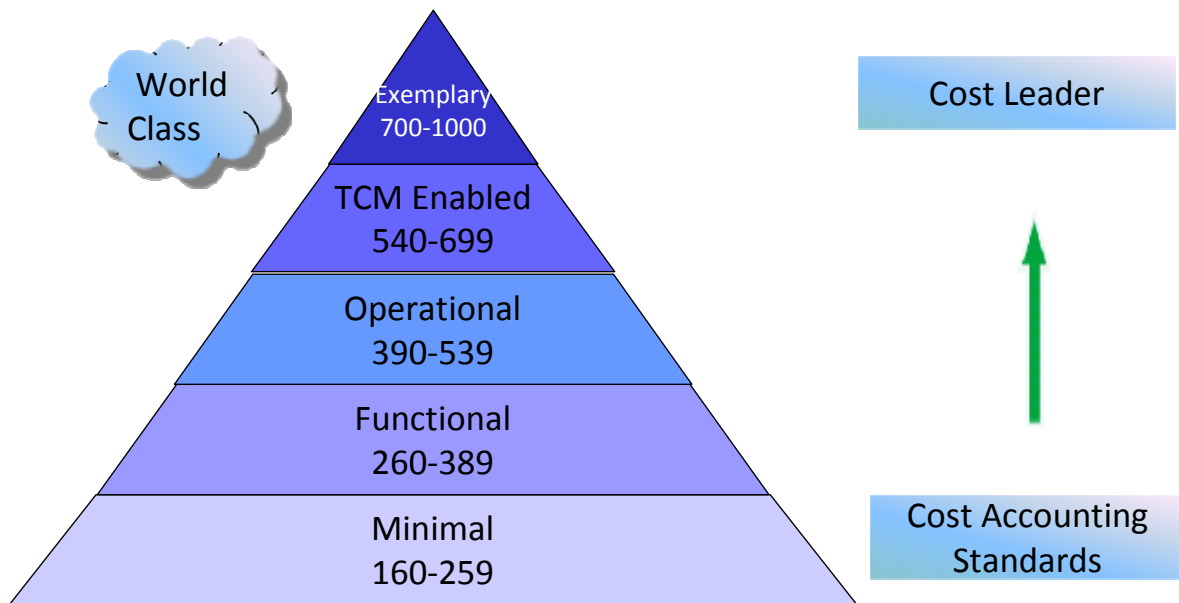


Objectives

- To grade the company's cost management system
- To evolve a certification process
- Develop Roadmap for the industry to emerge as a cost leader



Levels of Maturity Model Rating



Overall Rating: 1000 Points

Neither Tough, Nor Easy

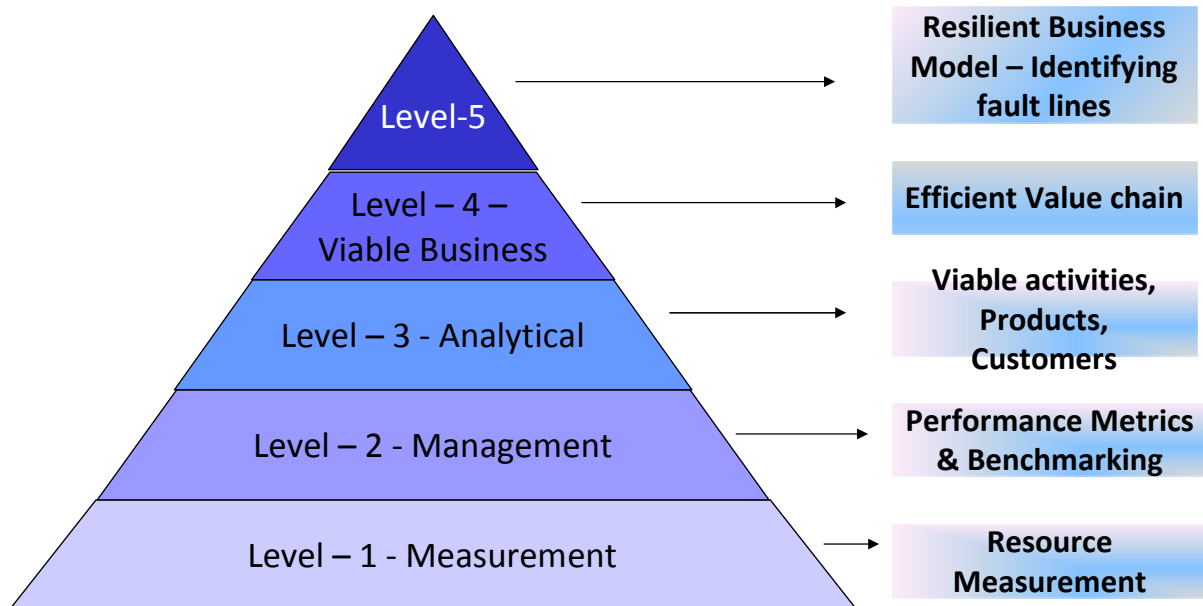


© Confederation of Indian Industry

10



Levels of Maturity Model - Hierarchy



Model - Process



Introduction



Signing up NDA



Visit & Submission of Questionnaire



Receipt of Questionnaire



Plant Visit



3 Days Assessment by CII Team



Report Submission

Module Wise Scores

TCM Maturity Model Questionnaire : Scoring Pattern

No.	Frame Work	Total
I	Business strategy & Integration of TCM	110
II	Risk management with cost information	100
III	Strategic product / customer segment in TCM	100
IV	New product design & TCM	90
V	TCM & Sustainability	100
VI	Operational improvements and its integration with TCM	120
VII	Sourcing & TCM architecture	210
VIII	Cost Centres	50
IX	Integrated Information System enabled TCM	100
	Working Cost Accountant team	20
	Grand Total	1000



Subros Limited - Noida



Report

- Assessment of the current level of the company
 - ✓ Observation – Current Practices

- Road Map to the next hierarchical level
 - ✓ Suggestions – Best Practices

CII TCM Maturity Model® Rated Companies



© Confederation of Indian Industry

16



CII TCM Maturity Model® Rated Companies



**Auto & Auto
Ancillaries**



© Confederation of Indian Industry

17



CII TCM Maturity Model® Rated Companies



CII TCM Maturity Model® Rated Companies



Pumps, Equipment & Engineering



CII TCM Maturity Model® Rated Companies



**FMCG & Consumer
Durables**



**Sugar & Agri-
Products**

20



© Confederation of Indian Industry



CII TCM Maturity Model® Rated Companies



**General
Manufacturing**



Thank you

