



## **Defining the Architecture Methodology for a £320million p.a. cost reduction programme**

World Class Architecture

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Effective cost reduction programmes should be driven by cost cutting decisions that are based on fact rather than guesswork. A global FMCG company initiated a programme to reduce costs by £120m per annum during 2003-2004. Architecture was made a **key element** in delivering that cost reduction by using it to allow **informed decisions** to be made. Enterprise Architecture Solutions were asked to define an architecture methodology that could be **used globally**. The aim was to use the architecture to deliver **consistency** across all the global markets and enable the FMCG to highlight inefficiencies and opportunities that could support the cost efficiency drive. Our approach was to work with the key stakeholder to define the organisation needs, engage the key markets and rollout a global methodology that enabled inefficiencies and opportunities to be identified. The methodology has now been rolled out and is being actively used to reduce costs.

## challenge

- To define an architecture methodology for 190 business units around the globe that would support the cost efficiency drive
- To make architecture part of the strategic decision making process
- To engage the users and introduce the methodology across the globe
- To minimise the amount of change required at the key business units.

## solution

- EAS placed a small team on the assignment, supporting the key stakeholder
- The existing methods were reviewed and, rather than force new techniques on the users, realigned to a more coherent architecture methodology
- The key markets were engaged from the start to ensure buy-in
- Techniques, such as process benchmarking, were introduced and made an inherent part of the architecture and the project/programme decision process
- Consistency was introduced globally, promoting the sharing of information.

## result

- **Cost reduction.** The programme saved £120M in 2003-2004 through reduced complexity of the business processes and the supporting IT. The programme is now projected to save over £320M per year by 2007.
- **Global uptake.** 190 business units across the globe are successfully using the architecture.
- **Inefficiency identified.** The FMCG can see which units are the most efficient and which aren't, focusing effort - and in some cases investment - on eliminating inefficiencies.
- **Architecture enabled.** Architecture deliverables are a key part of the decision making process.
- **Strategy aligned.** The architecture allows the FMCG to ensure that all projects, programmes and change are aligned to and enable their strategy.

The architecture methodology is a key enabler in the FMCG's cost reduction programme. Based on feedback from a number of other organisations, it is considered to be one of the world's leading architecture implementations.