

Enable profits; not just reduced costs.

The cost reduction drive continues to overshadow nearly all corporate activities. It makes sense on the surface: any cost reduction increase profit. Or does it?

Ever been frustrated with cost reduction targets despite changed forecasts?

These cross enterprise interactions are what the Profit-Chain addresses. Here are some examples across several industries:

- Retail – lowest freight may not be equal to the lowest total cost
- Manufacturing – producing to reduce product cost may increase total costs
- Distribution – service policies drive more cost than forecast error
- High Technology – supply chain speed versus retail price protection

The answer to improving profitability lies in transitioning from local cost reduction to an enterprise profit capability. Easier said, but rarely accomplished. Transition your “cost chain” into a ***Profit-Chain***.

Do You Have A Profit-Chain?



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Profit-Chain Consulting

Transforming The Enterprise



Do You Have A Supply Chain Or A Profit-Chain?

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Your consulting source for:

- Theory Of Constraints
- Lean Manufacturing
- Supply Chain Management
- Distribution and Logistics
- Activity Based Costing

Do You Have A Profit-Chain?

Profit-Chains differ from Supply Chains with policy and processes enabling the drive for profit. This is more than a cost reduction focus; because some cost reductions come with a trade-off.

Profit-Chains transcend departments to align and maximize the enterprise:

- **Profit-Chain capabilities drive increased sales and profits.** Sales strategies should be driven from capabilities, not just price and availability. Profit-Chains open new levers to sell, service and deliver.
- **Prospective, not respective budgets.** How can we effectively manage costs, when increases in sales increase costs? We should focus more on implications to future cost than past results.
- **Policies align departments.** Do you hesitate to approve customer service changes due to cost implications? If so, you rightly see the cross functional implications,

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but need to further align them.

- **No incentives to overproduce.** If you are Lean (Manufacturing), then Kanbans limit over production. But even with Lean, there may be performance measures and costing incentives to over produce. Profit-Chains produce to profit, not budgets, cost targets or plans.

Profit-Chain Benefits

Are these subtle differences? Typical companies focus on reducing costs to improve profitability, but realize that changes in forecast or other factors can obliterate the best efforts to contain cost.

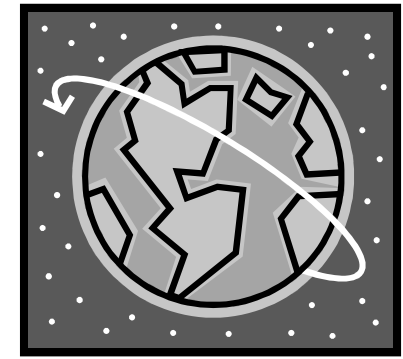
So, what does a Profit-Chain do? First, it develops the relevant focus in each department for their role in profitability, not just cost reduction!

Examples of Profit-Chains in action can be found on our web site (profit-chain.com):

- How a distributor grew by 300% with targeted market strategies
- When to change customer lead time to both improve service, sales and profit
- When Lean is more about reducing overhead than direct costs
- How inventory levels create ripe opportunities to improve profit

Enterprise Focus

We help you view the whole, for an approach to align your executive team.



Our Qualifications

Profit-Chain is led by Kirk Zylstra, a 20+ year Big 4 consulting veteran and retired principal. Kirk brings a wealth of industry/subject matter expertise and hands on involvement to clients.

The success of our clients says it all. Check out our web site and download overviews of client results.

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