

A New Approach to Cost Reduction

The Innovative Cost Reduction Audit

From the three cost reduction categories in the food industry, - Waste Prevention, Operation Analysis and Innovative Ideas-, the ingredient most frequently missing is the experienced input of innovative ideas from outside sources. To maintain competitiveness, companies must discover new approaches in order to survive. The Innovative Cost Reduction Audit is a special toolkit that focuses on cost reduction via innovative ideas without affecting product quality.



By Dr. Cecilia Kühn and Dr. Russell Ward

Achieving Cost Savings not Obtained by Other Cost Reduction Methods

What is The Innovative Cost Reduction Audit (ICR-Audit)?

An expert value analysis of product, process, package and waste to reduce costs, while maintaining product quality. ICR-Audit focuses on product and package design, process technologies, and suppliers to generate innovative ideas for cost reduction for the selected product line. It is applicable to all sectors of the food manufacturing industry. A new and powerful diagnostic toolkit, developed by former senior R&D managers from food multinationals, ICR-Audit complements cost reduction tools based on operation analysis, such as Lean or Six Sigma.

How the ICR-Audit helps you?

The ICR-Audit provides the industry manager with new ways to effectively reduce product and process costs as well as waste and rejects. The overall effect is to increase production efficiency resulting in a lower cost of goods and a boost in company profitability.

Expert guidance, essential in this complex area of cost reduction, is now available through the ICR-Audit. The auditors are experienced R&D practitioners who practiced various cost-reduction approaches while working for major multi-national food producers (Unilever, Danone, Sara Lee). Together they have more than 40 years of industrial experience which they apply in support of clients in the food industry. Their clients range from small companies to divisions of large multi-national food producers. Where necessary, additional support is available from packaging and financial experts.

The diagnostic toolkit consists of a comprehensive, in-depth scan of a product line from an R&D point of view. It covers product optimisation; ingredient harmonisation; rejects, losses and waste reduction and valorisation; process and package

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rationalisation; production personnel; while taking into consideration regulatory, supplier and distribution chain requirements; product & process constraints; as well as outsourcing options. Recommendations cover these aspects and, where possible, reductions in utility usage. The effectiveness of the ICR-Audit means that the investment is quickly recovered.

Based on years of practical innovation experience, this audit toolkit expertly explores many aspects often disregarded because of their complexity. It eliminates costs from outdated technology and unnecessary complexity in formulation. It helps stop the continuous wastage that originates from *historical* rushed product development.

Overall the ICR-Audit delivers the same or better quality products than you are selling today, manufactured at lower costs. This helps you gain advantage over your competitors and increase your market share.

The ICR-Audit is a complete and unique approach based on the practical experience and skill of R&D managers. It is an indispensable tool for improving company results and a valuable investment for the company!

Benefits:

- A practical tool that brings you years of experience at the highest level from senior R&D managers, which provides you with new innovative ways to reduce product and production costs.
- Typically reduces overall product costs by between 5 and 15%.
- Delivers alternative ways for more efficient processing by process simplification, optimisation & improvement.
- Reduces losses due to waste, off-spec products, rejects and returns.
- Increases ROI by increasing profits, reducing costs and improving use of resources.
- Critically reviews suppliers, materials, equipment, toll manufacturing and co-packaging.
- Overall: Helps to increase company profits and to improve processes and products.

What is an ICR-Audit?

A 2-day intensive audit of a selected product- line, complemented with interviews of key company managers. Carried out by two senior auditors. The ICR-Audit Report contains the findings and recommendations of the audit.

For whom?

For small, medium and large food manufacturing companies worldwide.

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Job title _____	
Company name _____	
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Innovative Cost Reduction Audit at a Glance

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- Finds alternative options for high cost-in-use materials
 - Identifies alternative material suppliers and their cost saving options
 - Analyses unit operations to identify cost reduction opportunities
 - Achieves cost savings that cannot be achieved by other cost saving methods
 - Enables highly effective solutions by challenging the 'status quo'
 - Benchmarks processes, formulations & materials
 - Helps rationalise the number of suppliers and materials
 - Focuses on maintaining product identity (type 1 cost saving; see table 1); Additional auxiliary benefits (type 2) are optional
 - Reviews and improves the supply chain
 - Reduces losses and waste not detected by other cost saving methods
 - Applies the 80:20 principle for cost saving options
 - Achieves cost reduction of 5-15% or more (in general)
 - Results go beyond economic benefit and increased profitability to create higher manufacturing efficiency, better productivity, environmental and other benefits
 - This tool provides company managers with new ways to increase savings and raise profitability
- **A holistic R&D approach to cost savings in product, process and packaging, - which considers: design, optimisation, rationalisation, efficiency, harmonisation, flexibility and quality improvements*.**
 - **Covers: formulation; product; process; package; waste, rejects, returns; purchasing & sourcing; contract manufacturing & co-packing.**
 - **Highly efficient service: 2 day audit at company location by external senior auditors; low client involvement.**
 - **Carried out by international specialists whose experience was gained while working for food multinationals.**
- * e.g., product quality defects, such as off-taste, oxidation, colour stability; storage stability & shelf-life extension; manufacturing variability.

Experience

Dr. Cecilia Kühn has more than 25 years of international innovation experience in the food industry, and has worked in Europe, the Americas and Japan. Besides her work on product, process and package development, Dr. Kühn is an international specialist in Valorisation and Waste Management in the food industry. She has worked on valorisation projects in USA, Netherlands and Guatemala (in a United Nations project). She has been co-responsible for the innovative cost reduction of a 'Big Scale Value Analysis' programme at an Unilever manufacturing hub in Germany (for 6 European countries).



Dr. Russell Ward has more than 20 years experience developing innovative products for world-class food/beverage and household products companies throughout Europe and in China. Dr. Ward specialises in providing the technical solutions necessary to develop high quality/low cost products. Amongst his successes are the development of low cost probiotic dairy products for Danone in Russia and Eastern Europe, cost optimisation of beverages, yogurts, and desserts, and for Reckitt Benckiser and Unilever development of detergent formulations adapted to the needs of consumers in China, Brazil, Indonesia and Eastern European markets.



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