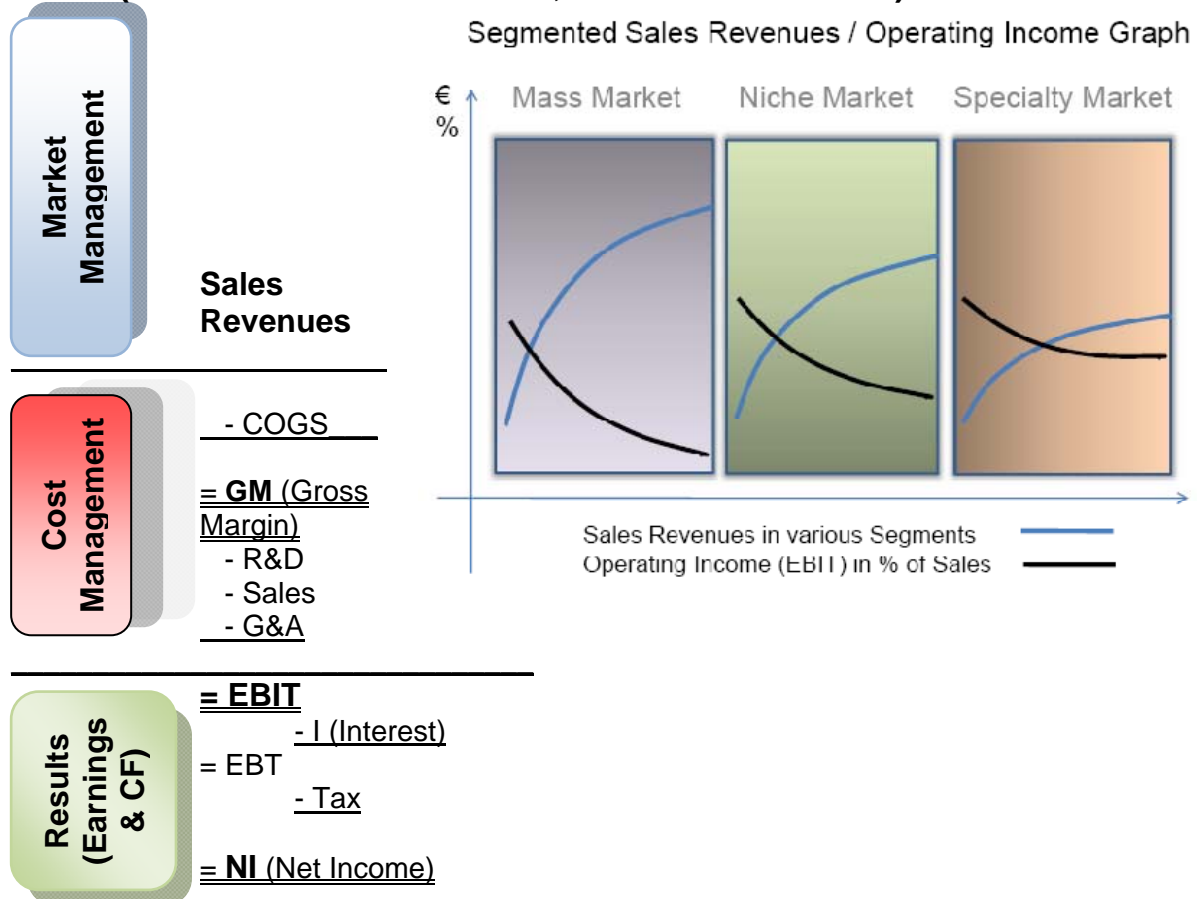




Managing for Results

Market Management, Cost Management, Earnings, and Cash Flows

P & L (Profit & Loss Statement, Income Statement)



Business Analyses at Corporate, Divisional, SBU*, and P/SMU* levels

Market Management

1. Sales

i. Growth goals and objectives:

- Organic and by acquisition: Set goals in % of prior Sales Revenues, EBIT / ROCE and Cash Flow (CF)

ii. Drivers – KSF (Key Success Factors):

- Target market and industry segments -- mass market (e.g. automotive), niche markets (e.g. lower volume parts manufacturing), and specialty markets (e.g. aerospace)

- Generic Strategies – Cost Leadership, Differentiation, and Focus
- Fitting processes / technologies for the served markets
- Process / technological opportunities
- Economies of scale and scope
- Pricing (premium vs. competitive)
- Customer orientation (retention & acquisition)
- Innovation (new processes / technologies)
- Personnel
- Equipment
- Quality (claims / sales)
- Turnaround time (TAT)

2. Cost Management

a. CAPEX, Personnel; R&D, Sales, General & Administrative (SG&A) Expenses

i. Goals:

- Manage costs and expenditures to attain an ROCE goal of (planned) %

ii. Drivers - KSF:

- Personnel
- CAPEX (Capital Expenditures)
- Capacity Utilization (Time and Load density, Yield (CAPUTIL))
- Managing Net Working Capital (NWC = current assets – current liabilities)
- Productivity / Efficiency (Personnel and Equipment)
- Economies of scale and scope
- Quality (claims)
- Safety and Health factors
- Regulatory cost factors
- Environmental cost factors

3. Results (Earnings, Costs and Cash Flows)

- Manage for Cash (In) Flows (Booked sales revenues have to be turned into cash received)
- Manage for Costs - CAPEX – capital expenditures), depreciation, personnel, etc.
- Manage for Net Earnings (net income)

Legend:

SBU – Strategic Business Unit

P/SMU – Product/Service Market Unit