

In financial optimization, Return on Capital Employed (ROCE) is the North Star guiding businesses to smarter cost-cutting decisions.

ROCE Tree, Benchmarking and Levers to Deploy

Company X
Benchmark
in % of Net sales*

Return On Capital Employed (ROCE)
6%
7%

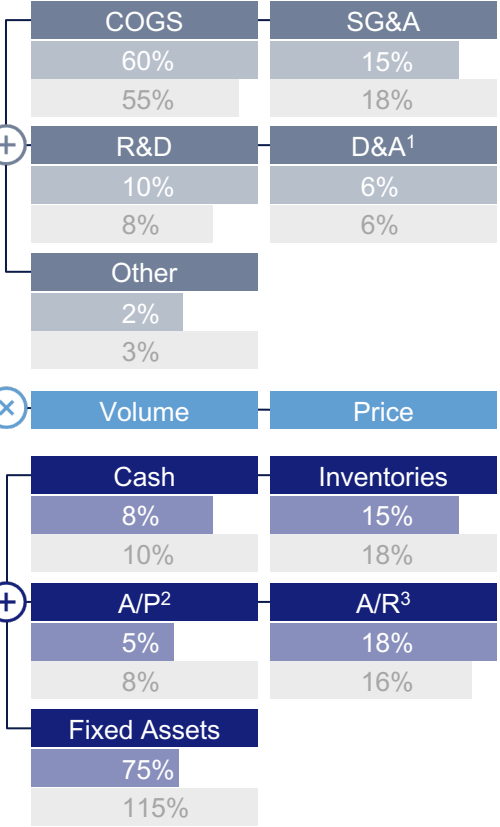
EBIT Margin
7%
10%

Capital Turnover
0,9
0,7

Operating Cost
93%
90%

Revenues

Capital Employed
110%
151%



- ### Cost Reduction
- Supply chain management
 - Organizational re-design
 - Manufacturing excellence
 - Product cost rationalization
 - Time to market reduction

- ### Revenue Enhancement
- Sales and pricing strategy
 - Marketing excellence
 - Portfolio management
 - Product development
 - Promotion management

- ### Capital Employed Reduction
- Operations strategy
 - Manufacturing footprint
 - Inventory management
 - Network structure
 - Working capital reduction

Remark: *The values shown are for illustration purposes only. 1 D&A: Depreciation and Amortization; 2 A/P: Accounts Payable; 3 A/R: Accounts Receivable.