

**Deloitte.**

## THE RIPPLE EFFECT

Stories of purpose and lasting impact

# A search for harmony

When making the operating model adjustments needed to keep a business growing, balance is key



# SAVINGS SUCCESSFULLY CAPTURED—TO THE TUNE OF TENS OF MILLIONS A YEAR

## THE SITUATION

Have you ever whittled? It's a bit of a lost art, but the thing with whittling is, if you are too aggressive, you cut away too much wood. And that figure (maybe it's a bird) you were trying to create? Destroyed. But, at the same time, cut too conservatively, and that bird remains trapped in the wood. There's an art to it, and that art is all about *balance*. Find the balance, find the bird.

The strategic leadership team of a global wholesale distributor, facing margin pressures while needing to set a growth plan for the next decade, knew something about balance themselves. The fact was that cost savings and time and process efficiencies needed to be delivered—their growth depended on it. They needed to be bold and transformational in their thinking. But move *too* aggressively and the risk to the business would be too high. Again. Balance.

Compounding that challenge was an outdated shared service model, a lack of process standardization that had created inefficiencies in executing work, and activity fragmentation across functions and locations that had created inefficiencies across roles. All of these challenges needed to be addressed and executed in the strategic plan, as the organization embarked on its growth path. A daunting challenge. For help, the team turned to Deloitte, and its [Restructuring Services capabilities](#).



## THE SOLVE

Deloitte's mandate was clear: Examine the entire organization and help determine where cost savings, process standardization, and organizational change could be found—a full-service delivery model assessment of the company. There was a lot to examine. What work could be shifted to lower-cost environments? Should defragmented functions and roles be decentralized (how many resources were doing the same work just in different geographies)? Could routine activities be automated to alleviate gruesome long hours and free up bandwidth for employees to focus on strategic efforts? So, of course, building the plan to answer these questions and then building the roadmap to change was... complicated. On top of that complexity, this was a company that had been in business for a long time, and for teams, workers, and executives that, in many cases, had 20 or more years of service behind them, this contemplated change was historic.

How to start? In all, the Deloitte team conducted more than 40 sub-functional interviews across nine functions; surveyed 1,900 positions to better understand role fragmentation and decentralization of activity; and facilitated multiple functional operating model design discussions to get to the business case and implementation roadmaps for the client to engage

with—and then, execute on. This work included leveraging the Deloitte [IndustryAdvantage™](#) framework to bring to the client the full breadth of thinking, experience, and technology from across Deloitte and our ecosystems. Examples include the application of sophisticated tools, approaches, and research, including insights into the [future of the workplace](#) and the insights of many Deloitte subject-matter specialists who helped drive understanding of the competitive market, leading practices, and benchmarks.

The outcome of this analysis work was the realization that a single, prescribed path to change was not the answer. Rather, the team worked to investigate multiple scenarios to help achieve the ambitious vision: multiple ways that the needed changes could be realized, with different levers that could be pulled at different times—different combinations of larger, more sweeping changes and smaller, incremental steps that could be taken to get to the same result. These included scenarios relevant to both back-office and front-office functions that tackled the need for standardized and automated solutions head-on, and that drove alignment within the entire leadership team.

**SAVINGS IN THE TENS OF MILLIONS AND MORE STRATEGIC TIME FOR EMPLOYEES—A WIN-WIN.**



# THE IMPACT

This work has resulted in the company beginning to head down a path to between \$20 million and \$30 million in annual gross recurring benefits across both back-office and front-office functions. These savings are projected as part of the future-state service delivery model, detailing solutions for greater adoption of shared services, automation, offshoring, and standardization of work. Right now, the company has moved into the activation phase, taking immediate steps to realize significant near-term savings.

These changes, which include aggressive automation of repetitive tasks and right-cost delivery of services, have also helped to free up employees' time for more strategic tasks, such as focusing on a substantive digitization effort that is already in progress, more focus on role specialization efforts, and growth and development activities.

The activation phase has provided the business with a detailed roadmap and prioritized actions to deliver savings and business process efficiencies across back-office and front-office functions, allowing for the execution of business process standardization and automation in-house where capabilities exist. The analysis of change impacts has further allowed the company to understand how the implementation would affect its business beyond the financial savings.

Looking ahead, the company is looking at expanding the scope of this initial activation phase to encompass the broader transformation journey, bringing more functions and business units into the fold and executing on many of the recommended changes across the enterprise.



BALANCE—AND GROWTH—ACHIEVED.



# LET'S CONNECT.

Do these challenges sound familiar?



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