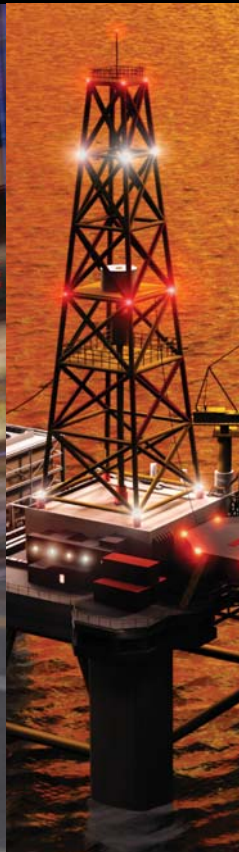




Is a relationship with **iac** right for you?



R E S U L T S

“At a previous employer, a \$2 billion company where I served as Director of Engineering, we engaged IAC’s services. As a result of IAC’s involvement in our Value Engineering program, our team was able to implement changes that resulted in over \$12 million in annual material cost savings. Some of this was due to their direct participation on projects, and the balance resulted from IAC’s training and the resulting culture change in the organization.”

– Alan Neal, VP Engineering, Thomas & Betts



Inter Action Consultants



IAC: What we do. How you benefit. – IAC specializes in reducing direct costs related to the manufacturing of durable goods and their components by targeting design, purchasing and investment costs. Plans and programs for achieving these results are devised and implemented with strict adherence to all quality control standards and regulatory mandates.

We target cost savings of 10% to 30% on new product lines and 5% to 15% on existing lines. While these targets reflect the norm, past IAC projects have resulted in cost reductions as high as 60%. Over the last ten years our average cost-savings per project is 17%.

We've helped nearly 150 companies in 30 countries on 4 continents save more than \$25 billion while working on product lines ranging from the simple to the highly engineered, from mass produced to built-to-order, consumer lines and industrial. And we've helped companies ranging in size from \$50MM in sales on up.

Based on more than 25 years of results we are confident that our people, tools, methodologies and expertise can deliver cost savings for your company. Confident enough, in fact, to make a portion of our fee contingent on meeting your specific cost-reduction targets.

Your company will gain many important benefits from working with IAC, chief among them being –

1. Higher operating margins, and
2. Strengthened competitive positioning in the marketplace.



Long-term trusted partner of respected global brands –

Among the companies we've been privileged to consult with are well-known global brands such as Behr, Borg Warner, Delphi, Manitowoc, NEC, Peugeot, Renault, Rhodia, Solvay Chemicals, Square D, Salomon Sports, Volvo and others. More important though, is this fact: Year in and year out approximately 60% of our revenues come from companies that have been IAC clients for 5 or more years. These companies all have at least two things in common: (1) They took the time to meet with us and (2) They, and their stakeholders, are glad they did.

IAC Industries Served (partial)

Automotive
Aerospace
Medical
Telecommunications
Consumer electronics
Household appliances
Outdoor sports
Heavy equipment
...



Focused like a laser beam on one objective:

Reducing your direct costs. – Since our founding in 1982 our focus has remained constant, unrelenting: Help our clients cut product-related costs. Unlike some consulting organizations, direct cost reduction is the sole and complete focus of our business. We live it and breathe it every day we open the doors. Correspondingly, we bring all of our resources, all of our expertise to bear on those activities that typically make up 60% to 80% of production costs: Design, purchasing and manufacturing.



IAC Client List (partial)

Areva
Alstom
Delphi
Thomson
Square D
Amer Sports
Rio Tinto Alcan
Thales
Borg Warner
...

Why IAC: Insight. Attitude. Competence.

Insight – You know your business, products and cost structure better than anyone. IAC brings that same level of insight to the science of cost reduction. This complementary

combination has proven to be of substantial benefit to IAC clients.

For example, many clients we've worked with have cost reduction ideas they've developed on their own. In this instance, part of what they're looking for is objective, unbiased analysis of the validity and workability of these ideas. With data compiled from hundreds of cost-reduction projects across scores of industries IAC is uniquely qualified to provide this service.

A Project Manager for a major electronics firm we worked with summed it up this way:

"One of the things that was really valuable was that we had some very specific ideas that were developed based on our experience in a very narrow market. Having IAC, that was not only familiar with our market but in a broader sense was also familiar with similar markets, enabled us in an objective and unbiased manner to really analyze these ideas. So, not just by gut feel and experience but by using IAC data gained from companies in similar industries we were able to validate that we were going in the right direction – and get new ideas."

Better yet, we not only validate our clients' ideas and strategies but enhance them. Most often these enhancements come about as a result of our project

experience not within their specific industry, but within a similar industry. Clients tell us that this broad, cross-industry expertise is one of the attributes they value most when working with IAC.

Insight: Shipping too much air – We saw that packaging and shipping costs amounted to more than 20 percent of the total cost of the final product, a consumer item shipped to retailers as a kit. Our analysis determined that the kit was not packed densely enough. Too much of the shipping volume was air. We tweaked the design of the product to reduce volume, primarily by interlacing some of the components.

Result: Packaging and shipping costs were reduced by 50%.

Insight: Using too much material – We consulted with a tier-one supplier of fuel tanks to the automotive industry. Using IAC's proprietary EasyBench® technology (see later) our consultants identified an anomaly in the amount of raw materials used in the production process. The average thickness per fuel tank was 1.6 to 2.3 times greater than the actual requirements mandated by the auto makers.

Result: Current best practices were applied and manufacturing costs were substantially reduced.

Fresh eyes, new perspectives, fresh intelligence, new ways of looking at challenges. That's insight. That's IAC.

Attitude – At IAC we work for you and with you as an advisor and colleague and our attitude reflects this. And when we say with you we literally mean on site, side-by-side with your people in your offices. With your help we'll form a team of experts from your company. Typically this team includes engineers and representatives from purchasing, marketing, finance, and manufacturing – all the key personnel necessary for the success of your project.



IAC At Work Success Snapshot

A large consumer electronics maker engaged IAC to generate quick savings on set-top boxes it had developed and was manufacturing for a TV service provider. **Result:** After a 6-month effort – cost analysis, creativity sessions, supplier workshops – annual savings of more than \$6MM were implemented, with the set top boxes still complying with the stringent specifications dictated by the TV service provider.





We'll build on the expertise and input of your people as we work together as a cohesive team to achieve the targets and goals of the project. Your IAC consultants will serve as coaches, helping to keep the project on track and everyone involved at the top of their game. And they will remain a part of your team until the project is successfully completed.

Here's what IAC clients say about the IAC attitude:

"IAC's approach is much different from other consultants that I have dealt with in the past. You are not in for 1-2 weeks but become part of the team and the solution. In fact your savings is the kind that keep on giving, as you coach/teach the employees new ways and approaches to saving money. I know we will continue to work together in the future no matter where I find myself 5-10 years from now."

John Bliven – GM, Areva

"Our IAC consultants demonstrated a flexibility and 'roll up the sleeves' attitude that was refreshing and much appreciated. I think one of the biggest compliments you can give any consultant is when the person that's assigned to that project becomes such an integral part of the team that other team members



forget that he's a consultant. That was the case with Gabriele and Sebastien who were great assets in this effort, always showing the highest values in professionalism and patience."

Judy Weber – VP, Thales Avionics

"I've worked with IAC on several projects with two different companies, my current company, Compin, and in the past when I was at Alstom. I know that I can count on IAC consultants, regardless of the scope or complexity of the project, to lead my team to achieve or exceed the targeted cost-reduction goal."

Marc Granger – CEO, Compin



"IAC has successfully completed numerous projects for our company across multiple product lines. In each instance the cost savings we were able to achieve exceeded our expectations. A particular strong suit of IAC consultants is their professionalism and deep knowledge of industrial activities...that enable them to effect a positive change in internal practices and habits. Also, I appreciate the fact that IAC's consultants are multilingual, thus making it possible for us to use them on international redesign-to-cost projects."

Emmanuel Sabonnadière – CEO, Silec Cable, General Cable Group

Competence – When you engage IAC you'll be working with some of the most technically skilled, qualified and experienced professionals in the business. These professionals include high level engineers of all types – aerospace, chemical, design, electrical, mechanical – many with advanced degrees and all with a minimum of 5 years experience. All of them focused on a single important objective: Reduce costs while maintaining strict adherence to all quality control standards and regulatory mandates.

IAC At Work Success Snapshot

A large computer maker engaged IAC to help it turn around its European desktop business. We worked with the Engineering and Purchasing Departments, suppliers and design agencies with a twofold objective: (1) reduce the cost of the existing versions, and (2) improve the design of the new back-to-school model to close the gap between the initial cost target and the first quotes.

Result: Overall savings of \$12MM over 12 months; and sales of the new back-to-school model exceeded all expectations.

IAC's Approach to Cost Reduction: Understand. Evaluate. Apply.

Understand the costs – Like any good engineer we want to understand the makeup of the mechanism we're working on. So we start by analyzing your costs: Component by component, process by process, function by function.



Evaluate opportunities, existing ideas, internal support levels – Once we understand the makeup of your costs we'll evaluate each factor to zero in on those areas that offer the biggest opportunities for savings. In addition, it's often the case that the client already has a list of existing cost-reduction ideas. We'll add these to the mix as well. Then the team will rank all proposed activities based on the estimated client resources they'll require versus the projected savings they'll generate. Finally, we'll gauge the support level among internal team members for each proposal.

We call this the "adhesion factor." In the end, you'll have a plan that's primed for success because it will –

1. Focus on those cost-reduction opportunities believed to offer the maximum savings, and
2. Have the strong support of your project team members.

Apply proven cost-reduction tools, methodologies, processes – Having completed hundreds of successful cost-reduction projects we have, literally, a vast storehouse of knowledge – a database of successful tactics and strategies – to draw on. In addition, our consultants and engineers have acquired a thorough command of – and in some cases helped pioneer – proven cost-reduction tools, methodologies and processes.



For example, IAC was among the first consulting companies to —

- Apply value analysis to processes
- Create a purchasing platform on the internet
- Create a software program enabling fast, accurate benchmarking of your costs.

Typically, we will apply or use all of the following in achieving your cost-reduction goals:

Methodology	VA / VE, QVE Design-to-Cost / Redesign-to-Cost
Reverse Costing	Pricing tools Component price breakdown
Cost Analysis	Supplier cost analysis Ratios analysis
Economic Benchmark	Expertise in industrial costs Economic databases
Sourcing	E-Sourcing Marketplace Reverse Auctions



IAC supplier workshops lead to more competitive pricing

About 80 percent of the end product cost comes from the aggregate price of components purchased via competitive quoting. And by showing your suppliers how to cut their costs IAC can make your quotes even more competitive. For example –



- We conducted a design-to-cost workshop with three suppliers of steering column components that resulted in a cost-reduction of 28%
- We led work process workshops with seven HVAC parts suppliers that contributed to a 17% cost-reduction.

Quickly and easily identify pricing gaps

EasyBench® – Enhanced by more than 25 years of best practices and other vital data this proprietary IAC technology enables us to identify opportunities for immediate savings – in sales parlance, “low hanging fruit.” One of the key ways EasyBench® does this is by helping us answer an important question:

Why does this component cost so much more than *this similar component* used in a *similar product* in a *similar industry*?

Time and again the answer to that question makes it possible for us quickly nail down new savings.

Efficiently manage purchasing programs

RollingCost.com – RollingCost.com is IAC’s online purchasing platform. An integral part of IAC services, RollingCost.com makes it easy to efficiently manage RFIs, RFQs, reverse auctions, and other purchase-related activities.

Among other information, RollingCost.com also offers clients access to –

- Latest economic data such as cost of material and cost models for different processes and technologies
- Detailed, up-to-date information on thousands of suppliers.

Ideas. Implementation. Bottom line savings. – From idea-generation to implementation, to sustainable bottom-line savings Team IAC is with you each step of the way. In addition, we leave behind new ways and new approaches to design and purchasing that can benefit your people and your business for years to come.

Getting started

Do any of the following statements apply to your current situation?

- Our continuous improvement program has stalled out and we need to find new ways to reduce costs.
- Increased raw materials costs have eaten into profits and we need to get our margins back in line.
- We feel that now’s the time to aggressively go after market share but don’t want to penalize our margins.
- Low cost rivals are eating into our market share and we need fresh new ideas for fighting back.
- We’re considering developing a new product line with an ambitious cost target. We need to know if it’s really doable.

If any of the above ring true, you well may find substantial value in a Team IAC Complimentary *Diagnostic Review*. In this no-cost engagement (covered by an NDA and preceded by an in-depth exploratory meeting) we will typically –

Spend 1 – 2 days on site at your location interviewing the main people in your company responsible for the product or line that would be the focus of our project. For instance lead engineer, purchasing, marketing, finance, and management.

With this information in hand we will, with the help of our own proprietary tools and experts, thoroughly assess the situation and come back to you with a detailed proposal for your cost-reduction project. In this proposal Team IAC – among other things – will –

- define the scope of the project
- identify the opportunities we see for cost reductions
- provide an estimate of the time required
- review the methodology and tools to be used
- list the resources that will be required on our side and yours
- present our fee structure and payment schedule.



Is a relationship with IAC right for you? There’s only one way to know for sure. Take the first step. The same first step taken by *Behr, Faurecia, Johnson Controls, PETZL, Siemens Corp, Thomson Medical* and nearly 150 companies worldwide. Talk to an IAC representative today. We’re good listeners – and, it’s a free call.

They Trust Us



less cost,
more value.

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Clients' Savings:

-20% to -30%
Design & Redesign

-10% to -15%
Industrial Productivity
& General Expenses

-15% to -30%
Purchasing Productivity
& Sourcing

-15% to -25%
Optimization
of Investments

visit our website: www.iac-na.com