




Confederation of Indian Industry  
Total Cost Management Division




**TCM**  
**MATURITY MODEL**  
**COMPENDIUM**



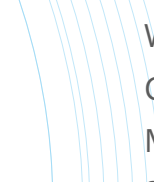
## Acknowledgement



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Also, we wish to respectfully thank several industry representatives who have tirelessly contributed their time, thoughts and participation to accelerate 'TCM movement' in the country - Mr. Seshagiri Rao Former JMD, JSW Steel, Mr. Girish Wagh ED Tata Motors, Mr. Asim Mukhopadyay CMD Tata Motors Limited, Smart Mobility Solutions.

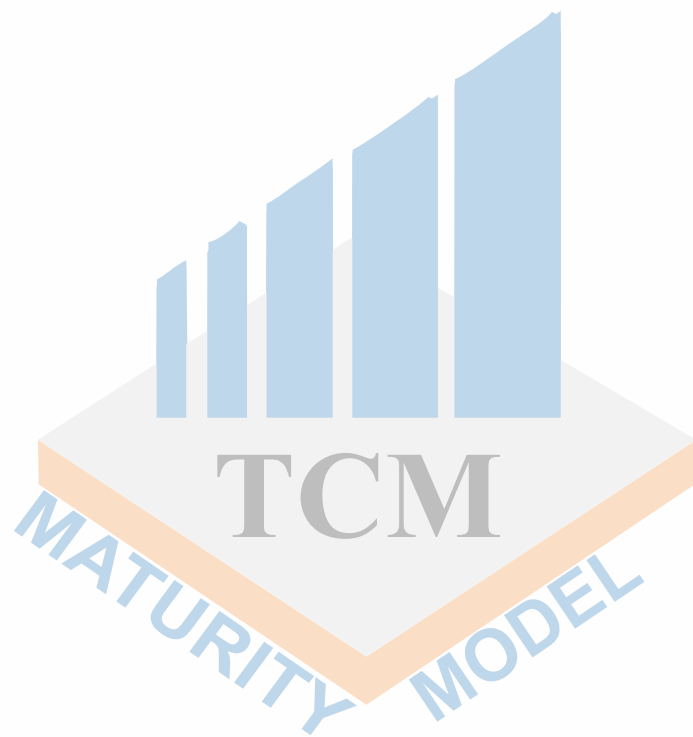


We also deeply acknowledge all the illustrious companies who have encouraged the CII TCM Movement in the country by participating in the pilot studies of CII TCM Maturity Model – Godrej & Boyce Ltd, JCB Ltd, Kirloskar Brothers, Amara Raja Ltd, Subros Ltd, ITC Ltd, Hitech Arai Ltd, Tata Motors Ltd, JSW Steel.



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# Section

1

**Introduction**  
**Background & Business context**



## 1.1.1 Background

Post liberalization, the Indian corporates were painstakingly getting acclimatized to the nuances of competitive intensity and corporate profit challenges were a stark reality. Understanding the mounting pressure, CII envisioned and pioneered the philosophy of **'Total Cost Management'** after deep deliberations with stakeholders – industries, consultants and experts.

Competitive strategies and profit management scenarios in the Indian industry clearly differentiated 'TCM from the conventional cost accounting' – a factory centric and compliance-oriented system.

***'Key principles of TCM' – Connecting business strategy / business model to cost incidence, strategic perspectives of cost and cost / profit ownership across business.***

Global literature was browsed with references from Robert Kaplan (Emeritus at Harvard Business School) and Prof. Vijay Govindarajan (Tuck school of Business) to culminate into a holistic concept of TCM in business.

TCM encompasses amalgam of business functions – Business strategy, risk profiling & analysis, customer offerings, innovation & product development, environmental sustainability, plant operational excellence, procurement & logistics, capital productivity, cost measurement and management and IT / Digital architecture.



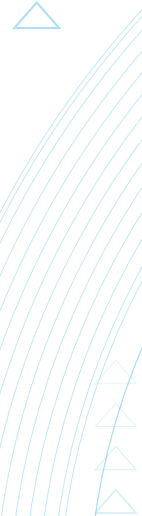
## 1.1.2 Business context

Indian business context evolved from monopoly / duopoly to a competitive environment with multiple industry players. Onset of competition and macro challenges brought in new playbook in Indian businesses - competitiveness.

Multi-dimensional pressures – both external & internal – mounted on Indian businesses leading to:

- ❑ Revenue / volume and profit margins.
- ❑ Input cost inflation and product pricing challenges.
- ❑ Business viability challenges : Need for Efficiency indexed businesses in all of its dimensions - supply chain, resource consumption, production processes and customer delivery.
- ❑ Customer offering, Product design, USP & innovation synch with customer affordability.
- ❑ Product / process quality, customer acquisition, branding and customer reach processes.

Profit pathways in a competitive environment is a complex journey with multiple variables and dynamics at both company level and industry level. High Performance standards, and internal efficiencies guide the long term profitability curve in a business.



## 1.2 CII TCM Concept

### 1.2.1. TCM Concept

'Cost accounting' domain supported businesses in the areas of compliance - Cost records, inventory valuation and cost center reports which has a minimal influence on managerial decision making. Inputs for cost records maintenance were drawn from the financial accounting (FA) system which was primarily reporting historical data.

For Accelerating 'Competitive Journey' of businesses, TCM concept was evolved as an enterprise level exercise by connecting business strategy, value chain, business model, product portfolio to cost structure. **Profit strategy in a business gets envisioned through TCM architecture.**

TCM Architecture in a business creates competitive and cost advantage:

- a Cost strategy blue-print – Optimized resources, Optimized business process and optimized customer delivery.
- b Economical product design – cost effective BOM, optimized TCO (Total cost of ownership of material) and Optimized production routing.
- c Mapping profit drains in the value chain – cost / value loss matrix, non-value-added business processes,
- d Product / Customer / Channel profitability reporting – Causality principle-based algorithm cost structure, product / customer portfolio management, profit pathways and profit corrections.

**1.2.2. "TCM architecture" evolved as an amalgam of business strategy, business model and right portfolio** is aligned to cost structure / profitability improvement.

TCM also enables both strategic and operational decisions for the leadership teams with data points in terms of cost information across value chain cost impact from business process efficiency, product customer P&L measuring strategic process impact or NFM (Non-Financial Metrics) on P&L.

‘TCM is an enterprise level philosophy with governance, policy and strategic dimensions. It is a company-wide systematic and structured approach, which provides a holistic framework to control, reduce and eliminate costs throughout the value chain’.

Traditional Cost Accounting	Total Cost Management
✗ Cost reduction focus	✓ Aligned to business goals
✗ Factory led focus	✓ Cost strategy formulation
✗ Annual cost goals	✓ Support key strategic decisions
✗ Line item focus (GL)	✓ Futuristic focus

### 1.2.3. TCM Outcomes



## 1.3 CII National Committee for TCM

As part of industry connect activities of CII, an apex body was formed to govern, guide and direct CII TCM service verticals.



**Mr Girish Wagh**

ED, Tata Motors

Chairman the CII National Committee  
for TCM ably assisted by 18 CXO's



**Mr Seshagiri Rao MVS**

Former JMD & Group CFO  
JSW steel, Past Chairman of  
CII National Committee for TCM





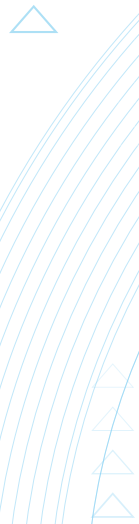
# 1.4 TCM Division

## 1.4.1. About CII TCM Division

As part of its industry connect initiatives, CII conceptualized TCM (Total Cost Management) Division in late 1990's with an objective to accelerate and enhance 'competitive journey of Indian industry'. The governance structure of TCM division is in the form '**CII National Committee for TCM**' under the chairmanship of Mr. Girish Wagh, ED Tata Motors with CXO's from cross industry as committee members.

The division engages all dimensions of Indian industry – Manufacturing, MSME and Service sector through several of its service verticals. Prime service vertical from the division is '**CII TCM Maturity Model**' which calibrates the profit potential of a business on a 5-level hierarchy. The model is first of its kind in the world and CII has an IPR. Close to 150 companies have been certified through the model.

The division is in a mission mode to continuously sensitize industry on merits of creating 'TCM Architecture' in a business.



## 1.4.2. Vision & Mission, Purpose

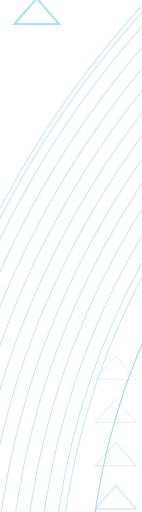
# CII TCM Vision 2025



# TCM Aspiration for 2025



TCM as a paradigm for profit acceleration



### 1.4.3. CII TCM Division Purpose

## Purpose

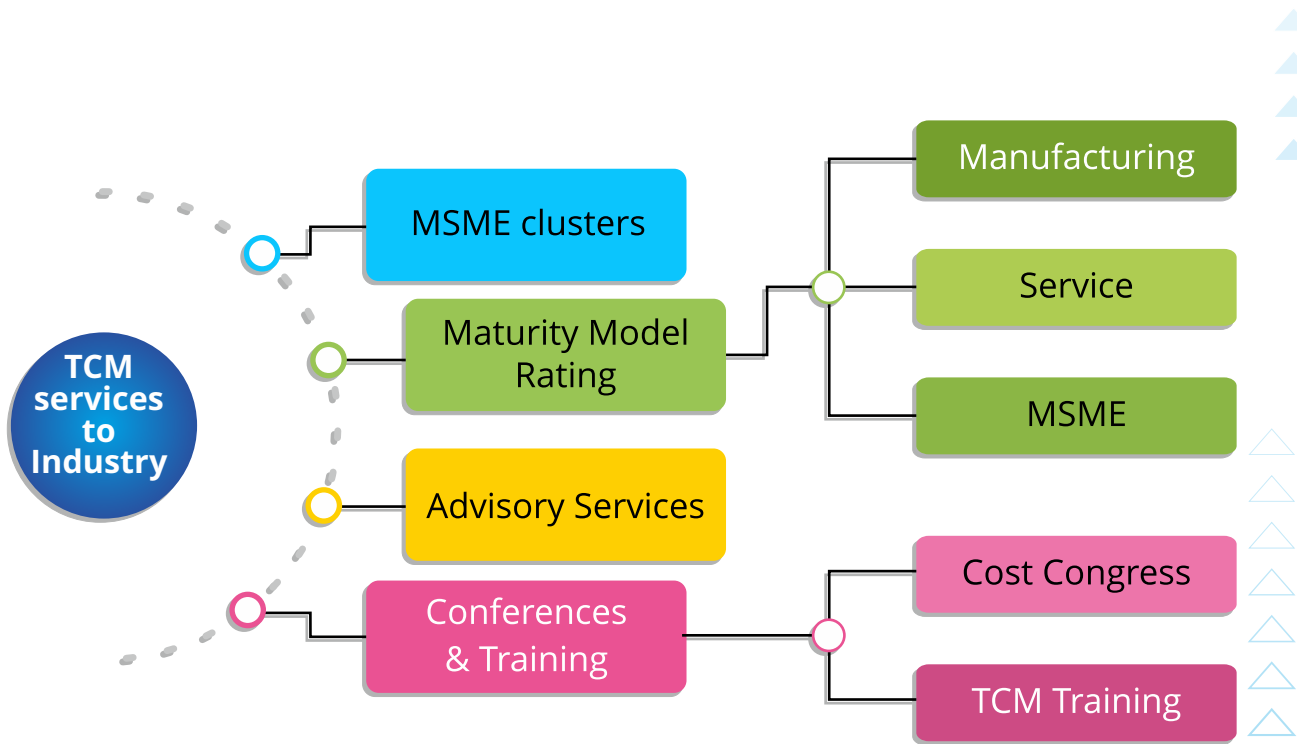
“To enhance the cost competitiveness of the Indian industry through TCM Movement.”





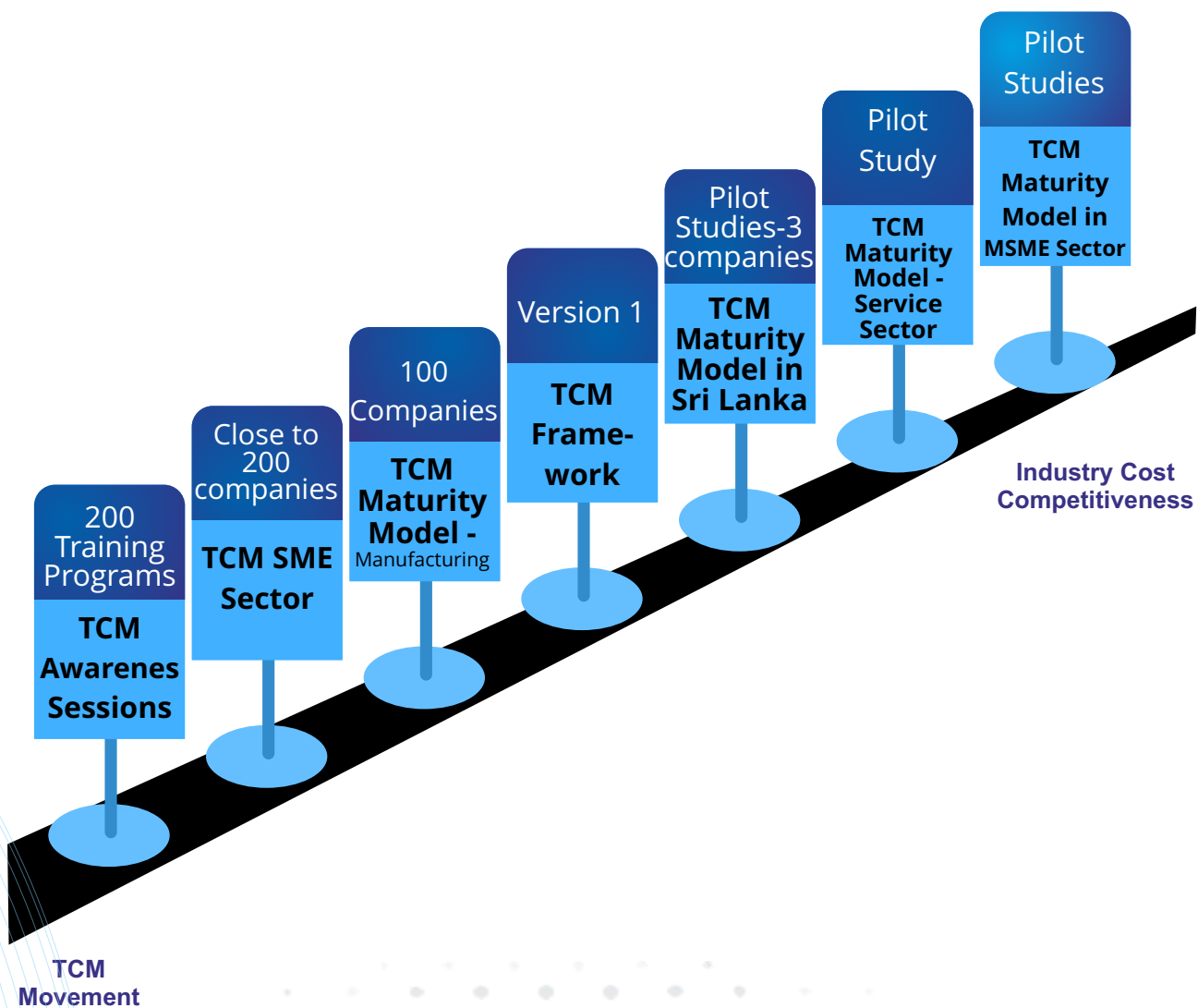
### 1.5.1. CII TCM Service Verticals

# CII TCM – Service Verticals

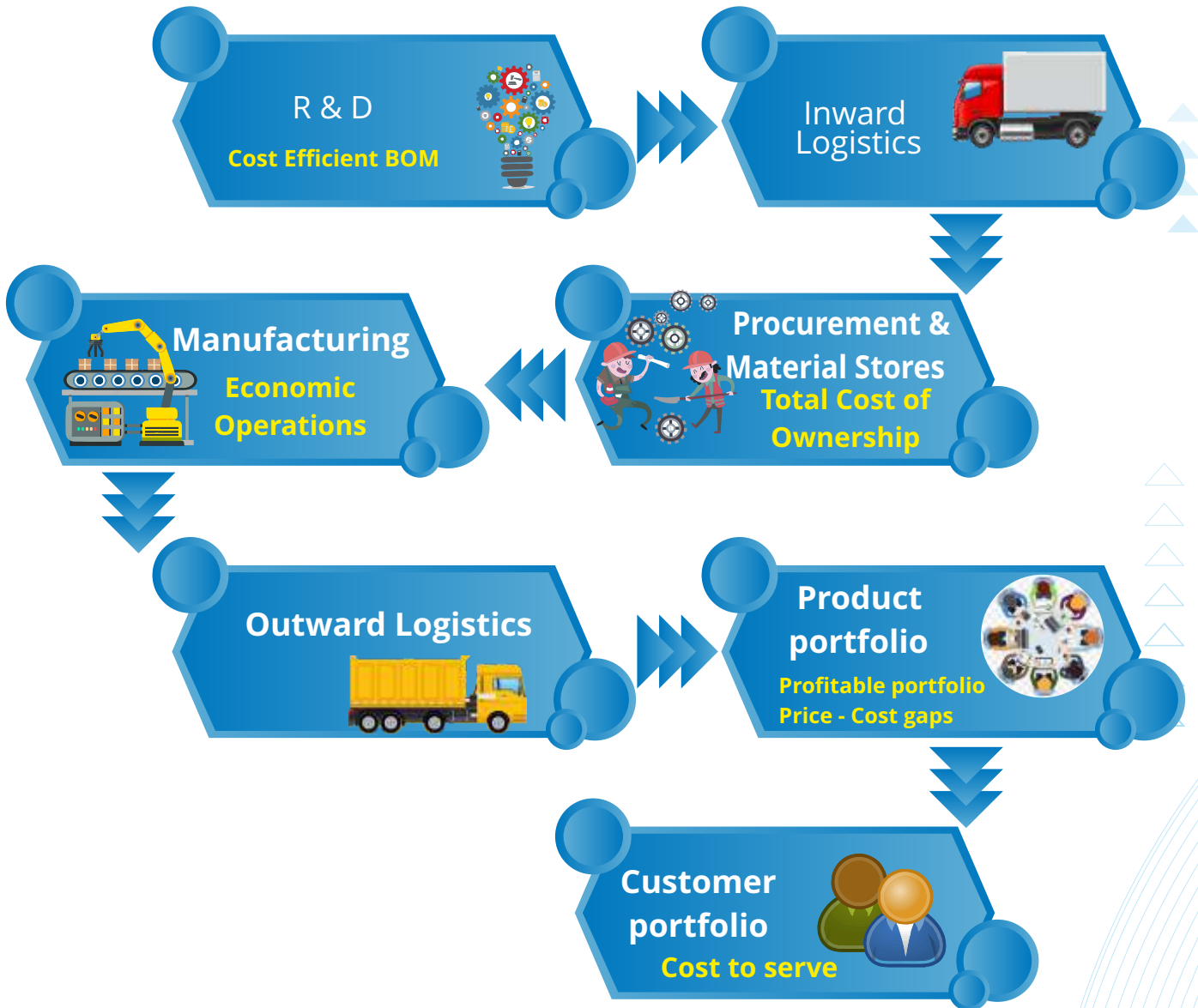


## 1.5.2. CII TCM Journey

# CII TCM JOURNEY



### 1.5.3. TCM Across value Chain



## 1.6. Business and Cost incidence – Profit improvement pathways.

### Enhancing EBIDTA

Portion of EBITDA growth attributable to 'cost' rather than 'revenue'

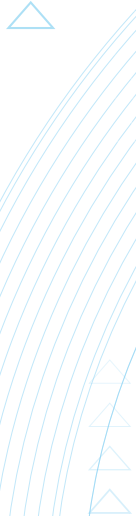
- ❑ Connecting business and costs
- ❑ Re-design / Innovate - business value chain for cost improvement.



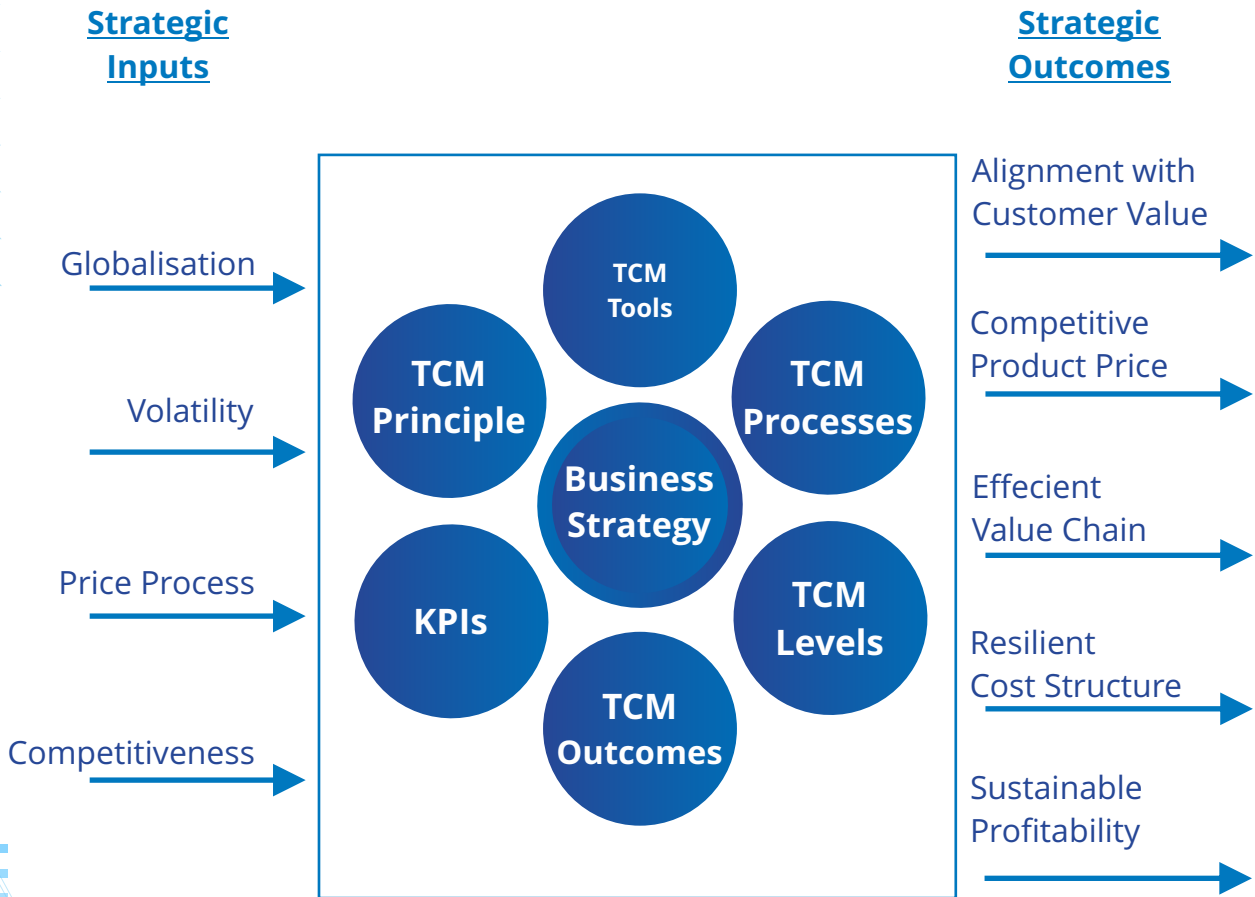
# Section

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## TCM FRAMEWORK

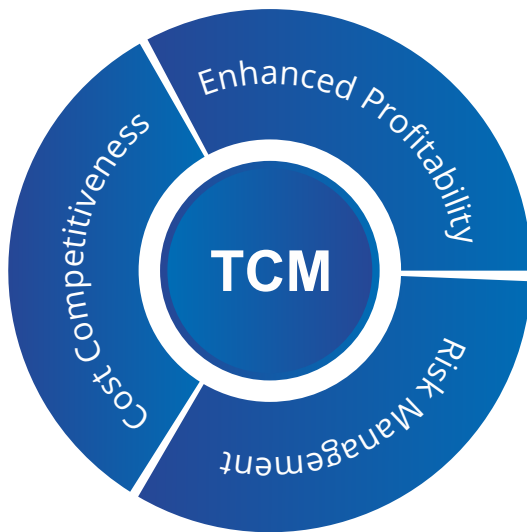


# Strategic Business Environment



## 2.1 Purpose of TCM Framework

Presently, there is an ever increasing pressure on businesses to stay efficient and competitive due to recessionary and competitive pressures. CEO's & BOD ponder and brainstorm relentlessly to address stressed profit lines for various stakeholder interests. Therefore, journey of a business to de-mystifying costs across business is now to be reckoned with.



Addressing element wise cost reduction (like material cost or overheads), pursuing cost down targets and / or reactive measures to low profits are now a passé.

Cultural transformation for cost sensitization, enterprise level ownership to costs, visibility of cost information for strategic decision support, mapping profit drain points and relentless cost focus across value through efficiencies is catching up.

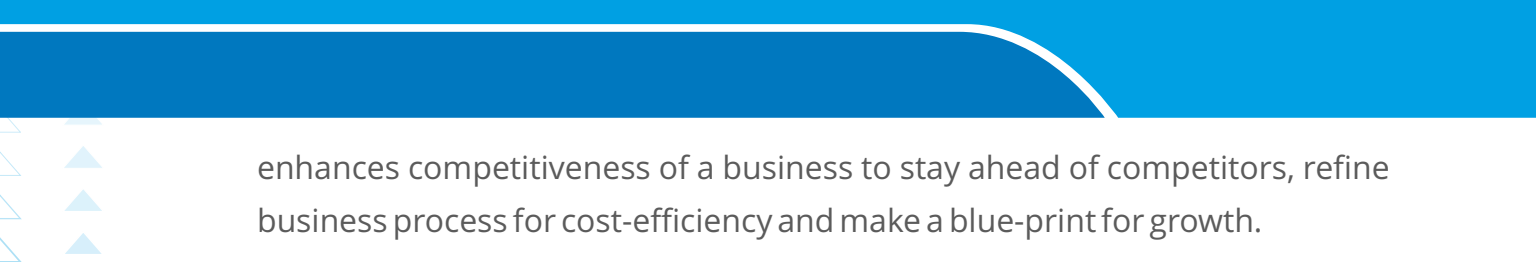
Addressing 'true cost' in business through product (re)design, factoring environment costs, value chain efficiencies, product cost management and reducing 'cost to customer' are few contemporary ways to address costs and profitability in a business.

CII TCM Division with inputs from industry, domain experts and consultants have over the decade pursued TCM philosophy with Indian industry. Learnings have been distilled and now presented to larger section of the Indian industry as TCM framework to address competitive journey of businesses.

### 2.1.1 Strategically designed 'competitive cost structure' in a competitive business scenario

In a competitive scenario, P/L based cost structure would have a limited support to CEO and leadership team in a business.

Strategic focus on costs emerging from strategy driven business processes -



enhances competitiveness of a business to stay ahead of competitors, refine business process for cost-efficiency and make a blue-print for growth.

### **2.1.2 Cost structure reflecting business process**

Cost sheet reflecting the value chain of business, aligning resources with processes to reflect true costs in a business. This step largely reduces the quantum of overhead absorption and provides key information for focused improvements.



### **2.1.3 Enabling sustained cost advantage in a context of stressed economy and volatile global context**

Delivering more value to the customer than competition at lesser costs through an efficient business model.

A business model combining a well marketed product delivered at a truly low-cost. A true cost advantage is difficult to overcome, especially in a price-sensitive market. A company that can create a meaningful cost advantage is playing with a stacked deck.

Eg: Walmart supply chain costs are the lowest in the world.

### **2.1.4 Create a blueprint for cost strategy in business**

Cost structure vision in a corporate over a 3 – 5 year horizon helps c-suite to identify and map strategic initiatives for a constructing competitive cost structure.

Eg: Make Vs Buy, import Vs make, alternate materials, additional customer offering, et al



### **2.1.5 Optimized product and / or customer portfolio**

Strategic influence and building capabilities in a business to manage product / customer portfolio is a way for improving overall margins in the interest of overall stakeholders

Cross subsidy of product margins, high cost to serve customers, long term unviable product segments and price-volume dilemma products are addressed through active management of portfolios.

Deploying right TCM tools aides strategic decision support in a business for the portfolio management

### 2.1.6 Futuristic cost structure

Risk induced cost structure factoring top risks of the business.

Every major risk can be a threat to any constituent of the cost structure. Constructing risk based cost structure for visibility on cost impact of risks provide mitigation plan for cost optimization.



## 2.2 Background and the Scope - The External Environment

The rapidly evolving dynamics of business landscape has resulted in a dramatic reduction in planning horizons for strategic plans and cycle times for business models. The planning horizons for strategic plans have shrunk from 8-10 years to 3-5 years and CEOs are forced to re-visit their business model every 2-3 years. As a result, the investments and resource commitments are being restricted to retain flexibility.

**Competition:** Challenges to existing models, can come from completely non-traditional competitors e.g. electric vehicles disrupting the automobile industry, Air BnB disrupting the hospitality business, Uber disrupting the taxi industry.

Typically, many of these new entrants have exponentially lower costs compared to the incumbents. At the same time, even in traditional businesses, the mid-market and entry level competitors start making inroads into the premium markets.

The initial “DNA” of such traditional businesses has been cost driving, which is a valuable control that they bring to the table across the market.

**External business challenges:** Incidence of external forces like market, customer, economy and regulatory seriously impact the cost competitiveness of businesses. Emerging high cost structure hurt the overall profitability of businesses in medium and long term timelines.

Each market is getting differentiated on multiple axes. As the choice increases due to competition, the customer continuously seeks out and receives better value. Therefore, it is important for firms to track their investments and costs so that they are aligned with customer’s value to stay competitive.

**Cost Competitive Advantage:** Top management of every business is focused on developing sustainable ‘cost competitive advantage’ to grow profitably.

Business strategies incorporating Total Cost Management (TCM) enable businesses to acquire sustainable competitive advantage.

*With the background of global volatility and customer value in business - CII has institutionalized 'TCM' - Total Cost Management, as a company-wide systematic and structured approach, which provides a holistic framework to gain insights into costs and their behaviour, in the value chain of business.*

### CII Total Cost Management (TCM):

- TCM calls for cost focus in every aspect of the business and flows through the organization as a part of strategy formulation.
- Business Strategies are formulated with an objective of moving upward on the value chain and the focus is typically on the overall growth.
- TCM recognizes that cost is incurred while creating value and brings cost dimension in the value creation process.
- TCM requires managing the cost while creating value.

CII TCM Division has gathered substantial evidence for the efficacy of the TCM philosophy by working with industries for over 2 decades

CII TCM Division's aspiration has now culminated to document the coveted philosophy into a framework document.



## 2.3 TCM Aligned to Business Strategy

Organizations pursue different strategies to achieve their goals. Though not articulated explicitly as an element of strategy, every organization adopts cost management at different levels.

**TCM is a framework to be used in evaluating the appropriateness and effectiveness of every element of strategy.**

*While many organizations see cost management as a way to reduce cost and increase profitability, a few align TCM with the current business strategy to achieve long term sustainable competitive advantage.*

**Customer requirements:** With the advent of globalization and expanded bandwidth of products, customers and markets - the axis of business competitiveness shifted to specific or customized requirements. This was largely different from single product / process orientation in erstwhile business focus

Re-building competitive position in business began with understanding of customer requirements and embedding the required value proposition into the product and services effectively Business models / business processes have been transformed with product and customer focus. ***The alignment of TCM with business strategy is the***

***heart of TCM framework***

The starting point of conventional costing accounting system is the manufacturing process and hence material and manufacturing process is at the core.

Factory as a central theme of cost will therefore need to undergo a paradigm shift towards strategy, defining the building blocks of TCM



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*The starting point of conventional cost accounting systems is the manufacturing process and hence cost of material and manufacturing process are at the core.*

*The starting point of TCM is the 'customer' and hence business strategy and customer value proposition form the core*

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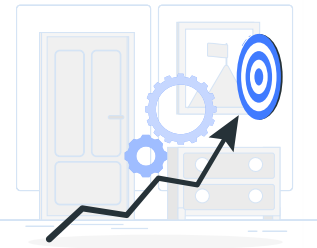
Philosophy of differentiation emerging from 'competitive context' is the driving force of TCM in business.

For example, Technology deployed to be split into existing and new products / customers / processes and risks involved associated with implementation of strategy. Strategy along with business-as-usual are the aligning points of TCM architecture.

**TCM philosophy completely aligns with the strategic thought process of a business as opposed to traditional costing system's factory centric & cost reduction approach.**

TCM's core objectives is to identify, analyse and address the differential cost of producing and servicing the strategic customer / market segments and maximize value to stakeholders of the business.

Linkage between business strategy and TCM constitutes the biggest element of change in the management architecture of a current business



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*Visibility of algorithm-based cost structure, cost ownership at functional levels, driving efficiency across value chain, developing cost vision in business and deploying long term cost strategies are the building blocks of TCM architecture in business.*

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TCM aims to improve cost functionality across the value chain and thus benefit all stakeholders including shareholders. At a macro level, TCM deals with systems and processes required to bring a cost management culture into all levels of the organization. At the micro level, the focus is on implementing TCM across the value chain.

TCM goes beyond bringing down the unit cost and facilitates organizations to improve market share and revenue per unit.

The complementary process happens only when TCM aligns with overall 'business strategy'.

TCM links '**cost to value creation**' and helps increase the '**value per unit**'.



## 2.4 TCM Principles

### a. Resource Focus

Resource deployment in a business is purported to add value to the product or customer service offering.

'Resource' is the central theme of TCM, encompassing both actual and notional.

Resources entering the value chain of business either add value or cost - a clincher for managerial action to distinguish between 'value added activities or non-value added activities' in a business.

Robust 'Measurement and Management' of resources in the 'value chain' positively influences the growth path of business and eventually maximize value to stakeholders. We need to recognize resources at times lying outside the boundary of entity book keeping. This will be relevant in the context of sustainability when the entity consumes environmental resources not recorded in financial statements.

### b. Strategic Context

Dimensions of VUCA, business complexity, diversity in customer value offering, technology interventions, product disruptions and government regulations pose enormous business and cost pressures.

Historical cost structures driven by economies of scale and standard costing are factory oriented and will be narrow in vision.

Costs and their role in the management of enterprise are important because the information concerning costs play a vital part in formulating more performing strategies and get lasting competitive advantage. Therefore, the start and finishing point of costs will be competitive strategy which subsumes factory which is a legacy thought.

By aligning 'cost management' framework with the building blocks of 'business strategy' - processes, products, markets and customers - 'competitive advantage and cost advantage' are created in the business.

### c. Future Outlook

Conventionally, businesses stack up 'costs' which emerges from the financial accounting system and resembles historical cost structure.

Principles of 'business continuity' necessitates corporates to 'manage costs' on longer time-lines.

TCM Techniques enable business entities to gain insights on the consequences of strategic initiatives / actions – product design, production process and cost to the customer etc.

- Life cycle costing for identifying least cost alternatives,
- Target cost technique for achieving desired profit level (calculated in the early design and development cycle)
- DTC (Design to Cost) technique to engineer low cost into a product / service

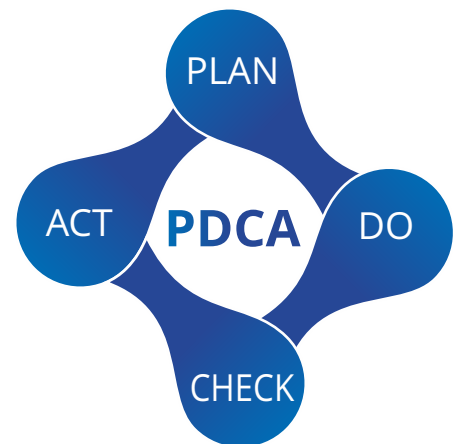
### d. Integration with other initiatives

Disruption in the businesses contexts compel leadership to drive continuous improvement processes and sustainable results.

Initiatives like TPM, TQM etc. are driven across functions to accrue operational savings and profitability improvement.

Core principles of TCM promulgates institutional architecture for managing costs. Creating a long term cost advantage in a business through 'competitive cost structure' provide sustainable business model and value creation. This should be seen in sync with other initiatives to create value and sustain.

TCM aligns and does not overlap or compete with concurrent initiatives such as TQM, TPM, TOC, etc. in a business. Other frameworks are not substitutes or surrogate to CII TCM framework in business.



## TCM compliments several strategic initiatives with a focus on increasing value and reducing the cost

### e. Learning and Innovation

Commonly known PDCA cycle embedding into TCM and connecting to innovation.

PDCA Cycle is implemented to improve the quality and effectiveness of a business process.

Embedding TCM architecture into a business is similarly divided into 4 sequential categories PDCA (Plan, Do, Check & Act).

'Cost' or 'resources' will become inputs for the PDCA of the decision making process in a business to address viability of the processes, products and customers.

### f. Enterprise wide involvement

'Cost ownership' in a business was traditionally with few functions or levels like CEO / CFO. Year-end P/L or B/S or ABP (Annual Business Plan) triggered cost sensitivity in an organization – eventually restricting cost focus to/from the financials or historical data.

Scoping cost reviews and amends in shop-floor equips or empowers only operations team which itself is a portion of total value chain of business.

Compelling arguments in favor of enterprise wide approach to cost ownership as an effective approach in today's business world is gaining momentum. This argument becomes more profound when costs need to be harnessed upfront and needs the engagement of design engineers or new product development managers.

Maintaining sharp focus on 'costs' at all times – business cycle fluctuations, negative demand, price pressures and customer disruptions – enriches bottom lines

Monetizing value for abnormal occurrences, deviations, non-standards and sub-normal processes helps leadership teams to map 'profit drain points' across the value chain.

Functional excellence closely aligned to cost excellence is a clincher for design and drive to achieve 'cost economics'.

### g. Aligned to policy development (PD)

Policy deployment is a strategic improvement system incorporates.

PD has been implemented in numerous organizations and is one of the four core components for deploying TCM along with Cross Functional Management, Daily Management, and Small Group Activities.

Leadership voice on TCM linked to business strategy to be communicated to all levels of hierarchy and functions.

Mapping cost based decision making points at customer, market and product level for the management team to address corrections and create profitability path.

Structural framework to deploy cost information across business Eg: X-Matrix, budgets etc. to measure and monitor performance of business through lag and lead indicators creates profitability paths for businesses.

### h. Process Orientation

A business process forms the lifeline for any business and helps it streamline individual activities and make sure that resources are put to their optimum use.

Legacy view of 'cost flow' in a business is in the perspective of cost centres which is akin to cost pooling or cost allocation.

The key to TCM architecture in a business is – integrating business processes supporting business strategy with TCM.

Identifying business processes cutting across functions and linked to resources at product or customer segments is the key.

'Cost incurrence' is across the value chain of business – sourcing, manufacturing, design, engineering, logistics, branding, sales & marketing etc.

Aligning cost information across the business processes & resources to product, customer and market segments provides holistic approach to cost management.



Efficiency monitoring is made possible through institutionalizing the cost capture across business process.

### **i. Performance Orientation**

The TCM systems set up KPIs which measure the outputs and outcomes of the TCM efforts. This helps the management continuously evaluate the cost management of the organization at different levels and functions and make improvements accordingly.

Performance is measured by the KPI matrix - which is broken down till the last employee using the TCM framework. The main measures of performance are - Growth, market share and bottom line. A KPI matrix is made for each process aligned to the main measures of performance. Each process can be broken down into individuals to ensure global impact.

Cost analysis is a powerful tool to measure the gaps in performance targets and actual performance. As TCM is to be ingrained in the culture of the organization, all individuals are aware of the metrics and can track their own performance and that of their business unit and reduce waste or improve efficiency accordingly.





## 2.5 TCM Tools

TCM tools are deployed in a business to accelerate 'cost competitiveness' by generating desirable outcomes of costs, price, value and profit.

Tools also involve technicalities of measuring resources in business with both accounting and non-accounting information

Entire spectrum of 'cost management' architecture – measuring, managing, reporting, analyzing, controlling, course corrections, predicting and estimating costs across value chain of business – is enabled by an array of TCM tools.

Contemporary businesses are largely driven by several market and customer dynamics – complexity and variety in business processes, product and customer portfolios.

Businesses manage 'costs' associated with both current and future activities and application of TCM tools scopes its deployment accordingly.

TCM tools can accordingly be classified into basic (operational) and advanced (strategic).

Day-to-day simplistic analysis of costs like variance analysis, cost driver analysis, cost of quality, kaizen costing, application of ABC principles (to address variety and complexity), input-output balance, kaizen costing, inventory valuation etc.

Leadership vision for achieving future business goals are addressed through advanced TCM tools like target costing, constructing risk articulated aspirational cost structure, customer profitability management, value chain costing, life cycle costing etc.



## 2.5.1 TCM Tools: Operational

Sl. No.	Application / Scope	Business Context	TCM tool	Benefits
1)	Resource control	Business as usual	Variance analysis	Resource conservation
2)	Expense control	Business as usual	Cost driver analysis	Reduction of NVA
3)	Product / Customer quality	Business as usual	Cost of Quality	Minimizing quality deviations
4)	Resource balance	Business as usual	Input-Output balance	Yield improvement
5)	Product cost improvements	Profitability challenges	Kaizen costing	Product profit improvement
6)	Total cost of buying	Business as usual	Total Cost of Ownership (TCO)	Reduced cost of inputs

## 2.5.2 TCM Tools: Strategic

Sl. No.	Application / Scope	Business Context	TCM tool	Benefits
1)	New product design & development	New product introduction	Target costing	Optimizing 80% of product costs at design stage.
2)	Aspirational cost structure	BC Plan and cost implications	Risk articulated cost structure	Focused strategic initiatives in high risk / high cost areas of business
3)	Total Cost Visibility over product life cycle	Gaining competitive advantage	Life Cycle Costing (LCC)	Economic analysis of alternatives that impact current and future product costs
4)	Customer profitability	Wide customer portfolio	Customer cost and profitability reporting	Customer cost / profitability correction
5)	Value chain of business (Design to Selling)	Creating cost and competitive advantage	Value chain costing	Mapping cost pressures across value chain for rectification

## 2.6 TCM Process

TCM architecture in a business is reflected through creating and operationalizing TCM processes.

Set of processes with defined outcomes enhances the efficacy of TCM in a business - creating competitive cost structure, cost advantage and profitability growth.

- **Governance structure:**

- △ Most corporates continuously strengthen governance frameworks and policies for providing stronger governing roles.

- △ Securing a governance structure and process for TCM, institutionalizes the 'cost management process' in a business.

- △ Creation of 'TCM Committee' empowered to drive cost reforms in businesses to be established with mandate / scope for – designing and developing cost strategy, driving cost focus across value chain, creating enterprise level cost ownership.

Driving long term cost reforms through constructing risk articulated and futuristic cost structure for overall competitive and cost advantage is essential

- **IT enabled architecture for capturing cost information:**

Activating CO module and mapping cost information into IT system helps businesses to go 'live' with outcomes, analytics and decisions.

Primary information relating to process, product and customer to be online. Standards can only help to build standard costing which has limitations.

- Cautions should also excised by the leadership and governance structure to secure non-standard information also into IT architecture.

Eg: Unique sourcing processes, abnormalities in the production processes (re-work generation etc.), maverick expenses, R&D effort, specialized selling effort, staggered expenses etc. to be factored into product or customer costs for profitability reporting.

- **TCM competencies at enterprise level - HR:**

Calibrating TCM competency skills amongst employees enhances cost awareness, cost ownership and improved analytics.

Monetizing of abnormal business occurrence / process deviations, capability of middle level leadership to link business outcomes and cost outcomes, balance cost and value proposition etc are closely aligned to specific competencies related to TCM.

Design and development of formal pedagogy to embed 'TCM competencies' across functions and hierarchy



## 2.7 Key Performance Indicators

A Key Performance Indicator (KPI) is a measurable value that demonstrates how effectively a company is achieving key business objectives. Organizations use KPIs to evaluate their success at reaching targets.

Efficient and effective TCM architecture also provides KPI's to leadership to measure, manage and do course corrections mid-way for better business results.

KPI's are typically distinguished as 'strategic' and 'operational'.

To enable robust decision making process KPI's are further classified as 'lead and lag' indicators.

	Operational KPI's	Strategic KPI's
Lead KPI's	Cycle time variation of products	Target cost process, negative cost variation while selecting design parameters
Lag KPI's	Process cost per SKU, cost of obsolete technology.	Cost of market penetration (for strategic segments)

Operational KPI's Strategic KPI's Lead KPI's Cycle time variation of products Target cost process, negative cost variation while selecting design parameters Lag KPI's Process cost per SKU, cost of obsolete technology. Cost of market penetration (for strategic segments) KPI's in TCM architecture govern and report the whole gamut of process, product and customer outcomes.

Periodical reviews based on a standard template report lag indicators like process costs, selling costs and design cost at unit level.

However, lead KPI's reflect causal factors for eventual cost impact. Any maverick processes like air-freight, deployment of specific or unique technology for a specific product or unique processes involving unique resources are lead indicators for cost variations at product level.

## 2.8 TCM Outcomes

'Outcomes' are basically the result – or the consequence – of something, or doing something.

The 'outcomes' can also be the 'achieved end state' that can be verified through measurable results.

The efficacy of TCM architecture in a business is also measured by several desirable outcomes which fructifies in the form of growth or profitability or value to stakeholders or all of them.

### ● **Decision Making Process**

Decision making is the process of making right choices by identifying a decision, gathering information and assessing alternative solutions.

Business decisions again are classified into 'operational and strategic' based on short-term or long-term outcome.

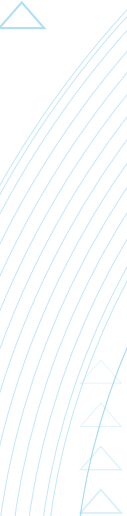
Operational decision support: Make or buy decisions, Insourcing or outsourcing, visibility of price-cost gaps for corrections, resource optimization, improving RFQ strike rate, identifying NVA (Non Value added Activities), mapping profit drain points et al.

Strategic decision support: Re-configuring product/customer portfolio for higher margins, value chain modifications, alternate materials, re-designing of products et al

### ● **Visibility of strategy implemented**

Viability or economics of 'business strategy' in its execution phase can be monitored through appropriate design of TCM architecture.

Processes, markets, segments and customers absorb high value resources through the value chain of business. TCM identifies pathways and reports to management for course corrections if any. This ensures better profitability from mid-course corrections.



## ● Cost visibility beyond P/L – books of accounts

Cost information in business is strategic. However, cost information in a business limited to historical data is now a legacy.

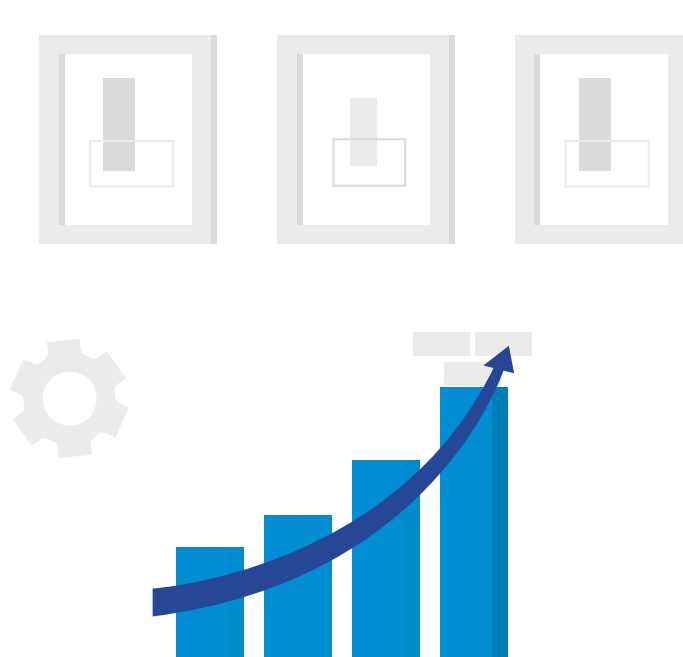
Staggered costs / investment (technology, R&D costs, branding costs) spill over to years beyond the current financial year.

## ● Business view of cost sheet (Robust cost measurement)

Unlike traditional 'cost sheet' stacking up of P/L drawn costs, TCM architecture provides business view of a cost sheet.

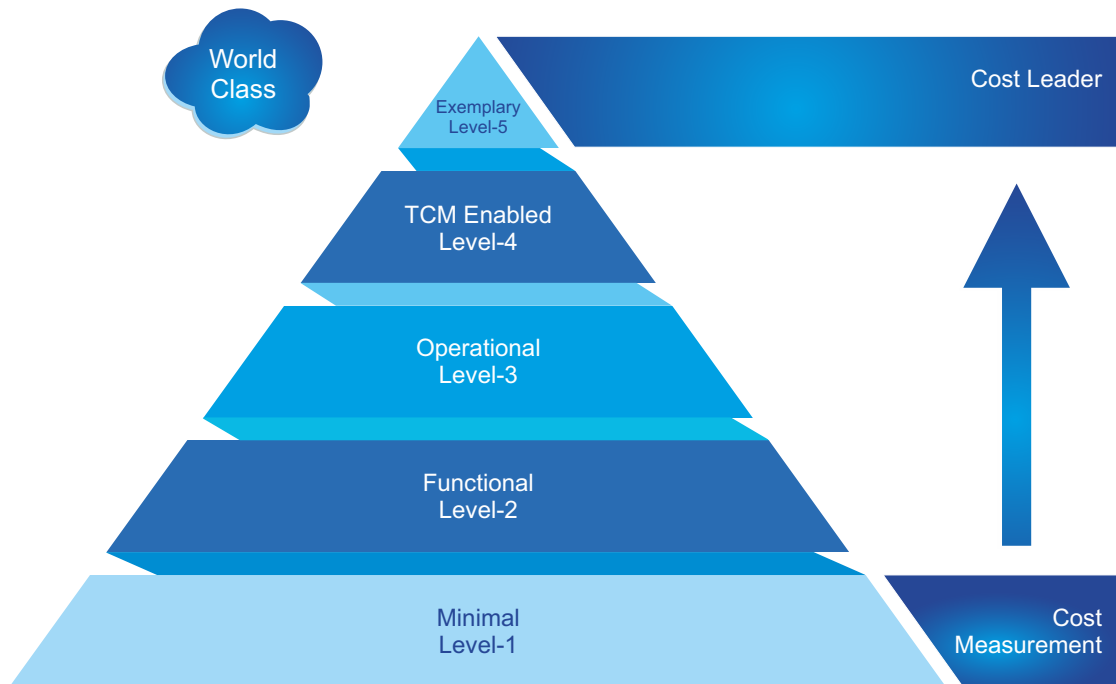
Business processes and its impact are factored into TCM based cost sheet which provides business perspective of costs.

Efficiency / effectiveness of business process reflect the highs and lows in the cost sheet and corrective actions are triggered accordingly.



## 2.9 TCM Maturity Levels

CII TCM Division has conceptualized 'Cost Maturity Model' for rating businesses on a 5-level cost maturity hierarchy. The model is first of its kind in the world and CII has an IPR.



### Background:

Business models are constantly being reviewed for sustained competitiveness which has also injected a new dynamism into cost management. The basis and assumptions used in the traditional costing are constantly being challenged resulting in pressure for evolving the organizations into higher maturity levels.

Organizations are hard pressed to focus on cost management levers to create value. It is timely for business models to look up, discern and review their cost management systems through TCM Maturity Model by CII.

**Process:**

CII has developed 3-tier protocol process for assessing businesses with complete confidentiality and privacy protection of data and information in the business.

**Benefits:**

- 1 Businesses have higher visibility of 'cost streams' for managerial interventions and profit enhancement.
- 2 Enable mapping of NVA (Non-Value Added Activities) across value chain to balance 'value-price-cost' paradigm.
- 3 'Cost corrections' in business are enabled through value chain efficiencies, product / customer portfolio modifications and cost excellence across functions.

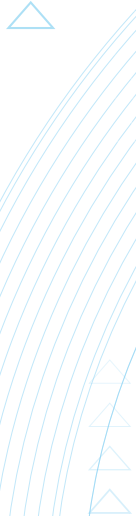
	OPERATIONS		EFFICIENCY TO EFFECTIVENESS		STRATEGIC
					<b>LEVEL 5</b>
				<b>LEVEL 4</b>	
		<b>LEVEL 2</b>	<b>LEVEL 3</b>		
	<b>LEVEL 1</b>				
Scope	Finance function	Shop floor	Enterprise level	Vendors and suppliers	Retailers
Cost Structure	Allocated costs	Algorithm cost structure	True Cost Structure	Disruptive costs	Futuristic cost structure
Cost focus	Accounting	Operational	Analytical	Strategic	Futuristic
Decision support system	Quotation/ estimates	Monthly MIS	Product cost correction	Portfolio corrections	Targeted costs
Customer costs	NA	Key a/c management	Cost to serve customer/dealer/ market	Customer portfolio correction	Cost structure of customers (TCO)
Objective	Compliance/ cost audit	CFO	Enterprise level	CEO	Board of directors
Efficiency improvement	Cost elements/P/L	Profit drain points	Efficient activities	Activity bench marking	Value chain efficiency



# Section

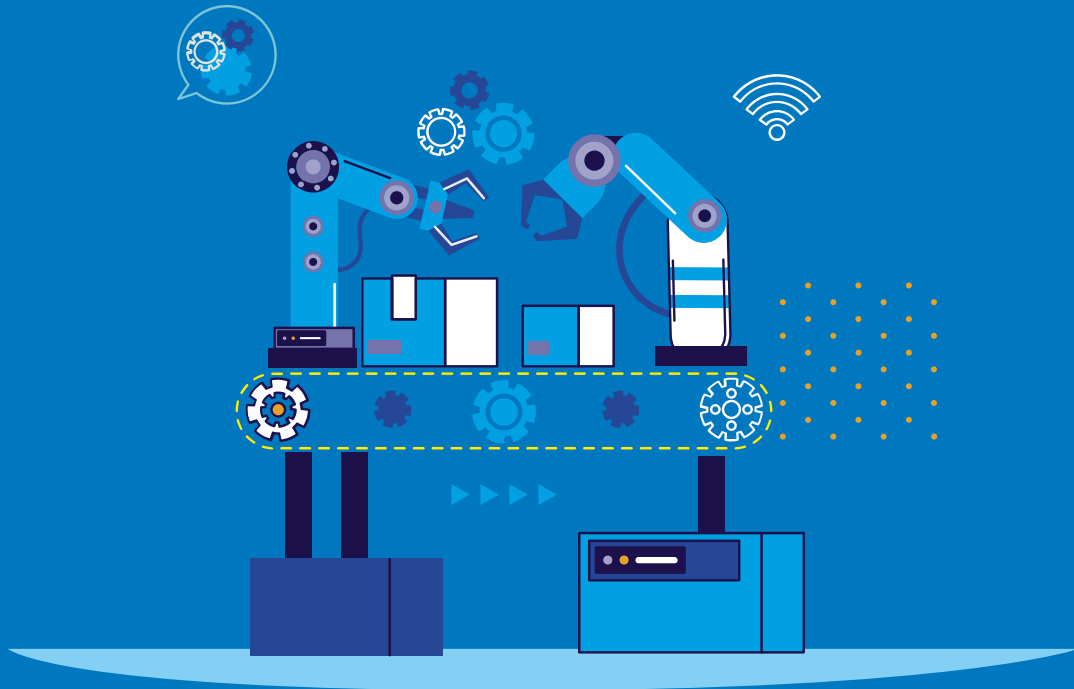
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## TCM Maturity Model



### 3.1 Concept and scope

# TCM Maturity Model



## Manufacturing Sector

Created, Patented, Piloted, and established



## Service Sector

Created and  
Pilot study Initiated



## MSME Sector

In process

### 3.1.1 About CII TCM Maturity Model:

CII TCM Division has conceptualized 'TCM Maturity Model' to assess 'cost maturity' of organizations on a 5-level hierarchy. The model enables the organization to address milestones, business solutions and cost strategy blueprint for building a sustainable business.

Cost Management maturity model framework by CII is juxtaposed with some of the finest principles of excellence framework – The resultant cost maturity assessment identifies a corporate on a level 5 hierarchy through 3 tier protocol procedure.

'Cost Maturity' in business is articulated in terms of

- Diagnosing and addressing both external and external business challenges which would manifest 'cost incidence / cost acceleration and profit impact.
- External challenges: PESTEL analysis, Enterprise Risk profiling, Competitive intensity, Supply chain resilience, Forex fluctuation et al.
- Internal challenges: Economics of business strategy deployment, Price-cost gaps at product / customer, NVA (Non-value-added activities) proportion in business, functional excellence aligned to cost excellence and productivity / efficiency of value chain in business.
- Economic product design, process-product-customer profitability improvement, competitive product pricing, competitive cost structure, EBIT alignment to business improvement.

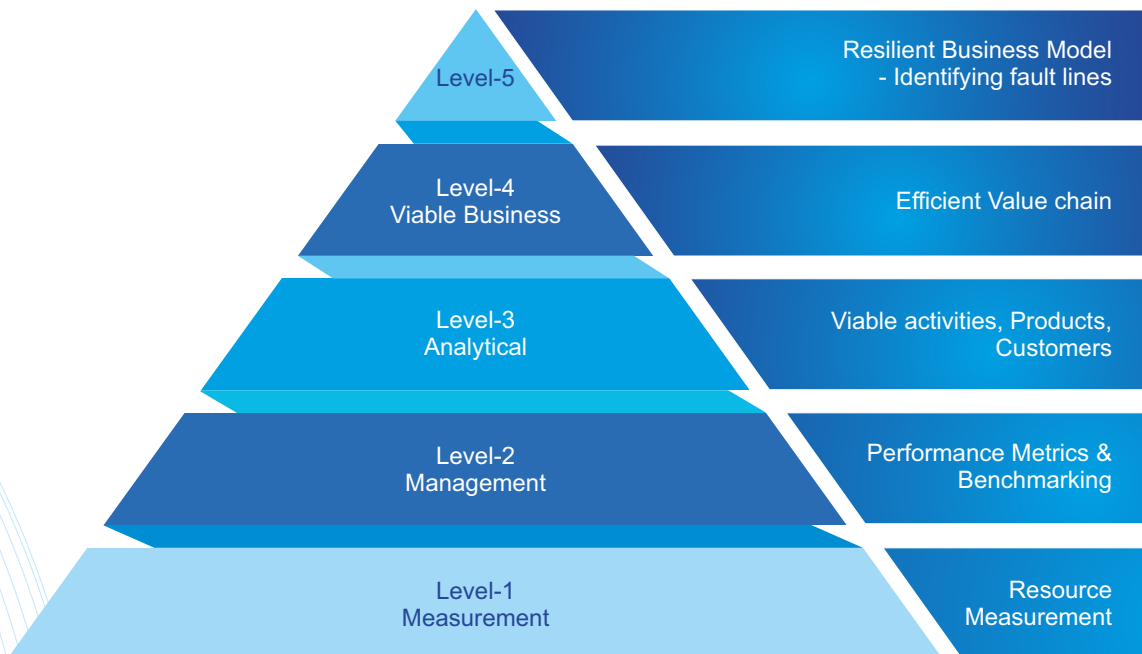
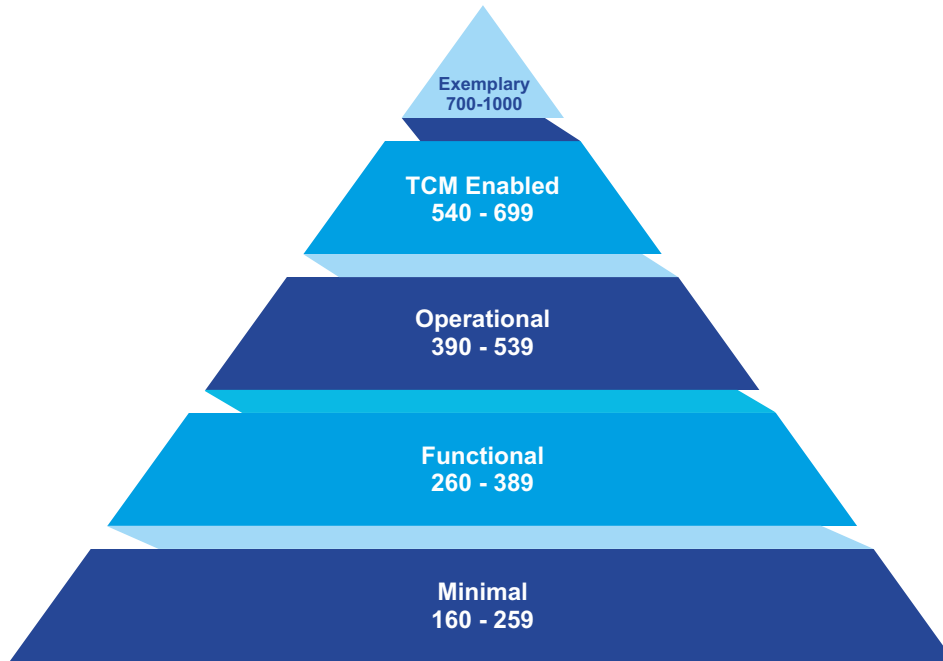
### 3.2. TCM Maturity Model - Version 2.0

In the 'Post Covid scenario' most Indian enterprises had a step-up approach in terms of their business transformation.

CII National Committee for TCM authorized 5-member expert team drawn from both industry and consulting world to make the 'TCM Maturity Model' content more contemporary.

The 5-member expert panel completely revamped the TCM Maturity Model content and scope and also introduced new domain areas for evaluation like – digital, capital productivity, Industry 4.0, New process / product technologies, business finance and SCM.

### 3.3. Defined Levels of Maturity

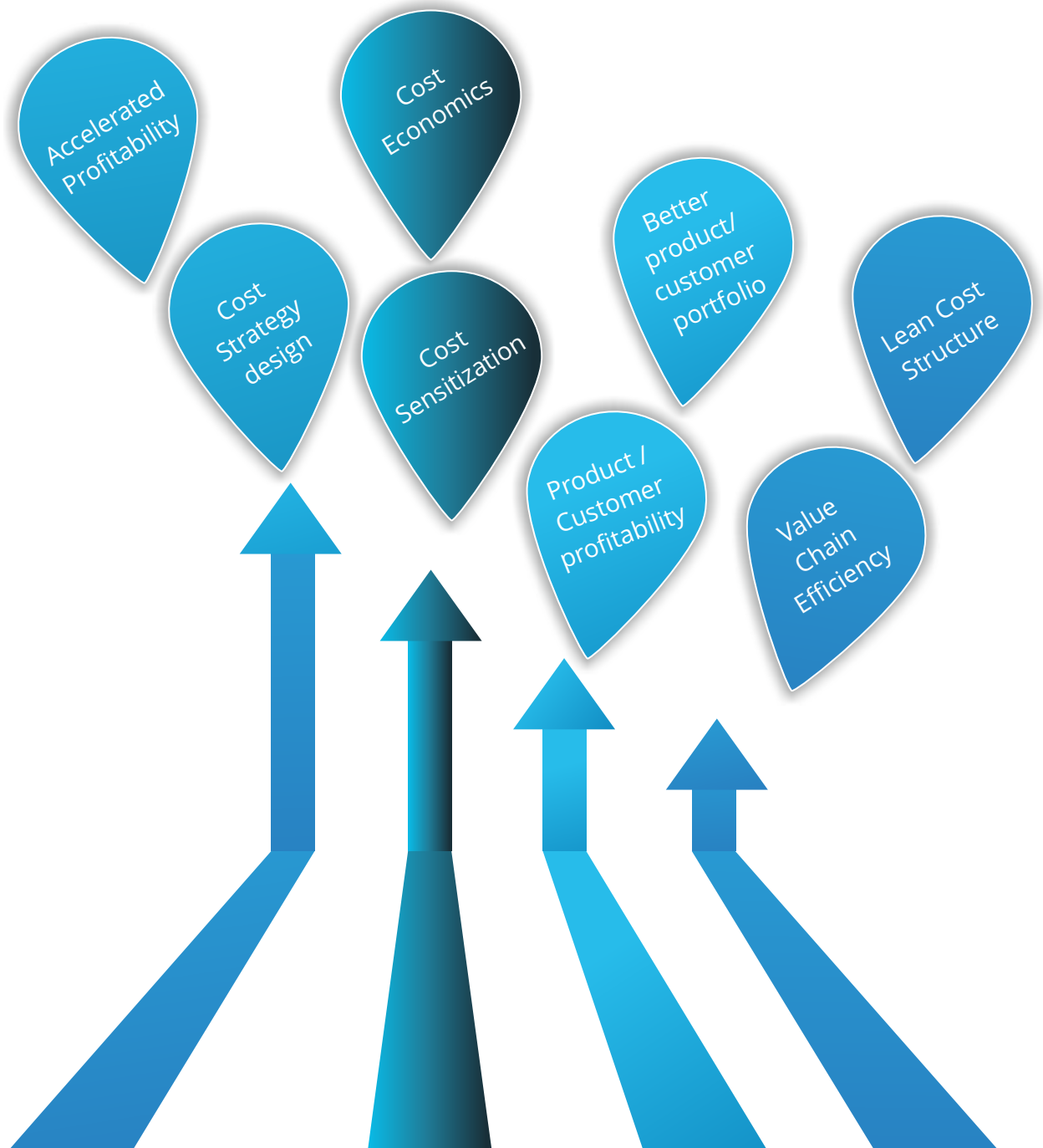


#### Uniqueness

The model is first of its kind in the world and CII holds an IPR (Intellectual Propriety Right) with in Indian geographical region. The IPR is on copyright and trademark.

### 3.4. Benefits of

## CII TCM Maturity Model



### 3.5. TCM Model Process



### 3.6. CII TCM Maturity Model - Scope and Assessment Modules.

CII TCM Maturity Model is an enterprise level assessment encompassing business strategy blueprint and all functions of the value chain – procurement to customer.

The objective of scoping all functions is to understand / assess delivery of efficiency & productivity and eventually link EBITA improvement through business process / resource efficiency improvement.

	Modules	Marks	Function
Module 1	Formulation of Business Strategy & integration with TCM	120	CEO / MD / ED
Module 2	Aligning Risk Management with TCM architecture	80	CFO
Module 3	Marketing, Branding & Customer and TCM	100	CMO / CSO
Module 4	New Product Development & TCM	120	Head - R&D
Module 5	Environment Sustainability and TCM	80	Mfg / EHS
Module 6	Operational Excellence & it integration with TCM	120	Head - Plant Operations
Module 7	Supply Chain and Logistics	150	
	7A - Procurement & Supply chain	75	Head - Procurement
	7B - Logistics, Inventory & Warehousing	25	Head - Logistics
	7C - Capital Productivity	50	Head - Capital Projects
Module 8	Business Finance - Cost measurement & Cost Management	110	CFO / Business Finance
Module 9	IT & Digital	100	Head - IT
	Business finance / Management Accounting teams	20	
		1000	

### 3.6.1 Assessment scope - Modules in brief

#### Module - 1: Formulation of Business Strategy and its integration with TCM.

Maximum Marks -120

Module Owner - CEO / MD / Business Head.

Business strategy is an organizational master plan. This plan is what the management of a company develops and implements to achieve their strategic goals. Essentially, a business plan is a long-term sketch of the desired strategic destination for a company.

Key dimensions of a business strategy are growth, expansion, profit, digital (or technology) and sustainability.

Improving profit levers in the business through managing externalities and internal efficiency / productivity scopes into TCM assessment. Essentially, strategy blueprint and all functional heads also are evaluated strategy-cost-profit connect.

#### Assessment scope:

- a. Key dimensions of business strategy.
- b. Differentiating business strategy, business plans, business goals.
- c. Customer offering architecture – business model design, product Vs solutions, value chain design and customer delivery models.
- d. Business externalities and its impact on business – assessment, measurement and impact analysis.
- e. Strategies for top 3 costs – vision, strategic initiatives and pathways.
- f. Investment portfolio and business outcomes: Technology, innovation, business excellence and transformational pathways.

#### Assessment method & Metrics:

- a. CEO session with CII TCM Assessors is in 1st sequence of 3-day or 4-day assessment duration.
- b. Profit levers – Traditional levers Vs Emerging levers.



- c. Competitive advantage and Cost advantage accrued.
- d. Traceability of EBIT.
- e. Benchmarking – Domestic and International.
- f. Cost / profit goals.

## **Module- 2: Enterprise Risk Management and TCM**

In the age of 'uncertainty' businesses are responding to emerging challenges in their operating environment, by revisiting their operating models to find further improvements in efficiency, accountability, operational effectiveness and service delivery.

As part of this, many businesses are re-assessing their risk management capabilities and critically reviewing their relevance, impact, value and cost.

ERM and cost alignment is significant in a business – Regulatory shifts, technological changes, environmental impact, geo-political risks & SCM impact, competitive & price points, customer preference changes – enormously impact business model designs, investment portfolio, and product / process designs and cost models / profit models.

CII TCM Division evaluates the robust risk management process of a business for its insights into fluctuations in key business metrics and cost / profit model impact.

### **Assessment scope:**

- a. ERM framework and its alignment to business strategy.
- b. Formal Risk framework – Structure and Type
- c. Differentiating between traditional risks, emerging risks, atypical risks and external risks.
- d. Risk management process – Risk Identification to Risk mitigation process, KRA's, stakeholders, governance process, reporting.
- e. Mapping top 10 risks in the business, their risk mitigation history and impact on business metrics.

- f. Risk processing – Identification, classification and profiling.
- g. Risk alignment to cost structure and profit impact.

### **Assessment method & Metrics:**

- a. Risk management process and alignment to overall business strategy deployment.
  - Strategy framework and external scenario impact, Demand forecasting process linked to ERM, Annual business plan linked to risk management process, Rolling business plan and ERM and EBIT impact from risk incidence.
- b. Treatment of specific key strategic risks – Supply chain resilience, climate change impact assessment, emerging risks and business goals.
- c. Risk ownership.
- d. Tracking of 'risk transformation' – Heat map process and its efficacy.
- e. Estimation / Quantification of key risks – Costs associated with it – Mitigation strategies therefrom.

### **Module - 3: Marketing and TCM**

Customer understanding and reach are strategic to businesses. Most business models are customer centric and are key to gaining 'competitive advantage'.

All types of Business models – B2B, B2CM B2D - are market driven and hence form a significant portion of the cost model of any business. The efficacy of marketing strategies on revenue and profit is an enigmatic exercise.

Competitive advantage through customer servicing and customer support is a long-drawn exercise in a business.

Product, customer, service, solutions are key to cost and profit models. Measuring, managing and balancing cost-profit gaps across customer delivery models would create cost advantage to business.

### Assessment scope:

- a. Dimensions of marketing strategy – product, customer, service and solution
- b. Portfolio management / strategy.
- c. Pricing strategy and profit impact.
- d. Understanding price-cost gaps and strategy formulation.

### Assessment method & Metrics:

- a. Business model reach and promotions – Associated costs and outcomes.
- b. Digitization & process efficiency / productivity impact.
- c. Tracking product / service / customer life cycle cost analysis – Strategic investments / trade off.
- d. Profit levers – Price points, product mix, volume, price-gap analysis, discount strategies / policies.
- e. Premiumisation of portfolio – Journey and milestones.

### Module - 4: New Product Development & Technology and TCM.

Technology and New Product Development (NPD) are hall marks of business excellence in contemporary world. Gaining competitive advantage, market share, revenue growth, margin growth, customer engagement and business sustainability are enabled through NPD portfolio, technology platforms and new services / solutions.

Current market / customer trends amidst intense competition have shortened product cycles and thereby significantly enhance new product / solution launches in a business.

Profit assurance is at the heart of NPD & Technology interventions in current businesses today. Aligning prudent TCM principles and enterprise

### Assessment scope:

- a. Technological investments, viability assessment, strategic investment policies and business outcomes.

- b. NPD strategy and dimensions – Process and Product.
- c. Broad NPD strategies – platform strategies, modular strategies, component commonalities, alternate materials, portfolio strategies, simulation, shortening product cycles.
- d. Usage of TCM tools like – DTC (Design to Cost), Target Cost / Target profitability.
- e. Allowable cost & targeted profitability – Concept and process.
- f. Principles of eco-design incorporated into the product.

#### **Assessment method & Metrics:**

- a. Key cost / financial information sharing with product designer.
- b. Targeted EBIT % from NPD launches.
- c. Assessing NPD processes / efficiency.
- d. 'Go to market strategies' - Product cycle assessment.
- e. Cost improvement process at NPD stage.

#### **Module - 5: Environment sustainability and TCM.**

Climate change has extensive ramifications in businesses. Strategies, policies, technology, business reporting, product design, business process orientation and skill deployment have completely been re-configured.

#### **Assessment scope:**

- a. Environmental sustainability management systems – LG (Leadership group, scope of environmental strategy and capital allocation).
- b. Environmental sustainability targets / goals, initiatives,
- c. Voluntary disclosure and reporting.
- d. Climate change risk analysis.
- e. Comprehensive savings accrued from climate change strategies / initiatives.

## Module - 6: Plant operations and TCM.

Economic analysis of a business has a huge thrust in plant operations due to its share of significant value addition in the total pie of business.

Managing 'costs' effectively is fundamental to success in the competitive environment, and precise understanding of cost behaviour plays a pivotal role in this pursuit.

Multi-faceted dimensions of 'cost' in a plant operations environment are 'linear costs, non-linear costs, committed costs (capacity costs), demand forecasting gaps (Related costs like inventory holding), technology costs (Industry 4.0)

### Assessment scope:

- a. Objectives / goals of manufacturing excellence model – Comprehensiveness and futuristic.
- b. OE (Operational Excellence) model, scope, KRA's,
- c. OE Metrics and alignment to financial reporting.
- d. Operational benchmarking – Manufacturing intelligence model and improvement journey.
- e. Intelligent manufacturing or Smart factory model.
- f. COQ model and impact.

## Module - 7 : a) Procurement, b) Logistics and c) Capital Productivity.

Emerging geo-politics and global uncertainty impends businesses to tailor complex business models. Strategic / Resilience SCM network and disbursed customer locations has made 'procurement & logistics' a complex strategy.

'Transport mode, reach, rates, storage and delivery' determine the economics of logistics operation in a business. Improving service level and managing low-cost structure in logistics and distribution is a serious business challenges.

### Assessment scope:

- a. Procurement process as a competitive advantage. Anecdotes.
- b. Procurement strategy framework, SCM risk analysis and green supply chain.

- c. Evaluation and course corrections of holistic logistics cost per unit.
- d. Risk assessment and sensitivity analysis for major Capex projects.
- e. Evaluation of Capex projects in terms of key business metrics.

### **Module - 8: a) Cost Measurement and Cost Management**

Both external and internal business scenarios are seriously impacting cost economics of a business.

External business outlook in terms of quick shifts in the competitive context, macro-economic indicators, regulations and customer trends. Internal business dimensions like strategy blueprint, value chain design, business model & product / customer portfolio.

Close alignment of business and cost create the cost-economic journey and eventually the EBIT trajectory.

Business complexity, portfolio economics, inflation / global volatility indexed materials, value chain efficiency, material yield, technology / digital viability, product life cycles, customer delivery cycles, profit drain points, NPD cycles contribute to efficient cost structure and profit accumulation.

Measuring and managing business level costs predictively or prescriptively manifests the 'cost maturity' of a business.

#### **Assessment scope:**

- a. Governance structure of business finance function / costing function.
- b. Alignment of business finance to nature of industry.
- c. Cost information architecture & design.
- d. Cost management linked to decision making process in business.
- e. Course corrections through cost corrections.

## Module - 8: b. Role of CFO in enhancing TCM maturity in a business.

- a. Measuring business strategy deployment – key metrics and method.
- b. Managing key ratios in business.
- c. Capital productivity and its impact.
- d. Sensitizing key costs in business – linear costs, abnormal costs, policy costs, intangible costs, technology costs, true costs.
- e. Budget and MIS.

## Module 9 - Integrated Information Systems and Digital Process.

Increasing business uncertainty is challenging leadership to navigate unprecedented complexity - geopolitical issues, economic headwinds, shortened product life cycles, and strained and broken business models.

To stay ahead of such disruptive forces, organizations need to tackle issues across the value chain-from optimizing planning and automating decisions to digitally transforming business.

Accurately forecasting customer demand to tuning the value chain to serve customer value proposition is a fortified competitive advantage.

Digitally transforming operations in procurement, manufacturing, and distribution by harnessing the power of disruptive technologies such as artificial intelligence (AI), is the new frontier for unlocking exponential value creation and sustained competitive advantage.

### Assessment scope:

- a. Digital strategy and aligning digital architecture to business process – Gap analysis.
- b. Digital transformation or digital enablement with key outcomes envisaged.
- c. Outcome evaluation of digital transformation – revenue, efficiencies, productivity, innovation, ROI, customer satisfaction.
- d. Digital governance and transformation journey and milestones.



### 3.7. Assessment Approach. (Pre-assessment, Assessment, Post-assessment)

#### Assessment process – Industry dynamics, score matrix and summation of score

CII Jury evaluates business through multi-layered inputs drawn from industry dynamics, company's performance and propose milestones therefrom.

#### 3.7.1 Pre-Assessment phase:

##### Assessment process – Industry dynamics:

The purpose is to understand the industry from the perspective of competitive intensity, technology complexity, market / customer orientation. The CII jury evolves 'competitive position and cost position' of the company amongst the industry players.

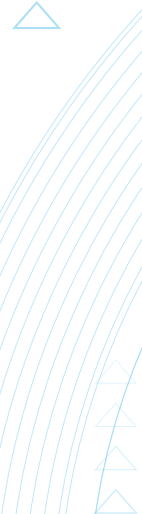
	Industry Structure					
A)	Key Industry features	Price elasticity / Price leader	High SKU lineup	High S&D (Selling & Distribution) expenses	High R&D (More than 1% of sales revenue for R&D)	Capital Intensive (High CAPEX)
B)	Performance variables	Productivity / Efficiency	Technology Intervention	Volume / Revenue / market share	Pricing freedom	Cost efficiency
C)	Market status	demand / supply driven industry	Monopoly / Duo poly / Multi player			
D)	Business Model	B2B / B2C / B2G / D2C	\			
E)	Value chain thrust areas	Vendor manufactured and assembled by OE	High procurement thrust	High manufacturing thrust - energy, manpower, technology intensive	Post manufacturing thrust - channel, branding, dealer	
F)	Output	Product / Solutions / Projects business	Standard product / Premium product / niche products	Made to stock / Made to order / Projects		
	Ownership	PSU / MNC / Promoter driven & Promoter managed / Promoter driven & Professionally managed				
	Cost Governance - Cost info inputs to decision making	Cost strategy blueprint / Business model shifts / technology assessment	Product portfolio / Customer portfolio realignment	Process improvements / Make or buy decisions		



- Key financial ratios – Profit ratios, PE ratios, turnover ratios, cost ratios are evaluated in terms of patterns for initial inputs.
- About the company – CEO discussion formats and corporate ppt provided by assesses company.
- 9 module questionnaire responses (TCM Questionnaire is an IPR of CII) providing initial inputs of systems / culture in terms strategy, value chain and resource efficiencies contributing to EBIT.

## 5 Level inputs:

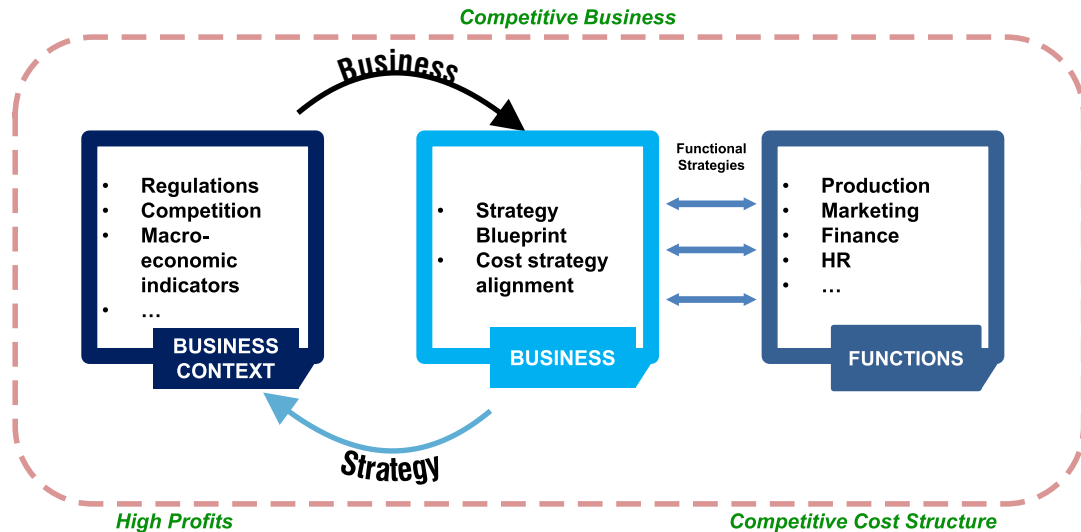
Inputs for CII TCM Evaluation		
Inputs Levels	Descriptions	Details
L 1 - Inputs	Industry Research	Industry dynamics, cost pressures and industry performance, demand supply scenarios, pricing strategies
L 2 - Inputs	TCM Questionnaire Responses	Strategies and Systems for managing current costs
L 3 - Inputs	Pre-assessment financial information (Format shared by CII)	Key ratios, analytics and cost metrics at business level
L 4 - Inputs	CEO Interactions	Specific business pain points, cost pressures and profit pressures
L 5 - Inputs	CII Jury Interactions with Leadership team (Template for CXO team presentations shared by CII)	Business strategy blocks, functional strategies, cost strategy,



### 3.7.2 Assessment phase

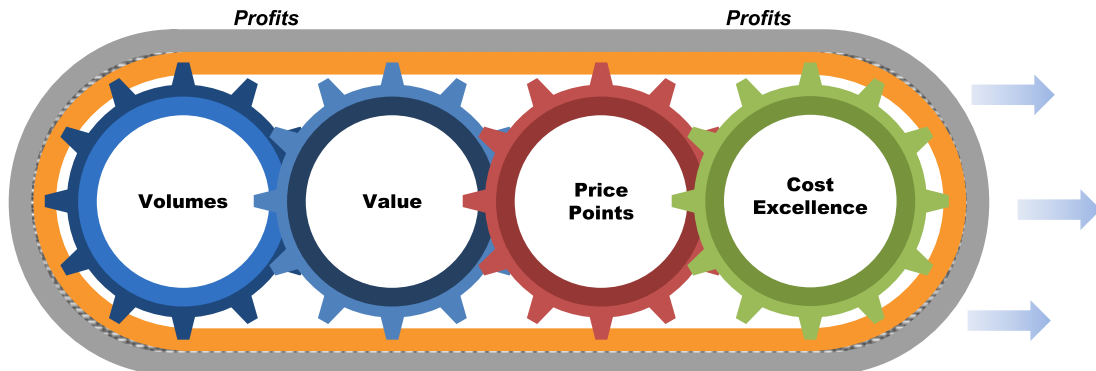
9 Modules review through CEO & CXO team for assessing productivity / efficiency of business model, strategy deployment, economic product design, profitable product / customer portfolio, efficient manufacturing operations, technology / digital / IT architecture, SCM economics.

## Business Competitiveness



## Traceability of Profit

*What is driving the profit?*



### 3.7.3 post-assessment phase – CII TCM Report.

- Summary CII Jury findings of assigning level / marks and prescriptive actions.
- Executive Summary of actions.
- Assesses company's median score amongst assessed companies.

## Assessment process – score matrix and summation of score

### CII TCM Maturity Model - Evaluation Modules.

	Modules	Marks	Function	Description / Scope of evaluation	BU level	Group / Corporate Level
Module 1	Formulation of Business Strategy & integration with TCM	120	CEO / MD / ED	Building blocks of business strategy, cost alignment to strategy, cost economics of strategy deployment		
Module 2	Aligning Risk Management with TCM architecture	80	CFO	Risk mapping and cost quantification of key business risks		
Module 3	Marketing, Branding & Customer and TCM	100	CMO / CSO	Marketing strategy, blueprint of profitable product / customer portfolio		
Module 4	New Product Development & TCM	120	Head - R&D	Product design and cost / profit embedment at design stage.		
Module 5	Environment Sustainability and TCM	80	Mfg / EHS	Sustainability strategy - Resource efficiency and material conservation - Cost conservation.		
Module 6	Operational Excellence & it integration with TCM	120	Head - Plant Operations	Economics of plant operations - OE Journey and cost benefits.		
Module 7	Supply Chain and Logistics	150				
	7A - Procurement & Supply chain	75	Head - Procurement	Cost of procurement and procurement cost economics		
	7B - Logistics, Inventory & Warehousing	25	Head - Logistics	Optimised cost model for logistics and inventory		
	7C - Capital Productivity	50	Head - Capital Projects	Capex efficiency		
Module 8	Business Finance - Cost measurement & Cost Management	110	CFO / Business Finance	Cost allocation methods, Cost data informed decision support system and course corrections in business		
Module 9	IT & Digital	100	Head - IT	IT Architecture and cost efficiency		
	Business finance / Management Accounting teams	20				
		1000				

## 3.8. Scheduling

**CII TCM Maturity Model - Assessment schedule**

	<b>Milestone</b>	<b>Stakeholders</b>	<b>Timeline</b>
Stage - 0	Introduction to Assessee business	Senior Leadership team & CII	
<b>Stage - 1</b>	CII proposal submission, Signing NDA & Business Profiling	Senior Anchor of the company and CII	
	Customising NDA, Preliminary business analysis, mapping business challenges and customisation of TCM Model process for the company		
Stage - 1 (A)	Formal Acceptance, Planning & Scheduling milestones, identifying module / functional owners, Org chart, Identifying anchor in the company		
Stage - 1 (B)	Introductory meeting with Business Head	CII & CEO	1 Hour (Virtual platform)
	Objective - To understand specific business challenges and expectation of the company from CII assessment		
Intermediate step	Scheduling CII Visit, common date and time lines to onboard CEO & all functional heads	CII & Senior anchor	
<b>Stage - 2</b>	CII TCM Questionnaire Presentation to Business Head & CXO's	CII Visit to corporate HQ	1 Day or 2 Days
	Business Head and all Functional Heads		
	Details of modules / module owners provided in the next sheet		
	(2 hours per functional head and scattered timeslots can be provided)		
Intermediate step	CII interactions for clarifications and additional inputs	CII & Senior anchor on virtual platform	
Stage - 2 A	Questionnaire responses by company		4 hours per functional head
	Initial draft submission to CII		
	Final version submitted after CII inputs		
	Key cost ratios for 3 years		
Intermediate step	Planning and scheduling CII Jury visit to company		

<b>Stage - 3</b>	<b>Plant visits by CII Jury</b>	CII & Senior anchor and Plant heads	1 day per plant
	1 FULL DAY per plant		
	Interactions with plant head, team, plant walkthrough and presentations		
	Objective - To substantiate analogies stated in the Stage - 2 by plant heads		
Intermediate step	Planning and scheduling CII Jury visit to company		
Stage - 3 A	CII Jury visit to Corporate Office - 3 Days	CII & Senior anchor	3 Days
	2-hour interaction with CEO / Functional heads		
	Short report presentation by CII to CEO		
<b>Stage - 4</b>	Final report submission by CII to the company	CII	15 - 21 Days from the jury visit
Stage - 4 A	Report submission to CEO / CXO by CII		3 hours presentation by CII to the leadership team





### 3.9 Assessed Companies



## Glimpses of TCM Maturity Model Awards - 2022



Nippon Paint India Pvt Ltd



Fiat Chrysler Automobiles Pvt Ltd



JSW Steel Ltd



Trident Group Ludhiana



ZF Commercial Vehicle Solutions



Tata Motors Commercial Vehicles

## Glimpses of TCM Maturity Model Awards - 2023



Thermax Heating Division



Bluestar commercial refrigeration  
business group



Thermax Chemical Division





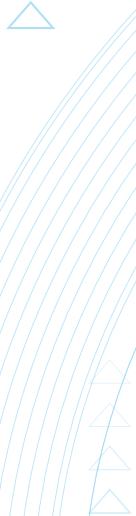





# Section

4

## TCM Awards





CII TCM Division has instituted “**TCM Awards**” to recognise and honour the outstanding achievements of successful, innovative and competitive organisations in their space.

The companies are recognized and awarded for their cost improvements across the value chain and profit growth.

TCM Awards are recognised in 6 categories:

- 
1. **Champion Manufacturing:** Awarding companies for delivering consistent cost excellence and productivity in manufacturing Sector.
  2. **Champion Service:** Awarding companies for their value creation and achieving cost efficiency in Services sector.
  3. **Champion MSME:** Awarding companies on best cost practices and profitability improvements in MSME Sector
  4. **Champion Digital Disruptor:** Performance in leveraging digital and analytics for enhancing productivity.
  5. **Champion Sustainability:** Recognising outstanding contribution & innovation of companies in ESG.
  6. **Champion Start up:** Recognizing the young and new age start ups demonstrating exceptional potential for growth, innovation, and impact.



Nestle Ltd - Champion  
Manufacturing Sector



Maithon power Ltd - Champion  
Service Sector



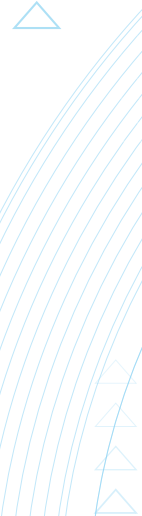
ANS Steel tubes Ltd - Champion  
MSME Sector



CEAT Ltd - Champion  
Digital Disruptor



Tata Motors Passenger Vehicles Ltd -  
Champion Sustainability

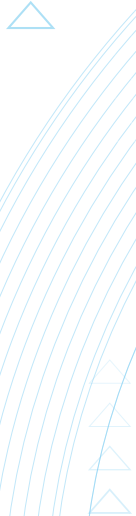





# Section

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## TCM Cost Congress





Cost Congress is the annual flagship event of the division and is currently scheduling its 22nd edition.


Credentials: Illustrious business heads have chaired the earlier editions of the congress and were ably guided by the steering committee formed exclusively for the purpose.



Mr. Bhaskar Bhat, MD Titan, Mr. Kamal Bali, MD Volvo, Kaushik Chatterjee Tata Steel, Seshagiri Rao, JMD, JSW Steel, Dr. Palia Godrej & Boyce, Mr. Singhi, MD Dalmia Cement, Mr. Thiagarajan, MD Bluestar, Mr. Ramesh Swaminathan have chaired the earlier editions of the congress.



### **Why Cost Congress ?**



'Competitive journey of the Indian corporate sector in India' have been has been rapid with both internal and external learning. Cross industry learning, expert talk, best-in-class case study presentations are the hallmark of annual cost congress by CII

CII facilitates external learning through best-in-class case studies from blue-chip companies and CXO's speak.

### **Proposed Governance Structure of Cost Congress 2023:**



**Chairman**



**Co-chairman**



**Steering committee**





The Confederation of Indian Industry (CII) works to create and sustain an environment conducive to the development of India, partnering Industry, Government and civil society, through advisory and consultative processes.

CII is a non-government, not-for-profit, industry-led and industry-managed organization, with around 9,000 members from the private as well as public sectors, including SMEs and MNCs, and an indirect membership of over 300,000 enterprises from 286 national and regional sectoral industry bodies.

For more than 125 years, CII has been engaged in shaping India's development journey and works proactively on transforming Indian Industry's engagement in national development. CII charts change by working closely with Government on policy issues, interfacing with thought leaders, and enhancing efficiency, competitiveness and business opportunities for industry through a range of specialized services and strategic global linkages. It also provides a platform for consensus-building and networking on key issues.

Extending its agenda beyond business, CII assists industry to identify and execute corporate citizenship programmes. Partnerships with civil society organizations

carry forward corporate initiatives for integrated and inclusive development across diverse domains including affirmative action, livelihoods, diversity management, skill development, empowerment of women, and sustainable development, to name a few.

As India strategizes for the next 25 years to India@100, Indian industry must scale the competitiveness ladder to drive growth. It must also internalize the tenets of sustainability and climate action and accelerate its globalisation journey for leadership in a changing world. The role played by Indian industry will be central to the country's progress and success as a nation. CII, with the Theme for 2023-24 as 'Towards a Competitive and Sustainable India@100: Growth, Inclusiveness, Globalisation, Building Trust' has prioritized 6 action themes that will catalyze the journey of the country towards the vision of India@100.

With 65 offices, including 10 Centres of Excellence, in India, and 8 overseas offices in Australia, Egypt, Germany, Indonesia, Singapore, UAE, UK, and USA, as well as institutional partnerships with 350 counterpart organizations in 133 countries, CII serves as a reference point for Indian industry and the international business community.



Confederation of Indian Industry

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