



# Prioritize Cost Optimization Efforts

A Decision Framework for  
**Finance**

**Gartner**<sup>®</sup>

# Cost Optimization Decision Framework

Not all cost optimization initiatives yield the same benefits. Use this tool to get an objective, visual representation of cost optimization ideas early on — by the level of benefit, cost, risk and viability.

Potential Financial Benefit	Small	Medium	Large
<ul style="list-style-type: none"> <li>• How much will the function save if the action is implemented?</li> <li>• How does the action affect cash flow?</li> </ul>	Potentially to minimally improves cash flow or will generate hard/soft savings	Potentially to moderately improves cash flow or will generate hard/soft savings	Potentially to significantly improves cash flow or will generate hard/soft savings
Business Impact	Negative	None	Positive
<ul style="list-style-type: none"> <li>• What impact will this initiative have on business unit leaders?</li> <li>• Will this initiative adversely affect business units' day-to-day activities or operations?</li> </ul>	Will have an adverse impact on business operations	Will have neither a positive nor a negative impact on business operations	Will have a positive impact on business operations
Time Requirement	Long Term	Intermediate Term	Short Term
<ul style="list-style-type: none"> <li>• Can we capture and realize cost savings within this fiscal year?</li> <li>• How do we measure soft savings with this initiative?</li> </ul>	Savings may or may not be realized upon (or within months of) full implementation	Expect savings to be realized within months of full implementation	Expect savings to be realized within weeks of full implementation

# Cost Optimization Decision Framework (continued)

Not all cost optimization initiatives yield the same benefits. Use this tool to get an objective, visual representation of cost optimization ideas early on — by the level of benefit, cost, risk and viability.

Degree of Organizational Risk	High	Moderate	Low
<ul style="list-style-type: none"> <li>• Will our business unit leaders ensure the changes are made?</li> <li>• Is our enterprise capable of adapting to the changes?</li> </ul>	Layoffs and/or reengineering of processes and structures likely	Limited change in roles, structures and processes	No layoffs or changes in organization and processes expected
Investment Requirement	Long Term	Intermediate Term	Short Term
<ul style="list-style-type: none"> <li>• Does the initiative require a large, upfront investment before savings can be realized?</li> <li>• Is the enterprise willing to make an investment at all?</li> </ul>	Large upfront investment required before savings can be realized	Moderate upfront investment required before savings can be realized	Little to no upfront investment required before savings can be realized

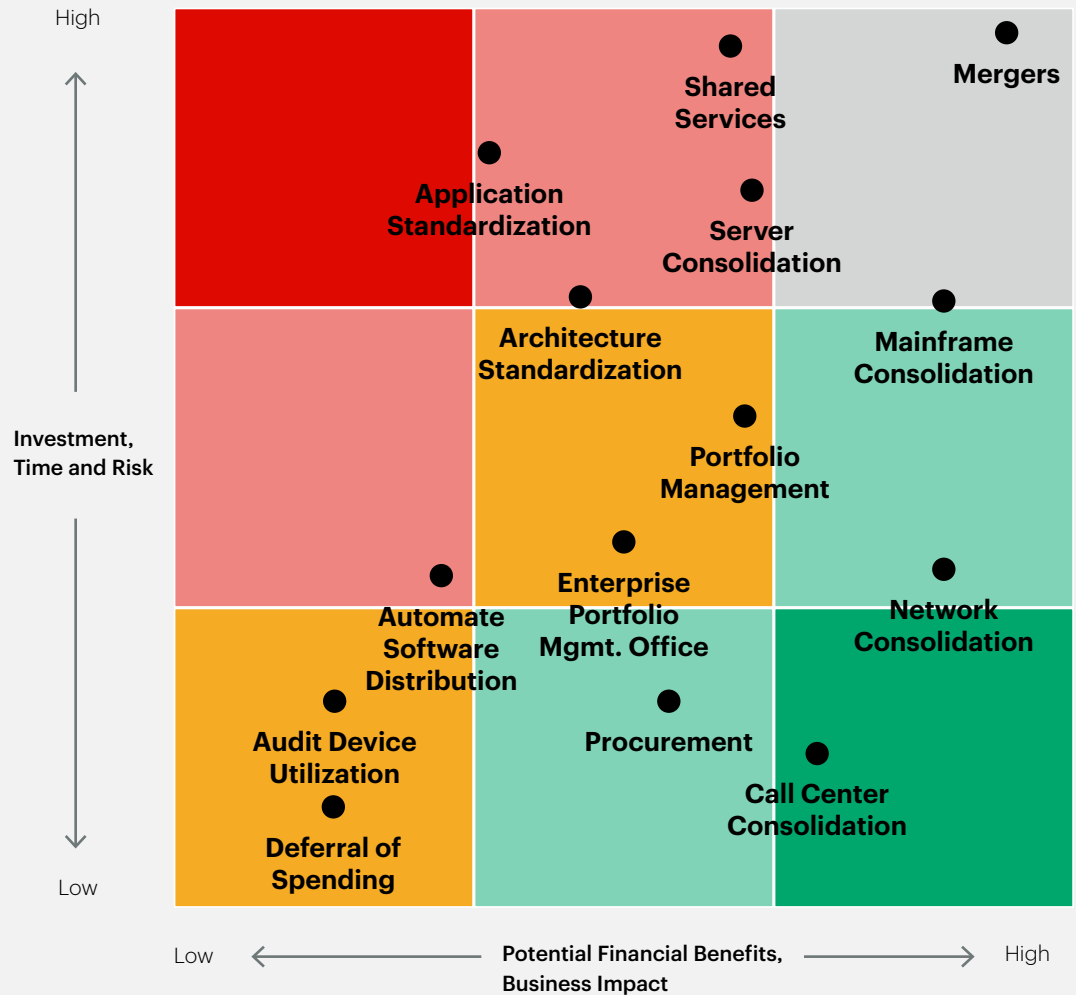
# Greenlight Your Best Cost Optimization Initiatives

After using the decision framework, map your cost optimization initiatives to help your function visualize the effort required and the relative risks and benefits of each initiative.

The mapping shown here is only indicative. The perceived investment, risk, time, business and financial benefits depend highly on the function's maturity and the organization's industry and size.

Every function will have a different outcome when assessing these cost optimization initiatives — but aspire to select your top 10.

## Map your cost optimization initiatives and visualize trade-offs



To learn more about how Gartner can help you achieve strategic cost optimization, [contact us.](#)

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