

PRODUCT PLATFORM COST ANALYSIS AND REDUCTION

CGN helped our client identify cost reduction opportunities on their high-volume product platform resulting in significant annual savings.

Business Problem

To achieve significant cost savings on one of their key product platforms, our client wanted to identify actions to reduce cost by approximately 3.5% of the product's normal plant cost.

CGN Solution

CGN conducted a detailed analysis to identify cost reduction opportunities by studying four different products in the platform. We identified current ongoing cost reduction activities that affect the product and conducted a quote demand variance analysis and supplier/part number pricing analysis on all buy level parts to identify new cost reduction opportunities. With a systematic approach and collaborating with the material cost reduction program, run by CGN, in three months a total cost savings of approximately 3.9% and a net cost savings of 3% of the product's normal plant cost were identified.

Customer Benefit

At the completion of the project, the client had a portfolio of cost reduction projects with associated timelines and a Line of Sight for fiscal 2005 - 2006. They also have clear visibility to activities that affect product costs via a standard reporting format; helping them make better managerial decisions.

SCOPE

Identify cost reduction activities on a product platform; create visibility to the ongoing activities to accelerate results; drive activities to achieve targets

BUSINESS DRIVERS

Prioritize cost reduction projects; provide clear line of sight; improve visibility



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