

## WARRANTY COST REDUCTION

CGN helped our client gain visibility to high frequency, high cost warranty items through: mining of key customer warranty data, prioritizing of problems and defining critical implementation projects.

### Business Problem

The client was experiencing high warranty as a percent of sales and was unable to understand fluctuations and increases. The client was uncertain as to how to address improvement.

### CGN Solution

CGN provided a structured approach to analyze customer warranty information to determine high frequency, high dollar warranty items. CGN also developed a prediction tool to help in anticipating reductions and warranty accruals.

### Customer Benefit

This solution provided the client with the visibility and insight to manage warranty improvement efforts that was previously impossible. Improvements were identified that were between \$7-10 MM, a 20-25% reduction of yearly warranty.

### SCOPE

*Provided a structured framework to diagnose warranty problems and assist in the prioritization and implementation of warranty cost reduction ideas.*

### BUSINESS DRIVERS

*Warranty costs, engineering productivity and utilization and customer satisfaction.*



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