

ES COST REDUCTION PROGRAM

CGN helped our client identify cost sources that could be eliminated or reduced to improve their average profit margin in one of their product families.

Business Problem

Our client had been dissatisfied with the profit margin on their high-volume scissor lift line.

CGN Solution

CGN determined that margin improvements could be made from cost reduction through engineering changes or better sourcing decisions. Improvement could also come from eliminating product features that are not valued by the customers or through process changes. CGN's engagement activity primarily focused on those areas of opportunity which held the most potential for improving the profit margin. CGN looked at all potential areas of improvement and determined (within one week) that the highest potential areas were product redesign (to be accomplished through tear-down analysis), re-sourcing material from suppliers to obtain a better price and initiating process improvements at key suppliers.

Customer Benefit

CGN identified opportunities for 7% margin improvement in the first pass (\$580/unit). CGN also identified the projects required to obtain these savings, and provided the client with methodology and tools to be able to replicate this process in the future or in other parts of the business.

SCOPE

Specific product line representing a total revenue of \$125-150M for the \$1.5B company; identify cost sources to be reduced or eliminated; and train the client on methodology and tools to replicate the process.

BUSINESS DRIVERS

Margin improvement; cost reduction; manufacturing process improvement; supplier development; and supplier sourcing.



For details call: 1.888.RING CGN (1.888.7464.246) or e-mail: leanoffice@cgn.net
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