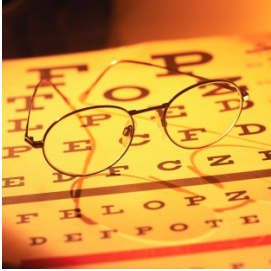


# Manufacturing Cost Reduction Using Contract Manufacturing Services

Most of the [product cost](#) is determined during the design phase. We can't do much about the cost of a product once it is designed but we can help you reduce the costs in terms of material, labor and overhead (MLO).



## Look Through New Eyes

**With more than 50 years of manufacturing experience we can provide a little insight into where some of your costs might be lessened or eliminated.**

With more than 50 years of manufacturing experience we can provide a little insight into where some of your costs might be lessened or eliminated. Using general lean techniques we may be able to help you lower your product or manufacturing cost.

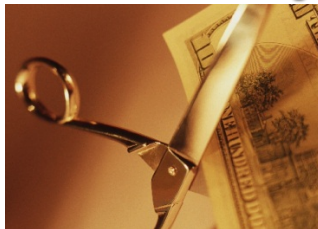
Standardization of purchased material – did you know you may very well use several unique parts/part number assemblies that a contract manufacturer could provide you under an economy of scale process? If you typically have contractors quote different part numbers for different quantities you know the cost delta between a few and a lot. We can look at all your requirements and provide a volume based pricing schedule.

Automatic on demand resupply – every purchase order costs money. Work with a supplier to provide you a KANBAN delivery system to save overhead cost and reduce stock outages.

Production line rationalization – maybe you are building some assemblies that could be better built by a contractor. High labor content products may not be best for your production line. On the other hand you should avoid outsourcing for cost of an assembly alone.



## How may we help you?





# No Cost Consultation

If we can't help you reduce cost  
there is no cost to you

- Labor and materials, the focus of most outsourcing decisions, are a small part of the most important cost - selling price. The selling price contains many cost elements besides labor and materials, such as all the costs of inventory, setup, change-over, material overhead, customization, quality, product development, equipment, tooling, and distribution. Having control of the supply chain enables manufacturers to drastically reduce all of these costs in the following ways:

## THE NUTS & BOLTS OF SAVING



- Labor costs – typically an EMS supplier has lower labor costs. In manufacturing one must be cautious to maintain productivity. Using an EMS to reduce non-value added labor or downtime such as changeover can be very lucrative.
- Quality costs can be reduced by utilizing and controlling the production processes at a contract supplier. The use of measurements and product test reports can contribute to a total quality program with a supplier.
- Material overhead, procurement, and stocking costs can be greatly reduced by using a contractor to supply finished assemblies. Utilizing line rationalization, and automatic resupply techniques like KANBANS further reduces material cost..
- In order to reap all the potential cost savings, the manufacturer must ensure that costs are minimized *throughout the supply chain*. Even if it *appears* that most of a products cost comes from purchased parts and subassemblies, total cost reduction opportunities abound.

Contact us and let us know how we can help you reduce costs.