



COST SAVINGS SUCCESS STORY

Report #1-08



Left: Previous supplier provided what the customer specified, which required an expensive secondary operation.

Right: Field reviewed function and suggested the lowest cost-efficient solution.

Valve Manufacture

Part Redesign and Procurement Improvement

■ Problem or Opportunity:

High cost component due to the **shaving operation** on a hardened fastener. **Procurement issues** with purchasing **two components, assembly cost** and **time**.

■ Previous Design:

The customer was using a **standard M6 Socket Button Head** with the **head diameter shaved** to provide the required clearance. This part was assembled into a mechanical lock nut by the assembler prior to installation in the assembly.

■ New Design:

The Field Team redesigned the part to manufacture it with the **smaller head diameter, reducing the cost** of the part and **eliminating the shaving operation**. Field supplies the bolt and nut as an assembly in a VMI (Vendor Managed Inventory) system to balance inventories and the procurement of one part.

■ Cost Savings Summary:

34,000 EAU			
	Previous	New	Savings
Piece Price	\$10,500 (\$.309/ea)	\$6,290 (\$.185/ea)	\$4,210 (40%)
Assembly	\$2,400	\$1,600	\$800
Procurement & Inventory	\$800	\$50	\$750
Total	\$13,700	\$7,940	\$5,760 (42%)