



# COST SAVINGS SUCCESS STORY

## Report #2-08



**Left:** As volume increased, the previous supplier did not consider alternative manufacturing methods to reduce cost.

**Right:** Field suggested cold headed part to reduce cost and quality issues and a Kanban system to reduce inventory and lead time.

## Window Hardware

### Part Redesign and Procurement Improvement

#### ■ Problem or Opportunity:

This stainless steel screw machine part had **increased significantly** in volume, but the **design** and **procurement** methods **had not changed**.

#### ■ Previous Design:

The part was **screw machined** from **bar stock** and was ordered on a blanket purchase order with quarterly releases.

#### ■ New Design:

**The Field Team redesigned the part for cold heading.** This required some **changes** in the **tolerances** and **radii** of the part but no changes to any of the mating parts. A simple **KANBAN system** was implemented, **reducing inventory** from an average of approximately **eight weeks to one week**.

#### ■ Cost Savings Summary:

4 Million EAU			
	Previous	New	Savings
Piece Price	\$360,000 (\$.09/ea)	\$164,000 (\$.04/ea)	<b>\$196,000 (54%)</b>
Procurement & Inventory	\$11,000	\$500	<b>\$10,500</b>
Total	\$371,000	\$164,500	<b>\$206,500 (66%)</b>