

Case Study – Cost Efficiency Services

Industry: Cargo Handling / Cranes

Region: EMEA

The Challenge

A global player in Cranes industry, headquartered in Europe, wanted to start a deep-dive analysis into its industrial costing within its parts business. The customer had a catalogue of more than 120.000 references, on which such an extended analysis was never carried out.

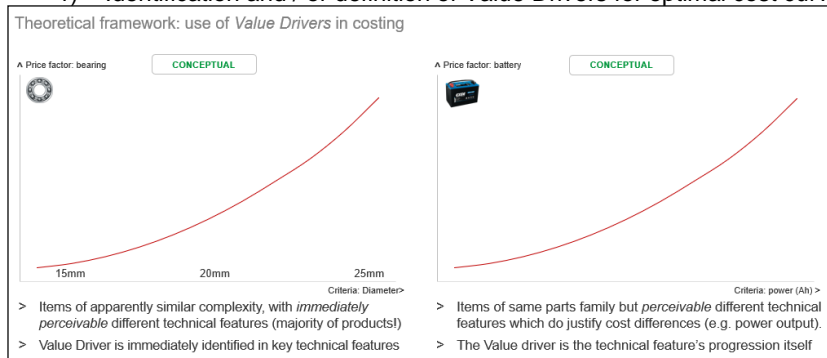
Key targets were:

- Seek situations of “illogic costing” within the catalogue
- Provide alternative sourcing solutions through a procurement initiative
- Realizing Cost-savings deriving from the “Cost Efficiency Analysis”

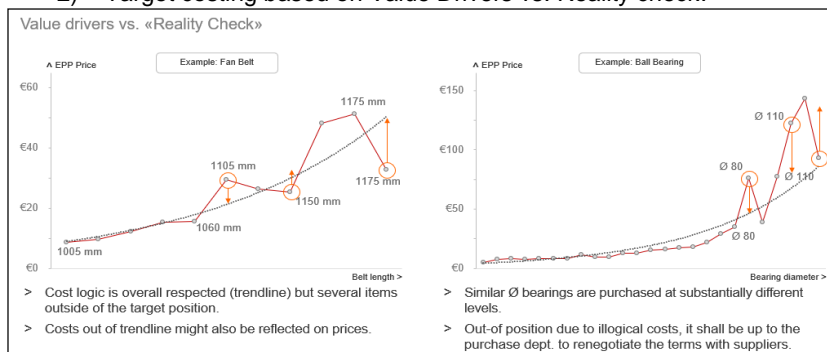
The Action

After having assessed the initial situation and explained what would have been the future steps of the project, MarketingPRO Identified some gaps within the cost-structure, allowing a first round of “quick-wins”. Steps were:

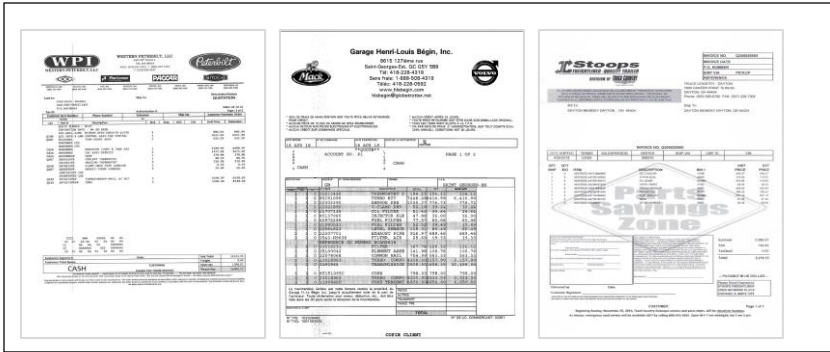
1) Identification and / or definition of Value Drivers for optimal cost curves:



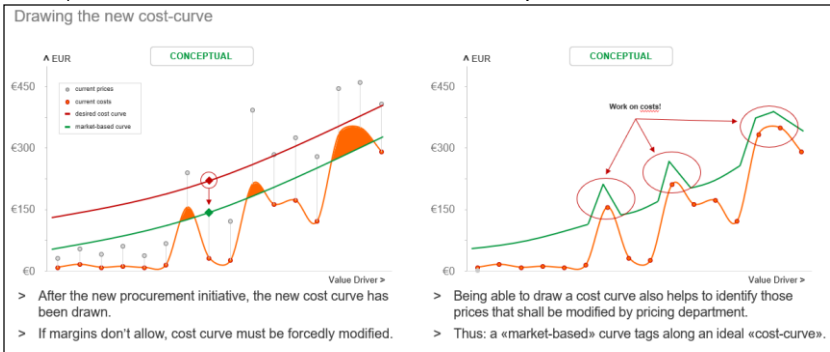
2) Target costing based on Value Drivers vs. Reality check:



3) Procurement action to check if suppliers prices are the best on the market:



4) New Cost-Curve is drawn based on the procurement action, and compared with the price curve:



The Results

The consulting phase made it clear the necessity to identify significant value drivers to determine the “value” and therefore the cost of parts for each items within Family Codes and Product Categories. Purchasing department could immediately start to renegotiate contracts for items whose cost was far outside the logical cost curve. On top of that, procurement action was implemented in order to capture the precise framework for the industry and understand the prices and sourcing conditions for all of the items needed for the production.

Moreover, from the subsequent Cost-Curve also an ideal pricing curve have been derived, so that the pricing of new products and the reprise of existing ones could follow the cost logic behind.

For more details, contact: info@marketingpro.it, asking for service code “CES”.