MANUFORMANCE

INCREASING MARGINS BY VALUE ENGINEERING

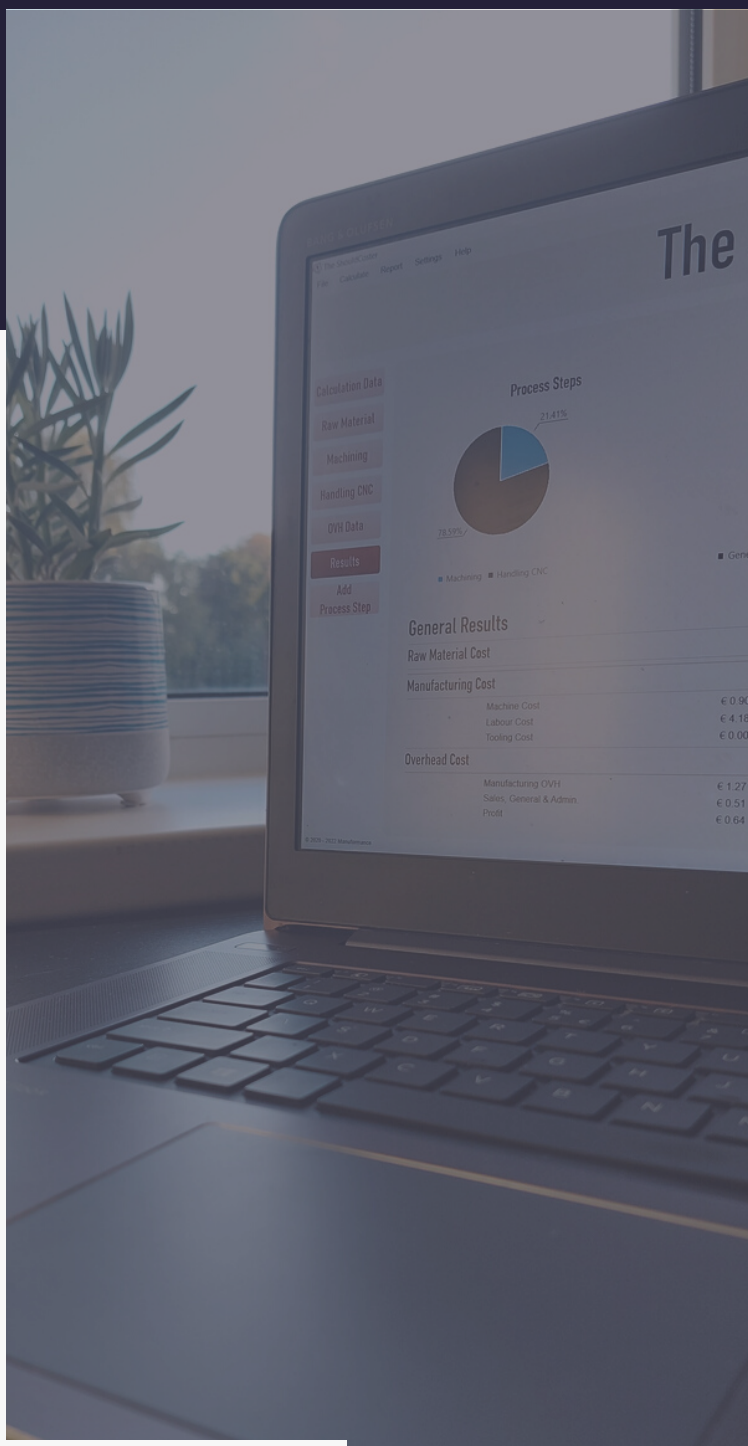
VALUE ENGINEERING

PRODUCT COSTING

DESIGN FOR COST & MANUFACTURING

ABOUT US

Manuformance is a dynamic & innovative consultancy agency based in Eindhoven. Product cost reduction, value engineering and cost estimation are our expertises. We help our customers improve their product designs, manufacturing processes & procurement strategy to improve products, reduce production costs and increase profit margins.



HOW CAN WE HELP YOU OPTIMIZE YOUR MANUFACTURING PERFORMANCE?

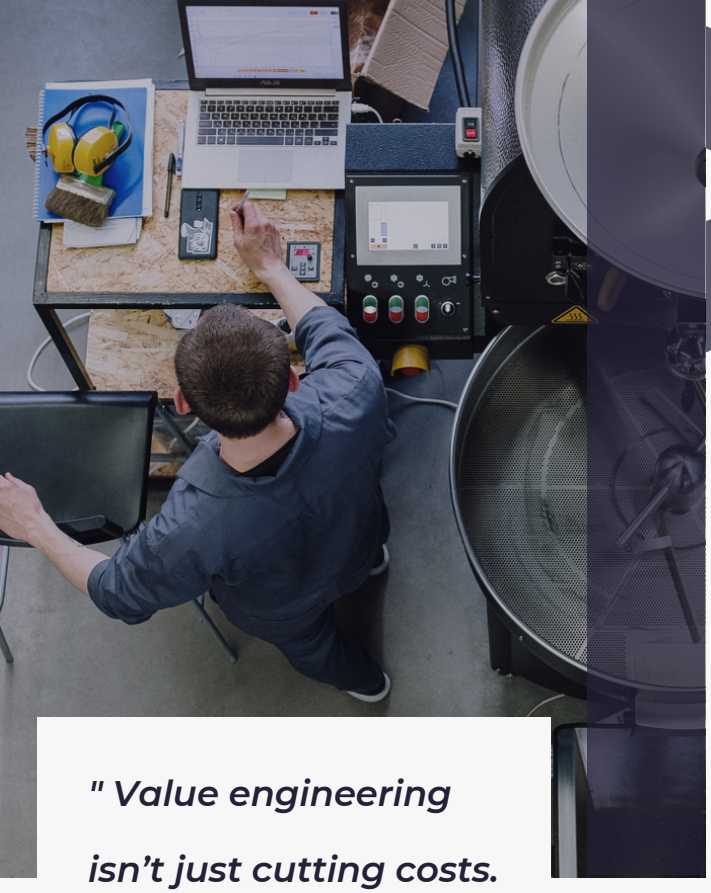
DOES THIS SEEM FAMILIAR TO YOU?

- LOW MARGINS ON YOUR PRODUCTS
- DECREASING SALES
- STRONG AND CHEAP COMPETITORS
- HIGH MATERIAL AND PRODUCTION COSTS
- MANY CUSTOM-MADE PARTS & PRODUCTS

VALUE ENGINEERING CAN HELP!

After hard work in development, engineering & design, your company has finally managed to deliver a great product to the market. Unfortunately, resulting sales and revenue turn out less than hoped for.

Low margins, cheap competitors, high costs for materials & production, use of many custom-made parts, they're all indicators of an imbalance between cost and value of your product.



WHY VALUE ENGINEERING?

Product development can be hectical. Implementing as many functionalities as possible, often within limited time, while solving problems arising along the way. Therefore, a product often is brought to market the very moment it's functional. Reconsidering a product's market fit, value proposition and cost structure can thus be very beneficial.

By taking a step back and having a fresh look at your product, many new insights are created. Value engineering provides the tools & framework to improve your product and add customer value while simplifying manufacturing & assembly. Value Engineering isn't just cutting costs. It is creating value for your customers in a cost-effective way

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INCREASING MARGINS BY VALUE ENGINEERING

THE THREE FOCAL AREAS OF V.E.

PROCUREMENT

- Cost benchmarking
- Quote validation
- Supplier selection

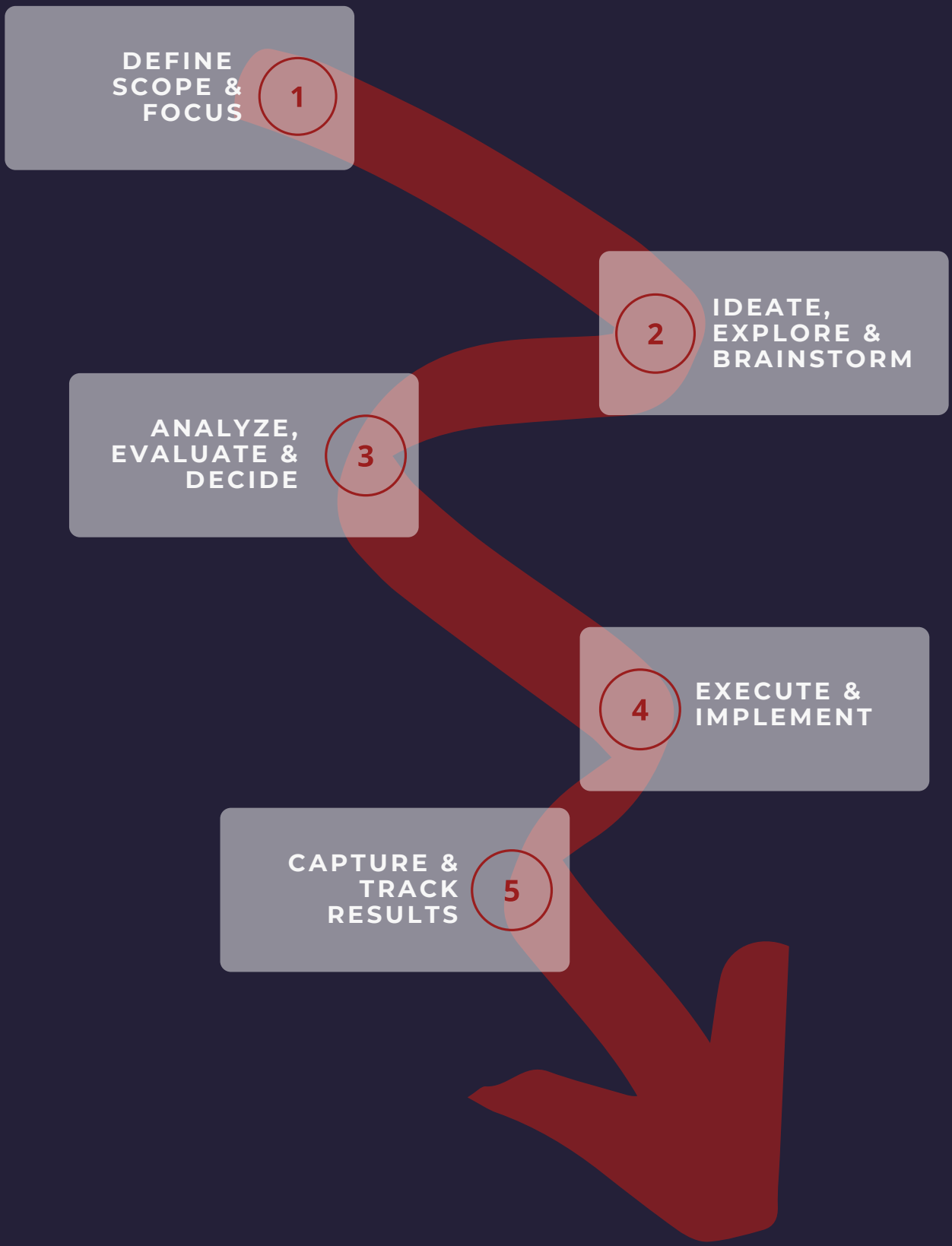
PRODUCT & MANUFACTURING

- Process optimization
- Design for Excellence (DfX)

SALES & STRATEGY

- Value mapping
- Market analysis
- Competitor analysis

OUR APPROACH



BETTER MARGINS

FIRST STEPS

Where to start?

1. Current Cost
Analyse current cost structure and its cost drivers

2. Should cost
Compare current cost structure to a theoretical should cost calculation to identify outliers and quantify saving potentials

3. Market Analysis
Investigate product market and its competitors to analyze sales & market strategy

4. Define scope and focus
Decide on the further scope and focus based on above insights. Prioritize procurement? Product & Manufacturing? Sales & strategy? Or all of them?

5. Next up

Procurement
- *Quote & Price validation*
- *Supplier visits*
- *Combined improvement*

Product and Design
- *Costs*
- *Manufacturability*
- *Assembly*
- *Service*
- *Installation*
- *Functionality (value add)*

Manufacturing
- *Process optimization*
- *Outsourcing analysis*

Sales and strategy
- *Value mapping*
- *Market analysis*
- *Competitor Analysis*
- *External benchmarking*

FIND (Y)OUR FIT

Manuformance offers the tools and skills for enhancing cost effectiveness of your entire production process. Providing advice, (software)tools, coaching and complete optimization projects, we not only sell results but can also teach **you** how to do it!

THE RIGHT BALANCE FOR YOUR COMPANY

- [x] ADVISING
- [ ] COLLABORATING
- [ ] COACHING
- [ ] TRAINING
- [ ] SOFTWARE

YOU CHECK THE BOXES!

VE IN PRACTICE

Value engineering a high precision lasercutter

Not focusing on cost is a common mistake in high tech & high precision oriented markets. People often hesitate to address cost because they think it will affect performance. Focusing on the right things, everyone can benefit from Value Engineering. As proven in this case of a high precision laser cutter.

Background

A company selling a broad range of high precision laser cutters has been facing a strong decrease in sales and margins. Although being market leader in accuracy, their models were strongly outpriced by competitors, forcing them to sell on very small margins. The following steps were taken.

Identify key technology

The outstanding cutting performance was achieved by their pristine laser source & high tech cutting head. Needless to say these parts should be engineered at the best of technological abilities. However, cost analysis showed that other parts which had no effect on performance accounted for a large part of the costs. A redesign and cost reduction project was started.

Disconnect cost and price

A common misconception is the difference between cost & value. Reducing costs by clever design decisions doesn't mean reducing prices as well. Higher margins provided room for new pricing & revenue strategies

Balancing differentiation & commonality

Despite all of their products being substantially different in specifications & performance, value engineering helped increase their commonality. Re-using the same parts in different products not only increased the sales volume discounts, but also saved time and money in procurement, engineering or after-sales.

Creating a distinct portfolio closely matching the customers wishes with as little different parts & variants as possible really is a true artform. Value Engineering provides the tools to do so.

Read more cases at
www.manuformance.com/blog

HIGHLIGHTED EXAMPLE

Organizing a teardown workshop

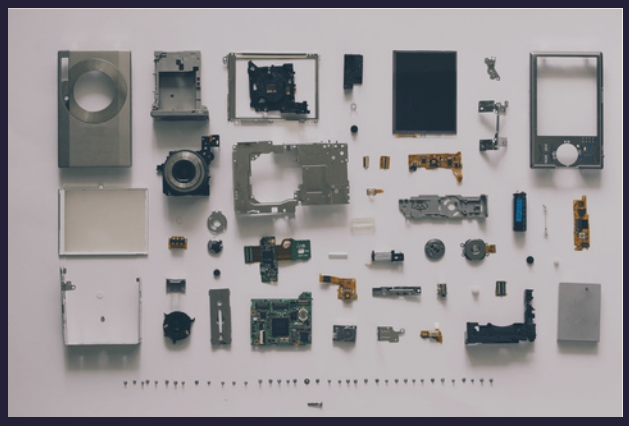
What's the best way to create new insight in your own product? Exactly, by physically (dis)assembling it during a teardown workshop!

Did you know creativity benefits from visual interaction? However, most people see their products in drawings and spreadsheets only. The best way to gain new insights is thus by physically holding the product and questioning every part of it during a teardown workshop.

When all preparation has been done and the cause, goals and targets for the project have been defined, it is time to start generating ideas. Often, this is done during a teardown workshop. During these sessions in a multi-disciplinary team, participants physically (dis)assemble the product and question every part of it.

This workshop provides an unique opportunity for engineering, design and R&D to take a step back and have a fresh look at their creations. Involvement of other departments, e.g. sales, strategy or procurement leads to even better results. A substantial part of all critical questions is asked by non-engineers as well!

The consultants of Manuformance have facilitated many teardown workshops. Curious what your saving potentials are? Contact us now!



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LET'S TALK SOFTWARE

Are you looking for a consistent step-by-step approach for calculating product costs & identifying key cost drivers?

The SC calculation module provides all you need for detailed activity-based calculations of material, manufacturing & overhead.

Not an expert in costing?
Our estimation module provides consistent cost comparisons in early concept phase. Allowing anyone to estimate & compare the cost of decisions themselves brings real cost focus in your organization.

The ShouldCoster provides an accessible & intuitive tool for shouldcost calculations.

More info on www.shouldcoster.com

or ask for our software brochure!

MORE INFO?

Feel free to contact us via the details below
or visit manuformance.com

Manuformance
't Hofke 74
5641 AM Eindhoven
+31 (0)40 209 41 31
info@manuformance.com

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