



## Take the guesswork out of estimating.

By creating a better way to develop and maintain standards, IET dramatically improved this company's ability to prepare accurate cost estimates for custom-designed products and gave managers the data they needed to enhance direct labor productivity in daily operations by 30%.

### The Customer

A diversified manufacturer of products that include retail store fixtures, displays and shelving as well as office furniture components.

### The Challenge

Product life cycles are relatively brief in this industry so the product mix changes continually. The client had 400-plus finished goods SKU's in its system with new products being added every day. Cost pressures were intense, too. The current production standards were unreliable and the plant found itself losing money on some jobs because the initial cost estimates did not reveal the true cost of manufacturing. They needed an easy-to-maintain system that guaranteed accuracy for new jobs and they needed to reduce labor costs to win more business.

### The Solutions

IET engineers dissected every operation in the manufacturing process. They established relationships between product features (e.g., physical dimensions; number of boards, cleats, drawers, assembly components, etc) and standard processing time using stop watch time study and statistical analysis tools.

These standard data relationships were codified in a menu-driven database model that employed the same product data found on a cutbill generated by product design. Now, plant estimators can easily create accurate labor cost estimates for anything the company produces and production managers can plan and measure labor productivity with confidence.

Using the improved standards, IET demonstrated that the company's old standards had led to over-staffing in all production departments. IET provided a crewing plan that reduced direct labor by 30%. The database model, which delivered results with +/- 10% accuracy, allows product estimates to be completed within minutes.

**iet**

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How can IET help you?

Any way you need us to.

#### Productivity

Current production standards

Current production performance

Detailed reasons for variances

Detailed plan for improvement

Goal-setting, accountability

#### Capacity planning

Key capital resources

Direct and indirect labor

Salaried personnel

Facilities

#### New manufacturing

Detailed process map

Layout

Facilities

Labor

Support

#### Indirect labor design

Standards

Material handling

Supervision

Maintenance

Plan for improvement

#### Total value analysis

Make vs. buy

Site selection

Consolidation

Vertical integration

Horizontal integration