

# COST REDUCTION STRATEGY FOR MANUFACTURING INDUSTRY

Grand Bluewave Hotel Shah Alam

23 – 24 April 2019

SBL claimable for all courses under HRDF

## INTRODUCTION

Cost reduction can be achieved through reduction, elimination, modification of manufacturing activity. Through in depth analysis the best and least cost path is adopted for each activity. The best method to achieve results are to bench mark operating parameters to world class companies. In today's competitive world corporate and businesses are struggling to maintain profits and healthy bottom lines. Cost of production, fuel, electricity, raw material and human resources is rising each year. These developments have prompted people to look for cost reduction ideas and methods. Those who opted for focused cost reduction strategies have survived and those who did not manage well have perished. In recent economic downturn it becomes important to make cost reduction program a major initiative in the industry. Companies have to develop its own cost reduction program for savings without cutting jobs. This course will help you develop an action plan for your organization.

## WHO SHOULD ATTEND?

Any manager who has been focused largely on operations and now wants to take a more strategic view of his or her responsibilities.

## LEARNING OUTCOMES

- Prioritize the cost reduction efforts on high-return opportunities
- Objectively identify and evaluate all existing costs
- Work together in an effective multi-disciplinary environment to reduce costs
- Implement and sustain a cost reduction program
- Tap into and incentivize your employees to help reduce costs

## COURSE OUTLINE

### Why Cost Reduction?

- Profits
- Waste Reduction
- Increase productivity
- Competition
- Resource conservation
- Image enhancement

### Where To Implement Cost Reduction?

- Raw material procurement
- Logistics inbound and outbound
- Production (process, time and work study, maintenance, automation)
- Energy
- Human resource (out sourcing)
- Sales and marketing
- Finance

### The Major Parameters For Any Manufacturing Unit

- Cost per unit
- Man-hours unit
- Units produced/unit time
- Break down time
- Waste and defectives
- Fuel, electricity and water consumption

### What Is Productivity?

- Location
- Work standards – All standards for operations should be displayed at work stations in all languages with dos and don'ts
- Autonomous maintenance – Operators to be trained to do regular maintenance
- Manpower allocation per machine – Manpower deputed per machine should be adequate and is not low or high.
- Tools – Necessary tools to be placed near work stations
- Reduce loss of time during shift changeovers
- Labor productivity, movement, re-work and physical stress

### Kaizen Concepts For Productivity

- Kanban system and JIT
- 5S (Housekeeping)
- Seven deadly wastes in production line
- Total preventive maintenance
- Lean manufacturing

### **Lean Cost Reduction**

- When is a product profitable?
- Reduce direct material costs
- Reduce direct labor cost
- Reduce operational overhead

### **Cost Reduction In Procurement**

- The cost of carrying inventory in your organization
- How to evaluate your suppliers towards cost reduction
- How to purchase internationally and reduce cost

### **Outsourcing In Manufacturing Industry**

- Customer support services
- Human resource services
- Payroll and financial services
- Procurement services
- Security
- Maintenance activity
- Logistical support (3PL)

### **SPEAKER'S PROFILE**

Jonathan Chan has 30 years of corporate experience, with 25 years in management and leadership. He was the Chief Executive Officer of a company and a Director of a Global Consulting Firm.



Jon was the Senior Manager Training, Asia Pacific with Price Waterhouse World Firm. He attended the Price Waterhouse Train-The-Trainers course in England and is a certified PSMB trainer (TTT/6151). Jon has regional experience - taught in Thailand, Malaysia, Singapore, Hong Kong, Macau, the Philippines & India. He instructed in the USA on a 3-week residential course twice.

Jon has the credibility to train senior staff as he has been at the top of the corporate ladder. He shares his personal experience to help to transform staff into leaders. He shows leaders how to lead, influence and communicate with others so that staff willingly follow them. Jon conducted at least one course a year for newly promoted managers in a Global Consulting Firm, ensuring their successful transition from a "doer" to a manager.