



## **FMI Case studies:**

An FMI client found that the capabilities of their Product Development process were grossly inadequate given the strategic plan objective of 25% business from new products within 5 years.

**An FMI client working at full capacity found product contributions ranging from \$zero to \$4,000 per hour of bottleneck manufacturing process time. The zero contribution product line consumed 50% of bottleneck capacity. *Mix changes doubled profit within six months.***

An FMI manufacturing client found that the product complaint resolution activity cost exceeded the cost of the entire Product Development process. Resources were redeployed to Product Development in order to increase customer satisfaction by preventing product problems at customer sites.

An FMI client in a highly competitive custom manufacturing marketplace found that the production process was only 50% of total operating cost; and that 40% of the production process itself was non value-adding. The executive team has sponsored process redesign projects for the Procurement and the Order Fulfillment processes in order to improve cost effectiveness. This is tied directly to the critical business issue leading to the ABM engagement – customer feedback that cost-plus bids were too high versus competitors.

**An FMI client reversed a plan to sell-off a significant portion of its business, after realizing that the decision was based on gross misallocations of cost & revenue. As a side benefit, cost improvement opportunities in excess of 20% were identified during the course of the project.**

An FMI client found that small customers were unprofitable because the cost to process orders exceeded the minimum order size. A new Order Fulfillment process specifically for small orders was designed & implemented. This enables the client to profitably service a strategically significant segment of their market.

**An FMI client with a capacity problem commissioned an ABC project in order to prioritize which customers to serve. The results showed that their basic product line contributed approximately \$1k per hour of line time; while their value-added advanced product lines contributed \$6k - \$10k per hour of line time. The client was able to continue serving the entire marketplace by outsourcing the basic product to a less advanced competitor; thereby freeing capacity to increase production of their value-added product lines. *Profit increased by 50% within six months.***

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