

Improvement Tasks of Cost Reduction for Survival

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cost	Related index	7 Tools	Countermeasures of cost reduction
Material cost	Retrieval rate	Material cost reduction	Reduction of poor material
			Improvement of material handling and transportation
			Prevention of wasted material
			Set-up of purchasing specification
			Prevention of not-in-use material
			Prevention of dead storage caused of mis-order
		Negotiation for purchasing price down	Reduction of purchasing subcontract price
			Reduction of subcontractor's manufacturing cost
			Reduction of poor subcontractor's quality
Labor cost & Expenses	(1st control points) * Production amount per M/H * OEE * Expenses	Efficiency of direct division	Effective usage of extra personnel
			Material cost reduction during production
			Reduction of preparing man-hour
			Reduction of processing man-hour
			OEE and labor productivity up by removal of big losses

cost	Related index	7 Tools	Countermeasures of cost reduction
Labor cost & Expenses	(2nd control points) * Overtime rate * Availability * Performance efficiency * Rate of non quality products		Increase of OEE and labor productivity by removal of big production losses
		Increase of retrieval rate for equipment investment	Full use of equipment and elongation of depreciation interval
			Reduction of processing man-power
			Economy analysis of equipment investment
			Correct order for maintenance material and aux. Equipment
		Logistics control	Reduction of internal transporation cost
			Material saving during stock
			Reduction of external transporation cost
		Budget control Saving of resources and energy	Resonable budget operation
			Reduction of indirect manpower by office improvement activities
			Reduction of manpower by office automation
			Reduction of manpower by technology innovation
			Effective use of equipment
			Effective use of B grade equipment
			Saving of energy