Sound Solutions for the Automotive Industry®

Cost Reduction User Guide 09/16/2011

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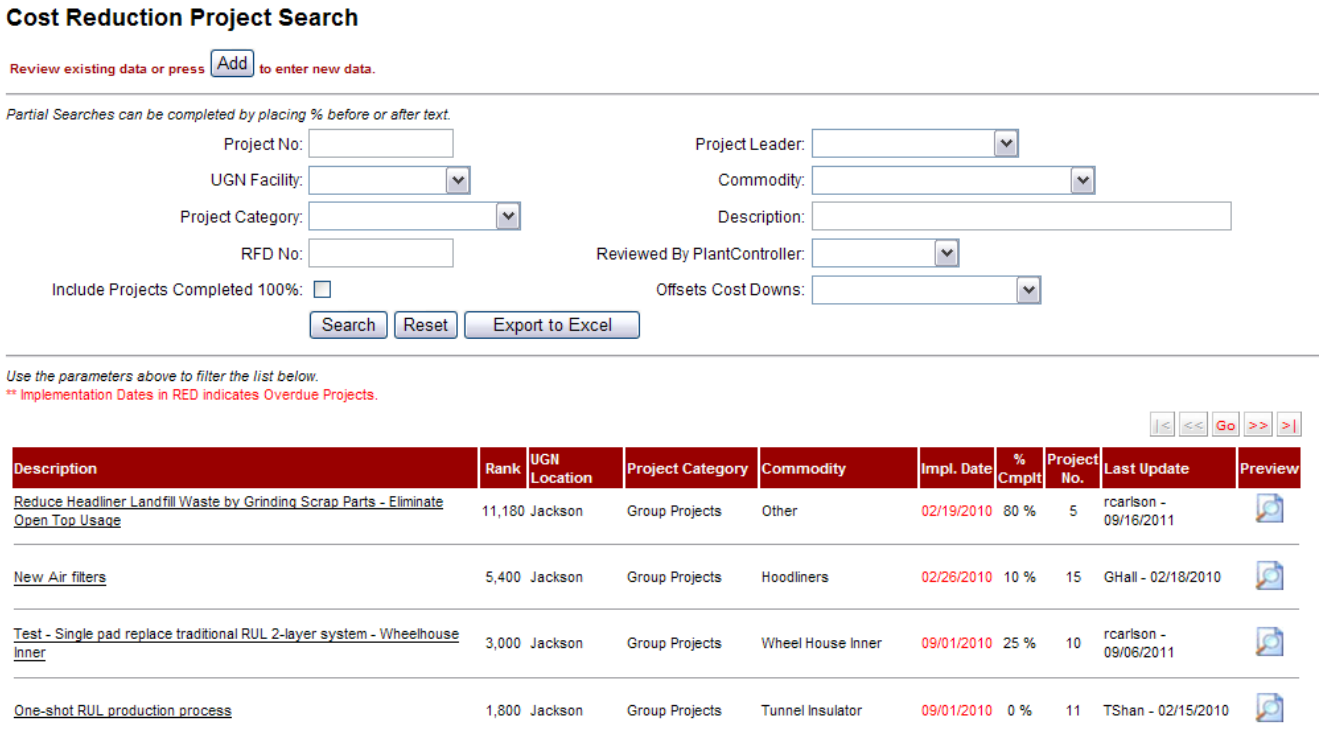
Description:

The Cost Reduction Module is used to organize and calculate ideas at UGN for cost savings. Leaders have access to create new items and are the only ones to have access to modify the information (except for the Steps/Comments). Team members have access to the Steps/Comments of any item (when not completed yet).

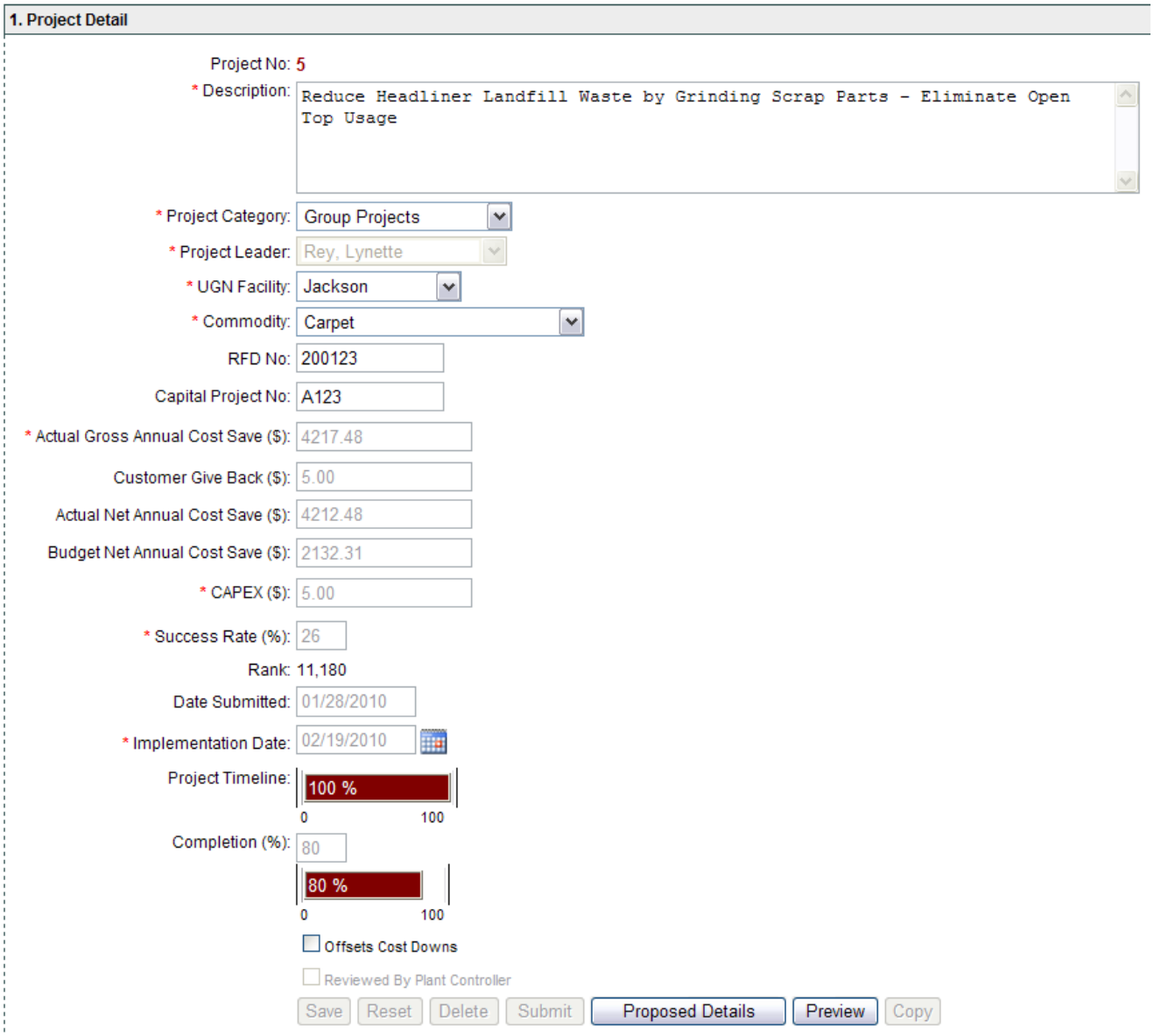
Search / List

- Team Members can search for projects here. They are listed in order of Rank, highest to lowest.
- Team Leaders can click the "Add" button to create new projects.
- Team Members can click the description link to open an existing project.
- A preview of the project and details is available by clicking the "preview" icon"
- Based on the search criteria, the results can be exported to MS Excel.



Project Information

- Team Leaders
  - Enter all fields in the details section and click the "proposed details" button to fill in another page. (See more details below).
  - There will be a daily reminder notification sent to the Project Leader(s) for records that have been created in the system and left abandoned, meaning they were not submitted to the respective team members for review.
  - There will be an email notification sent to the Project Leader(s) when a project nears its target implementation date (at or above 75% and below 100%) and the Project Category was not set to "Completed".
  - The calculation for is RANK is as follows:
    - ((Annual Cost Save - CAPEX) * (Success Rate / 100))
  - The team member who initiated the project and is the elective Project Leader who will have access to edit the "Project Detail" and "Status/Updates" section of the Cost Reduction Project at any time.
  - The Vice President of Product Development will receive an automatic email notification when any of the above fields change after the project was submitted for team member review.
  - The Project Leader is required to enter a "Change Reason" when the "Implementation Date" is changed. Email notification is sent to the Vice President of Product Development.
  - The Project Leader will also put notes in the "Status / Updates" section.
  - The Project Leader will not have access to the "Steps/Comments" section as it is reserved to the Team Members.
- Team Member(s)
  - Access the "Steps/Comments" section when the Project Leader submits the project. An automatic email notification will be sent.
  - When changes and/or entries are made to the record, please be sure to click on the "SAVE" button.


1. Project Detail
Project No: 5
* Description: Reduce Headliner Landfill Waste by Grinding Scrap Parts - Eliminate Open Top Usage
* Project Category: Group Projects
* Project Leader: Rey, Lynette
* UGN Facility: Jackson
* Commodity: Carpet
RFD No: 200123
Capital Project No: A123
* Actual Gross Annual Cost Save ($): 4217.48
Customer Give Back ($): 5.00
Actual Net Annual Cost Save ($): 4212.48
Budget Net Annual Cost Save ($): 2132.31
* CAPEX ($): 5.00
* Success Rate (%): 26
Rank: 11,180
Date Submitted: 01/28/2010
* Implementation Date: 02/19/2010
Project Timeline: 100 %
0 100
Completion (%): 80
80 %
0 100
Offsets Cost Downs
Reviewed By Plant Controller
Save Reset Delete Submit Proposed Details Preview Copy

2. Status/Updates

Status/Updates:

Save Reset

Date Entered	Status/Updates
01/26/2010	Placing follow-up calls this week. Set up meeting with local concrete contractor to use ground material as filler. Evaluate sending pallets back to Guilford for re-use. Sample material back in Jax this week to evaluate. Re-using Guilford pallets is cost prohibited. Sending material sample to Plastic Machinery for grinding. Ground samples in transit back to Jax. Samples lost by UPS. Sending material to Rapid Granulator by 1/12/09 for sample grinding. Samples shipped to Rapid on 1/9/09. Waiting on ground sample material. Sample material is in transit by to Jax. Received ground sample material. Looks good. Getting updated quote on new equipment and also looking for used equip. Have updated new quote; need to find good used machine. Re-open project. Will get updated pricing on equipment and investigate re-cycling. To get quote on a vacuum system for the ESM operation. Vendor in this Wednesday.

3. Steps/Comments

Team Member: Carlson, Roderick

Steps/Comments:

Save Reset

4. Change Value History

Action Date	Team Member	Field Change	Previous Value	New Value	Change Reason
9/16/2011 9:01:49 AM	Hall, Greg	Annual Cost Save	4209.48	4217.48	test 3
9/16/2011 9:00:15 AM	Hall, Greg	Annual Cost Save	4214.48	4209.48	test2
9/15/2011 11:14:55 AM	Hall, Greg	Annual Cost Save	4230.48	4214.48	
9/14/2011 11:59:31 AM	Hall, Greg	Annual Cost Save	4210.48	4230.48	
9/14/2011 11:54:57 AM	Hall, Greg	Annual Cost Save	4211.48	4210.48	
9/14/2011 11:54:50 AM	Hall, Greg	Annual Cost Save	4211.48	4209.48	
9/14/2011 11:54:39 AM	Hall, Greg	Annual Cost Save	4211.48	4212.48	
9/14/2011 11:53:46 AM	Hall, Greg	Annual Cost Save	4211.48	4210.48	
9/13/2011 5:02:31 PM	Hall, Greg	Annual Cost Save	4213.48	4211.48	
9/13/2011 4:59:30 PM	Hall, Greg	Annual Cost Save	4210.48	4213.48	

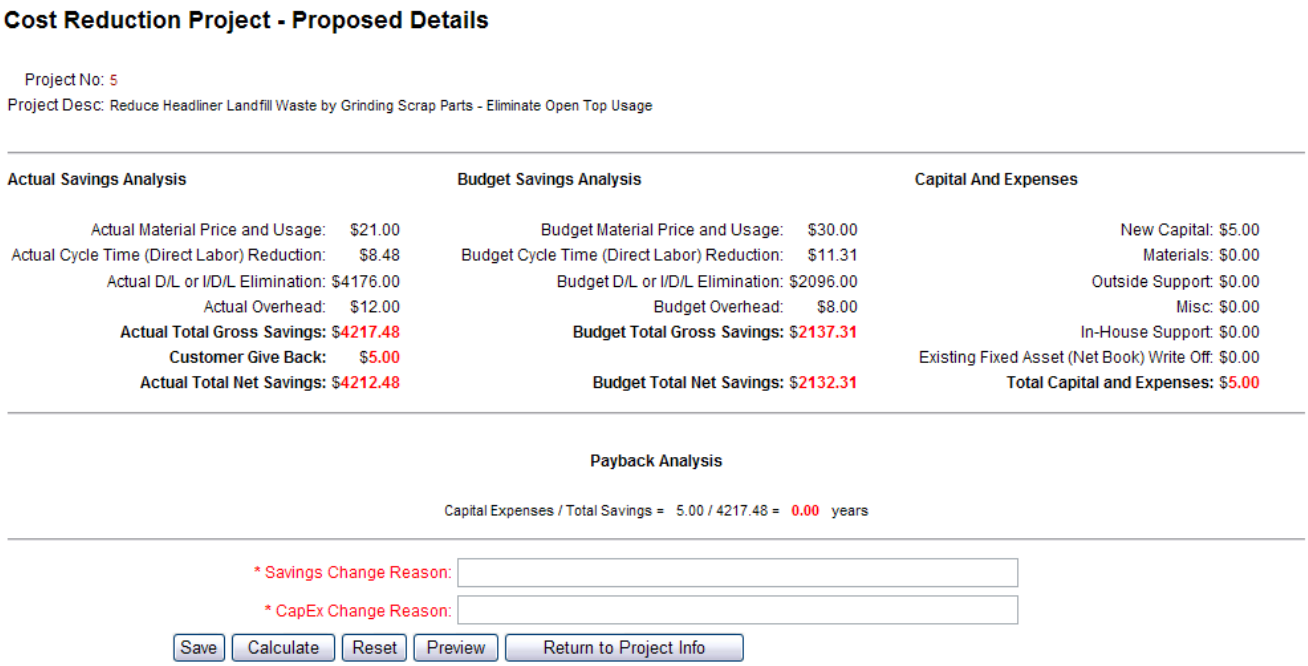
1 2 3 4 5 6 7 8

4. Change Value History

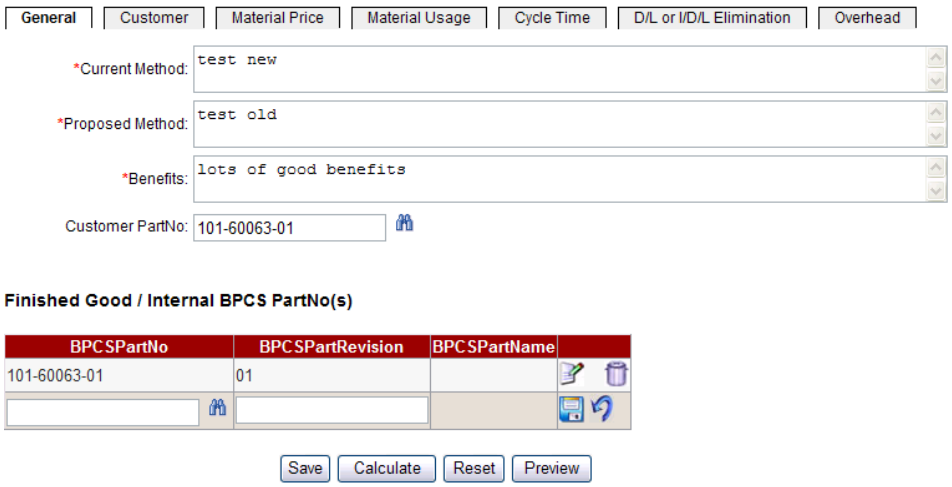
Action Date	Team Member	Field Change	Previous Value	New Value	Change Reason
2/24/2010 1:47:24 PM	Carlson, Roderick	Annual Cost Save	204928.30	122396.63	t9
2/24/2010 1:45:23 PM	Carlson, Roderick	Annual Cost Save	122396.63	204928.30	t8
2/24/2010 12:32:16 PM	Carlson, Roderick	Annual Cost Save	120295.83	122396.63	t4

Proposed Details

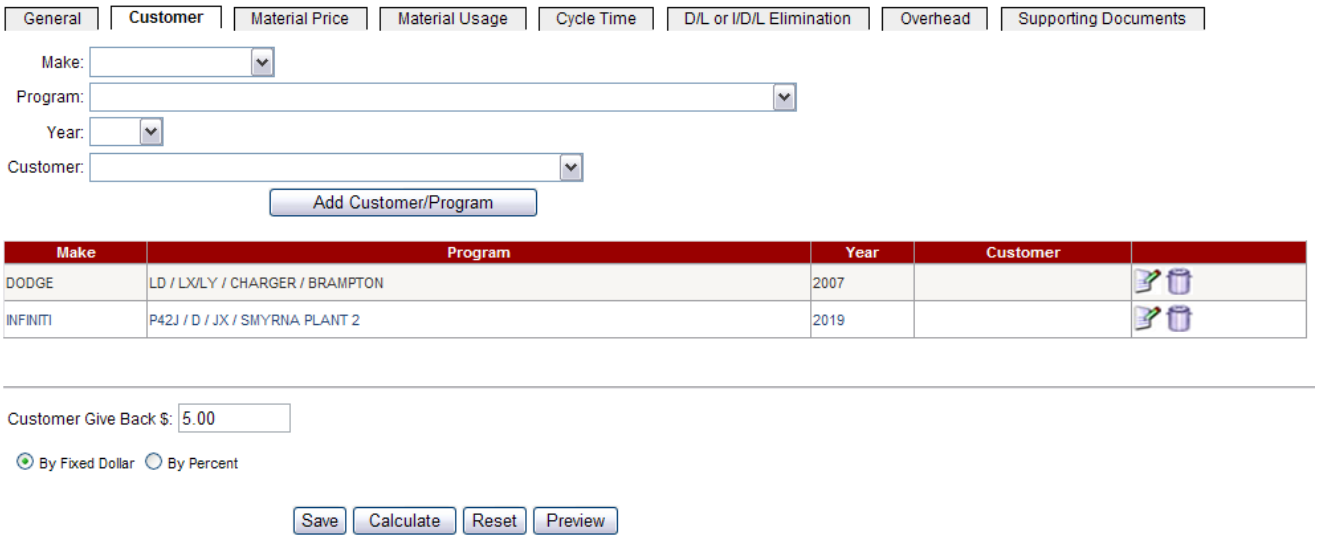
- Most of this page can be filled out by the Finance Team or the Project Leader. The Sales team members can complete the customer tab.
- Top Section
  - Project Number (pulled from main page)
  - Project Description (pulled from main page)
  - Actual Savings Analysis Section (calculated based on several tabs mentioned later)
  - Budget Savings Analysis Section (calculated based on several tabs mentioned later)
  - Capital and Expenses (calculated based on several tabs mentioned later)
  - Payback Analysis (calculated based on several tabs mentioned later)
  - The final Total Savings and Total Capital and Expenses will be pushed to the "main" Cost Reduction page.
  - If the project has been submitted and the total savings or the total capital expenses change, then the same principle will apply as to notifying the administrator of the change.
  - All values typed on the taps will update the totals on the top.



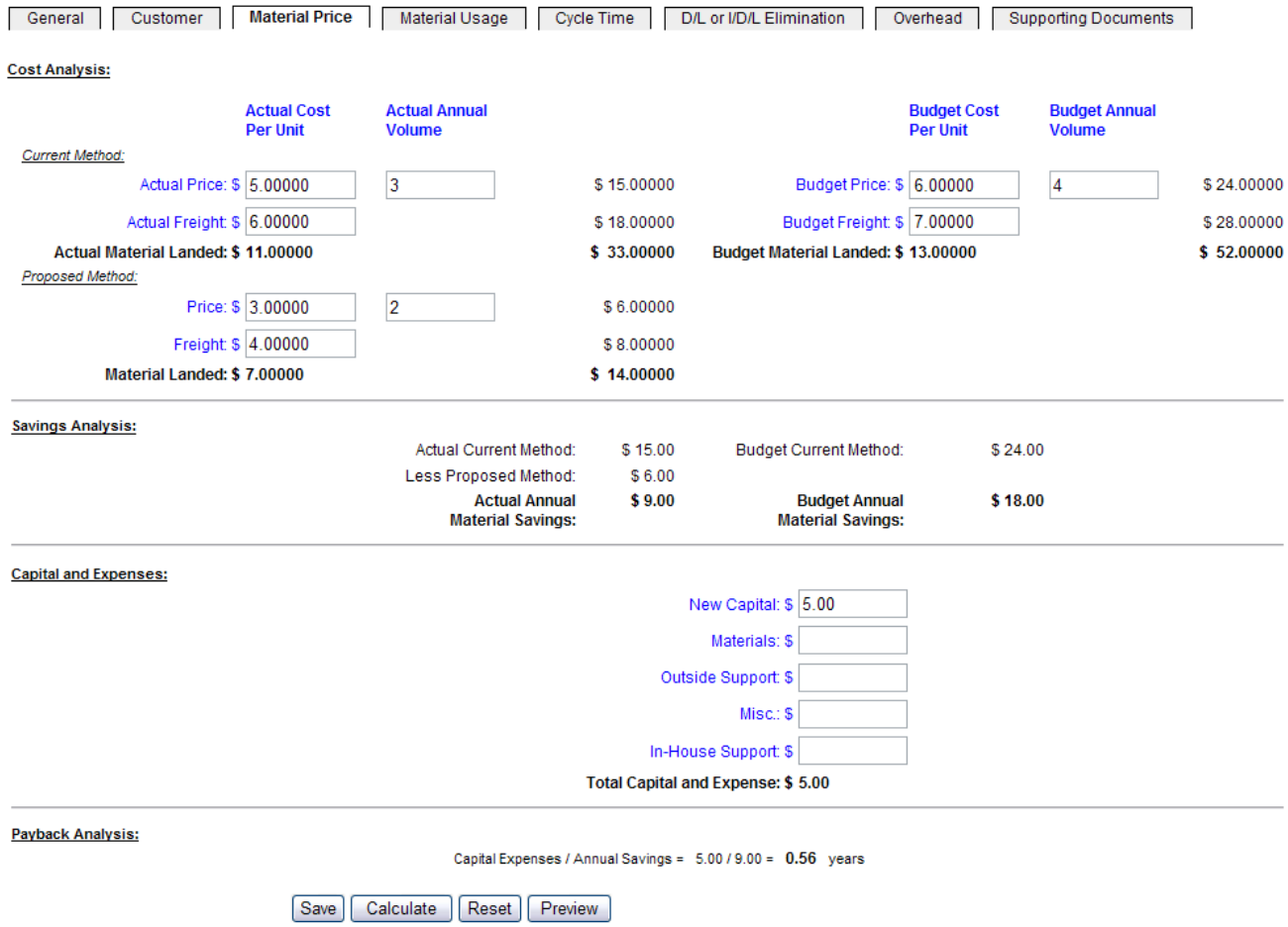
- General Tab
  - Further Descriptions
  - Part Information
  - By selecting a customer part number, the list of related finished goods will be auto-populated in the grid below.
  - If the customer part number is not valid, it cannot be saved.
  - If the Finished Good part number does not properly relate to the Customer Part Number, it cannot be saved.



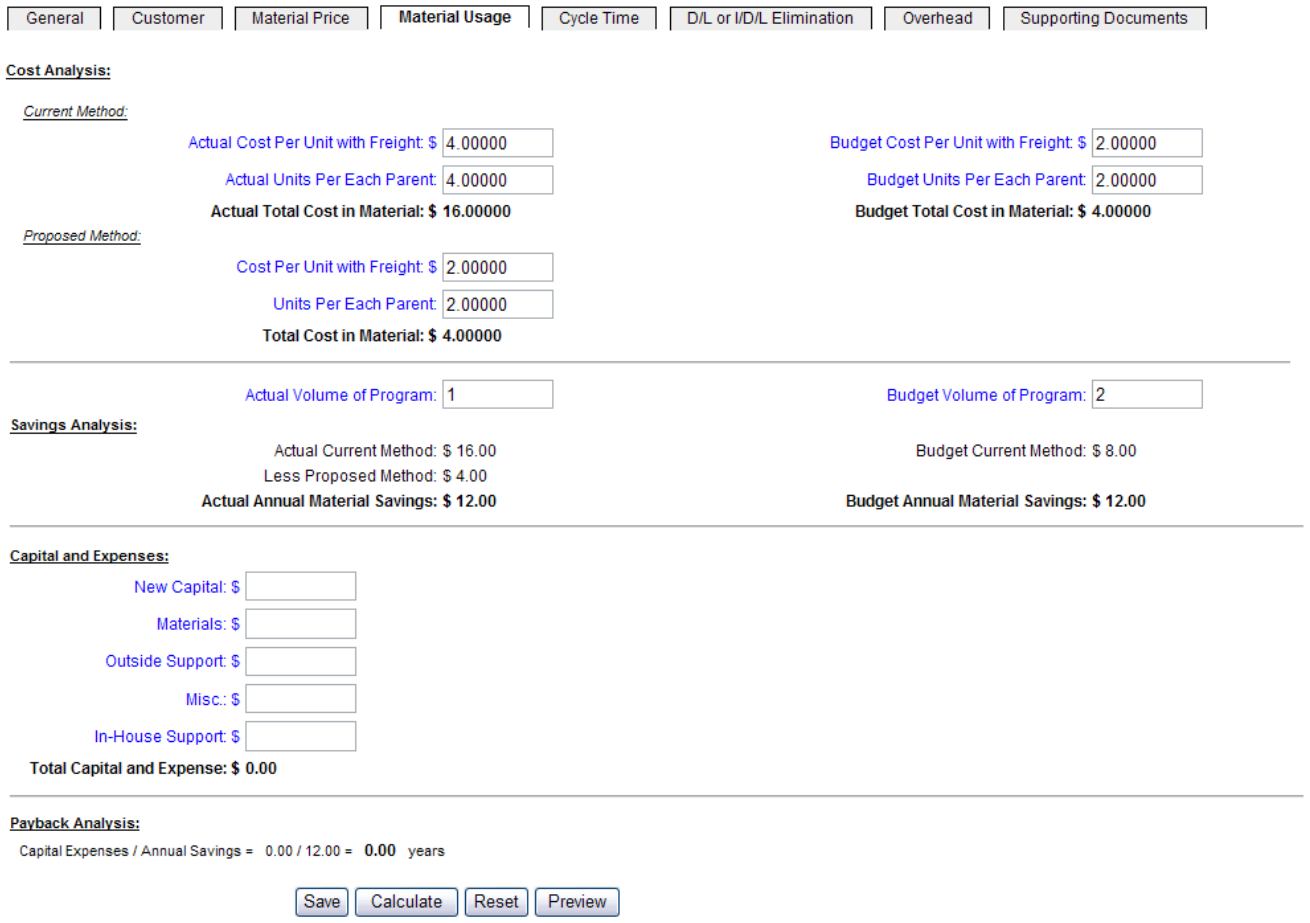
- Customer Tab
  - Customer and Vehicle Information
  - ***Sales Team Member can also update this tab.***



- Material Price Tab
  - Material Cost and Freight Information



- Material Usage Tab
  - Usage of materials within parent / finished good parts.



- Cycle Time Tab
  - Reduction of Direct Labor

General | Customer | Material Price | Material Usage | **Cycle Time** | D/L or I/D/L Elimination | Overhead | Supporting Documents

Cost Analysis:

Current Method:

	Actual			Budget	
Pieces Per Hour:	2	Machine Hour / Pieces: 0.5000	Pieces / Hour:	3	Machine Hour / Pieces: 0.3333
Crew Size:	3	Man Hour / Pieces: 1.5000	Crew Size:	4	Man Hour / Pieces: 1.3333
Actual Volume:	4	**Total Man Hours 6 to Produce Volume:**	Budget Volume:	5	**Total Man Hours 7 to Produce Volume:**

Proposed Method:

Pieces / Hour:	1	Machine Hour / Pieces: 1.0000
Crew Size:	2	Man Hour / Pieces: 2.0000
Volume:	2	**Total Man Hours 4 to Produce Volume:**

Fringes and Rates:

An example for all percentages below would be to type 12.5 for 12.5%.

FUTA Rate:	1.00	%	(=0.0100)
SUTA Rate:	2.00	%	(=0.0200)
FICA Rate:	3.00	%	(=0.0300)

Total Variable Fringes: 6.00 % (=0.0600)

Wages: $ 4.00 (Wage / Hour)

Wages Plus Fringes: $ **4.24**

Savings Analysis:

Actual Current Method: **6.00** (Total Man Hours Required)

Less Proposed Method: **4.00** (Total Man Hours Required)

Actual Difference: **2.00** (Total Man Hours Saved)

Actual Annual Savings: $ 8.48

Budget Current Method: **6.67** (Total Man Hours Required)

Budget Difference: **2.67** (Total Man Hours Saved)

Budget Annual Savings: $ 11.31

Capital and Expenses:

New Capital: $	
Materials: $	
Outside Support: $	
Misc.: $	
In-House Support: $	

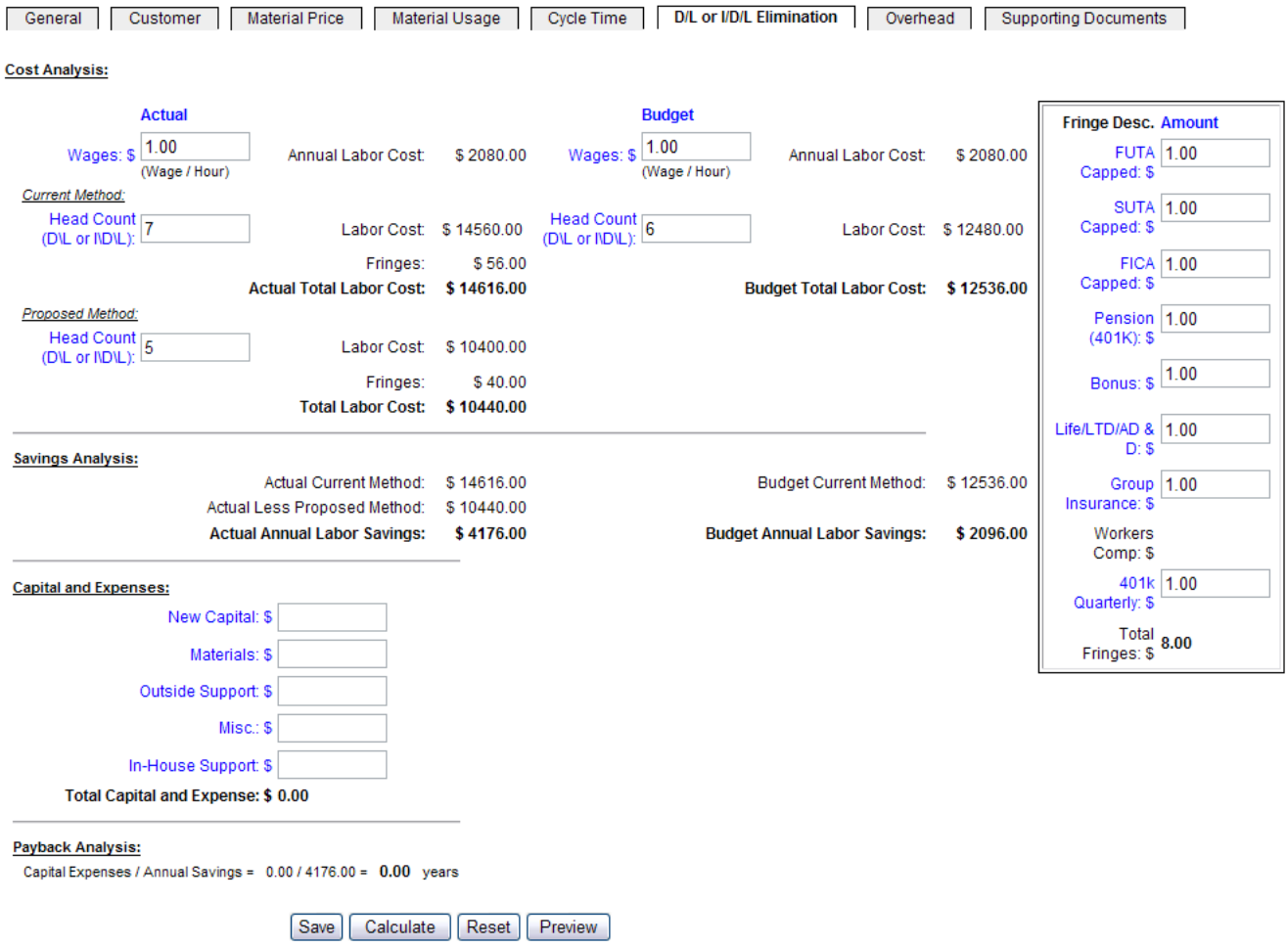
Total Capital and Expense: $ 0.00

Payback Analysis:

Capital Expenses / Annual Savings = 0.00 / 8.48 = **0.00** years

Save | Calculate | Reset | Preview

- D/L or I/D/L Elimination Tab
  - Team Member Head-count reduction



- Overhead Tab
  - Expensed Items

General | Customer | Material Price | Material Usage | Cycle Time | D/L or I/D/L Elimination | **Overhead** | Supporting Documents

Cost Analysis:

Current Method:

Expensed Item Name	Actual Cost Per Unit	Actual Volume	Actual Cost by Volume	Budget Cost Per Unit	Budget Volume	Budget Cost by Volume	
test 3	4.000000	7	28.000000	4.000000	6	24.000000	

Total Actual Current Cost: **$ 28.00** **Total Budget Current Cost:** **$ 24.00**

Proposed Method:

Expensed Item Name	Cost Per Unit	Volume	Cost by Volume	
test 3	4.000000	4	16.000000	

Total Actual Proposed Cost: **$ 16.00**

Savings Analysis:

Actual Current Method:	$ 28.00	Budget Current Method:	$ 24.00
Less Proposed Method:	$ 16.00		
Actual Annual Overhead Savings:	**$ 12.00**	**Budget Annual Overhead Savings:**	**$ 8.00**

Capital and Expenses:

New Capital: $
Materials: $
Outside Support: $
Misc.: $
In-House Support: $
Existing Fixed Asset (Net Book) Write Off: $

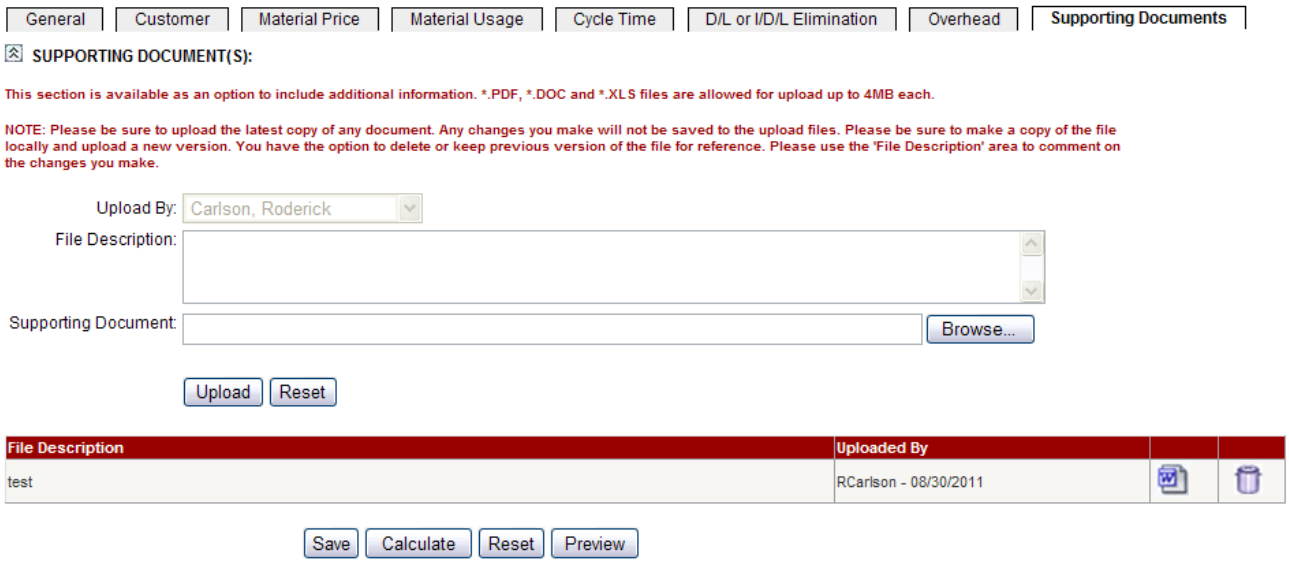
Total Capital and Expense: $ 0.00

Payback Analysis:

Capital Expenses / Annual Savings = 0.00 / 12.00 = **0.00** years

Save | Calculate | Reset | Preview

- Supporting Documents Tab



Project Preview

Below is generally what page 1 of the preview will look like. More details will be added. Each tab from the "Proposed Details" web page will have a separate page in the preview. If the tab is blank, it will NOT be included in the preview document.

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Cost Reduction Proposal **Project No:** 5

Summary

Description: Reduce Headliner Landfill Waste by Grinding Scrap Parts - Eliminate Open Top Usage

UGN Facility: Jackson
Project Leader: Rey, Lynette
Project Category: Group Projects
Estimated Implementation Date: 02/19/2010
Date Submitted: 01/28/2010
Completion: 80 %

Customer Part No.:

Make: DODGE **Year:** 2007 **Program:** LD / LX/LY / CHARGER / BRAMPTON
Customer:

Make: INFINITI **Year:** 2019 **Program:** P42J / D / JX / SMYRNA PLANT 2
Customer:

Current Method: test

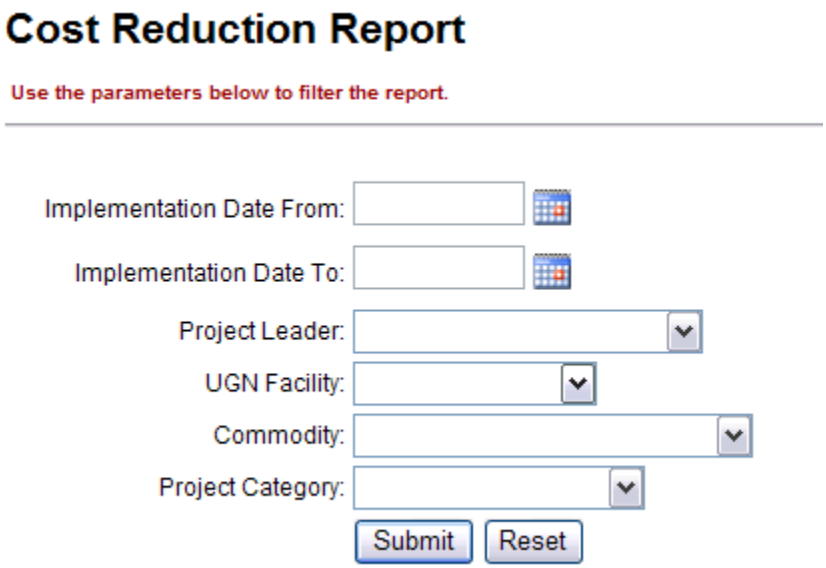
Proposed Method: test

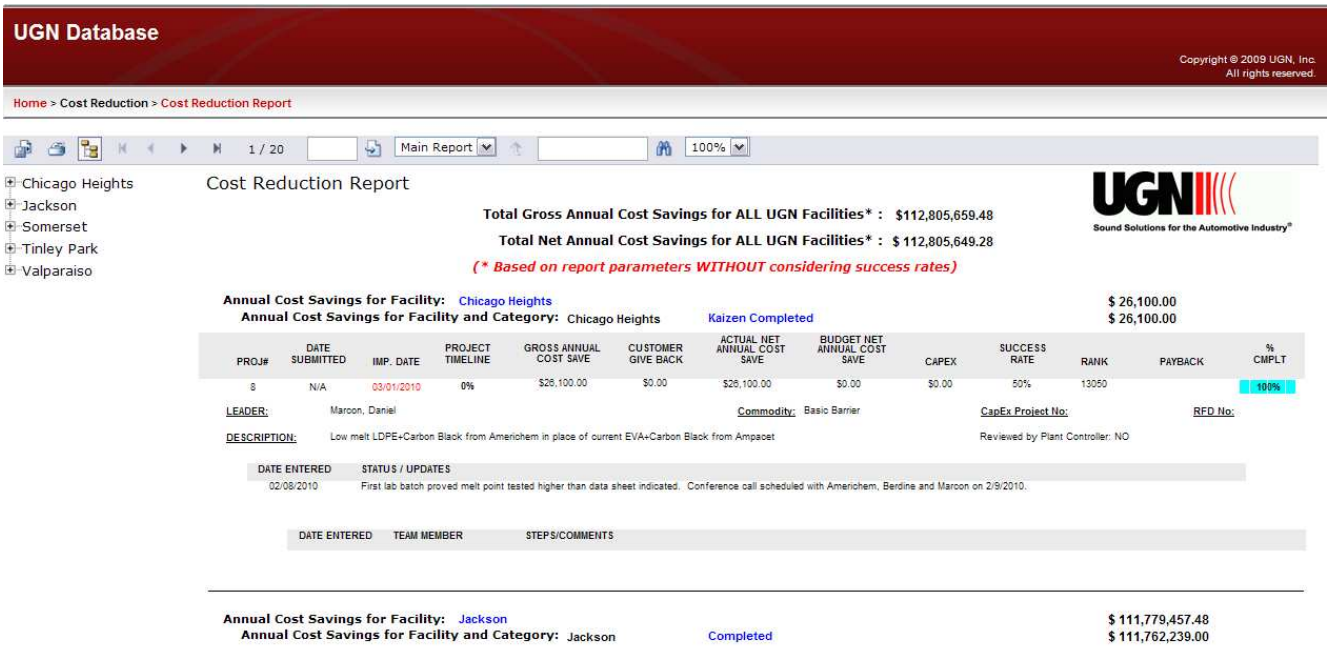
		Actual	Budget
Savings Analysis	Material Price and Usage:	$21.00	$30.00
	Cycle Time (Direct Labor) Reduction:	$8.48	$11.31
	D/L or I/D/L Elimination:	$4,176.00	$2,096.00
	Overhead:	$12.00	$8.00
	Total Gross Savings:	**$4,217.48**	**$2,137.31**
	Customer Give Back:	**$5.00**	
	Total Net Savings:	**$4,212.48**	**$2,132.31**
Capital And Expenses	New Capital:	$5.00	
	Materials:		
	Outside Support:		
	Miscellaneous:		
	In-House Support:		
	Existing Fixed Asset (Net Book) Write Off:		
	Total Capital and Expenses:	**$5.00**	
Payback Analysis	Capital Expenses / Total Savings (5.00 / 4217.48):	0.00 year(s)	

Print Date: 9/16/2011 3:06:22PM Page 1 of 6

Project Reports

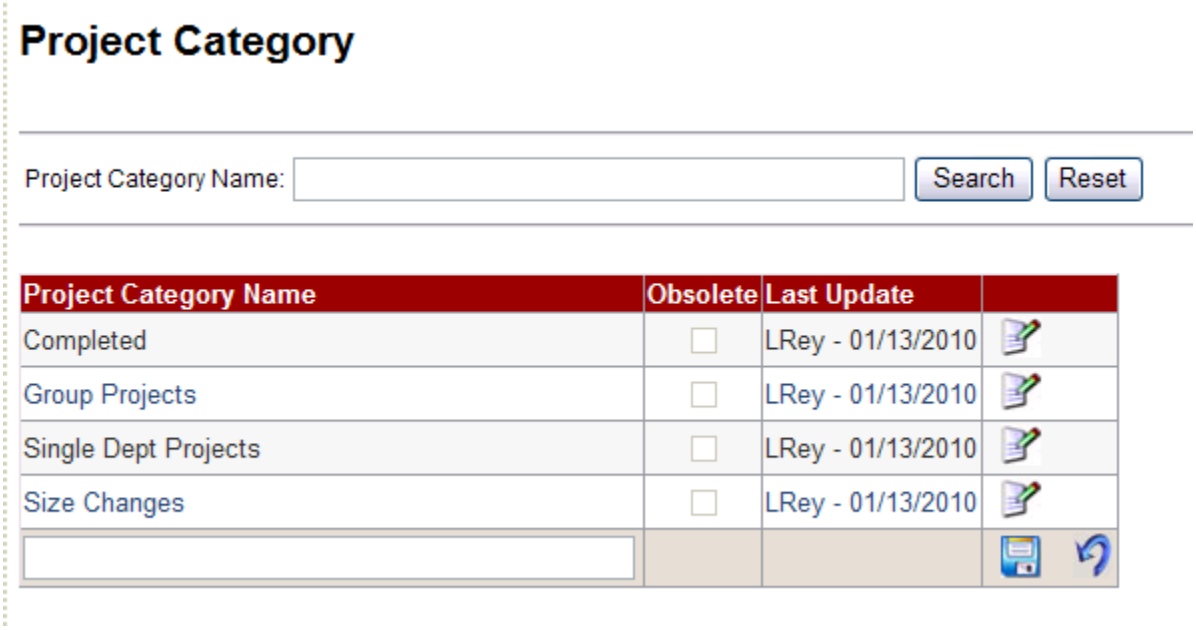
- Team Members can see a report of all projects.
- The results will appear in Crystal Report format and can be grouped by UGN Facility.





Project Category Maintenance

- Team members with administrative rights can update the values that appear in the project category dropdown boxes.



Home Page

- Links in the list of the UGN Database Home page will show which Cost Reduction Records have pending submissions for Project Leaders