

# Design for Manufacture Better Information .... Better Pricing

June 5, 2014

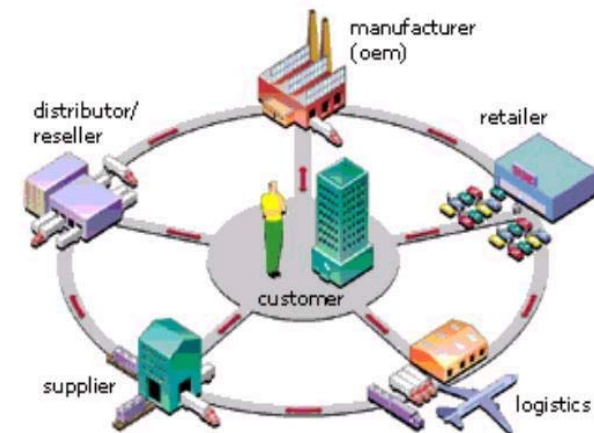
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Operations and Supply Chain

# Topics



- Introduction
- Transforming the Supply Chain
- Leveraging Better Information Through DFM
- Dynisco Examples
- Closing Remarks

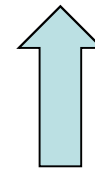


# Introduction

## Vertically Integrated



## Supplier Dependent



Today's Businesses are heavily dependent their on supply chains and supply chain organizations

# Transforming Supply Chain



- Companies are seeking a new / different range of skill sets to support supply chain activities
- Dynisco is shifting toward value added activities and trying to move away from transactional activities
- Placing more emphasis on supply chain analytics and less on keystrokes

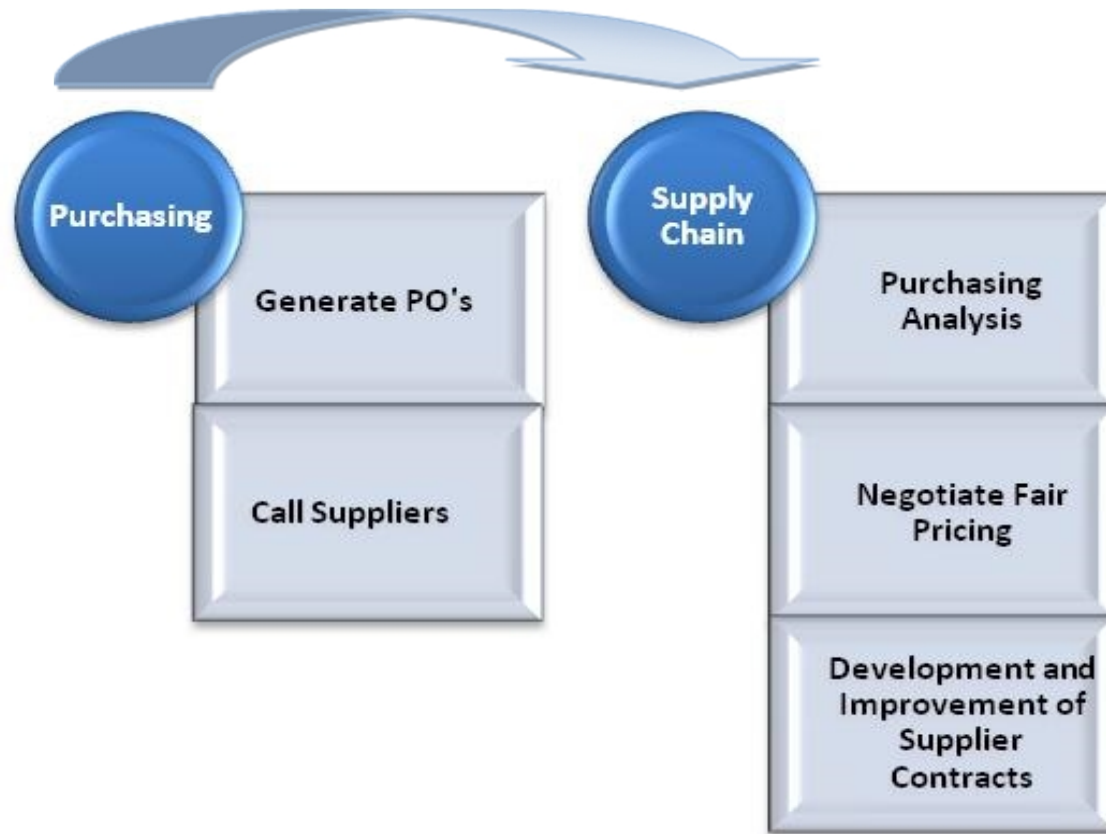


**Achieving more value through data analysis**

# Transforming Supply Chain



## DSC



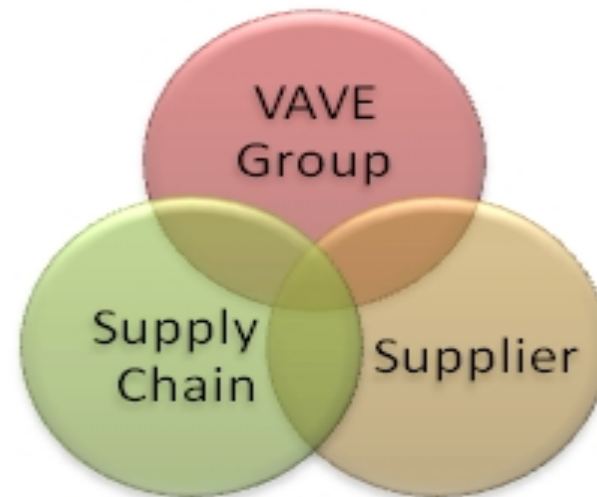
Utilizing tools such as e-kanban to automate repetitive purchasing transactions

# Transforming Supply Chain



- Discussion driven by historical information and cost reduction targets
- Very little information regarding mfg processes shared or discussed
- Primary communication – RFQs

- Value Add Value Engineering group supplies additional process information & DFM models
- Primary communication – Supplier Discussion



**New model stimulates improved communications**

# Leveraging Better Information



C18  
MINNEAPOLIS AUTO AUCTION  
8001 JEFFERSON HWY  
MABLE CROISE MN 55360

MSRP \$41,295.00 1/6 121263

**QUALITY USED VEHICLE**

**FORD MERCURY LINCOLN**

**VEHICLE DESCRIPTION**

STANDARD EQUIPMENT  
THE FEATURES LISTED BELOW REPRESENT:

**SAFETY/SECURITY**

- DRIVER & PASS SRS AIR BAGS
- 4-WHL DISC ANTI-LOCK BRAKES
- SIDE DOOR INTRUSION BEAM
- FRONT/REAR CRUMPLE ZONES
- ANTI-THEFT SYSTEM
- REMOTE KEYLESS/ILLUMINATED ENTRY SYSTEM
- CORNERING LAMPS
- 5-MPH BUMPERS

**FUNCTIONAL**

- DELAYED ACCESSORY POWER
- REAR AIR SUSPENSION
- AIR COND W/AUTO TEMP
- SPEED CONTROL (FINGERTIP)
- POWER WINDOWS W/EXPRS DOWN
- STEERING WHEEL W/AUDIO & CLIMATE CONTROLS
- UNIVERSAL GARAGE DR OPENER
- 100,000 MILE TUNE UP INTVL

**USED VEHICLE - PRICE**

**SELLING PRICE**

**DEALER INSTALLED OPTIONS**

**EXTENDED SERVICE PLAN**

**TOTAL**

VEHICLE PREVIOUS USE - CHECK ONLY ONE.

Company Service  Red Carpet Lease Termination

Test or Transit Damage Vehicle

Dealer Daily Rental  Rental Repurchase

Manufacturer Buy Back

See Form FPD-0520 / FPD-0345

For Additional Information

Other, Ask Selling Dealer for Details



Did I get a fair price ????





# Leveraging Better Information



**Problem Car Alert Search Results**  
**BUYER BEWARE!** Here's just a partial list of problem cars in your area:

Year	Make/Model	Vehicle
2008	Cadillac Sts	
1999	Toyota Landcruiser	
2004	Ford Ranger	
2008	Ford Taurus	
1993	Ford Escort	
2006	Dodge Stratus	
2005	Jeep Liberty	
2006	Jeep Commander	
2003	Ford F Series Truck	
2002	Nissan Altima	
2008	Saab 9-3	

**IMPORTANT:** These are just some of the thousands of problem cars in your area. Make sure your car is not one of them -- [Order CARFAX Reports](#) now!

## Fair Purchase Price

Updated weekly, the Kelley Blue Book® Fair Purchase Price shows you what others have been paying for this car recently. It's based on current market conditions, and seasonal buying trends.

Kelley Blue Book reports on actual transactions based on arbitrary formulas.

### Monthly Payment

at 1.99% interest rate for 60 months

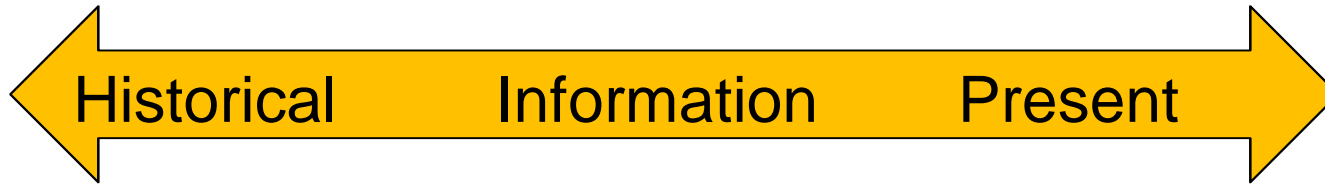
Without	\$36,490
	\$0
Mail	<b>\$36,490</b>
	\$2,281
	\$946
	\$0
	<b>\$39,717</b>
	-\$7,298
	<b>\$32,419</b>
Payment (for 60 mos)	<b>\$568/mo</b>

**Better Information....Better Negotiations**





# Leveraging Better Information



Cost results, \$	Previous	Current
material	0.62	0.62
setup	0.44	0.44
process	2.66	2.66
rejects	0.03	0.03
piece part	3.74	3.74
tooling	0.00	0.00
total	3.74	3.74
Tooling investment	0	0

Part Cost  
History  
Standard Cost /  
Current Cost  
Vendor History

- Material Cost
- Set up costs
- Process Options
- Quality
- Tooling
- Profit

**DFM brings the discussion into the present vs. the past**



# Leveraging Better Information

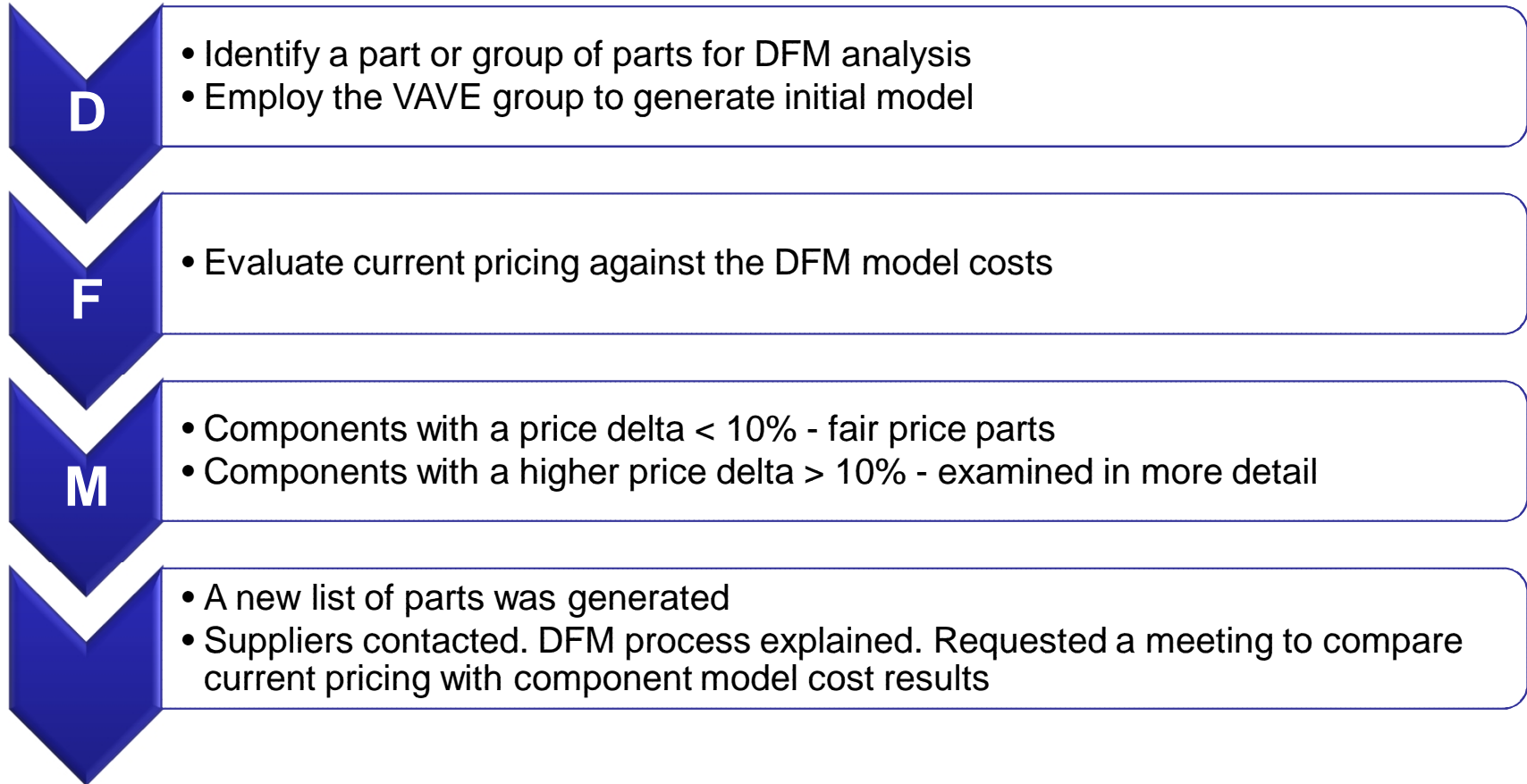


- In the early stages of DFM implementation, there were initial barriers to overcome



**Minimizing our own negative perceptions was key**

# Leveraging Better Information



**Suppliers were open to meeting and reviewing data**

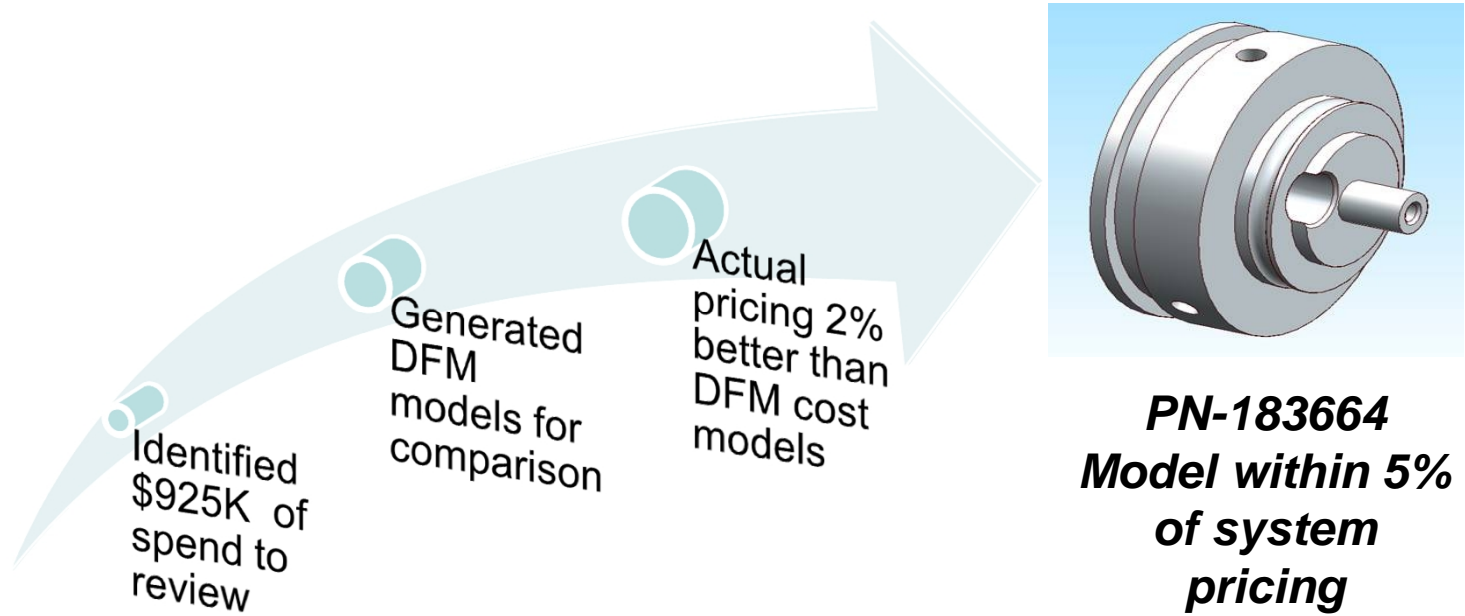
# Dynisco Examples



- Over last couple of year's Dynisco businesses have identified, modeled and evaluated over **\$4.1M** in spend
- Over **\$685K** or 17% of the spend was highlighted as savings opportunities
- These opportunities included modifications to designs, potential material substitutions, process changes and strait forward cost reductions (*being charged to much*)



# Dynisco Examples (Franklin)



**Validated that we were achieving fair pricing**

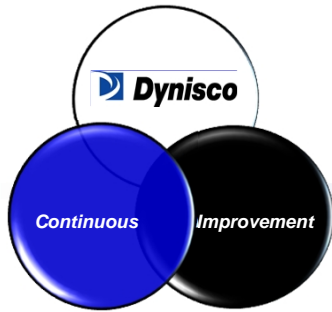


# Closing Remarks



- DFM is not specifically designed for cost reduction alone
- It can be utilized to validate pricing in addition to influencing cost reductions based on manufacturing and material data
- DFM helps supply chain organizations move forward and improves the value that individuals can bring to the business
- DFM has been a key tool within Dynisco to help develop better supplier relations and weed out suppliers whom we don't want to do business with.





Thank you for your attention

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