



CASE STUDY 1111

Industrial Products Manufacturer

NorthStar was engaged by an industrial products manufacturer to review critical areas of its operations for potential improvements that would lead to increased profitability for the company. The company wanted to rework its cost structure so that it could become “the low cost producer” in its market.

NorthStar began by performing an in-depth analysis of the key cost components of the company. Several items were identified that might offer substantial cost reductions and resultant profit improvement for the company. NorthStar professionals reviewed the targeted areas with management and management agreed to proceed with a more detailed study to include an action plan.

***The action plan made the company “the low cost producer”.
The impact of that plan is shown below using averages of
all products produced and their selling prices.***

- ▶ ***Average Unit Selling Price Delivered*** ***\$5477.25***
- ▶ ***Average Unit Profit Improvement*** ***387.27***
- ▶ ***Average Profit Improvement Per Unit*** ***7%***

The impact on the profitability of the company would be phenomenal as well.