

Case Example: Product Standardization



1. Situation

- Global engineering services company in the steel industry owned by international parent company
- Historically held market share lead over all other competitors
- Industry trend is to reduce costs and delivery of new DRI plants
- Most customers require custom approaches of standard technologies

3. Deliverables

- Identified primary candidates within the core furnace equipment group for standardization
- Developed a methodology to create 3-D models of all standard designs (approximately 85% of the core was considered standard)
- Developed the rules and guidelines for how to use and reuse standard designs in any new proposal

**Industrial
Sector**

2. Key Issues

- All new plants required extensive customization
- Proprietary equipment core to all plants and required very little customization
- Designers often made changes to equipment designs in an attempt to make them more beneficial
- Design changes often resulted in additional supplier costs because of new design criteria

4. Results

- Within the first year of use, redesign effort and labor was reduced approximately 50%
- Core equipment manufacturing costs was reduced 15% compared to previous similar designs
- Cycle time for core designs was reduced by approximately 3 months, enabling design teams to start new contracts sooner

“The standardization project helped us to control our costs and design cycles so well, that we saw an increase in new business as a result.”

COO, Global Technology & Engineering Services Company