

- Industrial Switches and Connectors

About:

This company is pioneer in manufacturing & trading of Electro-mechanical components such as Switches, Connectors, Power entry components, Filters, Power cords, Power distribution units (PDU's) and allied components since over 40 years and has over more than 3000 products in its portfolio.

Issues:

Due to their large number of products, the company did not have a methodology of accurate costing. As they were unaware of the costs, they did not know where they were making losses in profits. They were unable to accurately price new products and beat the competition.

Methodology:

We divided their business into 8 lines distinct lines of buisness. We implemented Marginal Costing technique for each of the above which enabled them:

- ❖ Profit Plan
- ❖ Determine Pricing
- ❖ Determine the Break even analysis
- ❖ Competitive bidding
- ❖ Budget
- ❖ Forecast

We developed a 3x3 strategic pricing grid. This grid helped identify the present product position and aspired product position with regards to contribution and volume.

Impact:

4.51% increase in their GP ratio.

6.18% increase in their EBT.