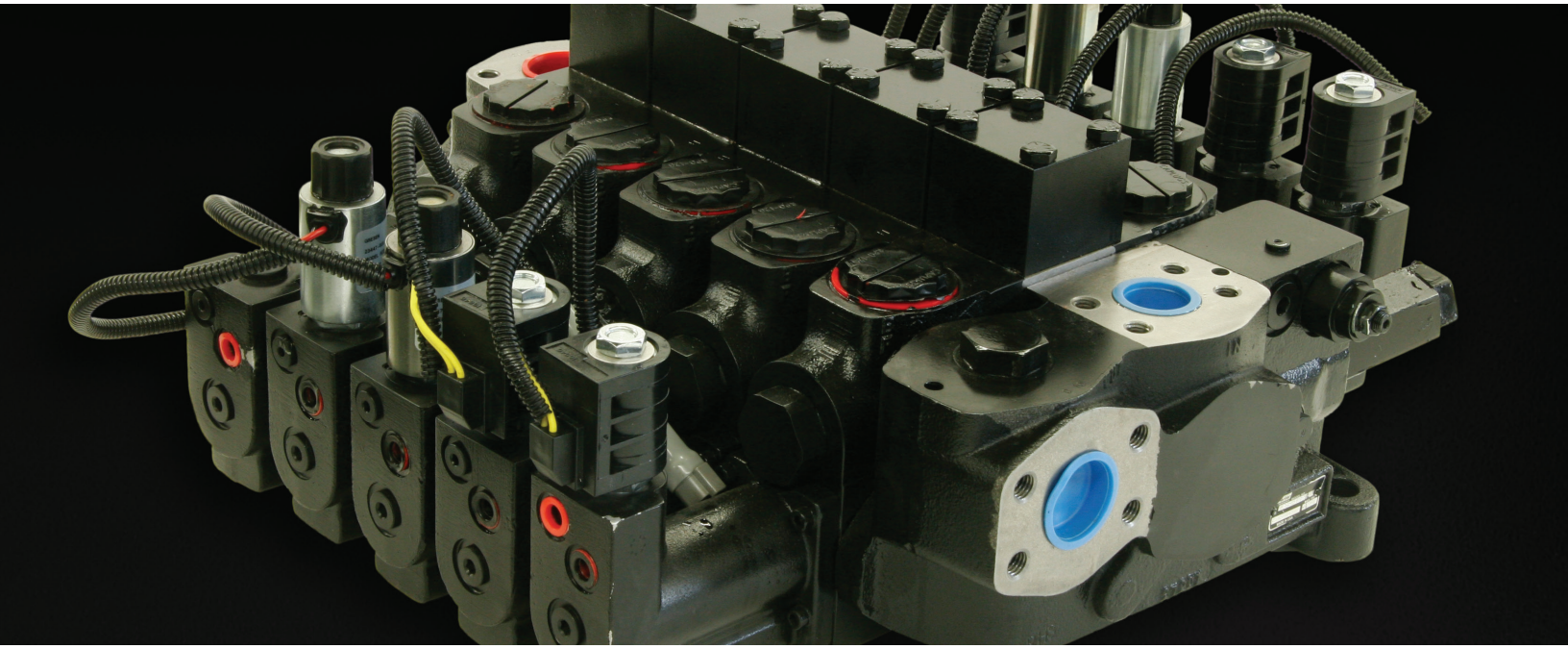
Case Study

OUTSOURCED MANUFACTURING

Legacy Valve Products



Background

- OE supplier had a product line in the “decline” stage of its lifecycle as it brought a replacement product to market
- Wanted to retain intellectual property and control of the customer relationship and pricing

Changes in Market Dynamics

- Annual product sales for five valve product families totaling 1,200 top level assemblies declined to $4.5mm
- Some customers not ready/willing to upgrade to new product line, taking up manufacturer’s resources to continue to service replacement parts
- Manufacturer wanted to focus resources on accelerating sales of new product design

Program Economics

- Reduced economies of scale
- Floor space at a premium
- Declined focus on optimizing inventory management and supply chain management due to dramatic reduction in demand
- Engineers’ lack of interest in working on legacy technology

QCC Solution

- QCC transitioned all manufacturing and supply chain management processes to its facility, including inventory and fixed assets, shipping directly to customers on manufacturer’s behalf
- Manufacturer’s direct customer interface remained in place
- QCC lowered program costs by optimizing manufacturing processes and supply chain management
- Manufacturer’s resources and floor space were freed up to focus on design and conversion to new product line

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