

# Financial Case #HSSQ100604 Eliminated Pre Weld Wash

Industry: Automotive  
 Supplier Category: Tier I  
 Part Category: Structural - Frame Component  
 Substrate: High Strength Low Alloy  
 Date: Jan-05



PROCESS INFORMATION		BEFORE IRMCO			WITH IRMCO			NET SAVINGS		
Crossmember, 600,000 Parts/yr. Process Cost Area	Unit Of Measure	Previous Unit Cost	Previous Annual Volume	Previous Annual Cost	IRMCO Unit Cost	IRMCO Annual Volume	IRMCO Annual Cost	IRMCO Annual Savings	Percent Reduction	Total Category Savings
<b>WASHER</b>										
Labor to Operate Washer 2 Shifts	Hour	\$20.00	3,840	\$76,800.00	\$0.00	0	\$0.00	\$76,800.00	100%	\$93,140.00
Clean-Out/Maintenance Labor	Hour	\$20.00	300	\$6,000.00	\$0.00	0	\$0.00	\$6,000.00	100%	
Cleaner - Single Washer	Gallons	\$7.00	720	\$5,040.00	\$0.00	0	\$0.00	\$5,040.00	100%	
Rust Inhibitor - Single Washer	Gallons	\$7.00	100	\$700.00	\$0.00	0	\$0.00	\$700.00	100%	
Defoamer - Single Washer	Gallons	\$100.00	10	\$1,000.00	\$0.00	0	\$0.00	\$1,000.00	100%	
Heating - Single Washer	Month	\$300.00	12	\$3,600.00	\$0.00	0	\$0.00	\$3,600.00	100%	
<b>PAINT REJECTS</b>										
Labor to Conduct Initial Sort	Hour	\$20.00	60	\$1,200.00	\$0.00	0	\$0.00	\$1,200.00	100%	\$19,200.00
Rework of 3% Paint Rejects	Hour	\$20.00	825	\$16,500.00	\$0.00	0	\$0.00	\$16,500.00	100%	
Spray Paint	Can	\$3.00	500	\$1,500.00	\$0.00	0	\$0.00	\$1,500.00	100%	
<b>TOOLING</b>										
Polishing Labor	Hour	\$20.00	48	\$960.00	\$20.00	24	\$480.00	\$480.00	25%	\$2,160.00
Tooling Clean-up	Hour	\$20.00	96	\$1,920.00	\$20.00	12	\$240.00	\$1,680.00	25%	
<b>HOUSEKEEPING</b>										
Haul-a-Way - Single Washer	Gallons	\$0.20	16,250	\$3,250.00	\$0.00	0	\$0.00	\$3,250.00	100%	\$4,000.00
Oil Dry	Month	\$125.00	12	\$1,500.00	\$125.00	6	\$750.00	\$750.00	100%	
<b>LUBRICANT</b>										
Investment				\$162,500.00			\$54,200.00	\$108,300.00	0%	\$108,300.00

TOTALS

**\$282,470.00**

**\$55,670.00**

**Notes:**

Eliminate 1 person per shift from washer operation

15 gallons per week of cleaner

2 gallons per week of rust inhibitor

3% paint rejects due to lubricant residue (16,500 parts annually)

20 parts per hour for rework labor

IRMCO tool life improvement 100%, now polish 1 hour every 25,000 parts; clean-up was 2 hours now 30 min

**Total Annual IRMCO Operating Cost Savings**

**\$226,800.00**

