

# Case Study

## **Solution**

Cost Reduction Strategy

## **Application**

Enterprise Print Management

## **Industry**

Manufacturing

## **Client**

Precision Strip

*"Over the last 8 years Prograde has become a valuable partner for us. Their proactive approach to understanding PSI and attacking ways to save cost have made them unique and have set a standard. The Prograde team has consistently demonstrated the meaning of delighting the customer through dedicated, responsive and uncompromising service."*

## **The Background**

Precision Strip, a subsidiary of Reliance Steel and Aluminum Co., was founded in 1977 in Minster, Ohio. Over the past 30 years PSI has grown to eight locations throughout Ohio, Indiana, Kentucky, and Alabama, totaling over two million square feet of building space. These facilities house 20 metal slitting lines, five cut-to-length lines, three oscillate slit lines, one blanking line, and one perforating line. Each plant is strategically located to provide JIT warehousing and delivery service to the automotive, appliance, industrial products, and beverage can industries.



PRECISION STRIP, INC.

## **The Challenge**

The metal slitting industry is subject to challenging economic times since its customers are typically involved with mass production of automobiles, appliances, and industrial parts. As a result, a large PSI customer demanded they reduce their prices by 5%. Doing so would have an immediate impact on PSI unless they also reduced their internal costs. Since Prograde had a strategic relationship for several years with PSI, we proactively met with PSI to discuss how our two companies could partner to reduce our costs by at least 5%.

## **The Solution**

After a careful review of our current production cost structure, and an analysis of products currently provided to PSI by other non-competitive suppliers, Prograde developed a cost savings commitment to reduce costs to PSI by at least 5%. PSI agreed with our proposal and began moving some additional business to Prograde.

## **The Result**

Based on the goals of our strategic partnership, Prograde was able to reduce total costs to PSI by 9% in the first twelve (12) months. The additional volume we secured as part of the new arrangement, coupled with Prograde supply chain cost reductions, paved the way for accomplishing PSI's cost reduction goals. New recommendations were made to re-engineer certain PSI processes, including a coil packaging application where our new ideas reduced costs by 78% or \$32,778.