



## OFFSHORE ENGINEERING BUSINESS GETS CLARITY ON JOB COSTINGS



### Client Overview

Submarine Manufacturing & Products Ltd are a manufacturer and supplier of commercial diving equipment primarily for the offshore Oil & Gas sector. Based in Lancashire and employing a team of approximately 50 people, SMP enjoy a reputation within the market for producing high quality IMCA compliant dive solutions that are built to last.

### Challenge Undertaken

Due to the bespoke and complex detail of the dive solutions that SMP provide, having a clear insight into up to the minute project job costings was difficult to achieve through the existing MRP software. This was causing difficulties for the sales team when they came to quote sales prospects as they were often unsure as to what the true manufactured cost for the product was. This also made calculating a selling price problematic as they had to ensure a competitive price was provided with enough profit margin to make the job worthwhile.

### Solution Provided

**PRODUCT CONFIGURATION COSTING TOOL** Following consultation with the management team and with key input from the shop floor workforce, a dynamic product configuration costing tool was developed to facilitate the easy calculation of product costings and selling prices. This tool was linked to the live stock table so that up to date costs were used when calculating costs and selling prices. The output from this cost calculator could generate a product specification for the client. It would also generate a planned number of production hours based on the options which were chosen.

**COSTS REPORT** In addition to the costing tool, a report format was devised to capture live on demand project job costings across multiple work orders to provide a complete breakdown of component costs, labour costs, sub-contract costs and profit margin analysis. This report also featured an CSV export facility to allow use in Excel.

### Benefits Realised

- More accuracy in calculating products costs and selling prices as well as delivery lead times.
- Higher quote conversion ratio from sales team as a result of competitive pricing based on substantiated data.
- On demand access to centralised production costings report for management team improving visibility of business critical data and ensuring projects stay on schedule and on budget achieving planned profit margins.
- More confidence in the accuracy of Bills of Materials and Manufacturing Routes data held on MRP system.



*B.I.R. worked closely with SMP to really get to understand our business in order to provide us with practical, workable solutions which tap into our existing MRP system and give us much improved reporting which is now helping us make better informed business decisions and win more sales.*

**DAVID ORMSBY - Finance Director at SMP Ltd**

