

COSTS CAPTURED IN A SINGLE CHARGE

The corporate need to maximize its financial, operational, and management value has never been greater. The single most important factor driving outsourcing is realizing financial benefits.

This was cited twice as often as customer end-user satisfaction and process improvements, according to a survey by Michael F. Corbett & Associates. Improving Operations ranks second on the list of consideration. In fact, companies now rely more on cost, quality, and productivity impacts in outsourcing decisions than on traditional financial measures such as ROI.

Outsourcing Benefits come in two flavors, Direct Benefits and Intangible Benefits. A Direct Benefit can be quantified thus making it the most easily evaluated. Benefits such as reducing operating costs, improving productivity/operations, improving cash flow, and increasing quality focus over a specific function are just a few. If a benefit is not or cannot be quantified, it is referred to as an Intangible Benefit. There are strong intangibles to consider. Adding expertise, improving efficiencies, improving morale, and focusing company resources on core competencies are high on that list.

Evaluate the all your Direct, Indirect, and Intangible considerations as they currently apply to your company's valve rebuild process. Assume Marsh Rail Car Services is equal or better in quality and assume the speed of turnaround is satisfactory or better in meeting your process needs. Have you considered or can you even capture your "ACTUAL" cost of valve repair? You see, all the Direct Labor, the Indirect Labor, and Intangible considerations are captured in a single charge for our service.

Direct Labor Considerations

Hourly Wage

Payroll Taxes

(SS, Medicare, Workman Comp, Unemployment Insurance)

Benefits

(Insurance, Vacation, Holiday, Sick Pay)

Initial Technical Training and OTJ Experience

% of Equipment Calibration Costs

% of Tool/Equip Acquisition & Maintenance Costs

Indirect Labor Considerations

Management Costs

Office Administration

Accounting Support

HR Support

(Hiring, Grievance, Termination)

QA Support

(Audit Labor & Travel)

NDT Level 3 Services and Ongoing Oversight

Intangible Considerations

Expendable Shop Supplies

Material/Part Inventory

Freight Charges for Inbound Material

Interest & Carrying Charges

Storage Space

Utility Cost

Floor Space Costs

Ongoing Professional Certifications



Office: (636) 447-7756

Fax: (636) 447-2581

4155 Ehlmann Rd. St. Peters, MO 63376

www.marshrailcar.com