

Dean Group International

Dean Group choose Gradient to develop a costing framework

Dean Group had completed a selection process for a new ERP system and work was underway with the implementation process. A new ERP system was considered essential to meet customer requirements and address the challenges of working with disparate and manual systems.

In support of the implementation project, the business identified issues in the understanding of its cost profile and the impact that this has on the estimating process. As costings, and their associated Bills of Material and Routings are essential components of any ERP system, it is this area where the business sought external support.

How we helped



Gradient led the management team through a series of activities in order to understand the costs and cost drivers within the business. The aim was to develop a cost structure that would be robust enough to be the foundation of the new ERP system.

About the Client

Dean Group International are a long established family owned foundry, established in 1972, specialising in investment casting with manufacturing facilities in Manchester. They also provide fully risk managed and quality assured low cost facilities in China, supplying higher volume investment castings, die castings, commercial grade investment castings, forged parts and metal injection moulding (MIM) including additional processes of machining, heat treatment, assembly and various surface finishes.

Actions

- Gradient Consulting spent time following the production process in order to identify where and how costs were consumed.
- The best consumption method for materials was considered – with some materials to be issued direct to the job, other materials to be backflushed and further materials to be included in the variable overhead figures.
- Process complexity was introduced and solutions identified on which the ERP system could be based.
- The cost profile of the business was analysed in order that labour, fixed and variable overhead absorption rates could be established.

Benefits

Dean Group received, as a result of this project, a detailed Costing Framework that delivered a number of benefits:

- Detailed product and margin costing
- Robust standard costing figures for loading into the ERP system
- Increased knowledge within the business of how the ERP system should be aligned to meet their cost profile
- A system that is easy to understand and maintain into the future.