



## ■ Critical Issues

- **There are wide fluctuations in the production amount, and we cannot utilize fixed costs effectively**

We would like to make labor costs adjustable to changes in the production amounts, but we basically don't know how to do this.

- **We don't know which work should be outsourced.**

Many believe that much of our work can only be done in-house, and we cannot grasp the scale of activities that can be outsourced.

- **We are utilizing a number of companies for outsourcing, but we don't know the unit price levels.**

Although the daily rate is invoiced, we are not sure whether outsourcing is being effectively utilized.

## ■ JMAC Concept

- **Transit from an ad-hoc activity to one that is continually and strategically implemented**

Within a rapidly changing business environment, JMAC believes that continuous outsourcing activities should take the place of temporary labor cost reducing measures.

- **Determine the optimum outsourcing application pattern**

The word "outsourcing" encompasses various methods. JMAC verifies outsourcing operations and their characteristics and offers guidance as to which application pattern would be best to use.

- **Solve issues for outsourcing operations**

After determining to use outsourcing services, organizations need to fix unit costs and management details. JMAC offers specific methods including the way to read estimates from outsourcing companies and to select payment method patterns.

# Advanced Production Adjustment through Making Fixed Costs Variable (Outsourcing)

Production system that realizes various type/various amount production with optimal costs



## JMAC Features

### Keys for promoting the program:

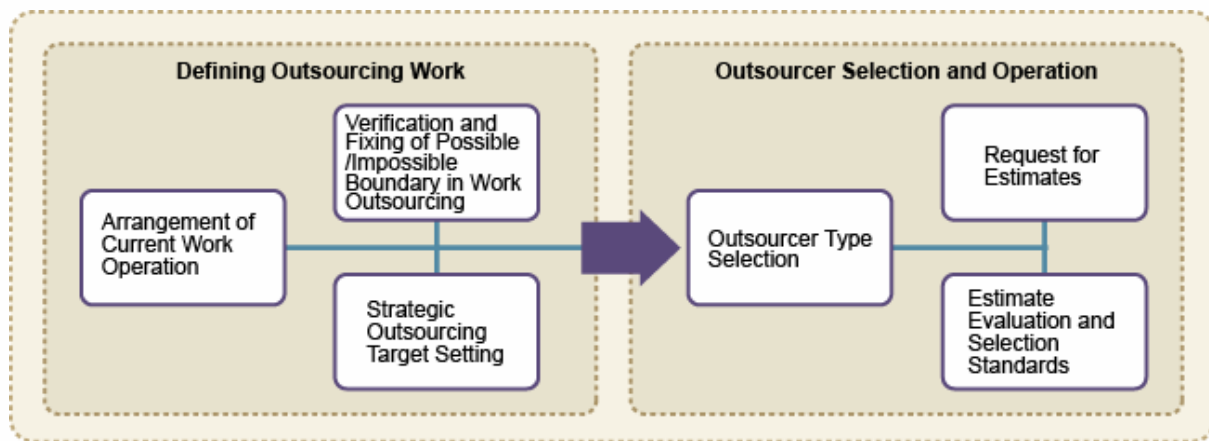
Various promotion methods have been prepared according to the client's requirements, including:

- Aims to gain successful outcomes in a short time for the target workplaces and lines.
- Promotes continual activities that attach importance to verifying and fixing outsourcing activities from a strategic viewpoint.

Although JMAC will provide appropriate approaches based on its extensive experience, it will not simply apply them to the program activities. Rather, we will realize outsourcing that best matches the client company's business environment and competitive characteristics, considering the priority levels.

Companies involved in outsourcing can be roughly divided into the following two cases:

- Conducted as one of the cost reduction procedures.
- Implemented to build a mobile and variable production system as part of inventory reduction and SCM.



## Results

### Cost Reductions

- 10-40% cost reduction compared to previous employee dispatch expenses
- 10-60% cost reduction due to change from dispatch type to contract type
- 30-70% cost reduction due to outsourcing

### Response to Variables

- Variable response using dispatch type outsourcing: +/-50% or more
- Variable response using contract type outsourcing: +/-100%

We provide outsourcing consulting mainly in manufacturing businesses. However, outsourcing does not have to be limited only to manufacturing worksite operations, and we are also offering consulting for administrative and indirect divisions, and for shared services involving group businesses.