

**INCREASE
YOUR
PROFIT
BY 65%**



800.417.7617

HIGH PERFORMANCE DIAMOND WHEELS
www.EagleSuperAbrasives.com



IN ANY MANUFACTURING BUSINESS

there are variable costs and fixed costs. Some fixed costs would be rent, salaries, utilities, and machinery costs. Variable costs include materials and consumables.

When analyzing your bottom line to find where improvements can be made or costs can be cut, fixed costs are likely the first to be considered. However, it's unlikely rent or utilities can be reduced. Salary cuts for your workforce will likely result in less-motivated employees. And while less expensive machines can be purchased, cheap equipment often means lower performance.

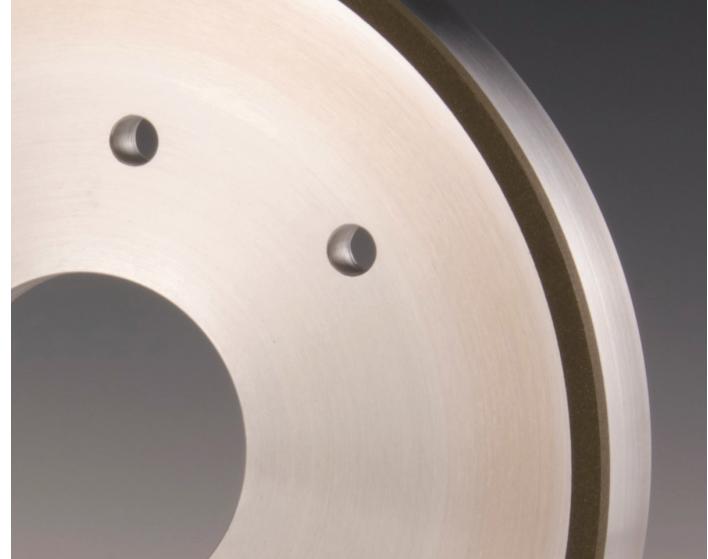
Adjusting variable costs can typically have more impact on profitability, but even those have their limits. For instance, the cost of materials such as carbide rod blanks: You might manage a reduction in the cost of rod blanks, but the effect on your bottom line will be minimal when compared to an essential component of your material processing:

GRINDING WHEELS.

Grinding wheels and abrasives typically count among the smallest budget portions — 2.5% to 3% by our estimates. But grinding wheels can also provide the biggest return on investment and have a far greater affect on your bottom line than most companies appreciate.

Income \$56,000
- Costs \$43,100

Net profit \$12,900 →



	COST PER MONTH	% OF COST
FIXED COSTS	Rent	\$2,000 5%
	Salaries	\$12,500 29%
	Machinery	\$3,000 7%
VARIABLE COSTS	Utilities	\$400 1%
	Materials	\$24,000 55%
Wheel pack		\$1,200 3%
Total Costs		\$43,100 100%

ASSUMPTIONS

Let's assume your company has 3 or 4 employees and is manufacturing 1,000 end mills each week (4,000/month).

For ease of calculation, we will assume you are running 3 shifts on 1 CNC machine. The cost of the carbide rod is \$8/blank. And the cost of the wheel pack on the CNC machine is \$1,200.

You sell the end mills for \$14 each.

Gross income is \$56,000 per month.

As you can see from the chart above, abrasive costs are around 3%. Your net cost is \$43,100. Your net income is \$12,900.



1 If you ask for a **20% discount** on your wheels:

$$\$1,200 \times 20\% = \$240.00 \text{ savings}$$

That's not too bad! A 20% reduction in the wheel pack cost is **1.8% increase in net profit.**

3 Finally, rather than asking us for a less expensive wheel, or a wheel that lasts longer, let's say you ask us for a wheel pack that grinds **FASTER** and can reduce your cycle time and manufacture more parts in a day.

2 Let's say we could make the wheel pack last **twice as long** (and manufacture end mills at the same speed):

Such a wheel pack would last **2 months**, meaning your wheel costs would be reduced to save **\$600 per month**. *That's even better!*

A \$600 savings is the same as a **4.5% increase in net profit.**

- A wheel pack that reduces your cycle time by 5% will increase your output by 5%
- 4,000 end mills per month increases to 4,200

$$4,200 \times \$14 = \$58,800 \text{ per month}$$

This is a **\$2,800 increase in Gross Sales**. More importantly, this is also a **\$2,800 increase in net profit.**

CYCLE TIME REDUCTION

	CURRENT	5% REDUCTION	10% REDUCTION	15% REDUCTION
PRODUCTION	4,000	4,200	4,400	4,600
X \$ EACH	14	14	14	14
= SALES	\$56,000	\$58,800	\$61,600	\$64,400
- COSTS	\$43,100	\$43,100	\$43,100	\$43,100
= PROFIT	\$12,900	\$15,700	\$18,500	\$21,300
BOTTOM LINE		21%	43%	65%

IF WE CAN INCREASE THE PROFITABILITY OF A SINGLE MACHINE BY 65%, WHAT COULD WE DO FOR YOUR BOTTOM LINE?

AT EAGLE SUPERABRASIVES, WE MANUFACTURE HIGH PERFORMANCE DIAMOND AND CBN WHEELS.

We have engineers on staff that will create the custom wheel perfect for your specific application.

We have thousands of wheels on the shelf and ready to ship same day.

We also have a custom wheel stocking program called **Make and Hold**, through which we will manufacture your custom wheels and keep them on the shelf ready to ship the same day.

We have a huge inventory of standard wheels we guarantee are in stock.

So give us a call at **800-759-6268**. We look forward to exceeding your expectations as your diamond wheel supplier.



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