Manufacturers Can Reduce Cost per Unit Without Cutting Quality

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For manufacturers, managing costs is a constant balancing act. You need to protect margins without compromising the quality, reliability, and service your customers expect.

Broad cost-cutting measures may create short-term savings, but they can also introduce production delays, quality issues, and other unintended consequences. A more sustainable approach is to understand where resources are being consumed without creating value—and focus improvement efforts there.

That often requires more than looking at the income statement. Financial results, operational performance, technology, and business decisions are all connected. Having the right subject-matter expertise at the table can help manufacturers see those connections and identify opportunities that may otherwise be overlooked.

Here are five areas to consider.

1. Understand your true cost

Plant-wide averages can mask meaningful differences between products, customers, and production lines. Understanding your true cost means looking beyond direct materials and labor to consider scrap, rework, changeovers, freight, engineering support, warranty claims, and other costs that can erode margins.

This is an area where financial and manufacturing expertise intersect. A finance SME can help evaluate costing and profitability, while operational expertise can provide context around what is driving those costs on the plant floor.

At Dean Dorton, our teams work across accounting, finance, and manufacturing to help companies develop a more complete view of cost and profitability—whether that means strengthening cost accounting, improving financial reporting, or taking a closer look at profitability by product, customer, or operation.

2. Reduce waste and improve productivity

Scrap, rework, downtime, and inefficient processes can quickly drive up cost per unit.

Metrics such as first-pass yield, scrap rates, labor efficiency, and equipment downtime can help identify where resources are being lost. From there, manufacturers can evaluate opportunities to improve scheduling, standardize processes, optimize layouts, strengthen preventive maintenance, or reduce changeover times.

The key is knowing which numbers matter and what they mean operationally. This is where an outside SME can provide another perspective—helping connect operational data to financial impact and identify where an improvement could have the greatest value.

Dean Dorton brings financial, operational, and technology expertise together so manufacturers can evaluate those opportunities from more than one angle.

3. Look beyond the purchase price

The lowest supplier quote doesn’t always translate to the lowest total cost.

Supplier quality, lead times, delivery reliability, minimum order quantities, and inventory requirements can all affect production and profitability. Looking at the full cost of procurement can help manufacturers make sourcing decisions based on value—not simply price.

Financial and operational SMEs can help manufacturers evaluate the broader impact of those decisions, including inventory, working capital, margins, and operational risk.

These are also areas where Dean Dorton’s manufacturing, finance, and business advisory teams can provide perspective when an organization needs additional expertise to evaluate its options.

4. Invest in automation with a clear purpose

Automation can improve labor efficiency, quality, throughput, and consistency—but it works best when it solves a clearly defined business problem.

Before making an investment, manufacturers should consider the full picture: implementation and integration costs, training, maintenance, expected downtime, and the potential return on investment.

Technology decisions benefit from more than a technology perspective. Finance can evaluate the investment and return, operations can assess the impact on the business, and technology SMEs can help determine whether the solution will integrate with the systems already in place.

That cross-functional perspective is often where Dean Dorton’s teams add value—bringing the right subject-matter expertise together around a specific business decision rather than approaching technology or investment decisions in isolation.

5. Let the data guide the next move

Reducing cost per unit rarely comes down to one sweeping initiative. More often, meaningful improvement comes from a series of targeted decisions informed by reliable financial and operational data.

Manufacturers don’t necessarily need to build every area of expertise internally. Sometimes the most effective approach is bringing in an SME for a specific challenge, project, or decision—whether that means evaluating financial performance, improving a process, assessing technology, or understanding the potential impact of an investment.

Dean Dorton works with manufacturers in that capacity, bringing together subject-matter expertise across finance, operations, technology, and business advisory based on what the business needs. The role isn’t to prescribe a one-size-fits-all solution, but to provide the perspective, analysis, and expertise needed to help leadership make informed decisions.

The goal isn’t simply to reduce cost. It’s to understand what is driving cost, where improvement is possible, and which changes can strengthen the business over the long term.