

PRODUCTION MANAGEMENT DISCOUNT

Satu Bumi has introduced a “Production Management Discount” initiative to assist its construction and landscaping customers with larger projects in value management discussions with their customers. The fundamental logic behind this discount option is that: -

- Builders and landscapers with large projects are continually being pressured by their customers to provide value management initiatives with their quotation proposals.
- As a manufacturer, Satu Bumi is continually being pressured by its construction and landscaping customers to assist them in this value management process.

In response to this, Satu Bumi has identified a way to work cooperatively with its customers to reduce its prices through the introduction of a more efficient production scheduling approach based on the following: -

- Satu Bumi’s customers place their orders for GRC planters and street furniture much earlier in a project’s construction stage.
- Satu Bumi uses this additional lead time to manage its production capacity more efficiently which then enables it to pass on the resulting savings to its customers.

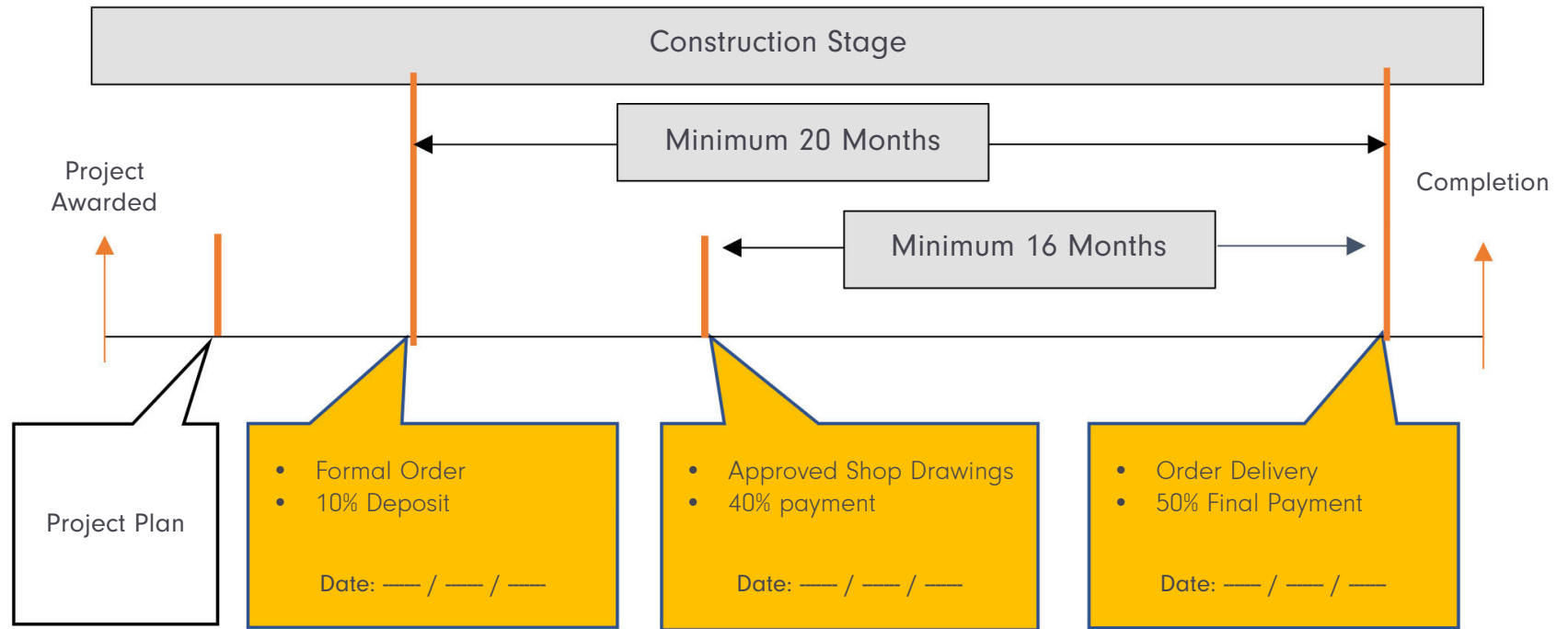
The whole basis for the provision of a production management discount is the creation of an opportunity for Satu Bumi to reduce its cost of production by having the time to more efficiently schedule orders through production. Efficient production scheduling provides several cost reductions in managing labour and factory facilities that can be measured and passed on as production management discounts.

■ Benefits to the customer in sourcing GRC planters and street furniture

Satu Bumi will provide a discount on a total order, excluding GST and transport charges, based on the following criteria: -

- The total order value is in excess of \$50,000 ex GST and excluding transport.
- The customer provides a formal purchase order twenty weeks ahead of the required delivery-to-site date.
- The customer commits to Satu Bumi’s standard trading terms: -
 - 10% with initial order,
 - 40% at customer approval of shop drawings - must be twelve weeks prior to delivery-to-site date,
 - 50% immediately prior to delivery.

Indicative Timeline



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