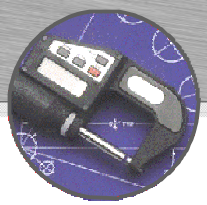
# Technical Bulletin



## *Up-Front Blade Cost vs. True Blade Cost*

When comparing machine blades from different suppliers, it's tempting to judge them solely on the basis of the cost per blade. Typically, though, that is not a good measure of the cost-effectiveness of a machine blade.

To see the true measure of a machine blade's cost-effectiveness, it is important to look beyond the ***Acquisition Cost*** of the blade – the cost of the blade itself - or even the cost of the blade spread over the number of parts cut. The true measure of a blade's cost-effectiveness includes factors such as labor rates, machine burdens, set-ups and change-overs, and blade costs. Factoring in all these pieces of the puzzle will amortize the total costs of a job over the total number of parts generated, providing the true ***Operation Cost*** of a machine blade.

**Acquisition Cost** – the purchase cost – the actual price paid per blade (which may include factors such as shipping charges, purchasing costs, etc.)

**Operation Cost** – the cost per part cut – this is the total of the blade cost and all associated costs (such as set-ups, blade changes, coolant, burden, etc.) divided by the total number of parts cut

**Example:**
The chart to the right depicts a handy calculator that is available from Hyde that can be used to help determine the true Operation Cost for the blades you use.

Note that the Hyde blade in the example has a higher up-front blade cost. But once actual shop floor usage data is input into the calculator, the Hyde blade achieves faster cutting rates and longer operational life, generating a significantly lower Operation Cost - by 13%. That's a nice boost to the bottom line!

To start your own comparison, please contact Hyde IBS to receive a competitive quotation. Order a test a batch of Hyde IBS blades, plug the resultant data into the calculator, and we bet you'll be surprised to find hidden improvements to your productivity and profitability!

**ABC Machine Shop**

| | Hyde IBS | Competitor "A" |
|---|---|---|
| **I. BLADE COST** | | |
| A. Blade Cost | $25 | $20 |
| B. Parts Cut | 1000 | 850 |
| ***C. BLADE COST PER PIECE*** | ***$0.025*** | ***$0.024*** |
| **II. LABOR COST** | | |
| A. Labor Rate Per Hour | $12 | $12 |
| B. Hours to Cut Parts | 0.9 | 1.0 |
| C. Total Labor Cost (Rate X Hours) | $11 | $12 |
| ***D. LABOR COST PER PIECE*** | ***$0.011*** | ***$0.014*** |
| **III. OVERHEAD COST** | | |
| A. Overhead Rate % Labor | 200% | 200% |
| B. Overhead Cost Per Hour | $24 | $24 |
| C. Hours To Cut Parts | 0.9 | 1.0 |
| D. Total Overhead Cost (Rate X Hours) | $22 | $24 |
| ***E. OVERHEAD COST PER PIECE*** | ***$0.022*** | ***$0.028*** |
| **IV. TOTAL COST PER PIECE** (Blade + Labor + Overhead) | ***$0.057*** | ***$0.066*** |
| **V. TOTAL JOB COST** | | |
| A. Number of Parts | 1000 | 1000 |
| B. (Cost/Part X No. of Parts) = ***TOTAL JOB COST*** | ***$57.40*** | ***$65.88*** |

**HYDE IBS Just Cut ABC Machine Shop's**

**Total Blade Operation Cost By: 13%**

Numbers shown are based on a specific example and may not be representative of the results you generate - your results may be less, or more!

***Hyde Industrial Blade Solutions — Solutions You Can Count On!™***

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