



Manufacturing Operations *Finance*



Maximize Profitability. Get an Unbiased Assessment of Your Manufacturing Operations Finance Function... *Set a Clear Path Forward*

Whether you have experienced planned or unplanned turnover in Manufacturing and Operations Finance or you have specific project opportunities to optimize your supply chain, improve labor planning, reduce input costs, lower working capital requirements related to work in progress or finished inventory, increase throughput, or better understand product profitability, we can help.

Maintain *Leadership Continuity.*

For Interim Financial Management of your Manufacturing Finance function: Terminations or unplanned departures on this team create operational continuity risks as well as an opportunity to reevaluate the effectiveness and accuracy of the role as previously executed. Shifting C Level executives to oversee the day to day Manufacturing Finance operations finance function is not often feasible and rarely the best option. Only very large companies have the bench strength to move an existing member of the finance team into the role on even a short-term basis and even then, a steep learning curve is the norm if that individual lacks knowledge in Costing and Inventory management.

8020 Consulting specializes in helping companies mitigate the risks associated with Manufacturing Finance departures by turning what's often a negative event into a strategic opportunity. Our experienced Interim Management consultants can assume the leadership of the Costing Accounting, Inventory, Supply Chain and Manufacturing Analysis function and develop effective strategies and tactics for moving forward with minimal disruption in day to day operations. With an 8020 Interim Manufacturing Finance Controller in place, companies can maintain continuity, improve their Manufacturing Finance operations in the near term, and recalibrate their search for the full-time replacement.

Take advantage of our *Expertise.*

For Manufacturing Finance Project Execution: Because of the small number of large manufacturing companies in the LA Basin, finding the right Manufacturing experience is difficult and is particularly challenging to find on a Project Basis. Operating on manufacturing cost and related areas requires experience understanding linkages between what's happening on the plant floor, how it translates to Company financial statements, and how it impacts forecasted financial performance.



Our Experienced Manufacturing Operations Finance Consultants *Produce from Day 1*

In our Pre-Engagement Process, we work with you to fully understand Executive sponsorship's perspective on priorities, key initiatives, risks and opportunities facing the company and the accounting function.

Our team's *comprehensive approach and expertise* focuses on four major areas:

1

Costing

- Analyze and understand existing manufacturing processes, costing systems & methodologies, and cost center hierarchies
- Evaluate key data capture points within each manufacturing process to enable best practice analytics and decision support
- Analyze the timing and process of cost roll-ups
- Ensure cost roll-up assumptions are current to ensure accurate and up-to-date product costs (e.g., labor and burden rates, machine hours, material yields and planned scrap percentages, etc.)
- Analyze sources and root causes of significant PPV (Purchase Price Variances) of manufacturing materials
- Ensure accurate and timely updating of BOM's (Bill of Material) and Routers, and coordinate engineering change process among Manufacturing, Engineering, Purchasing, and Finance
- Analyze drivers of over-under absorption to maximize product cost transparency and pricing/gross margin analysis and related decision support
- Develop a robust process for evaluating make vs. buy decisions for purchased parts or outside processing

2

Inventory Management

- Analyze inventory turns to optimize replenishment strategy and inventory levels
- Evaluate effectiveness of inventory movement functions and transactions to ensure maximum throughput and stock visibility (Receiving, Movement to stockroom or work order, Recording, Usage, Order Completion, Shipment)
- Evaluation or implementation of cycle counting program and year-end physical count for improved inventory accuracy
- Develop a workflow with Purchasing to optimizing min/max levels, safety stock levels, reorder points, and lead times
- Develop relevant metrics to measure stock outs, cycle count results, receiving efficiency and accuracy, on-time shipments

3

Supply Chain Analysis

- Provide detailed mapping of supply chain to identify areas where supply chain can be shortened to deliver products more quickly and efficiently, reduce risks of disruption and bottlenecks, and optimize supply chain resilience and flexibility for sustainable competitive advantage
- Identify potential supply chain risks such as concentration of assets/facilities in one location or region, over concentration of suppliers (i.e., lack of redundancy), evaluation of foreign supplier usage, understanding manufacturing tiers in the supply chain and the potential risks of tier 2 and tier 3 suppliers
- Development of supply chain KPIs that measure supply chain reliability, supply chain responsiveness, supply chain agility, supply chain costs, supply chain asset management

4

Manufacturing Systems and Process Analysis

- Analyze the current state of manufacturing systems and framework to enable optimization of available capacity, and enhance responsiveness to changing market conditions and challenges:
 - Review of facilities physical space capabilities and limitations, plant layout, factory flow and equipment layout, rationalization of potential expansion and renovations
 - Line by line capacity analysis to determine ability to scale to meet projected growth and changes in product mix strategy
 - Determine existing equipment's capacity to meet product growth goals and perform equipment refurbishment vs. replacement analysis
 - Determine most efficient material transfer methods within the facility for raw material and other ingredient flow to production lines, movement of finished product to shipping or storage, and potential automation opportunities



A Few of Our *Manufacturing Operations Finance Services* Projects

- Project manager for redesign of cost structure for launch vehicle and spacecraft manufacturer. Established project plan, managed cross-functional activities with production and engineering departments relative to capturing time and materials associated with vehicles, revised department structure to facilitate accurate cost reporting, developed overhead pools and application rates based on function and developed management reporting for senior management review.
- Performed financial review and analysis of \$100 million Ontario, CA carton plant operations, data collection, costing methodologies, and financial reporting to determine drivers of performance volatility.
- Corrected deficiencies in standard costing methodology which caused standards to be under absorbed 10% lower than actual production costs. The correction resulted in improved margin analysis and effectiveness of current pricing strategy.
- Provided recommendations and insight to plant management on inventory reporting, daily production variance reporting, implementation of discrete work order system within SAP, and interpreting carton plant's gross profit performance.
- Developed Backhaul Optimization Tool used by shipping, purchasing and sales to provide more visibility into actual backhaul costs, more strategic backhaul pricing, and yielding estimated annual savings of \$150K - \$200K in shipping and delivery costs.
- Developed plan to reduce inventory turns from 80 days to 60 days, freeing up approximately \$275K in cash flow.
- Developed a centralized costing tool by product line enabling plant management to monitor labor efficiency and make key adjustments in real time.



Bring in the *Experts*

8020 Consulting applies the intellectual capital, technical expertise and energy of our team to address a range of financial projects for clients ranging from Fortune 50 companies to middle market and venture backed firms.

Every instance of key manager turnover is an opportunity to reevaluate the position and realign responsibilities and mandates with organizational objectives, and this recalibration needs to take place before a replacement is hired. If you need Interim Manufacturing Operational Finance expertise immediately, have experienced turnover in the accounting function, or want a high-level assessment of your finance operations, 8020 Consulting can help. You can find us online at 8020consulting.com, or call us anytime at 855.367.8020.



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