



MANUFACTURING AND OPERATIONS SERVICES CAPABILITIES

Advanced Your Production Operations for
Improved Performance and Cost Efficiency

MANUFACTURING AND OPERATIONS SERVICES

OPTIMIZING COST AND SERVICE TO IMPROVE PRODUCTION AND OPERATIONS

Manufacturers are constantly faced with competing priorities such as reducing costs while improving quality. Alvarez & Marsal's (A&M) experienced professionals deliver rapid results that reduce costs and optimize production to solve today's problems and position your company's operations for the needs of tomorrow.

CLIENTS CALL US WHEN...

- **Their plant labor and equipment performance is unclear or is not delivering good product in a cost-effective manner.**
- **They need visibility into critical asset capacity or need help evaluating if capital investment is required to support strategic goals.**
- **They want to capture increased sales but lack available capacity or floor space.**
- **Plant throughput is below expectations.**
- **Manufacturing costs are higher than expected and their plants are losing money.**
- **They would like to expand operations but do not know how.**

CORE SERVICES INCLUDE:

COST TAKEOUT AND PRODUCTIVITY

When clients need to remove or reduce costs quickly and strategically, they turn to us. We focus on process and data to deliver real productivity and working capital improvements while enhancing customer service levels.

- **Capacity and Asset Performance and Management**
- **Factory Footprint and Rationalization Optimization**
- **Production Planning and Control**
- **Maintenance (Reliability and Repair)**
- **Field Operations**

PRODUCT LIFECYCLE MANAGEMENT

New launches, engineering or material changes, product phase-outs and other changes can have devastating impacts on the supply chain if not managed. Our global operations team proactively designs and manages lifecycle processes to meet customer demands, while avoiding unnecessary costs and risks.

- **New Product Introduction Process**
- **Product Growth & Performance Improvement**
- **Product/SKU Rationalization**
- **Program & Equipment Phase-out**

QUALITY

Clients call A&M when they have customer service, production and working capital issues caused by major quality problems, to develop a plan to remediate these problems, and to implement processes, tools and training to prevent these issues from recurring.

- **Quality System and Control**
- **Recall Management**
- **Total Cost of Quality**
- **Scrap Costs**
- **Warranty**

TALENT

A&M helps clients maximize the contributions of its people by organizing and measuring talent based on desired outcomes, equipping people with tools to perform at a high-level, and instill accountability for team and individual performance. We can temporarily fill leadership gaps and develop fact-driven strategies and methods to help clients fully utilize its people.

- **Accountability Systems**
- **Interim Management**
- **Talent Strategies**
- **Organizational Design**
- **Workforce Rightsizing**

FACTORY FOOTPRINT OPTIMIZATION

In response to changing demand and supply conditions, clients seek our assistance to right-size and realign their manufacturing capacity. Our team has deep experience managing the transition to a new factory footprint, minimizing operational risks, and accelerating time-to-value.

- **Plant rationalization**
- **Plant realignment with customers and suppliers**
- **Plant location optimization**

OPERATIONS STRATEGY

Clients call A&M when they need to respond to technology advances, increased competition, changes in markets, customer preferences and government regulations. We create strategies and operational plans to respond to these threats / risks.

- **Transactional Tax Modeling**
- **Strategy Optimization**
- **Transformational Change Planning and Execution**
- **Risk Assessments**

SUCCESS STORIES

\$5.3 MILLION COST REDUCTION BY IMPROVED PRODUCTION YIELD, SCRAP REDUCTION AND REMOVAL OF SHIFT

A&M's client was engaged in the manufacture and sale of medical diagnostic equipment and had not realized projected post-merger gross margin improvements after the consolidation of six manufacturing facilities. A&M conducted a rapid results assessment that identified and later partially implemented unfinished pieces of the consolidation plan and additional incremental structural improvement opportunities by working across functional teams for shop floor improvements and coaching the materials management team as interim Vice President of Operations. A&M achieved the following results:

- Improved high-volume production yield to mid-90 percent
- Reduced the yield percentage variability by a factor of five
- Reduced scrap to top industry levels, representing a \$3.5 million cost reduction
- Reduced direct labor cost by over 30 percent by removing one shift representing a \$1.8 million cost reduction
- Systematically eliminated a \$2.5 million past due order backlog
- Boosted inventory accuracy from less than 50 percent to over 95 percent

OPERATIONAL IMPROVEMENTS LED TO 5 PERCENT INCREASE IN EBITDA

A diesel pump manufacturer with operations in the U.S., China and India hired A&M to improve quality, production and supply chain issues. Concentrating on the priorities within these areas, the A&M team built and enacted an improvement plan to increase production throughput utilizing single-piece flow in the final assembly area, which was bolstered by an improved first pass yield in quality. The supply chain flow improvements enabled the A&M team to reduce the backlog by 88 percent. On-time delivery was improved from 25 percent to 92 percent, and first pass yield increased by 18 percent. Overall, a 5 percent increase in incremental EBITDA was achieved. The A&M team developed a roadmap to enable the organization to successfully absorb a doubling of revenue over the next five years.

WHY CHOOSE A&M?

SOLVING COMPLEX PROBLEMS IS IN OUR DNA

After 30 years of resolving some of the most urgent challenges in business history, we have honed critical expertise that clients at all maturity levels can use to achieve rapid results.

SENIOR-LEVEL OPERATIONS EXPERIENCE

Our leaders, many of whom have held senior industry leadership positions, have the experience and credibility to get to the heart of issues quickly and take a hands-on approach to execution.

URGENCY FOR ACTION AND RESULTS

Our clients frequently comment that we drive change and rapid results where internal teams and other consultants have failed.

OBJECTIVE AND INDEPENDENT

A&M offers objective, credible advice you can trust to be in your best interest, not ours.



“Alvarez & Marsal provided tremendous support for our facilities during some challenging leadership transitions. The A&M teams could quickly assess the opportunities, develop actionable plans, build engagement and provide solid leadership. Results were seen within a matter of days in most cases and were sustainable even after the engagement was complete.”

– Joe McCarthy, VP of Operations | Food Manufacturing Company

“A&M made a significant contribution to the transformation of our company. The firm helped us accelerate our speed to market with a structured new product introduction process, oversaw a seamless plant consolidation in support of our operations strategy, and provided experienced industry operators to drive results as interim managers when we needed additional experienced hands.”

– Jamie Better, Chairman & CEO | Nellson

“The A&M team quickly refocused our underperforming plants and deployed a formal operational recovery effort in collaboration with our team to address the issues. As a result of A&M's leadership and expertise, operations have drastically improved including on-time delivery, profitability and quality, and customer satisfaction has been restored.”

– Dave Thoreson, Vice President and General Manager | Phillips-Medisize





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ABOUT ALVAREZ & MARSAL

Companies, investors and government entities around the world turn to Alvarez & Marsal (A&M) when conventional approaches are not enough to make change and achieve results. Privately held since its founding in 1983, A&M is a leading global professional services firm that provides advisory, business performance improvement and turnaround management services.

With over 3000 people across four continents, we deliver tangible results for corporates, boards, private equity firms, law firms and government agencies facing complex challenges. Our senior leaders, and their teams, help organizations transform operations, catapult growth and accelerate results through decisive action. Comprised of experienced operators, world-class consultants, former regulators and industry authorities, A&M leverages its restructuring heritage to turn change into a strategic business asset, manage risk and unlock value at every stage of growth.

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When action matters, find us at www.alvarezandmarsal.com

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