



CORPORATE PERFORMANCE IMPROVEMENT

MANUFACTURING AND OPERATIONS SERVICES

ADVANCE YOUR PRODUCTION OPERATIONS FOR IMPROVED PERFORMANCE AND COST EFFICIENCY



ALVAREZ & MARSAL

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Advance your production operations for improved performance and cost efficiency

Manufacturers constantly face competing priorities such as reducing costs while improving quality. Alvarez & Marsal (A&M) brings deep operations experience and a bias for action to drive lasting productivity improvements and cost savings for your organization's manufacturing and operations.

CLIENTS CALL US WHEN:

- Their plant labor and equipment performance is unclear or does not deliver good product in a cost-effective manner.
- They need visibility into critical asset capacity or need help evaluating if supporting strategic goals requires capital investment.
- 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.

OUR CORE SERVICES



COST TAKEOUT AND PRODUCTIVITY

- 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 Product Introduction Process
- Product Growth and Performance Improvement
- Product / SKU Rationalization
- Program and Equipment Phase-out



QUALITY

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



TALENT

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



FACTORY FOOTPRINT OPTIMIZATION

- Plant Rationalization
- Plant Realignment With Customers and Suppliers
- Plant Location Optimization



OPERATIONS STRATEGY

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

SUCCESS STORIES

\$5.3 MILLION COST REDUCTION THROUGH 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 expected gross margin targets after the consolidation of six manufacturing facilities. A&M conducted a rapid results assessment that identified unfinished pieces of the consolidation plan as well as incremental structural improvement opportunities. Armed with the assessment, A&M assumed the role of interim Vice President of Operations to help the client close identified gaps, improve shop floor operations and coach materials management teams. 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**

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 EXPERTISE AND LEADERSHIP.

Our seasoned executives and operators, many of whom held senior leadership positions in industry, bring independent perspectives and practical solutions based on real experience.

URGENCY FOR ACTION AND RESULTS.

Clients frequently comment that we drive change and results at a scale and pace that our competitors cannot match.

OBJECTIVE AND INDEPENDENT.

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

OPERATIONAL IMPROVEMENTS LED TO FIVE PERCENT INCREASE IN EBITDA

A diesel pump manufacturer with operations in the U.S., China and India hired A&M to resolve 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. The plan utilized single-piece flow in the final assembly area and capitalized on other improvements to first pass yield to deliver the targeted results. The supply chain flow improvements reduced the backlog by 88 percent. In addition, the A&M team improved on-time delivery from 25 percent to over 90 percent and increased first pass yield by 18 percent. Overall, the project achieved a five percent increase in incremental EBITDA. Finally, the A&M team developed a roadmap to enable the organization that would enable the client to increase production to satisfy projected sales increases that would double revenues over the next five years.



"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



MANUFACTURING AND OPERATIONS PRACTICES LEADERS



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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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