

CASE STUDY

Aiding Financially Distressed CNC
Machining Organizations



& Supplier of Machined Parts

CLIENT PROFILE

Engaged by an Auto OEM to address financial and supply chain issues at a “captive” Tier 1 US based CNC machined parts supplier with multiple production plants in Midwest and Southeast

CHALLENGE

Initial focus on an OEM funded new product launch as part of a resourcing project. Tier 1 supplier had been funding historical losses through misallocation of employee’s pension funds and OEM capital equipment progress payments. The rapidly deteriorating financial situation had impacted all facets of the organization with multiple automotive OEMs experiencing impact to their assembly plants from delayed shipments. Employee turnover was impacting ability to staff production and maintenance positions as well as leadership void with the General Manager and Plant Manager positions unfilled. Due to ongoing legal investigations targeted at the corporate parent, the subsidiary corporations were left without support or direction. Operational inefficiencies resulting were driven by raw material availability, production scheduling, inventory management, data integrity within their ERP. The financial issues drove delayed deliveries of raw and component

SOLUTION

- Placed Chief Restructuring Officer to lead transformation
- Installed Interim Plant Manager to facilitate operational turnaround and potential sale of organization
- Installed ongoing Cash Flow Management – 13 week Cash Flow Forecast to aid supplier coordination
- Plant wide effort to improve material flow, inventory location, and increased thruput to meet customer delivery requirements

RESULTS

The crisis situation was quickly converted (45 days) to:

- On-time deliveries and 5 DOH for client OEM
- Improved operations including overall plant appearance for site reviews by potential buyers.
- Spin-off sale of the plant to a new industry buyer
- Retention of jobs for the local area



APPROACH

OEM client exercised provisions of organizational control in order to focus upon meeting their delivery requirements while seeking a recapitalization, spin-off, or complete sale of the operating company. The engagement focused efforts upon addressing leadership and processes:

- Strengthening Leadership Team
- Addressing open technical positions within Engineering, Quality, and Maintenance Positions
- Addressing the plant floor staffing shortages
- Supplier relationships and deliveries (AP/COD)
- Inventory Central and accuracy
- Material Handling
- Establishing a new financial institution relationship
- Production Scheduling aligned with Customer Delivery

BENEFITS OF 360 VERITAS TEAM

➤ Drive Change in Financial Statements

Forensic Accounting Financial Analysis
Mergers/Acquisition – Integrations and Divestitures

➤ Drive Change on the manufacturing floor and supply chain

OEE Throughput /output Warehouse & Operational Organization and Management
Scheduling/Forecasting/Planning Business Transfer Facilitation Quality and Operational improvement
Inventory Control and Rightsizing including Physical Inventory Supply Chain continuous improvement and Risk Management Warehouse Management

➤ Drive Change in Information Technology

ERP/MRP system analysis and correction
Business Intelligence/Data Analytics

➤ Purchasing (Contract Evaluations and Negotiations)

➤ IT, Sales & Marketing, Engineering resources

➤ Rapid Response for distressed organizations/Crisis Resolution