

BlueWater Partners helps businesses identify and navigate a range of strategic alternatives. We specialize in senior-level advice on mergers, acquisitions, capital sourcing, performance improvement, turnarounds and merchant banking.

Performance Improvement: Injection Molded Plastics Manufacturer

Privately owned Injection Molded Plastics Manufacturer, on probation with multiple customers and required to meet weekly with senior lender.

Situation

- Sales had declined 24% year over year
- Wrote off inventory equal to 16% of sales
- Missed multiple shipments to major customers
- Lost a key customer due to financial performance
- Projected large cash flow deficits for the coming year
- Running out of working capital

Solution

- Engaged BlueWater to help implement a 30 Day Plan: immediate cost and cash burn reduction and 13-week cash flow model
- Followed by a 100 Day Plan: improve profitability and cash flow
- Developed five daily key process indicators (KPIs)
- Created three processes and metrics to manage inventory and support delivery to customers: days on hand, deliver on time to warehouse, and ship on time
- Employed a monthly sales and operations planning (S&OP) process to predict next month's financial results
- Put into practice a Management Advisory Board to address major strategic and financial issues on a monthly basis

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Results

- Client began generating positive cash flow, strengthened its balance sheet, and improved its operations.
- Client generated its first profit in two years, despite a 27% reduction in sales
- Cut labor, manufacturing overhead, and SG&A 24.4%
- Improved on-time delivery performance to 99%
- Reduced inventory 26.7% with minimal write-offs
- Management is now able to predict financial results and make real-time operational adjustments to avoid after-the-fact surprises
- Senior lender's renewed confidence in management provided the foundation for the relationship to continue through the recession

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