

MiCyn

Management Consultancy

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GROWTH PLAN

INCOME STATEMENT "THE BOTTOM LINE"

**HIGHER
PROFITS**

**IMPROVED
CASH FLOW**

BALANCE SHEET

**IMPROVED
CAPITAL INTENSITY**
(Invested Capital)

REVENUE

- **INCREASED** throughput
- **OPTIMIZED**, reliable suppliers
- **DECREASED** line shut-downs & missed revenue opportunities

COST

- **REDUCED** purchased costs
- **IMPROVED** on-time delivery
- **IMPROVED** quality

WORKING CAPITAL

(cash + inventories + A/R) – Current Liabilities

- **INCREASED** inventory turns
- **REDUCED** inventory
- **IMPROVED** payment terms with suppliers
- **IMPROVED** cash-to-cash cycle time

TECHNOLOGY

- **INCREASED** use of Purchasing Programs
- **REDUCED** overhead costs (SG&A)
- **IMPROVED** productivity

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GROWTH EXAMPLE

	<i>BEFORE</i>		<i>AFTER</i>	
	% of Revenue		% of Revenue	<i>delta</i>
Revenue	100.0%		100.0%	
Cost of Goods Sold	73.0%		67.3%	
Material	57.0%	Reduce 10.0%	51.3%	↓ (5.7%)
Labor	12.0%		12.0%	
OH	4.0%		4.0%	
Gross Margin	27.0%		32.7%	↑ 5.7%
Operating Expenses				
R&D	4.5%		4.5%	
SG&A	15.6%	Reduce 5.0%	14.8%	↓ (0.8%)
Depreciation	(1.0%)		(1.0%)	
Other Expenses				
Interest	1.5%		1.5%	
Income Before Taxes	6.4%		12.9%	
Income tax provision (39.1%)	(2.5%)		(5.0%)	
NET INCOME	3.9%		7.8%	↑ 3.9%
CASH-TO-CASH CYCLE (days)	77		50	↓ (34.6%)

**For a \$50 Million manufacturer,
\$1 Million is added to the bottom line!**

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OUR EXPERTISE

SUPPLY CHAIN MANAGEMENT

- Reduced material costs and inventory levels
- Increased throughput, reduced transaction costs, and smoother planning
- Improved On-Time Delivery
- Decreased line shut-downs & missed revenue opportunities

OUTSOURCING

- Cost reduction and capacity relief with more efficient suppliers

SUPPLY CHAIN FINANCE

A 3rd type of financing, after debt and equity

- Reduced Excess & Obsolete Inventory
- Reduced Days In Inventory

PRICING STRATEGY

NEGOTIATION

STRATEGY

- Global strategic planning
- Advanced factory rearrangement
- Product cost models
- New venture market research

OPERATIONS

- Process improvements
- Lean Manufacturing
- Six Sigma
- Sales & Operations Planning (S&OP)

MATERIALS-PURCHASING MATRIX

- Reduced inventory by integrating Purchasing, Inventory and Finance with customer forecasts

ORGANIZATION

- Organizational Development

NEW PRODUCT INTRODUCTION

SOURCING/PURCHASING

STRATEGIC SOURCING

- Reduced purchased costs
- Supplier selection and consolidation
- Spend analysis
- Use of purchasing programs
- Improved payment terms

WORKING CAPITAL IMPROVEMENT

- Increased inventory turns
- Reduced inventory

MATERIAL PRICE MODELING

- Maintaining margins through recovering material price increases

MERGERS & ACQUISITIONS

- Integration
- Due Diligence

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2 WAYS TO USE US

"To know the road ahead, ask those coming back" - Chinese proverb

ADVISOR	CONSULTANT
Retained, <i>"LIKE BEING ON STAFF"</i> with expertise and experience → <i>ON-SITE</i> a couple of days per month <i>ON-GOING</i> support, providing continuity → <i>OFF-SITE</i> availability, by email or phone	Rifle shot – focused on specific project
Solve many & varied problems	Solve a defined problem
Identify issues, problems, options & solutions	
Provide operating and financial expertise	Provide operating and financial expertise
Lead projects as necessary	Lead projects as necessary
Strategy → assist developing and implementing the strategic plan	Strategy → assist developing and implementing the strategic plan
Available to monitor project implementation success	After implementation, end of involvement
Identify new opportunities	
Develop organization design options	

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CHECKLIST

Are you ...

	Yes	No
viewing your supply chain as a strategic asset?		
continually evaluating which value chain activities are core competencies and outsourcing the rest?		
BUYING FOR LESS (Supplier Relationship Mgmt., Global Sourcing)?		
BUYING BETTER (Focusing on best value (TCO) instead of low price)?		
CONSUMING BETTER (concurrent procurement with design engineering)?		
SELLING BETTER (joint selling with suppliers)?		
staffing the right people in the right positions - <i>people make policy</i>		
detecting and recovering from fulfillment errors automatically, before your customers do?		
using a supplier selection & approval process? Formal agreements?		

LEADERSHIP

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Michael McCracken

A results-driven executive problem-solver with a strong record of improving cash flow. Highly successful implementing Supply Chain Management, Purchasing, Operations, and Strategy improvements.

Primary industries served are oil & gas, industrial machinery, aerospace, automotive, electronics.

Mr. McCracken earned a MBA from Auburn University and a BS Industrial Engineering from Northwestern University.

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