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# Optimizing Working Capital in Private Equity M&D Organizations

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Bart Kelly  
Stephen Wiley

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- An email will be sent within 48 hours with a link to a recording of the webinar, presentation handouts, and topic-related thought leadership.
- Please submit questions or comments through the Q&A function at the right side of your screen.
- Questions will be addressed throughout the presentation and as time permits at the end of the presentation. We are committed to getting back to everyone about any questions we cannot get to during the presentation.
- Upon completion of this program, you will receive an evaluation. Your feedback is important.



## Today's Presenters



- **John Kurkowski**, Partner - Audit & PE Services Leader



- **Bart Kelly**, Principal - Advisory Services



- **Stephen Wiley**, Managing Director - Advisory Services

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## Today's Discussion

1. Why This Matters? – It's All About the Return!
2. Working Capital Optimization Challenges
3. Improvement Strategy: Process & Technology
4. Addressing Underlying Suboptimal Processes
5. Foundational Methodology
6. Case Study
7. Working Capital Software Analytics & Overview
8. Optional: Software Demo

# Why This Matters? It's All About the Return!

## Why This Does Matter

- It's much more than an interest rate savings.
- It's about:
  - Lower upfront investment.
  - Permanent reduction in handling costs.
  - Reduction in operating margin erosion – fewer bad debt and excess and obsolete inventory write-offs.
  - Fewer distractions for management dealing with strategies for getting rid of slow moving inventory through closeouts.
  - Improved service levels.

## Typical Impacts of Optimizing Working Capital

### Overall Inventory Reduction

- Typically see a 10% to 25% inventory reduction
- Provides one-time cash flow reduction & year-over-year carrying cost reduction, which are roughly 10% for each \$ invested

### Impact to Valuation

- More thorough analysis of inventories & receivables
- Reduce E&O inventory & improve AR recovery

### Improved Cash Conversion Cycle

- Reduction in AR Days
- Maximize realization of at risk receivables

### Pricing / Margin Enhancement

- Highlights low margin SKU's and customers
- Facilitates strategic pricing opportunities and rationalization decisions

## Working Capital Impact Examples

<b>Summary Example Benefits of Inventory Optimization</b>					
<b>Assumptions (\$ in millions)</b>	<b>Company 1</b>	<b>Company 2</b>	<b>Company 3</b>		
Revenue	\$ 100	\$ 200	\$ 500		
Inventory Before Reduction	\$ 12	\$ 25	\$ 57		
Inventory Carrying Costs as % of Inventory	10%	10%	10%		
Inventory Reduction from Optimization	15%	15%	15%		
Consulting Services & Software Implementation	\$ 0.200	\$ 0.350	\$ 0.475		
Assumes Five-Year Holding Period					
<b>Impact (\$ in millions)</b>	<b>Company 1</b>	<b>Company 2</b>	<b>Company 3</b>		
Increase to \$ Pretax Earnings	1.6%	1.8%	1.7%		
Increase in Net Operating Cash Flow During Five-year Holding Period	\$ 2.44	\$ 4.97	\$ 12.64		
Return on Investment in Inventory Optimization	13.2x	15.2x	27.6x		
Increase in IRR for Invested Capital	2.4%	2.5%	2.5%		

With multiples at record levels, improvements to working capital will provide a meaningful return on investment.

# Working Capital Optimization Challenges

# Is Your Organization Maximizing Your ERP System?

We see that many limitations inherent in ERP systems...

- Today's ERP systems are powerful tools that capture tremendous amounts of data. However, the process of:
  - Identifying,
  - Locating,
  - Extracting,
  - Organizing, and
  - Analyzing...the masses of data, locked in millions of transactions, within multiple ERP systems, is often difficult and overwhelming.



...are leading to unfavorable performance gaps.

- Obsolete / aged inventory
- Excess inventory
- Inventory shortages / stock outs
- Poor on time delivery (supplier & customer)
- Delinquent receivables
- Sub-optimal Cash Conversion Cycle
- Excessive premium freight charges
- Lack of visibility and transparency

How can organizations increase operational and financial performance by transforming and leveraging the large volumes of data into actionable items?

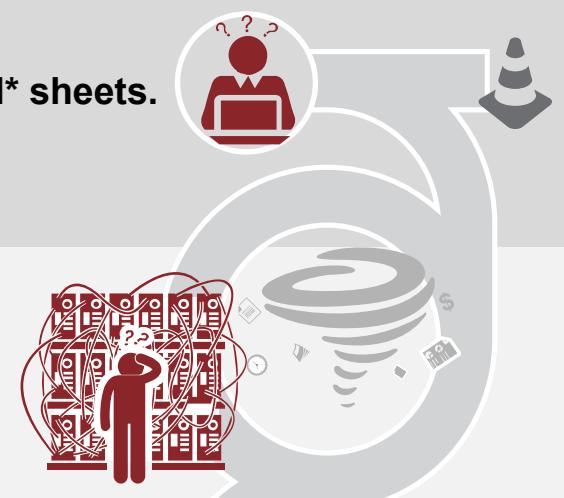
# Working Capital Data Analysis Challenges

## Data Acquisition is Difficult

- Data may come from multiple areas in the ERP or disparate Excel\* sheets.
- Gaps in data can be a significant barrier to analysis.
- Staff may struggle with what data to look for and where to find it.

## Analyzing Data Is Arduous and Ad Hoc

- Limited formalized tools are available to support in depth analysis.
- Most analyses are not comprehensive and are limited in scope.
- Analyses are labor-intensive and prone to error.



## No Insight, No Actionable Improvement

- Actionable improvement requires knowledge & ability to interpret the outputs.
- Information can be misleading and disguise insights.
- Comparing performance enterprise wide is challenging.



## Optimizing Working Capital Is Elusive

- Inadequate skills and tools make optimizing working capital unachievable.
- Excessive working capital prohibits other investment opportunities.



# Best in Class: Working Capital Solution

## Data Acquisition Is Automated

- Crowe helps identify what data is needed and where it's located.
- Standardizes the extraction process to facilitate replication.
- We help determine user-defined dynamic thresholds to deliver insights.

## Analyzing Data Is Nearly Instantaneous

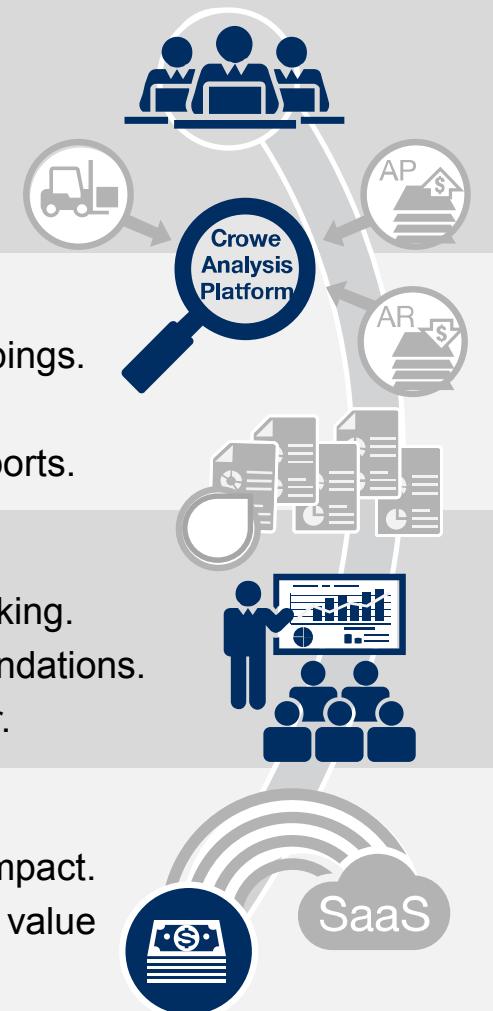
- Segmentation strategy stratifies working capital data into meaningful groupings.
- Dynamic thresholds yield very specific and actionable areas of focus.
- Overlaying 44+ unique analyses provides insights not seen in “one-off” reports.

## Insights Point to Actionable Improvement

- Configurable dashboards provide users with views to support decision-making.
- Initial assessment highlights significant areas of opportunity and recommendations.
- Comparisons let you see how areas are performing relative to one another.

## Optimizing Working Capital Is Achievable

- Allows for pinpointed action items as well as tracking of improvements & impact.
- Ongoing updates & collaboration with Crowe specialists provide additional value & continuous improvement opportunities.



## Polling Question One

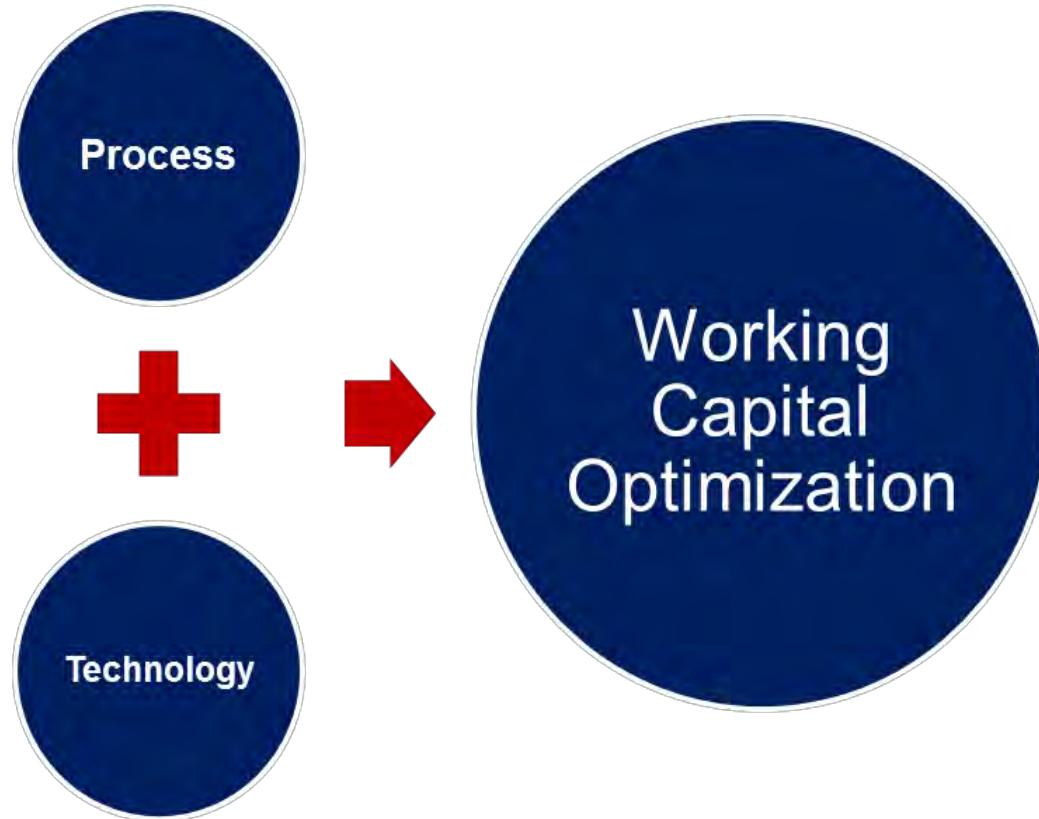
Our organizations use data from ERP and business systems to drive targeted working capital improvements.



- A. Strongly Agree
- B. Moderately Agree
- C. Neutral
- D. Moderately Disagree
- E. Strongly Disagree

# Approach

## Dual Prong Improvement Strategy



### Challenge

- Increasingly complex supply chains lead to challenges:
  - Remaining responsive to a customer base, balancing the working capital inputs, and maximizing profitability
- The result is often inefficient and sub-optimal performance, with excess inventory / working capital, and lower on-time order fulfillment.

### Opportunity

- By addressing the underlying process deficiencies and leveraging ERP / system extracts, tremendous operational & financial improvements can be achieved

## Typical Software Integration Life Cycle

### Process Steps

Acquire & Clean Data

Validate Data with Financials & Gap Resolution

Automate Upload Process

Develop Summary Findings

Findings Review

### Processing Time

~2 to 3 Weeks

~2 Days

# Addressing Underlying Suboptimal Processes

## Sources of Erosion

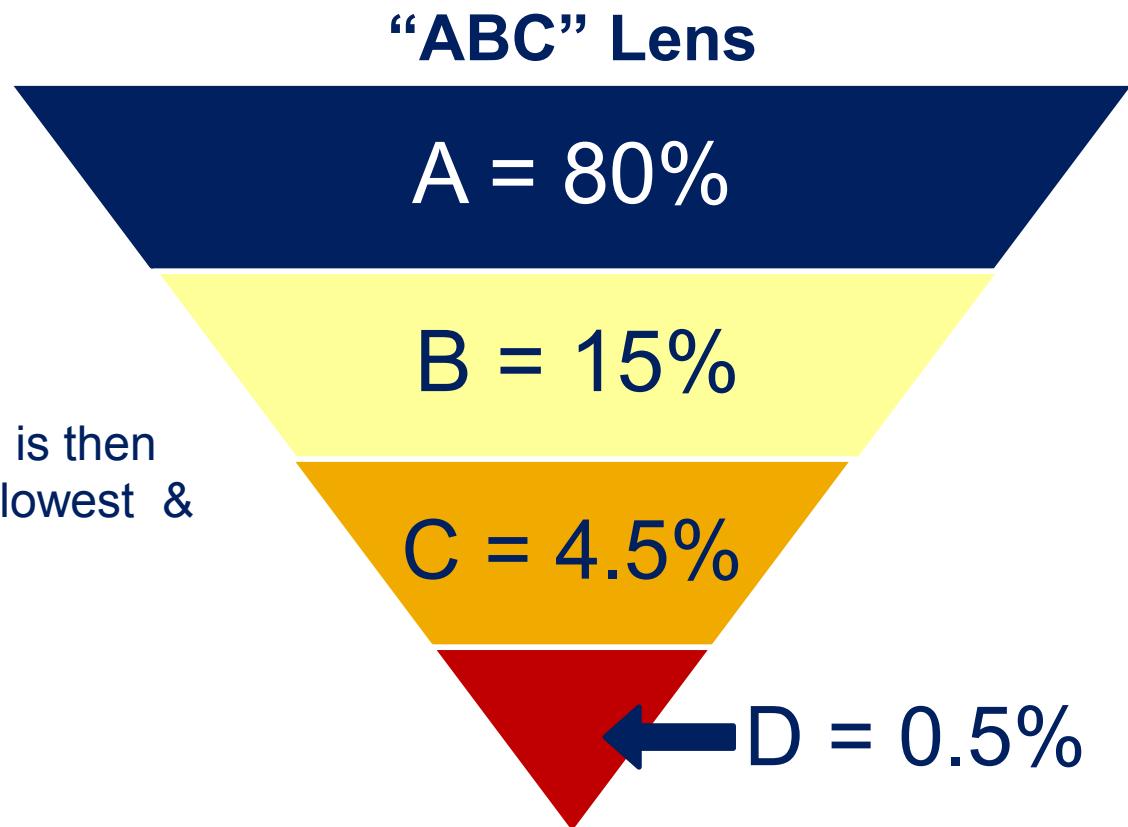


# Foundation

- ABC Methodology
- Segmentation

## ABC Segmentation Defined

- ABC analysis provides a methodology to segment data based on predefined criteria. Common criteria examples within industry include:
  - FG Sales
  - RM Usage
  - AR / AP Dollars or Days
- The predefined criteria is then sorted from highest to lowest & delineated as follows:



## Finished Goods (FG) – ABC **SKU** by Sales Dollars

- Typical FG ABC analysis reveal a disproportionate percentage of the sales dollars are driven by a relatively small percentage of the portfolio.

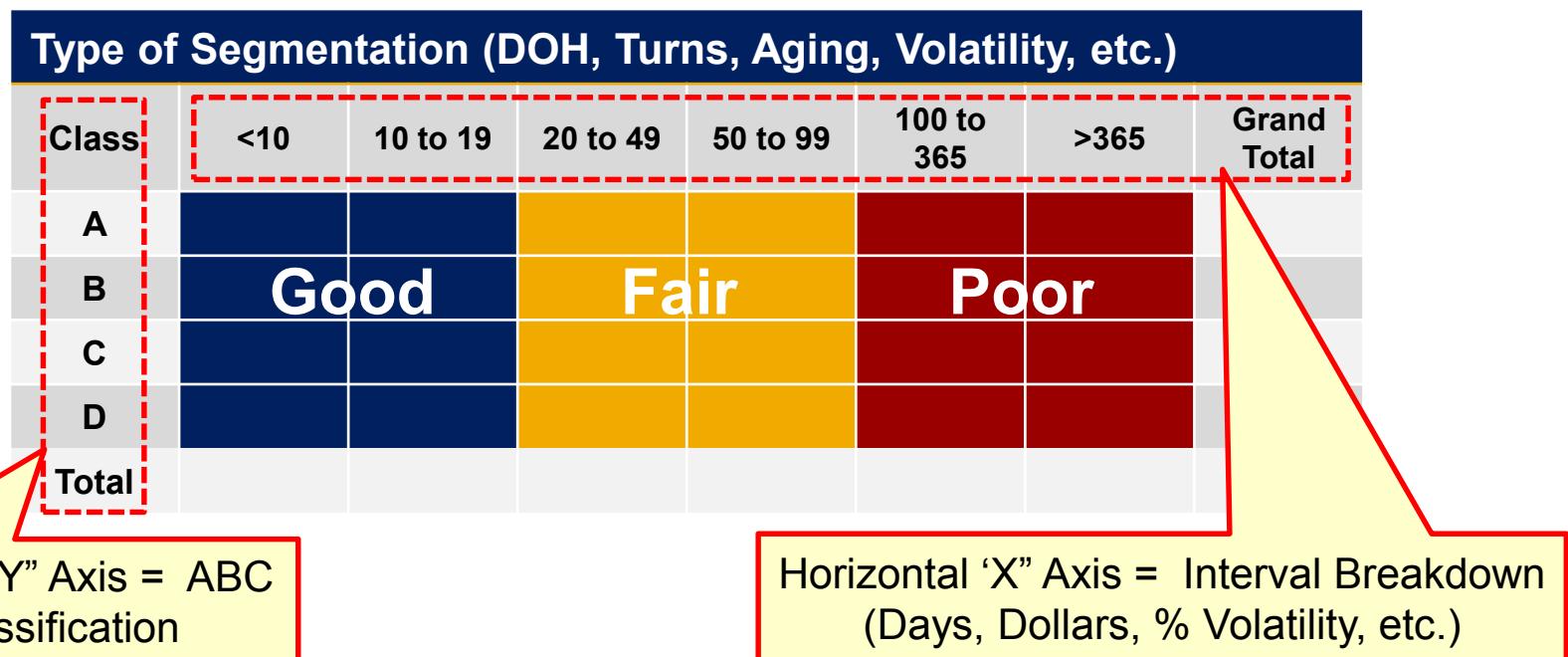
ABC <b>SKU</b> Classification Sales Dollars				
Class	Sales \$	% of Sales	SKU Count	% of Count
A	\$ 53,840,553	80.0%	233	11.7%
B	\$ 10,105,452	15.0%	468	23.4%
C	\$ 3,036,166	4.5%	638	31.9%
D	\$ 336,857	0.5%	658	32.9%
<b>Totals</b>	<b>\$ 67, 319,028</b>	<b>100%</b>	<b>1,997</b>	<b>100%</b>

# Foundation

- ABC Methodology
- Segmentation

## Segmentation Visualized – Dual Axis Matrix

- The dual-axis matrix combines ABC methodology with a secondary segmentation, such as days on hand (DOH), inventory turns, aging, volatility, profitability, or purchase price variance (PPV).



## Sample Analysis – Days on Hand

- Days on Hand provides insight into how well the client is managing inventory.
- The matrices are viewed in terms of actual dollars or as a percentage of the grand total within each interval segment.

DOH Based on Historical Sales: Inventory Dollars							
Class	0 to 30	30 to 60	60 to 90	90 to 180	180 to 365	>365	Grand Total
A	\$ 402,421	\$ 1,271,853	\$ 1,470,481	\$ 5,408,533	\$ 7,977,676	\$ 5,757,018	\$ 22,287,982
B	\$ 46,225	\$ 204,998	\$ 242,251	\$ 773,966	\$ 1,481,970	\$ 2,054,629	\$ 4,804,039
C	\$ 7,453	\$ 38,233	\$ 60,372	\$ 201,352	\$ 535,279	\$ 1,127,702	\$ 1,970,391
D	\$ 3086	\$ 2,734	\$ 3,175	\$ 21,024	\$ 227,419	\$ 13,640,610	\$ 13,898,048
<b>Totals</b>	<b>\$ 459,185</b>	<b>\$ 1,517,818</b>	<b>\$ 1,776,279</b>	<b>\$ 6,404,895</b>	<b>\$ 10,222,344</b>	<b>\$ 22,579,959</b>	<b>\$ 42,960,460</b>

DOH Based on Historical Sales: Inventory Percentage							
Class	0 to 30	30 to 60	60 to 90	90 to 180	180 to 365	>365	Grand Total
A	0.9%	3.0%	3.4%	12.6%	18.6%	13.4%	51.9%
B	0.1%	0.5%	0.6%	1.8%	3.4%	4.8%	11.2%
C	0.0%	0.1%	0.1%	0.5%	1.2%	2.6%	4.6%
D	0.0%	0.0%	0.0%	0.0%	0.5%	31.8%	32.4%
<b>Totals</b>	<b>1.1%</b>	<b>3.5%</b>	<b>4.1%</b>	<b>14.9%</b>	<b>23.8%</b>	<b>52.6%</b>	<b>100%</b>

## Sample Analysis – Aging Analyses

- Similar to Days on Hand, Inventory Aging segments the actual dollar value or percentage of the grand total for each interval bucket based on the aging periods.

Aging: Inventory Dollars							
Class	0 to 30	30 to 60	60 to 90	90 to 180	180 to 365	>365	Grand Total
<b>A</b>	\$ 12,509,392	\$ 4,901,080	\$ 1,027,586	\$ 1,867,586	\$ 1,171,764	\$ 793,570	\$ 22,270,978
<b>B</b>	\$ 2,318,659	\$ 756,737	\$ 336,872	\$ 361,350	\$ 503,741	\$ 526,297	\$ 4,803,656
<b>C</b>	\$ 600,636	\$ 252,020	\$ 139,670	\$ 212,017	\$ 269,044	\$ 496,433	\$ 1,969,820
<b>D</b>	\$ 3,117,573	\$ 835,432	\$ 1,974,270	\$ 765,157	\$ 1,534,177	\$ 5,648,300	\$ 13,874,909
<b>Totals</b>	<b>\$ 18,546,260</b>	<b>\$ 6,745,269</b>	<b>\$ 3,478,398</b>	<b>\$ 3,206,110</b>	<b>\$ 3,478,726</b>	<b>\$ 7,464,600</b>	<b>\$ 42,919,363</b>

Aging: Inventory Percentage							
Class	0 to 30	30 to 60	60 to 90	90 to 180	180 to 365	>365	Grand Total
<b>A</b>	29.1%	11.4%	2.4%	4.4%	2.7%	1.8%	51.9%
<b>B</b>	5.4%	1.8%	0.8%	0.8%	1.2%	1.2%	11.2%
<b>C</b>	1.4%	0.6%	0.3%	0.5%	0.6%	1.2%	4.6%
<b>D</b>	7.3%	1.9%	4.6%	1.8%	3.6%	13.2%	32.3%
<b>Totals</b>	<b>43.2%</b>	<b>15.7%</b>	<b>8.1%</b>	<b>7.5%</b>	<b>8.1%</b>	<b>17.4%</b>	<b>100%</b>

## Analysis Example – Accounts Payable

- Because segmentation analysis revealed an excessive volume of low dollar AP transactions (less than \$500), a ‘P-card’ system was implemented for small transactions, which provided the ability to significantly reduce AP headcount.

AP Transactions by Dollar Amount						
Dollar Range	Transactions	% of Total Transactions	Cumulative	Total Spend	% of Total Spend	Cumulative
< \$100	7,194	20.9%	20.9%	\$184,210	0.1%	0.1%
\$100-\$500	9,748	28.3%	49.2%	\$ 1,639,987	0.5%	0.6%
\$500-\$2,000	7,937	23.0%	72.2%	\$ 5,869,893	1.7%	2.3%
\$2,000-\$3,500	2,456	7.1%	79.3%	\$ 4,667,197	1.4%	3.7%
\$3,500-\$5,000	1,409	4.1%	83.4%	\$ 4,357,403	1.3%	5.0%
\$500-\$10,000	1,999	5.8%	89.2%	\$ 11,078,245	3.2%	8.2%
\$10,000-\$50,000	2,610	7.6%	96.8%	\$ 44,843,736	13.1%	21.3%
> \$50,000	1,113	3.2%	100.0%	\$ 269,123,790	78.7%	100.0%

## Polling Question Three

My organization(s)s have clear understanding of the levers required to influence or positively impact working capital.



- A. Strongly Agree
- B. Moderately Agree
- C. Neutral
- D. Moderately Disagree
- E. Strongly Disagree

# Case Study

## Methodology in Practice - Implementation Examples

### ***Concrete Accessory Manufacturer***

- 10+ manufacturing / distribution locations across the United States
- Disconnect between MTS / MTO policy
- Lack of a formalized process to address slow moving inventory
- Decentralized planning
- Insufficient system parameter updates
- Lack of tools / visibility into other locations inventory levels
- Sub-optimal inventory turns

## Implementation Improvement Approach

### Problem: Strategies to Reduce Recurrence

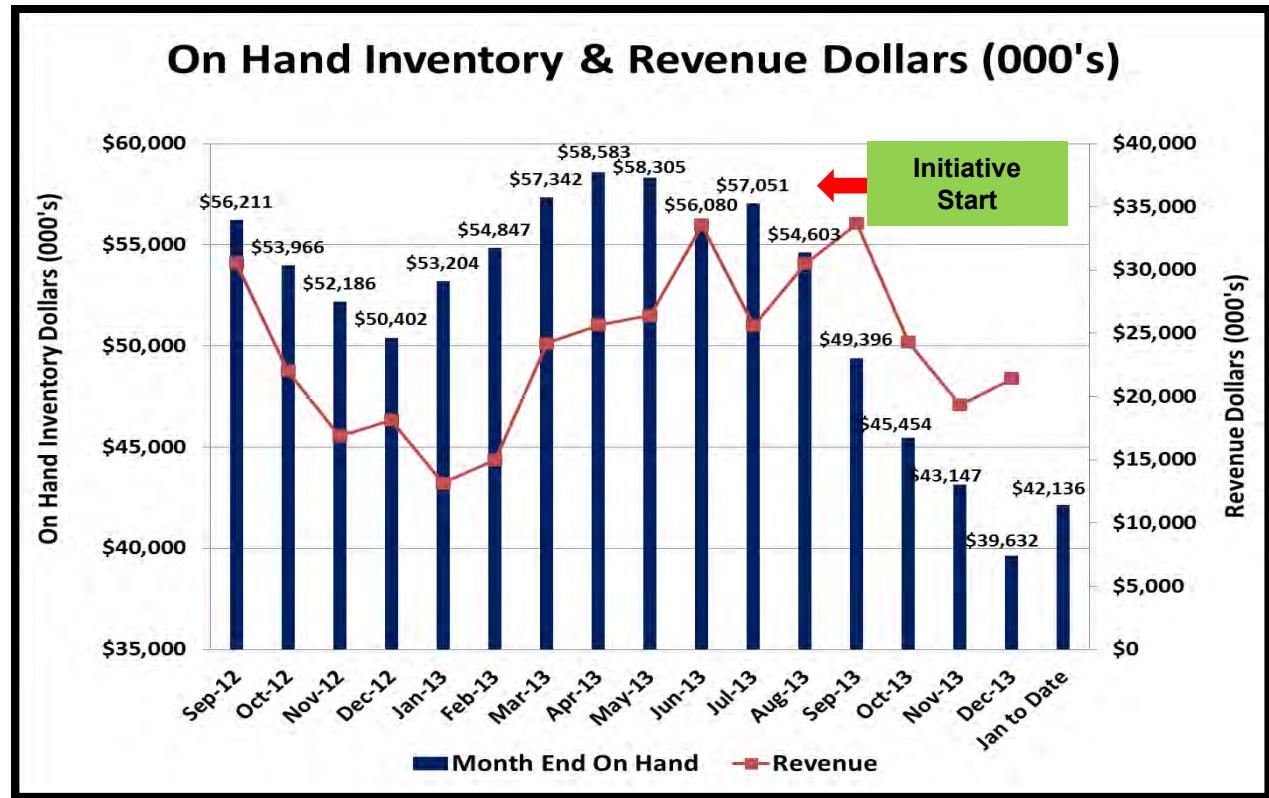
- System Parameters
- MTO / MTS Optimization
- Supplier Lead Time Reduction
- VMI / Consignment Opportunities
- SKU Rationalization
- SI&OP / Forecasting
- Pricing / Margin Mgmt.

### Symptom: Strategies to Mitigate Existing Excesses

- Sell back to Supplier
- Reconfigure / Reengineer
- Fire Sale
- Incentives / Rebates
- Alternative Use
- Charitable Donation
- Scrap

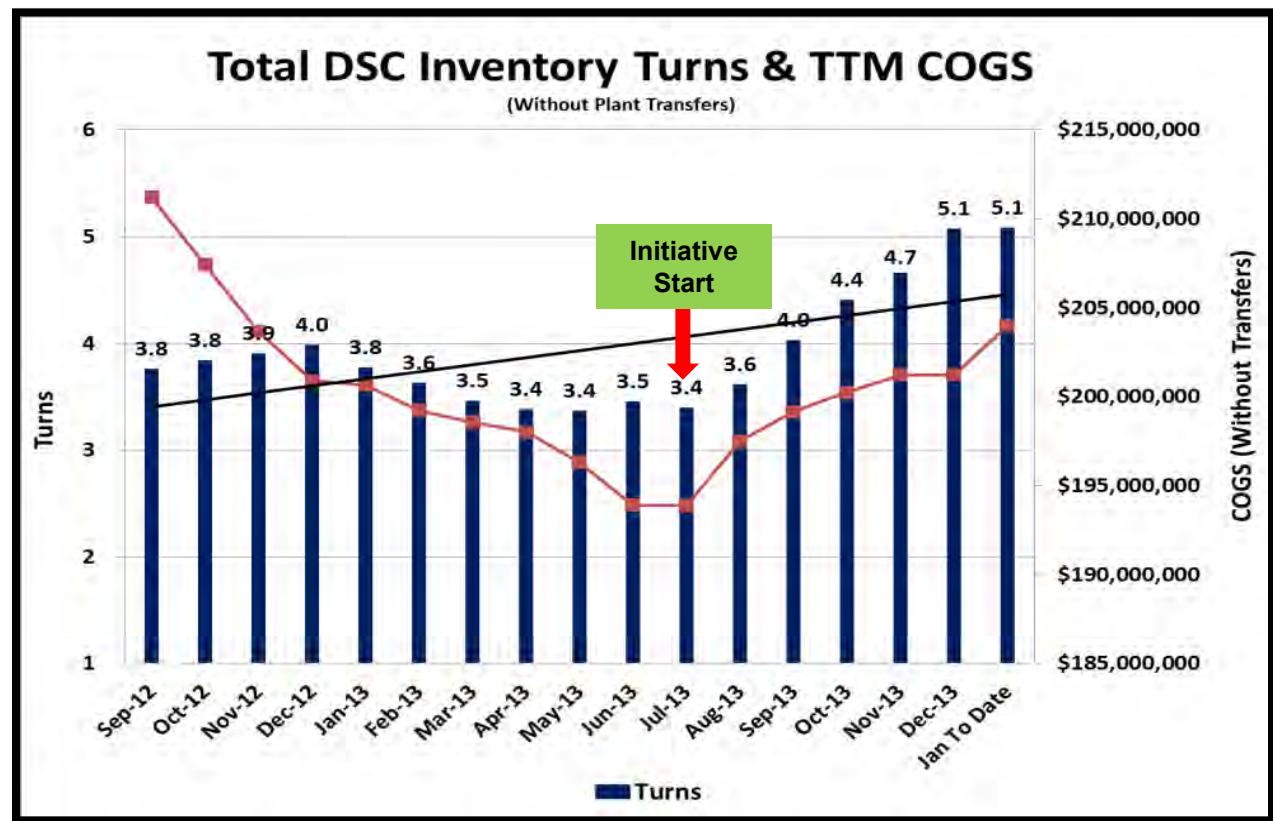
## Performance Realized

Additional cash flow  
impact of ~\$15M



## Performance Realized

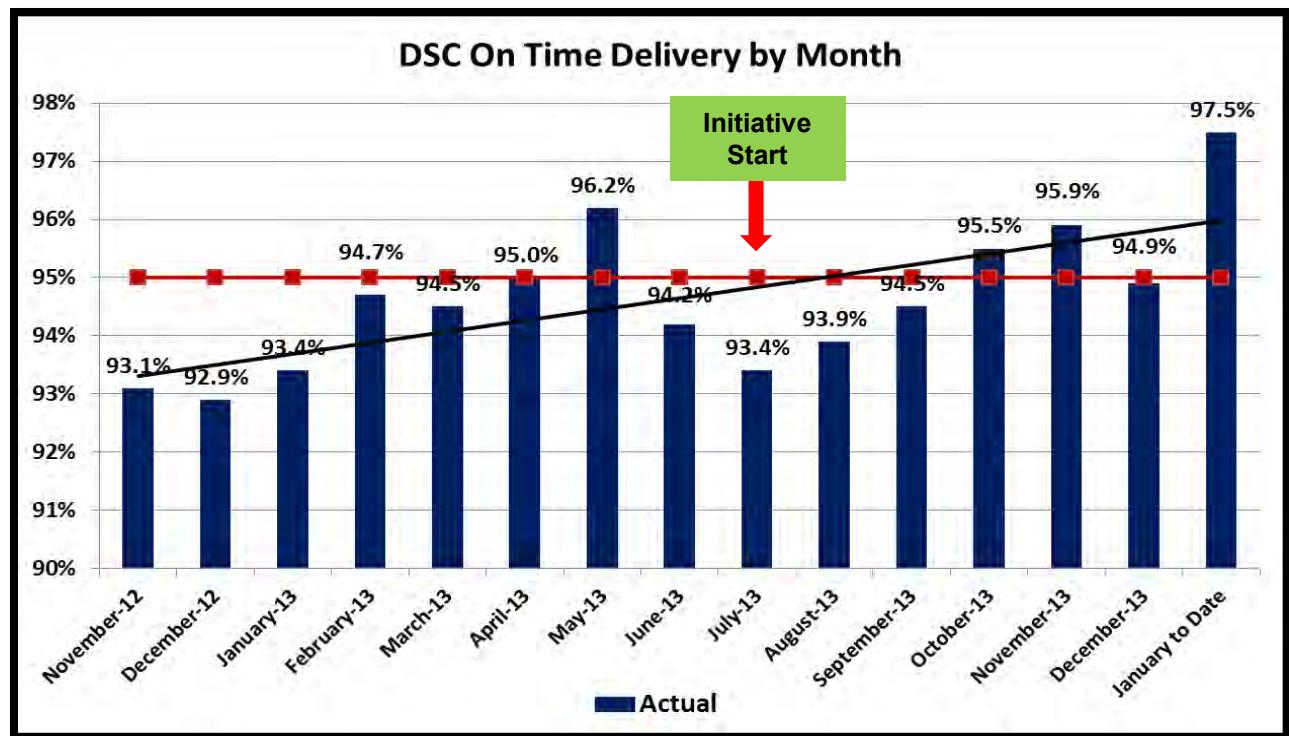
Achieved ~49% improvement in inventory turns while increasing service levels



## Performance Realized

Metrics, baselines and targets are established and then tracked throughout the course of the engagement.

Achieved consistent  
95% On Time Delivery



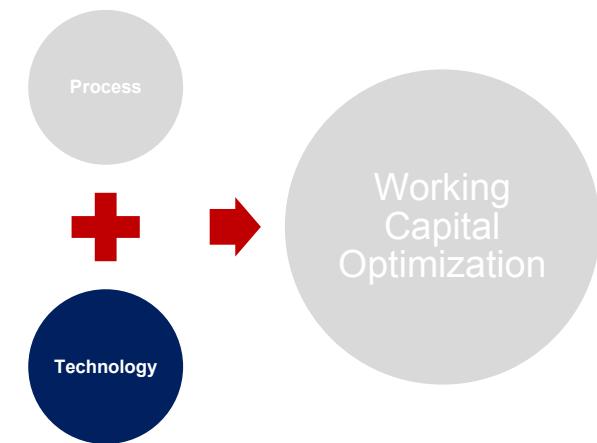
## Polling Question Two

To what degree (in terms of percentage points) do you believe opportunities exist to drive overall working capital improvements in your organization(s)?



- A. Less than 10%
- B. 10%-20%
- C. Greater than 20%
- D. Not sure
- E. No opportunities exist

# Working Capital Software Analytics



# Working Capital Analyses – Best Practices

***The key is for data to be sliced and segmented into many analytical layers.***

## Raw Materials (15)

- Usage Dollars by SKU
- Days of Supply by SKU
- Inventory Turns by SKU
- Aging by SKU with Lot Control
- Aging vs. DOS
- Remaining Shelf Life by SKU
- Volatility by SKU
- Supplier Lead Time vs. Actual
- Excess on Hand vs. System Lead Time
- Excess on Hand vs. Actual Lead Time
- Supplier PO vs. Standard Price (PPV)
- Consignment / VMI Inventory
- Purchasing Spend by Supplier
- Supplier Spend by Category
- Supplier Spend by Facility

## Finished Goods (13)

- Sales Dollars by SKU
- Days of Supply by SKU
- Inventory Turns by SKU
- Aging by SKU with Lot Control
- Remaining Shelf Life by SKU
- Aging vs. DOS
- Volatility by SKU
- Gross Margin by SKU
- Sales Dollars by Customer
- Gross Margin by Customer
- Top 10 Customers (Revenue & Margin)
- SKU by Customer (Revenue & Margin)
- Top 10 SKUs (Revenue & Margin)

# Working Capital Analyses – Best Practices

## Account Payable (7)

- Accounts Payable Dollars by Supplier
- Accounts Payable Dollars Aging
- Current Accounts Payable Days
- Trailing 12 Months Accounts Payable Days
- Accounts Payable Days by Supplier
- Accounts Payable Days vs. Contract Terms
- Trailing Twelve Months Accounts Payable Days as % of Sales

## Account Receivable (9)

- Accounts Receivable Dollars by Customer
- Accounts Receivable Dollars Aging
- Current Accounts Receivable Days
- Trailing 12 Months Accounts Receivable Days
- Shipping Date vs. Invoice Date
- Accounts Receivable Days by Customer
- Accounts Receivable Days vs. Contract Terms
- Trailing 12 Months Accounts Receivable Days as % of Sales
- Delinquent Customers

# Raw Materials Dashboard

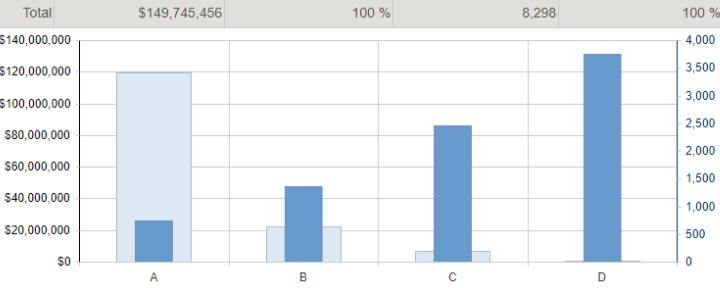
**Working Capital - Raw Materials**

Interval Type: Week Date Range: Week ending 10/3/2016 to 10/9/2016

**Raw Materials**

**USAGE DOLLARS BY SKU**

	Usage \$	% of Usage	SKU Count	% of Count
A	\$119,772,808	79.98 %	737	8.88 %
B	\$22,481,622	15.01 %	1,359	16.38 %
C	\$6,741,843	4.50 %	2,454	29.57 %
D	\$749,183	0.50 %	3,748	45.17 %
<b>Total</b>	<b>\$149,745,456</b>	<b>100 %</b>	<b>8,298</b>	<b>100 %</b>



Legend: Usage \$ (light blue), SKU Count (dark blue)

**INVENTORY TURNS BY SKU**

	> 12	12 to 6	6 to 3	3 to 2	2 to 1	1 to 0	Total
A	\$2,780,070	\$4,516,547	\$5,535,971	\$4,287,124	\$0	\$4,593,068	\$21,712,780
B	\$2,326,507	\$2,537,855	\$2,390,516	\$2,480,835	\$1,040,756	\$1,095,730	\$11,872,199
C	\$766,590	\$428,592	\$1,507,935	\$590,387	\$22,718	\$2,640,362	\$5,956,584
D	\$42,475	\$107,713	\$379,787	\$779,646	\$0	\$8,027,372	\$9,336,993
<b>Total</b>	<b>\$5,915,642</b>	<b>\$7,590,707</b>	<b>\$9,814,210</b>	<b>\$8,137,992</b>	<b>\$1,063,474</b>	<b>\$16,356,533</b>	<b>\$48,878,557</b>

**AGING VS DOS**

	0 to 30	30 to 60	60 to 90	90 to 180	180 to 365	> 365	Total
0 to 30	\$1,784,810	\$1,252,753	\$386,022	\$1,664,134	\$671,299	\$156,625	\$5,915,642
30 to 60	\$1,868,171	\$1,885,461	\$472,348	\$2,503,939	\$769,620	\$91,167	\$7,590,707
60 to 90	\$633,028	\$509,146	\$271,211	\$740,834	\$321,988	\$22,077	\$2,498,283

**AGING BY SKU**

	0 to 30	30 to 60	60 to 90	90 to 180	180 to 365	> 365	Total
A	\$5,415,351	\$4,958,006	\$1,469,795	\$5,985,650	\$2,421,731	\$1,462,247	\$21,712,780
B	\$1,900,619	\$3,154,131	\$859,067	\$2,536,359	\$2,070,998	\$1,351,026	\$11,872,199
C	\$1,102,964	\$895,482	\$661,938	\$1,515,369	\$728,586	\$1,052,246	\$5,956,584
D	\$965,380	\$210,480	\$24,275	\$1,129,344	\$1,065,419	\$5,942,095	\$9,336,993
<b>Total</b>	<b>\$9,384,315</b>	<b>\$9,218,098</b>	<b>\$3,015,075</b>	<b>\$11,166,722</b>	<b>\$6,286,734</b>	<b>\$9,807,614</b>	<b>\$48,878,557</b>

**VOLATILITY BY SKU**

	Usage Dollars
A	\$119,772,808
B	\$22,481,622
C	\$6,741,843
D	\$749,183

**Home**

**Dashboards**

► Audit Value Insights

► Working Capital

► **Raw Materials**

- Usage Dollars by SKU
- Days of Supply by SKU
- Inventory Turns by SKU
- Aging by SKU
- Volatility by SKU
- Aging Vs DOS
- Excess On Hand vs. System Lead Time
- Excess On Hand vs. Actual Lead Time
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- Supplier Spend by Category
- Supplier Spend by Facility
- Supplier Lead Time vs Actual

► Finished Goods

► Accounts Receivable

► Accounts Payable

Geographical Analysis

Risk

Tax

Mergers & Acquisitions

Champs

► Import Data

► Settings

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# Finished Goods, AR, AP Dashboard

**Working Capital - Finished Goods**

**Sales Dollars by SKU**

	Sales \$	% of Sales	SKU Count	% of Count
A	\$ 15,893,897	50.0%	484	15.9%
B	\$ 2,982,527	15.0%	533	17.5%
C	\$ 893,975	4.5%	593	18.4%
D	\$ 99,281	0.5%	1,442	47.2%
<b>Total:</b>	<b>\$ 19,886,698</b>	<b>100%</b>	<b>3,082</b>	<b>100%</b>

**INVENTORY TURNS BY SKU**

Current Turns: 35 → 34

**DAYS AGING BY SKU**

**GROSS MARGIN BY SKU**

Number of SKUs (cumulative): 22, 137, 384, 1,017, 1,473, 2,294, 3,052

% of SKUs (cumulative): 5.7, 4.1, 7.5, 11.3, 8.1, 10.1, 10.0

% of Sales (cumulative): 31, 47, 73.6, 84.3, 88.1, 93.1, 98.1

% of GM (cumulative): 10.2, 10.3, 10.3, 10.3, 10.3, 10.3, 10.3

**Working Capital - Accounts Receivable**

**RECEIVABLE DAYS**

Current Days: 0 → 4

**RECEIVABLE DOLLARS AGING**

Class	0-10	11-20	21-50	51-100	101-365	>365	Total
A	\$ 759,006	\$ 324,037	\$ 416,287	\$ 401,761	\$ 206,527	\$ 29,042	\$ 2,137,690
B	\$ 228,014	\$ 195,030	\$ 116,012	\$ 194,009	\$ 140,104	\$ 82,031	\$ 797,967
C	\$ 90,796	\$ 47,395	\$ 159,161	\$ 56,581	\$ 87,248	\$ 302,559	\$ 753,399
D	\$ 633,010	\$ 171,314	\$ 106,246	\$ 196,771	\$ 248,022	\$ 431,040	\$ 1,797,634
<b>Total:</b>	<b>\$ 2,388,316</b>	<b>\$ 747,772</b>	<b>\$ 798,438</b>	<b>\$ 539,092</b>	<b>\$ 685,199</b>	<b>\$ 843,881</b>	<b>\$ 5,855,300</b>

**SHIPPING DATE VS. INVOICE DATE**

Location	0	1-2	3-4	5-6	7-14	>14	Total
Transactions	878	2,882	942	458	276	143	5,768
% of Transactions	17.0%	50.8%	17.9%	4.9%	4.9%	100.0%	
Customer Class							
Customer Class	\$12,344,859	\$7,481,130	\$4,399,271	\$3,455,917	\$783,960	\$783,960	\$21,759,261
% of Customer Class	40.0%	23.5%	13.0%	13.0%	3.0%	3.0%	100.0%

**Working Capital - Accounts Payable**

**TTM - PAYABLE DAYS**

Current Days: 20 → 34

**PAYABLE DOLLARS AGING**

Class	0-10	11-20	21-50	51-100	101-365	>365	Total
A	\$ 759,006	\$ 324,037	\$ 416,287	\$ 401,761	\$ 206,527	\$ 29,042	\$ 2,137,690
B	\$ 228,014	\$ 195,030	\$ 116,012	\$ 194,009	\$ 140,104	\$ 86,657	\$ 797,967
C	\$ 90,796	\$ 47,395	\$ 159,161	\$ 56,581	\$ 87,248	\$ 302,559	\$ 753,399
D	\$ 633,010	\$ 171,314	\$ 106,246	\$ 196,771	\$ 248,022	\$ 431,040	\$ 1,797,634
<b>Total:</b>	<b>\$ 1,746,019</b>	<b>\$ 747,772</b>	<b>\$ 798,438</b>	<b>\$ 539,092</b>	<b>\$ 685,199</b>	<b>\$ 843,881</b>	<b>\$ 5,855,300</b>

**PAYABLE DAYS VS. DUE DATE**

Supplier Class	0-10 Days Early	1-2 Days Early	3-5 Days Early	+1-3 Days On Time	3-10 Days Late	>10 Days Late	Total
A	\$ 1,498,469	\$ 15,905,117	\$ 14,761,511	\$ 1,336,147	\$ 1,965,142	\$ 24,054,382	
B	\$ 112,622	\$ 11,947,751	\$ 3,970,751	\$ 646,415	\$ 402,953	\$ 3,294,441	
C	\$ 305,904	\$ 583,312	\$ 1,966,541	\$ 354,385	\$ 363,270	\$ 3,615,516	
D	\$ 406,968	\$ 819,962	\$ 1,569,373	\$ 1,773,645	\$ 182,500	\$ 3,724,516	
<b>Total:</b>	<b>\$ 3,417,979</b>	<b>\$ 59,296,122</b>	<b>\$ 22,719,266</b>	<b>\$ 3,386,595</b>	<b>\$ 1,953,872</b>	<b>\$ 46,289,886</b>	

# Drill Down Capability

INVENTORY TURNS - DYNAMIC RANGE

Low & high thresholds can be adjusted for each of the Matrices (DOH, Turns, Aging, Margin)

	>36	36 to 20	20 to 12	12 to 6	6 to 1	1 to 0
Low	9,999,999	36	20	12	6	1
High	36	20	12	6	1	0

1 Recalculate 2 Check? 3

Class	Sales \$	% of Sales	SKU Count	% of Count
A	\$ 15,859,887	80.0%	484	15.9%
B	\$ 2,982,927	15.0%	533	17.5%
C	\$ 893,975	4.5%	593	19.4%
D	\$ 99,261	0.5%	1,442	
<b>Total</b>	<b>\$ 19,836,050</b>	<b>100.0%</b>	<b>3,052</b>	

4 5 6 7 8

Items with Negative Sales, but there is Inventory On Hand: \$ 23,936

Total Inventory Dollars: \$ 5,655,300

Delta: \$ 0

By SKU Count

411 A 451 B 423 C 994 D

By Percentage of SKUs

Class	>36	36 to 20	20 to 12	12 to 6	6 to 1	1 to 0
A	1.4%	0.8%	1.4%	3.8%	9.4%	1.1%
B	1.5%	0.6%	1.0%	1.9%	11.3%	3.5%
C	0.7%	0.5%	0.7%	1.4%	8.1%	7.2%
D	0.2%	0.2%	0.1%	0.4%	2.2%	40.5%
<b>Total</b>	<b>3.9%</b>	<b>2.2%</b>	<b>3.2%</b>	<b>7.5%</b>	<b>31.0%</b>	<b>52.3%</b>

By Inventory Dollars

Class	>36	36 to 20	20 to 12	12 to 6	6 to 1	1 to 0	Total
A	20,509	10,496	46,856	282,792	1,354,219	422,728	2,137,600
B	1,448	1,998	4,859	20,731	370,273	577,318	976,867
C	150	566	820	3,917	86,381	661,566	753,330
D	16	25	63	244	5,837	1,757,513	1,763,698
<b>Total</b>	<b>22,123</b>	<b>13,086</b>	<b>52,637</b>	<b>307,683</b>	<b>1,816,711</b>	<b>3,419,125</b>	<b>5,631,364</b>

By Inventory Dollars Percentage

Class	>36	36 to 20	20 to 12	12 to 6	6 to 1	1 to 0
A	0.4%	0.2%	0.8%	5.0%	24.0%	7.5%
B	0.0%	0.0%	0.1%	0.4%	6.6%	10.3%
C	0.0%	0.0%	0.0%	0.1%	1.5%	11.7%
D	0.0%	0.0%	0.0%	0.0%	0.1%	31.2%
<b>Total</b>	<b>0.4%</b>	<b>0.2%</b>	<b>0.9%</b>	<b>5.5%</b>	<b>32.3%</b>	<b>60.7%</b>

9



WH #151 - ABC SKU Classification by Sales or Usage Dollars

22 0.7 0.2

USAGE DOLLARS BY SKU - FINISHED GOODS

WHS	SKU	SKU Description	Higher Level Classification	Last Receipt	Qty. On Hand	\$ On Hand	Standard Cost
151	B04055	K2 0 9-1/2" P 12L G40 1-1/4"X18" PL	Paving	06/28/2013	9,636	\$46,508	\$4.83
116	DIEPOXY	K2 0 9-1/2" P 12L G40 1-1/4"X18" PL	Accessories	06/28/2013	1,111	\$7,333	\$5.00
151	1111111	K2 0 9-1/2" P 12L G40 1-1/4"X18" PL	Forming	06/28/2013	9,636	\$46,508	\$4.83
151	2222222	K2 0 9-1/2" P 12L G40 1-1/4"X18" PL	Paving	06/28/2013	9,636	\$46,508	\$4.83
165	3333333	K2 0 9-1/2" P 12L G40 1-1/4"X18" PL	Paving	06/28/2013	9,636	\$46,508	\$4.83
151	4444444	K2 0 9-1/2" P 12L G40 1-1/4"X18" PL	Paving	06/28/2013	9,636	\$46,508	\$4.83
138	5555555	K2 0 9-1/2" P 12L G40 1-1/4"X18" PL	Forming	06/28/2013	9,636	\$46,508	\$4.83
151	6666666	K2 0 9-1/2" P 12L G40 1-1/4"X18" PL	Paving	06/28/2013	9,636	\$46,508	\$4.83
151	7777777	K2 0 9-1/2" P 12L G40 1-1/4"X18" PL	Paving	06/28/2013	9,636	\$46,508	\$4.83
112	8888888	K2 0 8-1/2" P 12L G40 1-1/4"X18" PL	Forming	06/28/2013	9,636	\$46,508	\$4.83
151	9999999	K2 0 8-1/2" P 12L G40 1-1/4"X18" PL	Forming	06/28/2013	9,636	\$46,508	\$4.83
155	BB1234	HD 50 50LB DSC	Chemicals	06/28/2013	9,636	\$46,508	\$33.83
151	A555555	K2 0 9-1/2" P 12L G40 1-1/4"X18" PL	Paving	06/28/2013	9,636	\$46,508	\$4.83
116	6565656	K2 0 9-1/2" P 12L G40 1-1/4"X18" PL	Paving	06/28/2013	9,636	\$46,508	\$4.83
151	D32123	K2 0 9-1/2" P 12L G40 1-1/4"X18" PL	Paving	06/28/2013	9,636	\$46,508	\$4.83

Weekly \$ Amount for SKU: B04055

Week	Dollar Amount
1	\$101,100
2	\$79,500
3	\$45,500
4	\$362,600
5	\$81,900
6	\$331,000
7	\$112,050
8	\$77,400
9	\$123,000
10	\$30,150
11	\$214,300
12	\$31,850
13	\$165,300
14	\$0
15	\$221,600
16	\$137,400
17	\$69,000
18	\$115,000

- Necessary to drill downs into specific SKU's, customers, dollars, percentages, ratios, locations, sectors, etc.
- Provides instant visibility into the areas of opportunity.

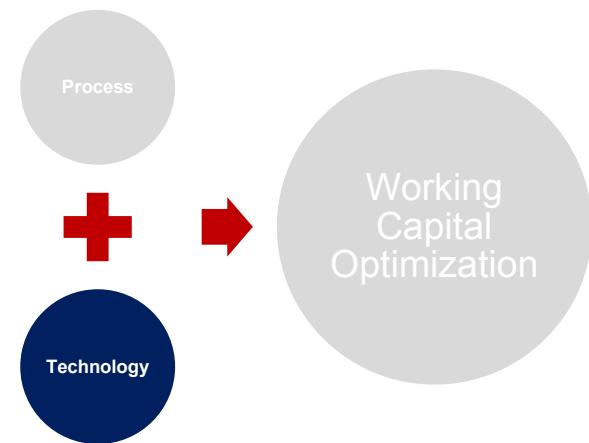
To what degree (in terms of percentage points) do you believe opportunities exist to drive overall working capital improvements in your company

- a. Less than 10%
- b. 10%-20%
- c. Greater than 20%
- d. Not Sure
- e. No opportunities exist

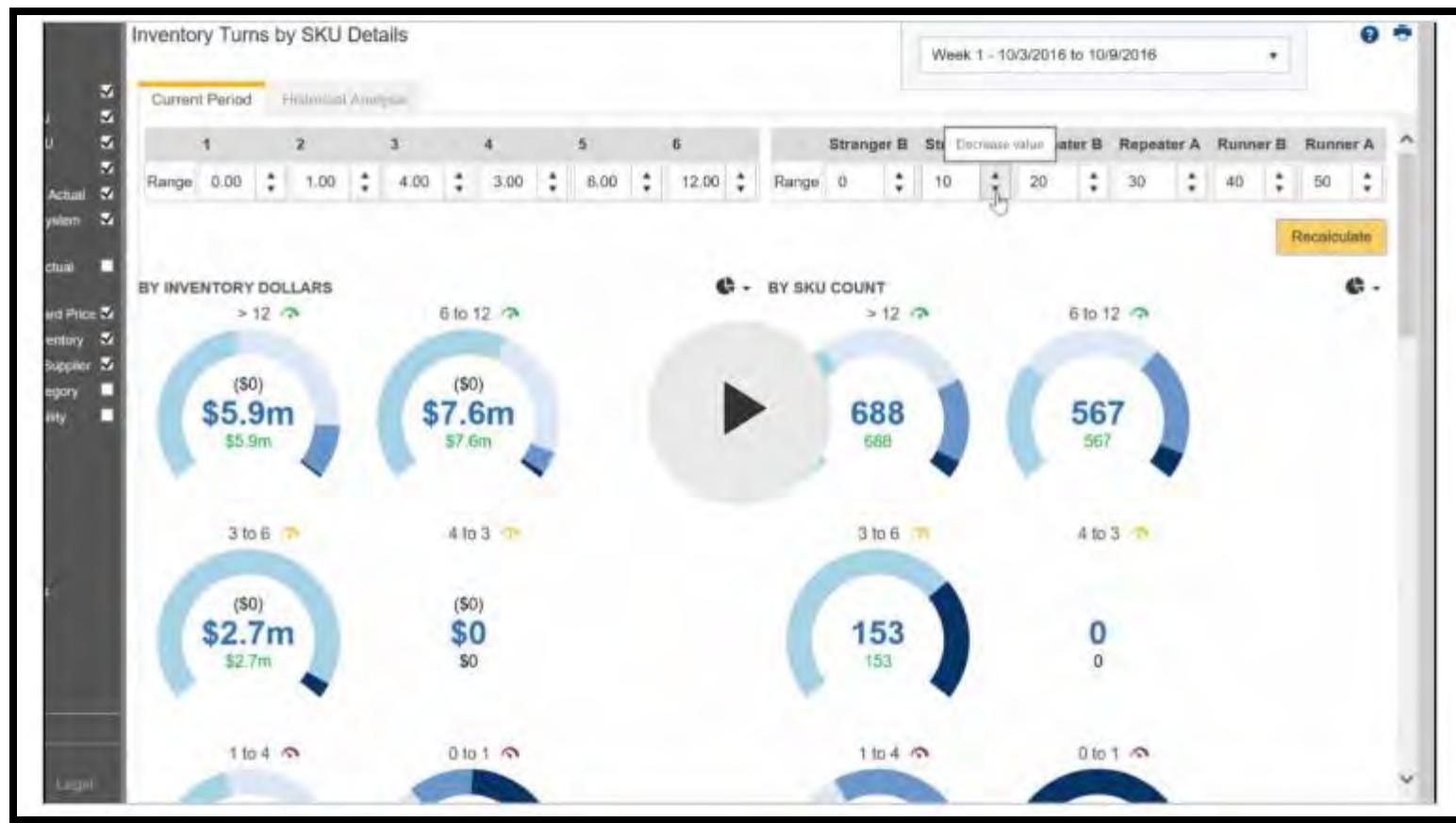


# Comments & Questions.....

# Working Capital Software Demo



# Working Capital Demo



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