



Crowe Manufacturing and Distribution Services



Crowe M&D Services Group

Professional Services and Business Solutions Developed Specifically for M&D

Crowe serves more than 2,000 manufacturing and distribution clients, ranging in size from Fortune 500 corporations and middle-market companies with global operations to small family-owned specialty manufacturers. Crowe locations across the country, along with Crowe International member firms in more than 120 countries, provide clients with access to local resources around the world.

M&D Experience and Insight

With more than 70 years of experience in serving the M&D sector, Crowe has developed extensive industry insights and uses databases of key performance indicators that can provide clients with an exceptionally broad and specific set of metrics and best practices for evaluating operations against those of industry peers.



Subsector Specialization

Deep M&D Subsector Expertise

Each manufacturing or distribution subsector faces its own unique challenges and opportunities. Supply, production, administrative, financial, logistic, operational, and strategic issues are highly specialized, depending on the specific industry in which the company operates. A one-size-fits-all approach to M&D challenges is neither practical nor effective.

Industry-Specific Solutions

Our industry specialization and focus on innovation have enabled us to develop more than 80 solutions designed specifically for manufacturers and distributors. These specialized offerings can help Crowe clients improve process efficiency and effectiveness, reduce risks, and comply with regulation and controls.

“We had a great working relationship with the Crowe team. They understood exactly what we are trying to do, and they helped us make it happen.”

– Steve Elliott
Director of Information Technology
ADAC

Industry-Focused Teams

Crowe understands the highly specialized nature of M&D businesses. Our industry-focused teams are attuned to the concerns of specific subsectors such as:

- Automotive
- Chemical
- Construction materials
- High-tech
- Food and commodities
- Life sciences
- Machinery and industrial equipment
- Metals
- Plastics and rubber
- Textiles and apparel
- Wholesale distribution



Crowe M&D Services at a Glance

The Crowe manufacturing and distribution services group offers a variety of professional disciplines to help clients address today's most pressing financial, operational, and technical challenges.

Audit and Accounting

Crowe delivers high-quality audit and accounting services combined with deep M&D industry knowledge.

Tax

M&D tax specialists move beyond compliance to advanced applications to minimize tax burdens.

Information Technology

The unique IT needs of M&D businesses can be addressed by specialized IT strategy, selection, design, and Microsoft Dynamics® software implementation teams.

Mergers and Acquisitions

Crowe helps businesses address the unique challenges and opportunities of merger and acquisition (M&A) transactions, from initial strategy and due diligence to integration.

Performance Improvement

Crowe operational specialists help companies streamline processes, reduce waste, improve effectiveness, and – above all – increase profitability.

Risk and Compliance

Crowe risk specialists focus on helping M&D businesses prevent and manage operational risks and compliances across their global operations.

Globalization

Crowe locations in more than 120 countries help companies bring local resources and expertise to global M&D issues.



M&D Audit and Accounting

High-Quality Services With Deep M&D Knowledge

For M&D businesses, there is genuine value in working with audit and accounting professionals who have deep industry-specific knowledge and experience. At Crowe, our accounting and audit teams are aligned along industry and subsector lines, enabling us to provide accounting and audit clients with high-quality professional services backed by exceptional depth and breadth of knowledge.

The Value of a High-Quality Audit Reputation

Reliable financial statements are critical to manufacturers and distributors. M&D management teams often consider various growth strategies such as enhancing product lines, expanding to new markets, and acquiring upstream and downstream companies in their value chains. The ability to find sources of low-cost capital to fund these investments can be tied directly to the quality and reliability of their financial statements.

Lenders and other M&D stakeholders rely on independent audits to provide meaningful assessments of the financial statements prepared by company management. At Crowe, our auditors understand this responsibility and exercise professional skepticism to accomplish this essential function. Our audit teams are aligned along industry and subsector lines – enabling us to add depth and breadth of knowledge to our audit process.

The Value of M&D Accounting Expertise

For manufacturers and distributors looking for financial advisory services, the right accounting firm with deep M&D industry experience and practical shop-floor operations knowledge can provide valuable insight into topics such as:

- Emerging trends in M&D
- Comparative financial performance benchmarks
- Reductions in safety stock and inventory costs while increasing customer service
- Reductions in labor expense such as overtime
- Improvements in procurement and operating processes
- Opportunities for expansion and organizational or footprint change

Crowe accounting professionals often team with nonaccounting Crowe specialists to bring high-value solutions to their clients in areas such as M&A transaction support, IT strategy, operational improvement and risk management, tax, and many other areas.

M&D Audit Services

- External financial statement audits
- Benefit plan audits
- Specialized audits

M&D Accounting and Financial Advisory Services

- Cost accounting
- Financial benchmarking
- Valuations
- ESOP administration and accounting
- Litigation support

M&D Tax

Uncovering Tax Opportunities for M&D Businesses

Implementing efficient tax strategies and the right tax structure, whether domestic or global, is critical to maximizing operational effectiveness. In addition, acquisitions and identification of profitable growth areas also present opportunities from a tax perspective.

Determining the best approach to facility expansion or management, considering regional opportunities in developing markets, and creating jobs all require in-depth knowledge of tax regulations. Executing these events with effective tax strategies can make a meaningful difference in organizational profitability.

Beyond Compliance: Embracing Opportunities

Crowe helps M&D businesses address tax-related opportunities through a combination of specialized industry focus, comprehensive tax knowledge, and innovative technology. At Crowe, we put our global manufacturing and supply chain experience to work to help companies identify, design, and implement cost-effective tax compliance, tax planning, and tax consulting solutions.

M&D Tax Services

Federal Tax

- Accounting methods and inventory
- Captive insurance
- Domestic manufacturing deduction
- Fixed assets and tangible regulations
- R&D tax credits

State and Local Tax

- Credits and incentives
- Income and franchise
- Property tax
- Sales and use
- Unclaimed property

International Tax

- Foreign tax credit maximization
- IC-DISC planning
- Transfer pricing



M&D Information Technology

Deriving Real Value From IT

IT systems that support M&D businesses are complex, expensive, and varied. Companies often wrestle with making the right system selection decisions initially and then struggle to deploy and operate the chosen systems in a way that drives real business value. As a result, IT often is perceived as a frustrating cost rather than the real value-driver it should be.

Crowe has extensive experience helping M&D operations address IT challenges, including:

- Inaccurate planning data or data that is not optimized to drive operational efficiencies
- Outdated ERP and other IT systems that require workarounds and offline spreadsheets, which can create inefficiencies and delays
- Changes in the business – such as increased global sourcing, new services, or new distribution models – that old IT systems do not handle well
- Software (such as OEE systems) that collects data but does not produce operational improvements
- Insufficient real-time reporting and analytics for key operational metrics
- Underutilized software functionality, due to lack of training in concepts such as MRP or forecasting
- Complex operations such as plant scheduling done outside systems, which can put the company at risk and constrain growth
- Cybersecurity gaps and weak intellectual property protections

The Good News About IT

With the right IT strategy road map, combined with process optimization, today's powerful IT systems can lead to real and measurable value. Crowe IT teams can help M&D companies take advantage of these strengths to help drive:

- Working capital improvements
- Revenue increases
- Risk reduction
- Cost reduction
- Performance and productivity improvement

M&D Information Technology Solutions

- IT strategy road maps
- IT systems selection
- Enterprise resource planning (ERP)
- Business intelligence
- Cybersecurity

“Crowe brings experience and expertise to our team. They listen to my needs, understand our unique challenges, and are always available to help. They made me successful twice, so I’m not afraid to recommend them to anyone.”

– Jeff Young
Vice President, Chief Information Officer
Haynes International Inc.

Crowe M&D Solution Profile

Crowe Metals Accelerator for Microsoft Dynamics 365™ Software

The Future of ERP for the Metals Industry

Crowe draws on years of hands-on experience to develop highly focused enterprise solutions designed to help M&D companies improve performance, streamline workflows, upgrade customer service, and enhance overall business value. As all manufacturing companies demand more real-time and accurate data, many metals companies' legacy ERP systems are badly outdated, and many new solutions from traditional ERP providers fail to meet the unique business and financial demands of metals manufacturers.

The Crowe Metals Accelerator for Microsoft Dynamics 365 for Operations software offers a breakthrough solution to this dilemma. By accommodating the highly specialized complexities intrinsic to metals businesses, the Crowe solution can reduce ERP implementation risk by minimizing customization and eliminating project delays that can occur with nonindustry-specific solutions. As the only approved solution for the metals industry available on Microsoft® AppSource, clients can help avoid the risks that come with boutique or custom-developed solutions.

The Crowe Metals Accelerator works seamlessly with common, recognizable Microsoft software, increasing user adoption and providing greater insight into operational and financial data. The increased data visibility allows for more informed and timely decision-making across the entire metals organization.

Crowe M&D Solution Profile

Crowe Analysis Platform

New Analytics to Drive Working Capital Results

The Crowe Analysis Platform working capital solution brings innovative analytics to the massive amounts of working capital data that is hidden within ERP systems. Flexible and fully automated, this software as a service (SaaS) tool pulls financial and operational data from multiple business systems into a secure workbench that does not require the company to purchase any hardware or load any software. Dozens of graphical and best-practice analytics of inventories, accounts payable, and accounts receivable work with your existing ERP platforms to provide views across all locations in ways that traditional ERP systems simply can't.

The result: improved decision-making capabilities that can have a positive effect on a manufacturing operation – from payables and receivables management to complex strategic and operational decisions about pricing, inventory management, and customer service levels.

M&D Mergers and Acquisitions

Achieving Results From Mergers and Acquisitions

Many manufacturing and distribution companies are devoting significant time and resources to merger and acquisition (M&A) deal-making as a core element of their growth strategies. Their objectives might include acquisitions to drive global reach, consolidations to optimize a national distribution platform, or vertical expansions into the supply chain.

Yet many M&D leaders acknowledge that their M&A transactions often fail to achieve the financial outcomes and operational synergies that were expected as part of the investment thesis. The operational and logistical complexities often prove to be extremely challenging – especially when the nuances of a global supply chain and the operational difficulties of post-merger integration must be addressed.

M&D Merger and Acquisition Services

- Buy-side due diligence
- Sell-side due diligence
- Valuation
- Tax structure
- M&A integration
- Ownership transition

Expanding Value, Turning Goals Into Achievements

Crowe offers a complete suite of M&A consulting services delivered by seasoned professionals who understand the issues related to M&D strategic opportunities. This comprehensive approach includes diligent planning, skillful execution, and prompt action to improve the likelihood of transactions meeting financial and operational expectations.

The Crowe approach incorporates the use of focused improvement efforts and a strong deal-cycle playbook that addresses the seven critical pillars of M&A success:

1. Structure, governance, and accountability
2. Strategic clarity
3. Execution efficiency (process management)
4. Operation continuity
5. Synergy capture
6. People and culture management
7. Scalable resources



M&D Performance Improvement

Increasing Profitability Through Operational Improvement

Operating executives in M&D companies are searching for more than just process improvement – they need profitability improvement. There are always ways to save money – the key is to do so without adversely affecting safety, quality, delivery performance, or customer satisfaction.

Crowe performance improvement teams help M&D companies identify the root causes of poor performance and then design and implement solutions aimed at streamlining processes, reducing waste, improving management effectiveness, enhancing revenue, and addressing overall equipment effectiveness (OEE). Drawing on decades of direct operational M&D experience, Crowe performance specialists help businesses employ a number of highly effective techniques, such as:

- Identifying the top operational levers that can drive measurable financial improvement
- Focusing on solutions and the most effective approaches rather than on reusing specific tools (such as kaizen events) that might not be best suited for the challenge being addressed
- Clarifying and prioritizing competing issues when there are not sufficient internal resources to tackle all the opportunities
- Accessing critical operational data and analyzing it effectively to identify operational improvement insights
- Moving quickly to address liquidity or other urgent issues while avoiding hasty decisions that could lead to suboptimal results

The Right Levers – and the Right Tools to Move Them

Drawing on a broad array of solutions, Crowe teams identify specific tools and methods that can produce a financial impact. Beyond making recommendations, Crowe employs a hands-on approach that pursues bottom-line improvement while establishing a foundation for long-term, sustainable growth.

M&D Performance Improvement Solutions

- Operational improvement via Lean Six Sigma methodology
- Supply chain
- Selling, general, and administrative (SG&A) expenses
- Working capital
- Demand planning, sales and operations planning (S&OP)
- Strategic sourcing
- Supplier viability
- Turnaround and restructuring



M&D Risk and Compliance

Managing Risk for Competitive Advantage

M&D organizations face a variety of risk-related challenges stemming from an expanded risk universe, globalization, new regulations, greater technology risks, and increased budget pressures. The global economic environment and significant risk events have led companies to renew their focus on the effectiveness of their risk management practices. Concurrently, owners and other key stakeholders are increasing their expectations for success, calling on management teams to deliver higher value at lower risk of failure.

Unfortunately, many companies have failed to realize the potential benefits of their risk management efforts despite significant investments in implementing new frameworks and models.

M&D Risk and Compliance Services

- Internal audit solutions
- Operational reviews
- Security and privacy
- Third-party risk consulting
- Anti-bribery and forensics
- *Sarbanes-Oxley Act*
- Enterprise risk management
- Conflict minerals

Addressing Today's Critical M&D Risk Issues

The experienced risk professionals at Crowe have deep subject-matter expertise in risk management, internal audit, fraud and ethics, security and privacy, and regulatory compliance, enabling them to keep clients advised on emerging trends, industry benchmarks, and best practices in areas such as:

- Identifying, evaluating, and managing supply chain risks
- Implementing and modifying manufacturing and supply chain information systems
- Safeguarding intellectual property, data assets, and other information
- Complying with state and federal laws and regulations critical to manufacturers
- Providing a global footprint and capabilities to manage operational risks
- Understanding, assessing, and managing third-party risks



Crowe M&D Solution Profile

Crowe Conflict Minerals Tracker[®] Solution

A Proactive Approach to Conflict Minerals Disclosure

Thousands of manufacturers, both large and small, are directly affected by the U.S. Securities and Exchange Commission's (SEC) conflict minerals rules, which are intended to cut off funding to groups responsible for human rights abuses. Under Section 1502 of the *Dodd-Frank Wall Street Reform and Consumer Protection Act* and the SEC's conflict minerals rule, SEC registrants are required to disclose the presence of tin, tantalum, tungsten, or gold (3TG) in their manufactured products.

The products in which these minerals are used range from cell phones to toothpaste and from vehicle parts to medical devices, so thousands of companies in aerospace, automotive, defense, electronics, and many other industries now must determine the use of 3TG in their products, identify the sources of 3TG throughout their supply chains, and report their findings to customers, the SEC, and consumers. Nonregistrants, if part of a registrant's supply chain, also will be affected by the conflict minerals rule to the extent the materials or products supplied contain 3TG.

Streamlining Compliance Through Innovation

Crowe provides guidance to companies seeking an effective, efficient, and comprehensive solution to the challenges presented by the conflict minerals rule. Crowe also maintains an online Conflict Minerals Resource Center, which offers explanatory literature as well as links to helpful industry, government, and community sources for compliance guidance.

In addition, Crowe conflict minerals specialists developed the Crowe Conflict Minerals Tracker solution to help companies conduct the reasonable country-of-origin inquiry (RCOI) surveys and supplier due diligence, using highly effective tools and techniques, including:

- Dynamic surveys consistent with the standard conflict minerals reporting template
- Validation checks to verify data quality
- Built-in training video tutorials to educate users
- Real-time progress reporting and statistics
- Back-end capture and analysis
- Risk analysis dashboards
- Easy data export and ad hoc reporting for customer requests
- Secure central repository to simplify audit process

As part of a comprehensive approach to conflict minerals compliance, the Crowe Conflict Minerals Tracker solution can help simplify data collection, analysis, and reporting to enhance efficiency and strengthen supplier engagement.

M&D Globalization

Helping Companies Achieve Global Objectives

For many years, M&D businesses have looked upon globalization primarily as an opportunity to identify and employ lower-cost labor and production facilities. Today, however, the effects of globalization are seen in many aspects of an M&D company and have a direct impact on such concerns as achieving strategic growth objectives and maintaining competitive advantage.

But as globalization opens a broader range of opportunities, it also presents a wider array of risks and complexities. In addition to global supply chain issues, M&D companies also must address issues such as intellectual property and information theft, vendor corruption, local jurisdiction regulatory compliance, cross-border supply chains, and acquisition integration challenges.

M&D Globalization Services

- Global M&A opportunities
- Global supply chain management
- International tax planning and compliance
- International Financial Reporting Standards (IFRS) compliance
- Anti-bribery compliance

Using Globalization Strategies Effectively

At Crowe, we recognize that successful M&D businesses are applying globalization strategies that also help M&D businesses achieve a much broader set of competitive objectives. Among the many concerns that globalization strategies must address are critical issues such as:

- Finding new customers
- Improving access to raw materials
- Identifying new investment or acquisition opportunities
- Locating unique intellectual property
- Enhancing global customer service

A Global Presence

Crowe is a leading North American member of Crowe International, a global accounting network. The member firms of Crowe International assist multinational businesses in meeting their governance, risk, and compliance needs.

- More than 215 member firms with more than 760 offices in nearly 130 countries
- Recognized as one of the top 10 global accounting networks¹

This global network enables Crowe to help M&D organizations access the right team of specialists with localized knowledge and experience to help them deal with issues in specific locations.

¹ International Accounting Bulletin, February 2017.





Learn More

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About Crowe

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