


# TRANSFORMATION PLANNER

## An MMTC Improvement Planning Tool

MMTC's Transformation Planner is the ideal tool for charting your company's journey to achieve lower costs and higher profits. The Transformation Planner starts with benchmarking data to show 12 key metrics in comparison to other companies in your industry sector. Drawing on MMTC's database of nearly 11,000 industry records, the Transformation Planner has been in used by Michigan companies since 2001. This proprietary tool is available exclusively through the MMTC.

		TRANSFORMATION PLANNER		Client Data Entry	
		Current Company: Demo Company Current Group: Industry Current Sector: stamping			
		Company Values	Percentile		
1. Gross Margin	Annual Revenue	\$10,750,000			
2. Inventory Turns	Cost of Goods Sold	\$9,545,000			
3. Utilities	Purchased Material	\$5,895,750			
	Labor and Overhead	\$3,649,250			
4. Scrap and Rework	Gross Margin	\$1,205,000 (11.21% of Revenue)	23%		
5. Premium Freight	Average Inventory	\$1,362,500			
6. Days Receivables	Inventory Turns	7.01	34%		
7. On-time Delivery	Outside Services	\$158,000			
	Utilities	\$287,500	13%		
8. Available Machine Hours	Value-Added	\$4,408,750			
9. Machine Run Hours	Cost of Scrap (Total)	\$387,500			
10. Schedule Bumping	Cost of Scrap (Material)	\$127,875			
11. Employee Turnover	Cost of Rework	\$200,000			
	Scrap and Rework (as % of COGS)	\$587,500 (6.16% of COGS)	5%		
12. Value-Added per FTE	Premium Freight	\$12,000	37%		
	Average Receivables	\$1,650,000			
	Days Receivables	56.02	33%		
	On-Time Deliveries	88.50%	10%		
	Machine Hours Available per Year	4576			
	Machine Hours Running per Year	3112			
	Available Machine Hours as % of Hours/Year	52.24%	80%		
	Machine Run Hours as % of Available Hours	68.01%	63%		
	Schedule Bumping	15.00%	25%		
	Annual Employee Turnover	7.50%	80%		
	Avg. Number of Hourly Employees	79			
	Avg. Number of Salary Employees	22			
	Average Work Week	52			
	Full-Time Equivalents (FTE)	124.7			
	Average Hourly Pay	\$10.89			
	Value-Added per FTE	\$35,355	5%		

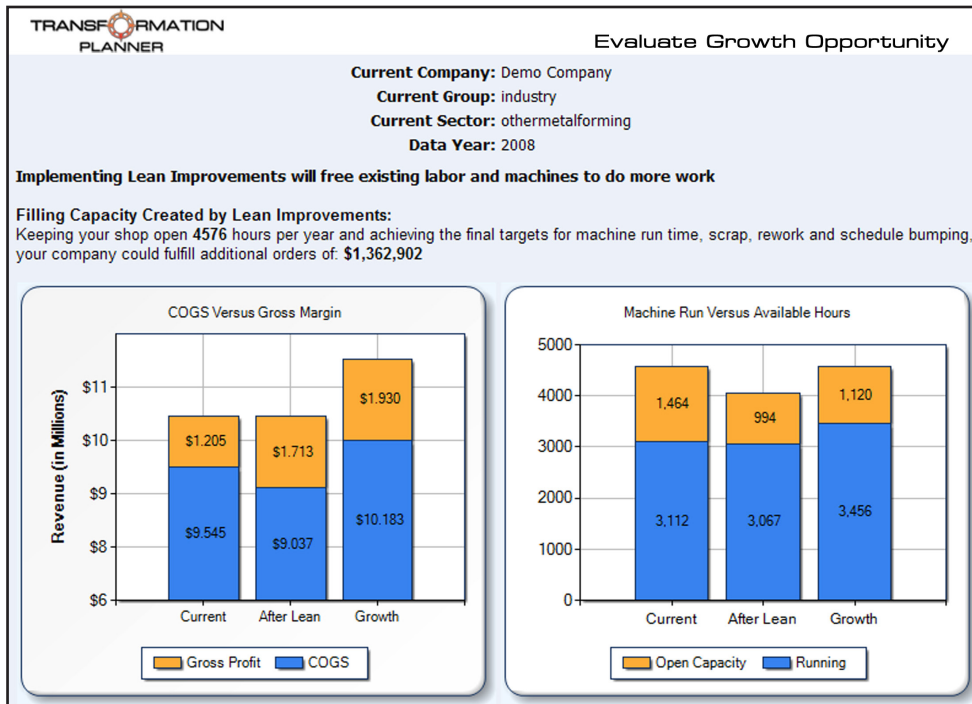
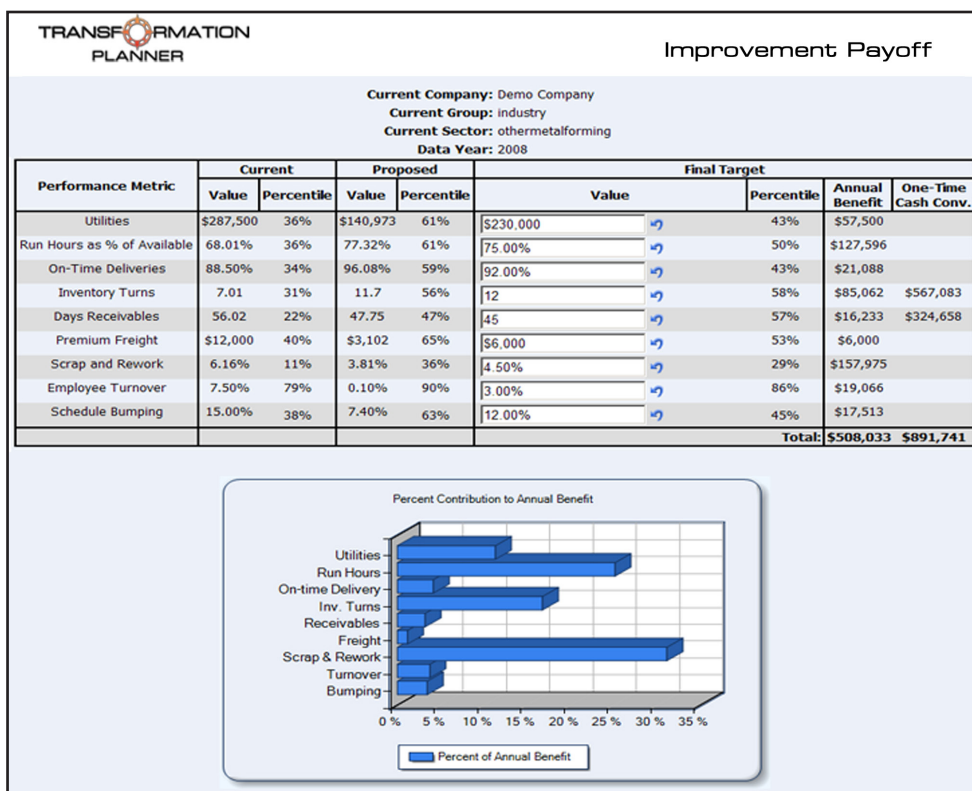
## Realistic Improvement Targets

The model automatically sets improvement targets for your organization to consider. With discussion and agreement, these targets may be adjusted, based on realistic inputs of priority ranking, timeframe and resource availability under your management control.

Once final targets have been established, the Transformation Planner calculates the potential one-time and recurring annual financial benefits of reaching those targets.

A main benefit to achieving those targeted improvements is the increase in available manufacturing capacity. After the implementation of improvements, companies often find that they can efficiently complete their orders with fewer production hours. With the additional capacity, the opportunity exists to find and fulfill more production orders, all while keeping their operation just as busy as before.

The Transformation Planner allows companies to model how much capacity can be made available by implementing/achieving production improvements. Thereby it estimates the resulting opportunity for growth --- growth that can occur with no additional investment in machinery and with no increase in production hours.



## Step-by-Step Transformation

The process begins by completing a Competitiveness Review or PBS Questionnaire. Once the responses are analyzed by MMTC and entered, the initial Transformation Planner report is generated. For companies enrolled in MMTC's LEAN Executive training, this initial report is then reviewed during an on-site operational assessment to determine the validity of the input data and to identify improvement opportunities.

For additional information, contact MMTC West at 616-771-0561 or email at [mmtcwest@rightplace.org](mailto:mmtcwest@rightplace.org).