


TRANSFORMATION


PLANNER

The 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 used by Michigan companies since 2001. This proprietary tool is available exclusively through the MMTC.



1. Gross Margin
2. Inventory Turns
3. Utilities
4. Scrap and Rework
5. Premium Freight
6. Days Receivables
7. On-time Delivery
8. Available Machine Hours
9. Machine Run Hours
10. Schedule Bumping
11. Employee Turnover
12. Value-Added per FTE



Client Data Entry

Current Company: Demo Company
Current Group: Industry
Current Sector: stamping

	Company Values	Percentile
Annual Revenue	\$10,750,000	
Cost of Goods Sold	\$9,545,000	
Purchased Material	\$5,895,750	
Lebor and Overhead	\$3,649,250	
Gross Margin	\$1,205,000 (11.21% of Revenue)	23%
Average Inventory	\$1,362,500	
Inventory Turns	7.01	34%
Outside Services	\$158,000	
Utilities	\$287,500	13%
Value-Added	\$4,408,750	
Cost of Scrap (Total)	\$387,500	
Cost of Scrap (Material)	\$127,875	
Cost of Rework	\$200,000	
Scrap and Rework (as % of COGS)	\$587,500 (5.16% of COGS)	5%
Premium Freight	\$12,000	37%
Average Receivables	\$1,550,000	
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%	62%
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 reoccurring annual financial benefits of reaching those targets.

A main benefit in achieving those targeted improvements is the increase in available manufacturing capacity. After the implementation of improvement, 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.

