

LOSING CONTROL OF COSTS NEARLY SHUT DOWN THE BUSINESS

From Negative Margins to \$2.5M EBITDA Recovery in 10 Weeks

Background

Company:

A custom metal fabricator operating within a complex job-shop environment relied heavily on experienced operators rather than standardized processes, creating significant variability in execution and exposing operations to risk amid workforce turnover.

Situation:

Operational performance had deteriorated rapidly. Cost of Goods Sold (COGS) exceeded 100% of sales, driven by excessive rework, uncontrolled overtime, and a lack of production visibility. Turnover reached 60% company-wide and 80% in operations, further destabilizing execution. Without standardized scheduling or accountability, production targets were routinely missed, margins turned negative, and leadership gaps threatened business continuity. Annual rework costs alone exceeded \$1M, and total operational inefficiencies created significant financial strain.

Objective:

The ProAction Group was engaged to rapidly stabilize operations, restore production discipline, and return the business to profitability. The engagement focused on reducing rework and COGS, improving throughput, eliminating inefficiencies, and developing internal leadership capable of sustaining long-term performance.

Actions Taken

- Assumed Interim Plant Manager role with full execution authority
- Implemented daily production meetings and Gemba walks to drive accountability
- Established in-process quality checks and day-by-hour performance tracking
- Defined roles, responsibilities, and skill requirements across the organization
- Consolidated operations from three shifts to two, reducing inefficiencies
- Implemented visual production scheduling for improved visibility
- Deployed 5S and abnormality management to stabilize workflows
- Identified and developed internal hourly employees into leadership roles

Beyond operational recovery, the most significant impact was the development of internal leadership. By replacing reliance on tribal knowledge with structured processes and disciplined management, the organization built a sustainable foundation for long-term performance.

IMPLEMENTATION IMPACT

Headcount reduced by over 19%

Overtime reduced by 60%

**Added \$2.5M
in annualized EBITDA
in just 10 weeks**

- Rework and overtime costs materially reduced
- Production targets consistently achieved with elimination of past-due orders
- Throughput increased while reducing shifts and headcount
- Workforce stabilized with improved engagement and lower operational stress

THE PROACTIONSM GROUP^{LLC}

Uncover Hidden Value. Drive Transformational Growth.

We help businesses unlock operational excellence and reveal the profit hiding in plain sight
– often without new equipment, new people, or risky investments.

The Competition is Fierce. Change the Rules.™

proactiongroup.com | 312.726.6111