

# LOSING A KEY CLIENT NEARLY BROKE THE BUSINESS

## From Revenue Shock to Positive EBITDA & 15% Growth Momentum

### Background

#### Company:

When new ownership took over, a large pre-finished floor moldings manufacturer entered a period of uncertainty that quickly spread across the plant floor.

#### Situation:

Critical leadership gaps in engineering, EHS, and quality left teams without direction, and the impact was felt almost immediately; processes unraveled, engagement dropped, and production became increasingly unstable. As performance slipped, so did customer confidence, ultimately resulting in the loss of the company's primary customer.

Revenue was growing, but something wasn't adding up. Despite increased sales, profits continued to lag, buried under layers of inefficiency that had quietly taken hold across the operation. Production was weighed down by informal processes and non-value-added steps, with nearly 8 days of work-in-progress tying up cash and slowing throughput. Scrap rates hovered between 5–10%, while high setup and changeover times further limited productivity. On the floor, work moved inconsistently, driven not by real-time demand but by a backward-looking 13-week schedule and existing inventory levels. Without visibility into true customer forecasts, the business struggled to produce what was needed, when it was needed. What should have been growth instead exposed deeper operational cracks, revealing a system in need of alignment, discipline, and a shift toward streamlined, in-line production.

#### Objective:

To stabilize the business and restore profitability, leadership engaged The ProAction Group to test what was truly possible within their existing operation. Rather than jumping straight into a full transformation, the focus began with a proof-of-concept, designed to validate whether the plant could operate differently, more efficiently, and at scale.

### Actions Taken

Using the proof-of-concept workplan as a guide, efforts targeted the core drivers of performance – safety, scheduling, productivity, maintenance, quality, and materials – while embedding new ways of working:

- Stabilized the work environment by addressing unsafe conditions and reinforcing accountability through ongoing monitoring
- Transitioned from a make-to-stock model to a hybrid make-to-order approach, aligning production more closely with customer demand
- Implemented Manage for Daily Improvement (MDI), creating visibility, structure, and daily accountability across operations
- Developed a modular, flexible production line reducing operating steps, enabling faster changeovers, and supporting scalable, in-line production
- Established standardized work, improving consistency, reducing variability, and sustaining gains over time
- Strengthened material and quality control processes, reducing waste and improve throughput
- Coached frontline leadership on critical operational management practices, reinforcing a stronger focus on value stream performance

## IMPLEMENTATION IMPACT

**Reduced Labor Cost**  
per Unit \$5.87 to \$3.31 (44%)

**Increase in production**  
from 10k pcs/wk to 18k pcs/wk  
(80%) with same labor

**Reduced WIP**  
from 8 days to 1.5 days

### Transforming Performance at Every Level:

**Lower Costs, Faster Flow,  
Higher Quality, & Zero Recordables**

- Change-over reduced by 50%
- Increased first pass yield from 87% to 94%
- Schedule attainment improved from 85% to 97%

**THE PROACTION<sup>SM</sup> GROUP<sup>LLC</sup>**

**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.™

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