

# OPERATIONAL DILIGENCE UNLOCKS VALUE

## One-Piece-Flow Drives 44% Productivity Surge, 38% Capacity Gains, and \$300K Savings in 8 Weeks

### Background

#### Company:

Our client was seeking new investors for a consumer products manufacturing business and was in need of a sell-side diligence. Operations relied heavily on batch production, multiple packing lines, and separate warehouse locations, creating complexity in scheduling, labor deployment, and inventory management.

#### Situation:

Production was built around extended batch runs of 8–12 weeks per SKU, creating a recurring cycle of feast-or-famine across the operation. At any given time, some products were overproduced and tying up valuable working capital, while others lagged, leading to service delays and missed demand. On the factory floor, an inefficient layout added to the strain, with excessive travel, motion, and material handling slowing throughput. Beneath the surface, true capacity was difficult to gauge, masked by poor flow and uneven labor allocation. As investors took a closer look during diligence, these challenges raised clear concerns around the operation's scalability, efficiency, and EBITDA potential.

#### Objective:

Initially, The ProAction Group was engaged to conduct sell-side operational diligence. The assessment identified a significant opportunity to improve performance, estimating that the application of lean principles could increase labor-hour productivity by approximately 40% through higher throughput and unlocked capacity—driving meaningful gains in EBITDA and overall market value ahead of a potential transaction. Based on these findings, the client retained ProAction to execute an 8-week implementation program.

### Actions Taken

- Conducted the initial on-site operational diligence.
- Redesigned factory layout to support flow and transparency.
- Implemented Lean Manufacturing principles, including one-piece flow.
- Streamlined processes to reduce material handling and non-value-added activity.
- Rebalanced labor and reallocated staff to constraint areas.
- Reduced redundant staffing while increasing productive capacity.
- Co-located warehouse operations to reduce labor and expense.

**Lean operating model generated a 25x return on dollars invested in the improvement effort**

## IMPLEMENTATION IMPACT

**Increased productivity by 44%**

**Achieved a 38% increase in manufacturing capacity**

**Reduced direct labor costs by over \$300,000**

**Delivered incremental savings of 5–15% in receiving, inventory control, and shipping**

- Reduced manufacturing lead times through one-piece flow
- Established more visible, easier-to-manage production processes
- Improved scheduling accuracy and accountability by product type
- Achieved a 10% reduction in labor

**THE PROACTION 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.™

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