Capacity Modeling for Location Consolidation

Case Study

Forsyth hired by the largest domestic manufacturer and distributor of after-market automotive equipment, with two facilities located 2,500 miles apart. Client needed to understand decision dynamics around redundancies for possible facility consolidation, amidst heavy revenue growth. Forsyth led the analysis, comparing the two facilities for capacity and competency overlap, ultimately uncovering significant opportunities in EBITDA improvements.

"Forsyth's navigating complex global supply chains enhanced the company's operations and created tremendous value." ***– JT, Private Equity Partner***

Outcome

18%
EBITDA Improvement

Consolidated
Supply Chain by Leveraging Volumes

Initial Savings Est.
Realized Thought-out Execution

Savings Projection
Used for underwriting new acquisition

Our Approach

Baseline Model Development: Forsyth developed capacity, cost, and headcount model to recreate Current State, with pressure testing to validate correlation with actuals.

Redundancy Identification: Process identified over $1.0M in savings potential, with additional $.5M in freight, lease, and inventory reductions

Future State Identification: Using model, Forsyth provided sensitivity analysis against multiple Future States to identify potential cost and capacity benefits to facilitate consolidation decisions.

Streamlined Supply Chain: Consolidated model identified additional $.5M in freight savings with potential $.75M inventory reduction

Challenges Resolved

Facility Redundancy: Client's manufacturing locations had considerable overlap in core competencies in addition to available capacity

Experiencing Significant Sales Growth: Client internal resources heavily focused on production ramp up, which need to be accommodated during project.

Efficiency Disparity Across Locations: Significant, sustained efficiency disparities across two locations, creating necessary accommodation into Model