

*Case Study:
Casting and Machining Company*

Company Overview

The firm is a producer of assembly-ready precision aluminum components. Their approach streamlines the component design process curve through co-engineering and process management of specific engineering processes resulting in shortened time-to-production and time-to-market cycles. For over 20 years the firm has provided precision aluminum components to the aerospace, electronics, medical and instrumentation industries. At the initiation of CV's involvement, the firm was being transferred from father to son.

Level Of Involvement

Chairman's View was hired in late fall 2004 for a standard 3-month engagement with the overall goal of transferring control and ownership from the father to the son. CV was retained for an additional 6 months to continue the training of the new CEO and to help the management team implement the necessary changes to strengthen the company's value and achieve their goals. The client is currently using CV's performance dashboard to drive growth and maintain accountability.

Initial Chairman Impression

Fundamentally the Company has an exciting opportunity and is well positioned to take advantage of it, but is at risk of being overwhelmed by the opportunity due to a lack of management and process. The firm is well capitalized, profitable, and growing. It fits a solid niche in its marketplace, has good people, and a soup-to-nuts business model that allows it to capture value from raw-material input to finished-product output. Past performance has been driven from the top with little room for development of a management team. To date the management style has not severely limited the company's growth, but it is today at a break point. It has extracted a toll on the owners and arguably slowed the company's development up to this point.



Company & Owner Goals

1. Gain management control and free up owner to focus forward
2. Achieve an annual growth rate of 20%-25% and annual sales of between \$30M and \$40M
3. Make the company a valuable asset with excellent future options

Course Of Action

This work plan has been organized to put in place over the next 4 months the management and operating processes required to enable the principle to accomplish his stated objectives. Included below are the major items.

Corporate Structure

- Clarify control issues and lock down buy-out terms
- Set and communicate a clear company vision and mission
- Set corporate value metrics and leading indicators
- Hold quarterly board meetings

Financial Organization

- Rebuild the financial reporting system (needs to be in place by January 1)
- Budgets in place for 2005
- Reports Structured
- Pro forma statements for 2006-2007

Revenue Pipeline – with Top Line Systems

- Establish and fill a strong revenue pipeline

Delivery System – with Interpro

- Increase first pass yield percentage
- Reduce casting/machining time – total delivery time

Management Structure

- Set new CEO compensation package
- Establish clear management organizational structure and job descriptions
- Develop a process for management accountability
- Define success metrics and tie to compensation



Results

The company survived a very dangerous patch in the first quarter of 2005. The combination of execution, hard work and the raw potential of the young CEO brought the company through. Over the following months with new talent and focus the Company has been hitting on all cylinders. The delivery time has shrunk by 75%, the on time delivery is 99%, and growth continues at 30% with no lessening of net income.

CV continues to work at the Board level as the company pushes to hit its long-term goals both through internal growth and possible acquisitions.

CHAIRMAN'S VIEW

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