

## Fix the Factory to Fix the Cash: Manufacturing Levers That Improve Liquidity

### In a Turnaround Manufacturing Can Activate Operational Levers to Rapidly Convert Working Capital Into Cash

In most turnaround or restructuring situations, companies zero in on financial restructuring, working capital optimization, and SG&A reductions. But the factory; where the real value is created often remains an untapped lever. Manufacturing operations, often seen as cost centers, can be transformed into powerful cash-generating engines through focused, rapid improvements



### Why Manufacturing Matters in a Liquidity Crunch

- **Improving OEE (Overall Equipment Effectiveness)** increases throughput without added headcount or overtime, reducing unit costs and accelerating order fulfillment.
- **Reducing scrap, rework, and defects** immediately frees up material and labor capacity, cuts costs, and improves margin.
- **Aligning labor and production schedules to actual demand** helps avoid overproduction and excess WIP and Finished Goods inventory while reducing idle labor and shift inefficiencies.
- **Better production sequencing and changeover management** reduce downtime, shorten lead times, and increase inventory turns



**These are not long-term initiatives; they are hands-on levers that can deliver near-term cash impact when executed with precision, urgency and discipline**

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### The Missing Link: Business Operating Systems

In distressed environments, plants often lack structured daily management, accountability, and problem-solving routines. The absence of a Business Operating System makes it nearly impossible to drive consistent execution or recover lost productivity.

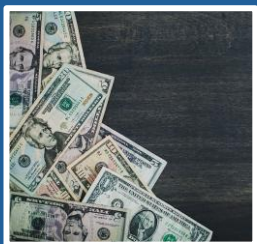
A strong Business Operating System in a turnaround environment includes:

- **Tiered daily huddles** to escalate and resolve issues fast
- **Visual management** of performance, bottlenecks, and priorities
- **Clear metrics and targets** tied to both operational KPIs and cash goals
- **Frontline engagement** to identify waste, reduce variability, and stabilize processes



**You can't fix what you can't see. And you can't manage what you don't track.**

**Fixing the factory is a necessity. In a restructuring situation, improving manufacturing performance is one of the few levers that can move both the P&L and the cash flow statement in the same direction.**



**If You're Only Fixing The Balance Sheet But Not The Factory Floor, You're Leaving Cash On The Table**