



**Central Coast Chapter**

<http://www.apics-centralcoast.org/>

## **Professional Development Meeting – Double Header**



### **“Cash Conversion Cycle” and “Inventory Reduction”**

**Presented by Andy Pattantus,  
President, Strategic Modularity, Inc.**

**Tuesday, June 12<sup>th</sup>, 2012 starting at 6 p.m  
Sands Inn & Suites, 1930 Monterey Street, San Luis Obispo, CA**

#### **Seminar #1 Topic: Cash Conversion Cycle**

We tell the cash flow story of a growing manufacturing company. Since growth requires cash, the company must determine how much cash will be consumed by growth. Cash flow fundamentals are explained, in the context of operations. The elements of the “Time-Cash Gap” are examined, to determine which operations improvements will improve cash flow.

#### **Seminar #2 Topic: Inventory Reduction using Lean Methods**

We tell the story of a manufacturing company that wants to grow. Since growth requires cash, the company wants to liberate cash by reducing inventory. Lean methods are applied to streamline the process. The result is improved earnings, liberated working capital, increased capacity, and extra manufacturing floor space for growth.

***See next pages for detailed abstracts and information...***

## **Seminar #1 Extended Abstract: Cash Conversion Cycle**

In many small companies, the cash conversion cycle (CCC) “is what it is” because it was never designed. Trapped inside the CCC is a tremendous amount of cash, also called Working Capital (WC). This cash, while very real, is not readily visible on average SMB financial statements.

Successful operations improvement projects are normally well grounded in financial motivations. Growth has huge financial implications, so operations lead times and the company financial structure must be carefully designed and coordinated. The CCC is driven by operations lead times. To liberate cash to fuel growth, lean methods can be applied to reduce processing time and speed-up throughput. During growth periods, applying Lean methods to achieve CCC reduction can be a “lifesaver” for many companies.

This presentation describes the essential connection between working capital and operations, including:

- How operations lead times affects working capital requirements
- The relationship between growth and cash
- How fast growth can deplete company finances
- Recognizing why growth rate, financial structure and operations lead times must be harmonized.
- Reconciling the conflicting goals of Finance, Operations, and Sales.

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## **Seminar #2 Extended Abstract: Inventory Reduction using Lean Methods**

In most companies, the batch size was never designed. Usually batch size is driven by inefficient set-ups and unreliable production processes. The selection of batch size has huge financial implications.

Lean methods can be applied to streamline the process, reduce inventory, and liberate cash to fuel growth. While lean methods result in operations improvements, the focus of this presentation is on the financial implications of the batch size decision.

This presentation describes the essential connection between inventory and operations, including:

- Reconciling the conflicting goals of the CEO, CFO, COO, and VP Marketing and Sales
- Recognizing the INSANE cycle, a management trap
- How batch size affects the inventory
- How the wrong batch size can constrain company finances
- The relationship between growth and ROIC

## Speaker

Andy Pattantyus, CPIM, is founder, owner and President of Strategic Modularity, Inc., (SMI), a management consulting company serving many SMB clients with annual revenues of \$3 to \$30 million. Andy is passionate about enabling client companies to reach their greatest potential by setting goals, preparing plans and eliminating waste. Andy's 30 years of experience in designing/integrating modular production systems and flexible processes, developing new products, processes and machinery, provided him with a wide base of knowledge on how to eliminate process inefficiencies. Andy solves business problems by combining technical innovation with strategy, system design, facility design, human resource management, project management and accounting. A streamlined and efficient business perspective, with a strong mix of technical skills, enables Andy and his team to improve a company's health. In Andy's roles, achieving results always required significant planning before execution. Before founding SMI, Andy managed development projects and material flow as a Senior Engineering Manager at Eveready Battery Co. Inc. and as a Director at Quallion LLC. Andy holds 6 patents, a B.S. and an M.S. in Mechanical Engineering from Virginia Tech as well as an MBA from Case Western Reserve University.

Andy is a contributing author of chapters about Yield and Quality in the recently released book "THE Book...on Business from A to Z" by Daniel Feiman ©, a guide to understanding essential business issues.

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## Who Should Attend

- Finance and Accounting Managers
- Material Control Managers
- Operations Managers
- Any professional trying to justify a Lean Transformation project
- Any company owner who wishes to free up some working capital

Both presentations are geared towards management, operations professionals and industrial engineers who are striving to improve the efficiency of operations and processes, and want to have a better conversation within their company about the efficiency factors that really matter.

**Entry:** \$20 / \$10 for members and students

***\*Light Dinner Buffet Included\****

***\*Door Prize Drawing\****

***\*Networking\****

***\*Free Parking\****

### ***Related Links:***

[Inventory Reduction Case Study](#)

[THE Book on...BUSINESS from A to Z](#)

[Extended Bio](#)

**Reservations Appreciated:** [president@apics-centralcoast.org](mailto:president@apics-centralcoast.org) / (805) 501-5556