

# Strategies to Drive Business Profitability

---

## Metrics and More



**Westminster Tool**

## **Management**

- Trained Senior Management on Value Add and Gross Margin concepts.
- Hired an MRP/ERP experienced Accounting/Office Manager.

## **Operational Systems and Metrics**

- Restructured quoting and accounting policies & procedures.
- Identified Key Benchmark and Financial Metrics using 2022 actual data.
- Implemented MRP/ERP System.

## **Sales and Marketing**

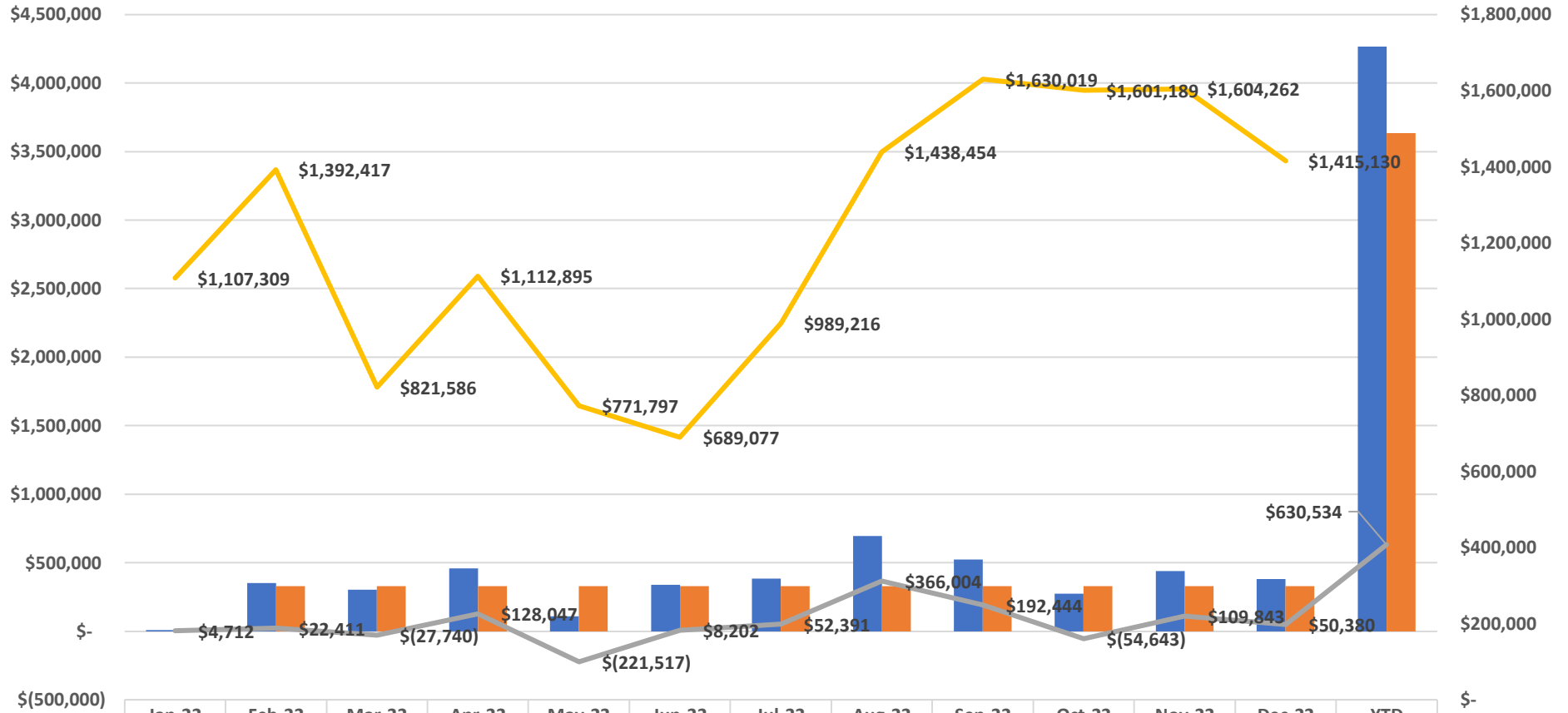
- Launched a strategic business relationship with a sales representative agency.
- Redesigned the Company's website to enhance customer engagement and emphasize the Company's market advantages.

**2022 – Gap Analysis → Foundation Building**

**Bookings**

**Order Bookings and EOM Backlog**

**EOM Backlog**



	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	YTD
<b>Order Bookings Actual</b>	\$9,712	\$352,411	\$302,262	\$458,049	\$108,486	\$338,206	\$382,396	\$696,010	\$522,451	\$275,365	\$439,852	\$380,390	\$4,265,589
<b>Order Bookings Plan</b>	\$5,000	\$330,000	\$330,001	\$330,002	\$330,003	\$330,004	\$330,005	\$330,006	\$330,007	\$330,008	\$330,009	\$330,010	\$3,635,055
<b>Order Bookings Var</b>	\$4,712	\$22,411	\$(27,740)	\$128,047	\$(221,517)	\$8,202	\$52,391	\$366,004	\$192,444	\$(54,643)	\$109,843	\$50,380	\$630,534
<b>EOM Backlog</b>	\$1,107,309	\$1,392,417	\$821,586	\$1,112,895	\$771,797	\$689,077	\$989,216	\$1,438,454	\$1,630,019	\$1,601,189	\$1,604,262	\$1,415,130	

■ Order Bookings Actual   
 ■ Order Bookings Plan   
 — Order Bookings Var   
 — EOM Backlog

# Utilization Metric

Utilization (Hrs) - All Non Productive Time

Month	Non-Productive	NP %	Productive	Prod %	Total Hrs	YTD Prod%
Jan-22	367.05	15.3%	2,036.74	84.7%	2,403.79	
Feb-22	414.36	19.6%	1,699.76	80.4%	2,114.12	
Mar-22	291.66	11.1%	2,338.60	88.9%	2,630.26	84.99%
Apr-22	196.77	9.2%	1,948.01	90.8%	2,144.78	
May-22	510.13	21.3%	1,886.53	78.7%	2,396.66	
Jun-22	434.10	18.4%	1,927.43	81.6%	2,361.53	
Jul-22	570.07	27.3%	1,516.63	72.7%	2,086.70	
Aug-22	553.88	22.6%	1,901.06	77.4%	2,454.94	
Sep-22	410.77	14.8%	2,359.30	85.2%	2,770.07	
Oct-22	410.74	15.2%	2,284.39	84.8%	2,695.13	
Nov-22	485.04	18.1%	2,189.13	81.9%	2,674.17	
Dec-22	521.69	20.1%	2,069.99	79.9%	2,591.68	
Jan-23	350.49	14.1%	2,129.75	85.9%	2,480.24	
Feb-23	428.67	18.4%	1,907.10	81.6%	2,335.77	
Mar-23	351.92	12.7%	2,420.83	87.3%	2,772.75	85.10%

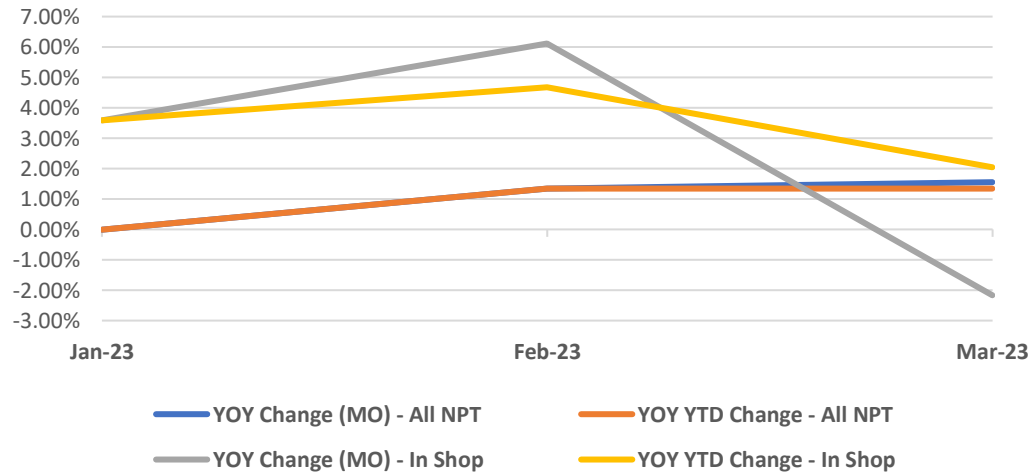
YOY Change Util/Eff  
0.13%

Utilization (Hrs) - All Hours in Shop

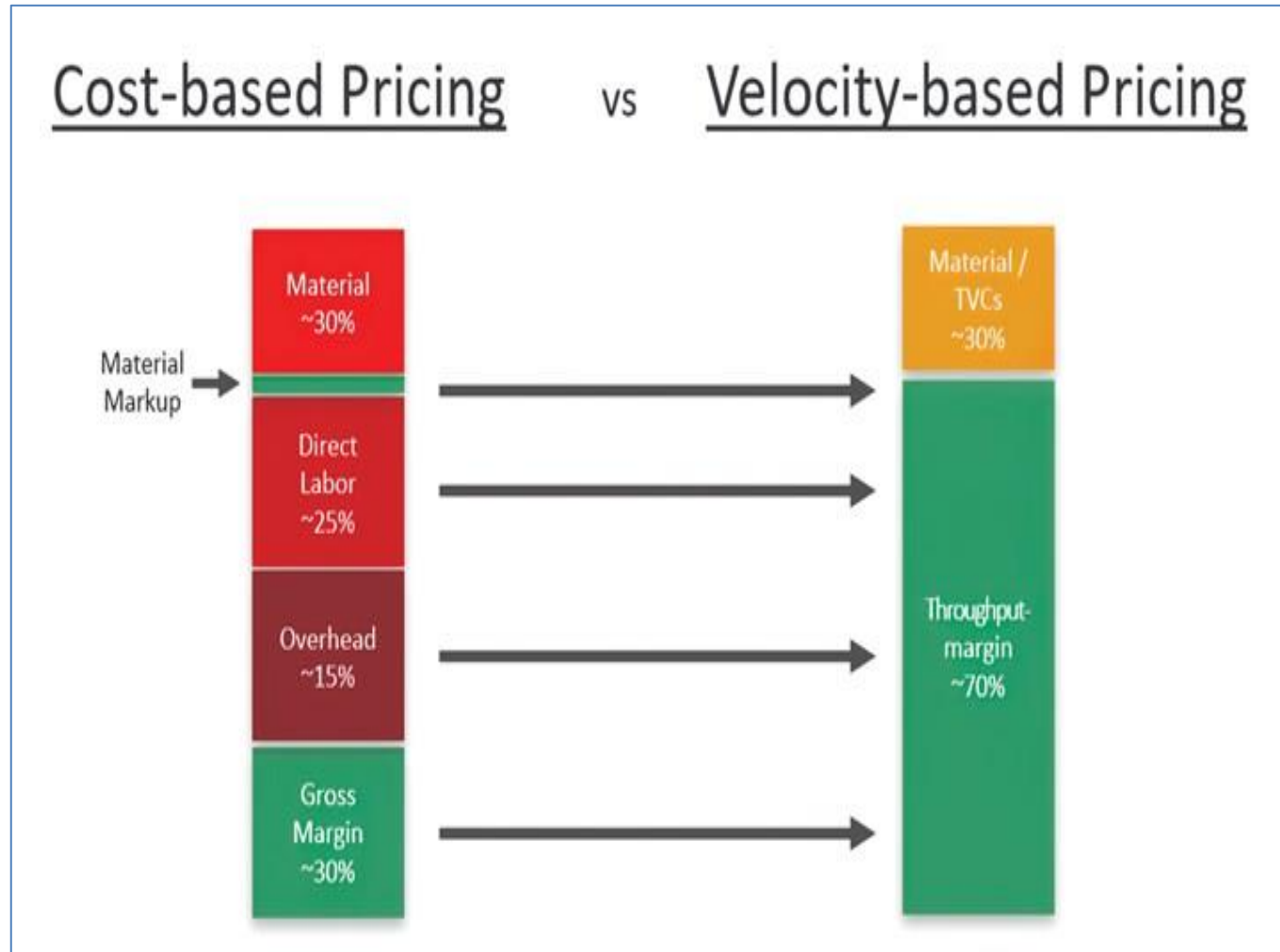
Month	Non-Productive	NP %	Productive	Prod %	Total Hrs	YTD Prod%
Jan-22	127.30	5.9%	2,036.74	94.1%	2,164.04	
Feb-22	243.11	12.5%	1,699.76	87.5%	1,942.87	
Mar-22	102.16	4.2%	2,338.60	95.8%	2,440.76	92.78%
Apr-22	74.27	3.7%	1,948.01	96.3%	2,022.28	
May-22	135.13	6.7%	1,886.53	93.3%	2,021.66	
Jun-22	195.10	9.2%	1,927.43	90.8%	2,122.53	
Jul-22	166.07	9.9%	1,516.63	90.1%	1,682.70	
Aug-22	294.38	13.4%	1,901.06	86.6%	2,195.44	
Sep-22	122.77	4.9%	2,359.30	95.1%	2,482.07	
Oct-22	143.99	5.9%	2,284.39	94.1%	2,428.38	
Nov-22	38.29	1.7%	2,189.13	98.3%	2,227.42	
Dec-22	50.69	2.4%	2,069.99	97.6%	2,120.68	
Jan-23	54.74	2.5%	2,129.75	97.5%	2,184.49	
Feb-23	146.92	7.2%	1,907.10	92.8%	2,054.02	
Mar-23	161.42	6.3%	2,420.83	93.7%	2,582.25	94.68%

YOY Change Util/Eff  
2.04%

Utilization Metric



# Value Add (Velocity) Based Pricing

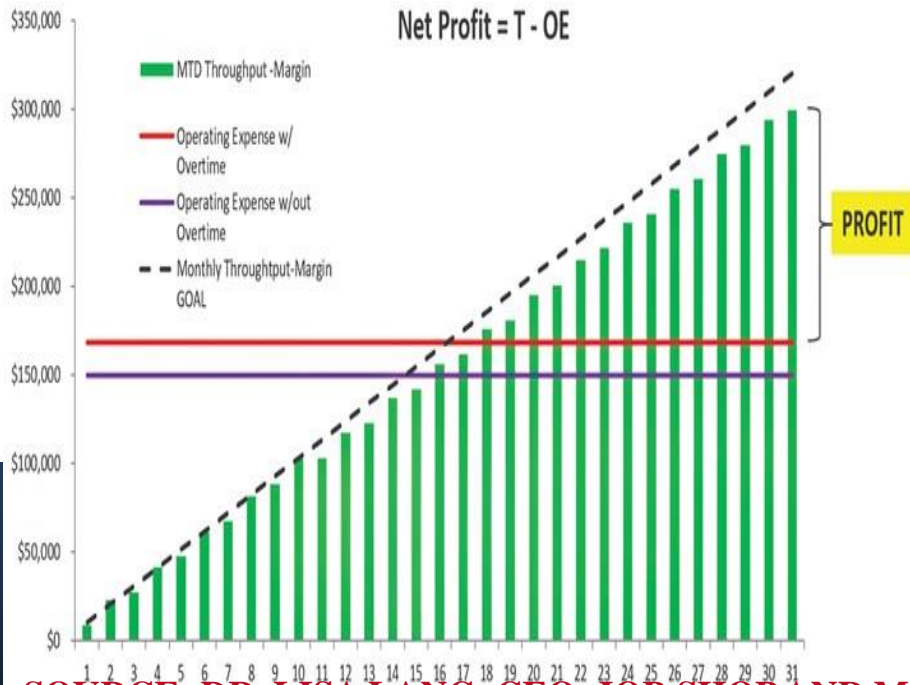


**SOURCE: DR. LISA LANG, CEO, JOB SHOP AND MACHINE SHOP SCHEDULING**

## Value Add Margin Definition:

Value added by manufacture indicates the approximate value created in the process of manufacture. (i.e., the contribution of manufacturing establishments to the value of finished manufactured products). **Value Add Margin = Sales – (Cost of materials + Outside Processing)**. Therefore, value added in manufacturing a product is the income generated by factory labor, selling activities, and administrative functions.

## Breakeven Analysis:



## Practicality and Usefulness:

1. All Operating Expense are treated as Fixed Costs: Once cumulative Value-Add Margin equals Fixed Costs (i.e., Break-even), all additional Value-Add Margin falls to the bottom line.
2. Applying historical/budget VA % to determine/test the Sales Price.
3. VA % Based on Business Segment for Sales Goals
4. Utilized for budgeting Op Ex + Sales to drive profit growth

## Value Add Margin Definition:

Value added by manufacture indicates the approximate value created in the process of manufacture. (i.e., the contribution of manufacturing establishments to the value of finished manufactured products). **Value Add Margin = Sales – (Cost of materials + Outside Processing)**. Therefore, value added in manufacturing a product is the income generated by factory labor, selling activities, and administrative functions.

## Financial Benchmarking:

	TT LLC 2022	Prospect 2022	Difference	% Change
Sales	\$ 4,524,730	\$ 6,571,703		
Employees	16.44	26		
VA per Emp	\$ 235,869	\$ 194,099	\$ 41,770	21.52%
VA %	85.70%	76.79%	8.91%	11.60%
GM %	35.40%	22.71%	12.69%	55.89%
SG&A %	16.70%	11.96%	-4.74%	28.39%
EBITDA %	26.20%	11.96%	14.24%	119.01%

## Financial Benchmarking Conclusions:

1. VA Per Employee measures efficiency/customer premium.
2. VA % indicates premium customer pays for TT LLC's Value Add Proposition.
3. GM % Premium is a function of VA % Premium enhanced by TT LLC efficiency.
4. SG&A % is high due to Business Development and infrastructure building activities.
5. EBITDA % Premium directly translates to higher valuation.

# The Case for Benchmarking

## Business Development Insights (What we learned):

### Industry Evaluation:

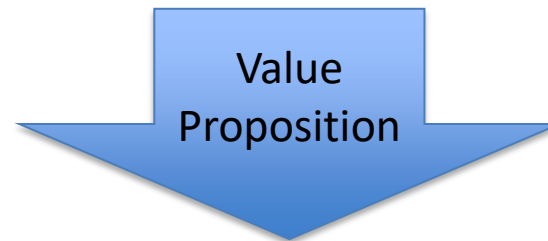
- Key Industries served are Medical, Automotive, Personal Safety.
- Consistent with AMBA's Survey, Medical and Automotive yielded premium margins.

### Mold Type Evaluation:

- Plastic Molds Sales are over double of LSR Mold Sales.
- LSR Molds generate a premium margin compared to Plastic Molds.

### Work Type Evaluation:

- New Mold Builds account for the majority of 2022 Company Sales.
- Spares and Repairs supporting TT Mold Builds accounted for the balance of 2022 Company Sales, but with a significant margin premium compared to New Mold Builds.



# The Next Level



# Questions?



Troy Roberts  
CEO | Tolerance Tool  
[troy@beanstalkccw.com](mailto:troy@beanstalkccw.com)



Colby Coombs  
CFO | Westminster Tool  
[ccoombs@westminstertool.com](mailto:ccoombs@westminstertool.com)

