

CAPITAL GROUP PRECISION:

Revitalizing Aerospace Manufacturing

*This initiative combines elements of **merger & acquisition** and **supply chain management** to address urgent challenges faced by the client.*

Currently, the client, **Capital Group Precision (CGP)**, an aeronautical parts manufacturer, faces a cash flow crisis, deteriorating customer confidence, and operational inefficiencies that threaten its viability and ability to meet lender obligations.

Primary Objective:

- Enhance operational performance and financial stability
- Develop an immediate supply chain turnaround strategy
- Secure confidence from the bank financier
- Avoid bankruptcy or a "fire-sale" scenario

Proposed Consulting Strategy:

- Create an analysis to assess current fiscal and inventory health
- Strategy should consider impact on customers, suppliers, and stakeholders
- Focus on quick wins to generate cash flow and stabilize supply chain
- Position CGP to better market themselves for acquisition and long-term success



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Data Dictionary



ABC & Sufficiency



Revenue Percentage



Financials and Turnovers



Customer Profitability

Data Dictionary

Inventory Table:

- **Quantity:** Total inventory, including "No Demand" inventory
- **Part Number:** SKU # for the product
- **Customer:** Name of the related customer
- **Material:** Primary raw material for the product
- **Material Leadtime:** Lead time to procure the raw material
- **Prod Leadtime:** Lead time to manufacture the product
- **AP Payment Terms:** Accounts payable terms (in days) for the raw material
- **Req Month:** Required month for the inventory or product
- **Year:** Required year for the inventory or product
- **Month/Yr:** Month/Year when the inventory is needed
- **Std Unit Cost:** Standard inventory cost estimate
- **Unit Price:** Sale price of the product
- **Last Sale or Order Req Qty:** Quantity on the last sale or order
- **Cost:** Total cost for the last sale or order (at standard cost)
- **Revenue:** Revenue generated from the last sale or order
- **Last Sale or Last Order:** Most recent sale or order; surplus inventory is treated as "No Demand"
- **Profit/Loss:** Profit or loss for the most recent sale/order
- **Inv On Hand:** Current inventory balance
- **To Make:** Quantity required to fulfill the last order
- **Inv OH After Ord:** Inventory remaining after accounting for the order
- **Value of Inventory OH:** Value of the inventory currently on hand
- **Inventory Status:** Status of inventory availability (No Demand, No Stock, Insufficient Stock)
- **No Demand Value:** Value of inventory classified as "No Demand"
- **Working Capital:** Capital required to fulfill the order

Transactions & Sales Table:

- **Part Number** - SKU # (Stock Keeping Unit Number) for the product
- **Customer**
- **Material** - Primary Raw Material used to Manufacture the product
- **AR Payment Terms** - Accounts receivable payment terms (in days) for the order
- **Material Leadtime** - Lead time required to procure the raw material
- **Prod Leadtime** - Lead time required to manufacture the product
- **AP Payment Terms** - Accounts payable terms (in days) for the raw material
- **Req Month** - The month during which the product is needed
- **Year** - The required year for the product.
- **Month/Yr** - Month/Year when the sale was completed or when the shipment is anticipated
- **Std Unit Cost** - Standard inventory cost estimate for the product
- **Unit Price** - Sale price charged to the customer for the product
- **Qty Sold On Ord** - Quantity already booked whether sold or ordered
- **Cost** - Total cost of the sale/order based on the standard cost
- **Revenue** - Revenue generated from the sale based on the unit price
- **Status** - Transaction status: *SALE* for completed sales or *ORDER* for products currently on order
- **Current Inv On Hand** - Most Recent Inventory Balance



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Category B's revenue nearly matches Category A, **balancing the portfolio** and reducing reliance on Aluminum Alloy, **lowering market risk**.

Although Aluminum Alloy is a revenue driver, many of the Top 10 No Demand parts come from this class. Moreover, 20% of orders are fulfilled immediately with sufficient safety stock while 80% remain unfulfilled due to low inventory.

Recommendation:

- Expand market for Hard Steel and Stainless Steel (Category B) to unlock growth and tighten cost controls for Category C materials to improve profitability.
- Improve forecasting and stock planning to enable swift replenishment, avoid no-demand items, and reduce holding costs.
- Strategically liquidate no-demand inventory by targeting customers with obsolete aircraft needing these parts, thus creating new demand.



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Customer Profitability

Materials by ABC Category (\$, %)

material ● ALUMINUM ALLOY ● COPPER ALLOY ● HARD STEEL ● STAINLESS STEEL ● TITANIUM



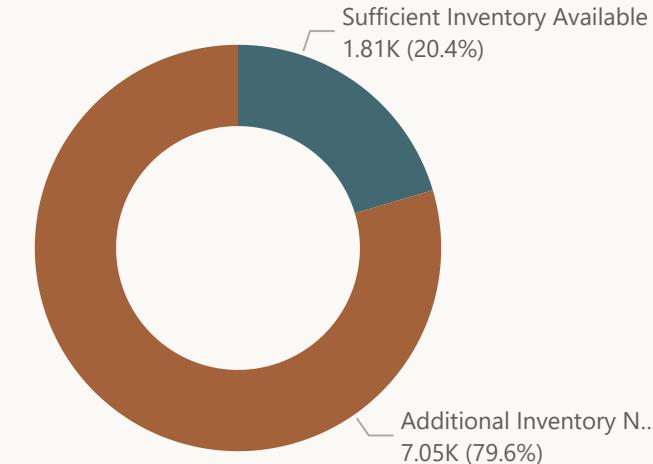
Top "No Demand" Items

material ● ALUMIN... ● COPPER ... ● HARD ST... ● STAINLES... ● TITANIUM

AT-2127	247
AT-2125	245
AT-2437	128
AT-3430	116
AT-1042	106
AT-2460	99
AT-1585	88
AT-1729	80
AT-3421	74
AT-1567	71

Inventory On-hand

Inventory Sufficiency Against Orders



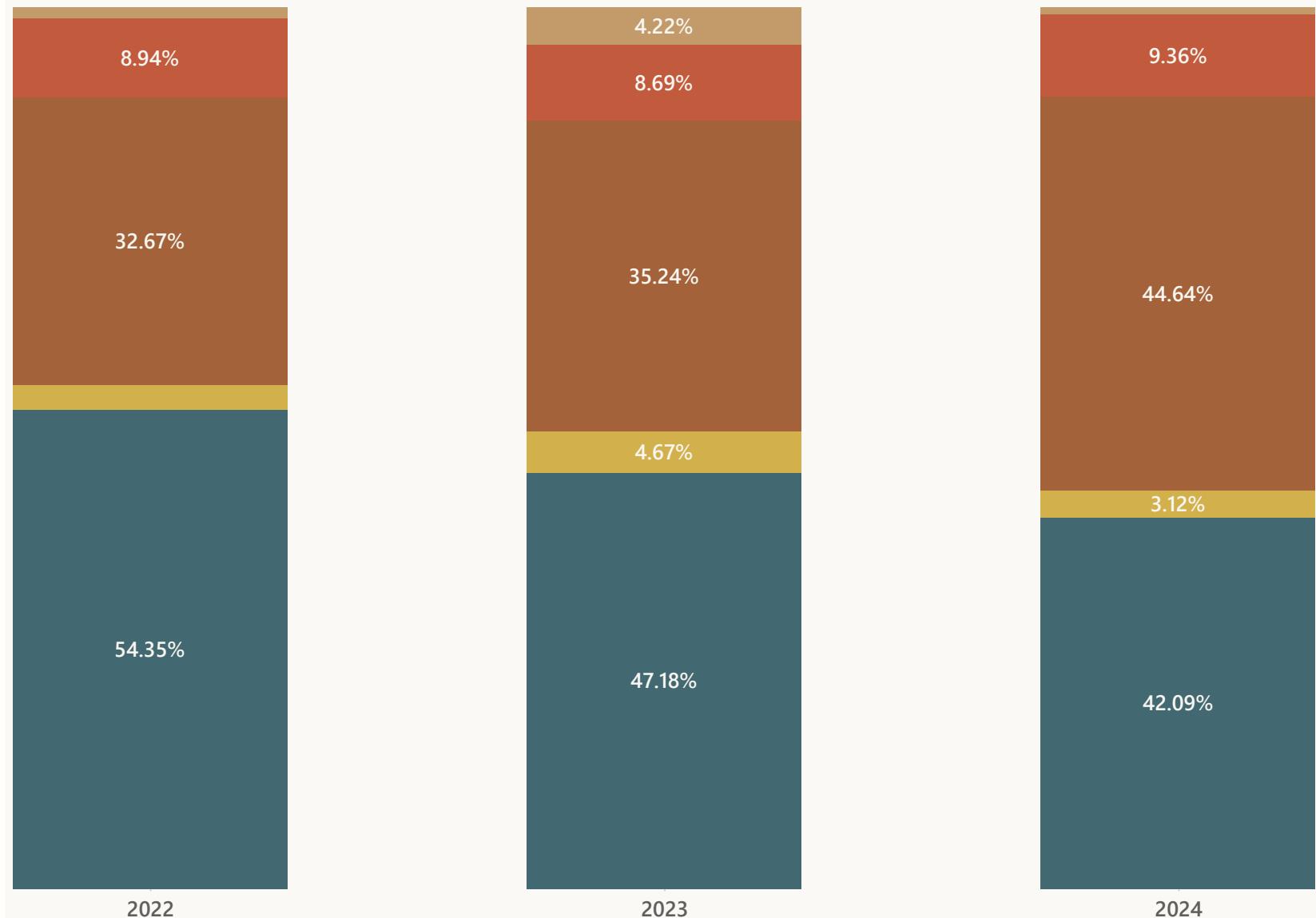
Aluminum Alloy and Hard Steel are the top revenue drivers, but Hard Steel's share has grown significantly from 32.67% in 2022 to 44.64% in 2024, while Aluminum Alloy's contribution has declined. Meanwhile, materials like Titanium and Stainless Steel have shown minimal and consistent contributions.

Recommendation:

- With increasing reliance on Hard Steel, explore strategic focus or diversification to increase sales opportunities.

Annual Revenue Percentage by Material

Material ● ALUMINUM ALLOY ● COPPER ALLOY ● HARD STEEL ● STAINLESS STEEL ● TITANIUM



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Revenue has a growth rate of 171.2% from \$701M in 2022 to \$1.9B in 2024, **driven by Aluminum Alloy and Hard Steel**. Holding costs and the % HC-to-Revenue ratio have increased, while inventory turnover has declined from 33.85% to 13.60%, indicating **slower inventory movement**

Recommendation:

- Streamline storage and carrying processes to reduce holding costs, including exploring efficient warehousing.

Yearly Financial and Inventory Turnover						
Year	\$ Total Revenue	\$ Holding Cost	% HC-to-Revenue	# Inventory Onhand	% Inv Turnover	
■ 2024	1,933,731,973	975,759,739	2.68	13,495,151	13.60	
ALUMINUM ALLOY	1,444,071,476	738,256,185	0.51	10,434,268	1.96	
HARD STEEL	468,074,494	232,919,616	0.50	3,001,796	2.01	
STAINLESS STEEL	18,035,557	3,395,726	0.19	49,980	5.31	
COPPER ALLOY	3,364,874	966,474	0.29	8,687	3.48	
TITANIUM	185,573	221,737	1.19	420	0.84	
■ 2023	1,689,486,116	532,581,889	1.17	6,897,885	26.50	
ALUMINUM ALLOY	1,425,985,587	449,357,637	0.32	6,192,480	3.17	
HARD STEEL	254,114,421	81,466,906	0.32	666,391	3.12	
STAINLESS STEEL	3,685,914	1,079,897	0.29	35,046	3.41	
COPPER ALLOY	3,463,373	409,068	0.12	3,230	8.47	
TITANIUM	2,236,821	268,381	0.12	738	8.33	
■ 2022	701,588,022	125,599,433	0.87	2,672,987	33.85	
ALUMINUM ALLOY	602,460,465	114,422,251	0.19	2,348,808	5.27	
HARD STEEL	96,368,730	10,580,999	0.11	307,139	9.11	
STAINLESS STEEL	2,397,226	545,278	0.23	15,624	4.40	
COPPER ALLOY	248,626	22,382	0.09	1,296	11.11	
TITANIUM	112,974	28,524	0.25	120	3.96	
Total	4,324,806,111	1,633,941,061	4.72	23,066,023	73.95	

Year	All
Material	All

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Eclipse Aerologics and Skyward Aeronautics are our top two customers, **each contributing more than 45% of the company's revenue**. Of the two, Eclipse Aerologics provides larger profit margins with lower holding costs for frequently ordered products.

Recommendation:

- Secure long-term contracts with Eclipse Aerologics and optimize production for frequently ordered products with low holding costs
- Promote higher-margin products with Skyward Aeronautics Relationship



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Customer Profitability - Holding Cost vs. Revenue Performance

● Total Revenue ● Inventory Holding Cost

