

Evaluating Capital Needs and Financial Forecasting for Manufacturing Company

Financial Model Review and Stress Test Case Study

Overview

Service Period:

- May 2023

Geographic Location:

- Michigan

● The Situation

A Michigan-based manufacturing company specializing in assembling products in the industrial, automotive, office furniture, and commercial appliance industries, is known for delivering precision-engineered manufacturing solutions for their customers. The company hired DWH as a requirement of its bank for them to engage a third party to evaluate current financial projections, perform a stress test on these forecasts, and assist with developing or enhancing tools and processes to support future growth.

● The Solution

DWH evaluated the company's working capital model, annual budgets and forecasts, and a 13-week Cash Flow forecast by gathering underlying qualitative and quantitative data collected through interviews with key employees and stakeholders, examining and understanding critical assets and processes, and obtaining and reviewing certain financial and non-financial information. This data formed the basis for understanding the financial state of the business and allowed DWH to assess the company's financial resilience by conducting a series of hypothetical scenarios simulating various economic and market conditions, using the financial information and models provided.

● The Outcome

After researching and collecting extensive financial data from the company and performing the stress test scenarios, DWH delivered detailed recommendations for the company. These recommendations include best business practice guidelines and future risk mitigation strategies, based on analysis of its current financial situation and the projected growth in the future. The company now has a full understanding of its financial resilience.

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