THE M.RYAN GROUP

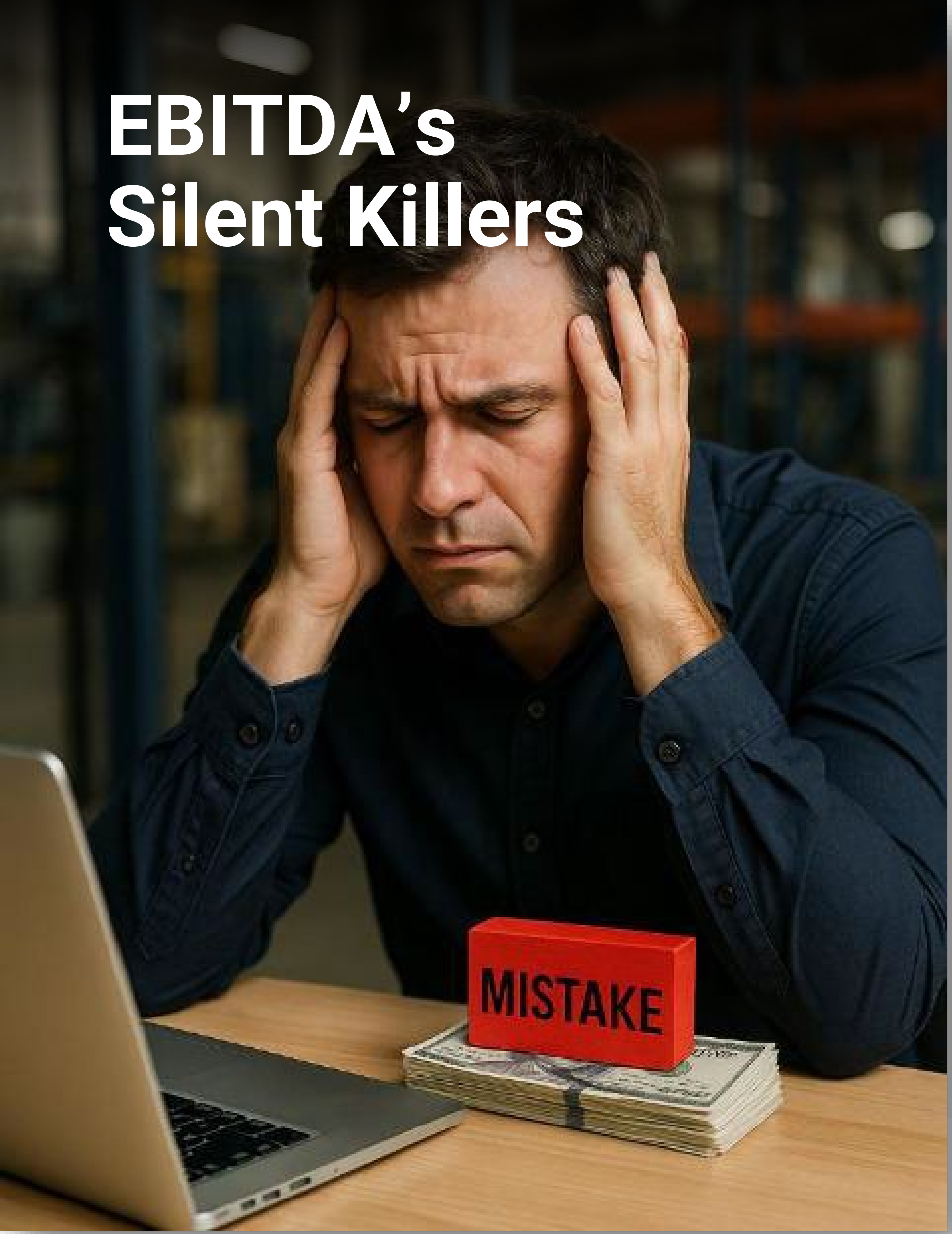
UNLOCK CASH. OPTIMIZE INVENTORY.
DRIVE EBITDA. POWERED BY S&OP.

Helping B2B Manufacturers & Distributors Increase Profit, Unlock Cash, and Create Value

From Problems to Predictable Performance:

Supply Chain Insights for Manufacturers & Distributors

Prepared for: Meaden & Moore
September 25, 2025



Three Silent Killers That Erode EBITDA

Rising Costs — *Leaving vendor leverage on the table drives up COGS and can hurt cash flow…*

Missed Forecasts — *No trust in demand signals from internal (sales) or external (customer) sources…*

Service Failures — *Fill Rate breakdowns frustrate customers and send them to your competitors…*

It's Not One Big Miss.
It's Death By A Hundred Small Ones.

Killer #1: Rising Costs

$350M Manufacturer & Distributor

Minimum Order Quantities → Maximum Working Capital

Challenges:

- Lost e-commerce revenue due to poor inventory positioning
- Half the inventory turned less than twice a year

Actions:

- 30-Day Inventory Diagnostic introduced segmentation
- Challenged supplier MOQs and depth of assortment
- Built a data-driven process to align supply with demand

Metrics That Matter: Minimum Order Quantities, Inventory Turns

Results: $2.3M inventory reduction in 6 months

Leaving Vendor Leverage on the Table Negatively Impacts EBITDA

Killer #2: Missed Forecasts

$150M Supplement Manufacturer

Forecast Blind Spots → Excess Inventory or Missed Sales

Challenges:

- “The Demand Plan is a black box and ALWAYS Wrong!”
- Dropping fill rates on A&B, and rising inventories on C&D

Actions:

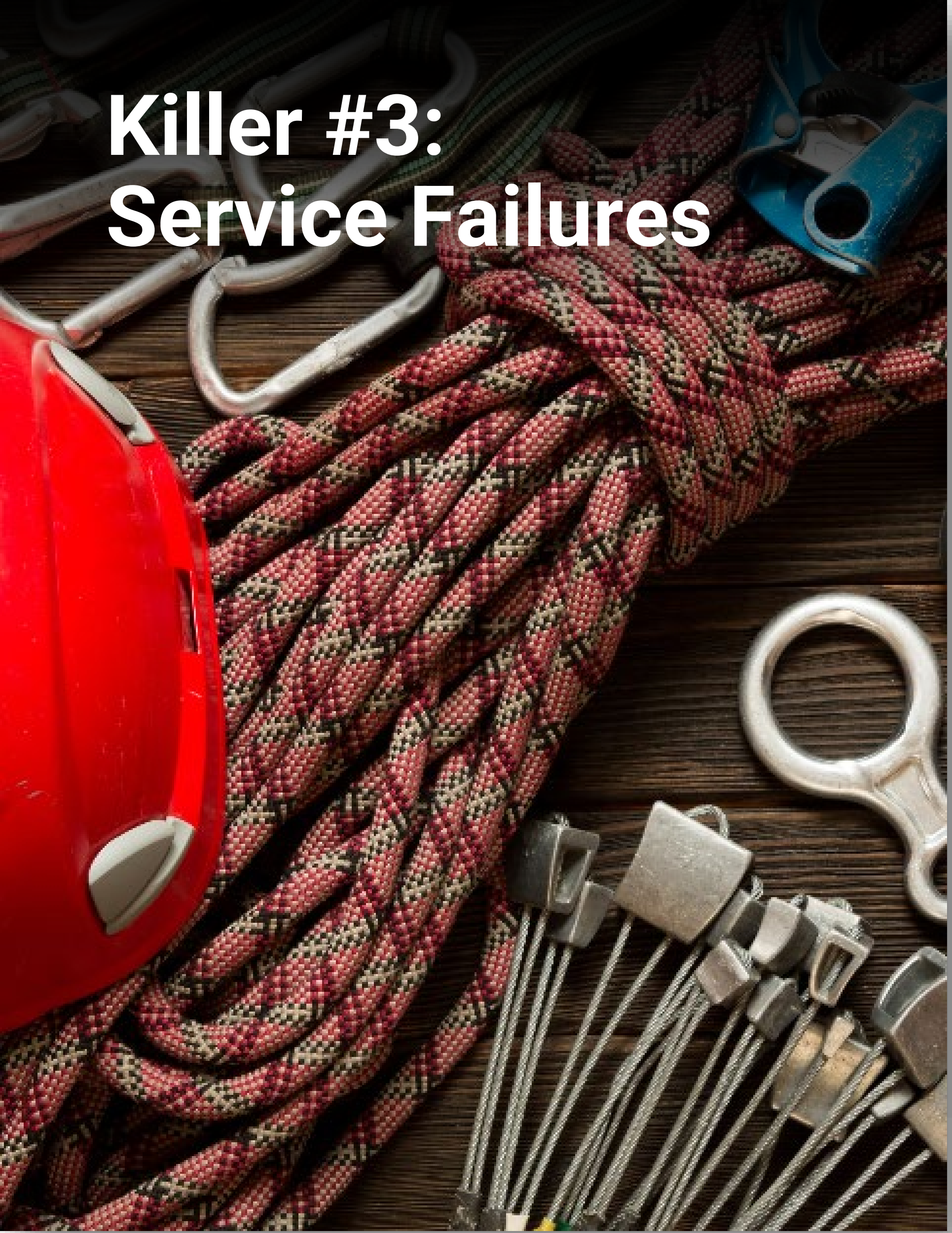
- 60-Day Sales & Operations Planning (S&OP) Kick-Start
- Implemented Definable, Predictable, Repeatable Processes
- Visualized data, collaboration replaced confusion

Metrics That Matter: Forecast Accuracy

Results: +6 pts fill (4 mo.), $4.2M Inventory reduction (6 mo.)

Overestimate Demand? You Freeze Cash.
Underestimate? You Lose Sales and Trust

Killer #3: Service Failures



$185M PPE Manufacturer & Distributor

Sales & Planning Misaligned → Broken Promises, Lost Revenue

Challenges:

- Supply Chain disconnected from the Finance Team
- Whipsawed between overbuying and purchasing freezes

Actions:

- 60-Day Sales & Operations Planning (S&OP) Kick-Start
- Implemented new planning technology
- Introduced pre-meetings and the idea of “no surprises”

Metrics That Matter: Fill Rate, Purchasing Plan Adherence

Results: $1.1M fewer backorders; 40% faster lead times (6 mo)

A Lack of Cross-Functional Communication Made a Bad Situation Worse

Metrics That Matter

Mix of Financial and Operational Drivers

Unlock Value by Driving Measurable Improvements

Inventory Turns

- **More turns =** less cash frozen in inventory
- Better cash flow

Forecast Accuracy

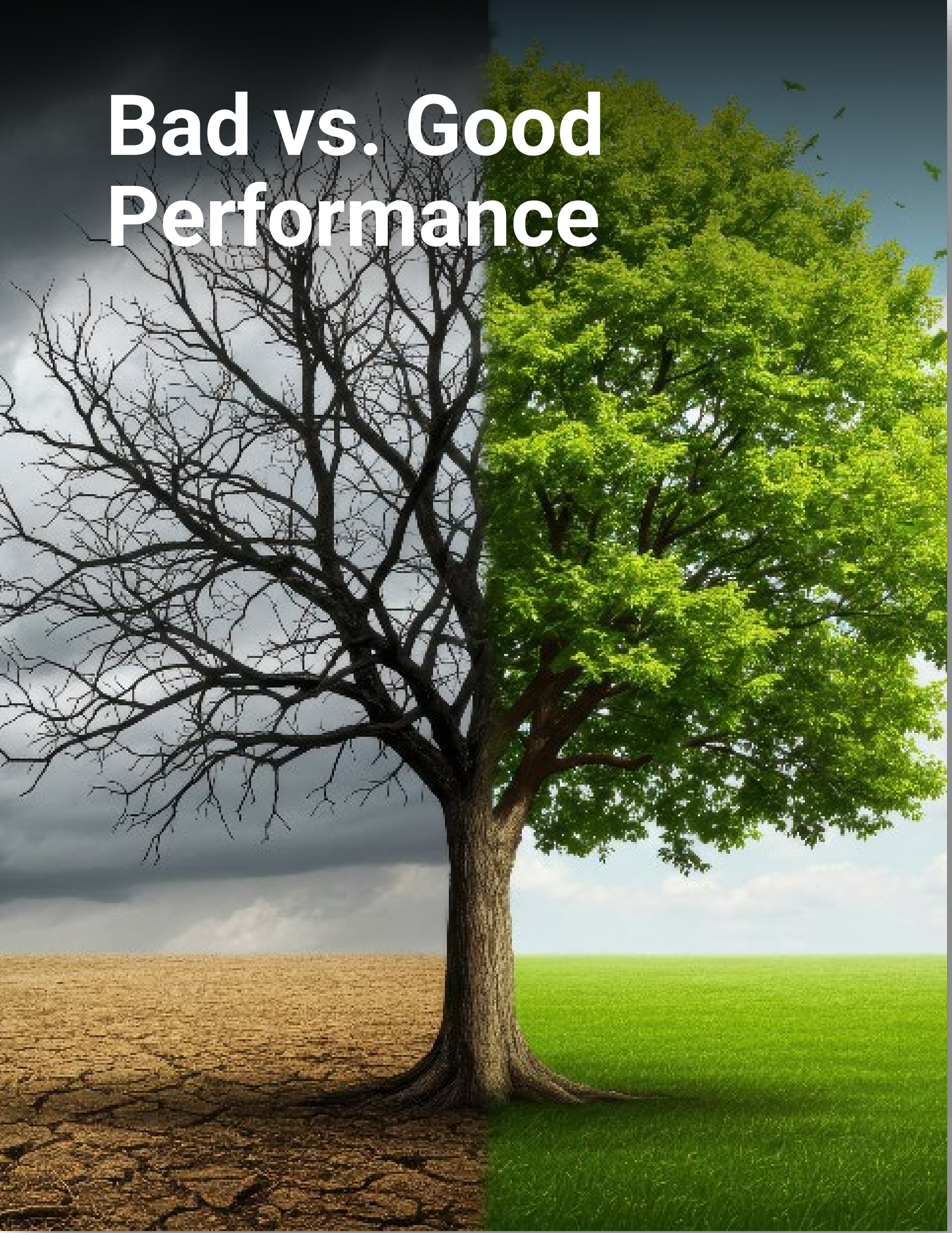
- **Higher accuracy =** better planning, fewer surprises
- Plan production and purchasing

Fill Rate/On Time In Full (OTIF)

- **Better fill =** customer trust and reliability
- Support revenue

These Aren't Just KPIs, They are Finance Multipliers That Unlock Efficiency and Trust.

Bad vs. Good Performance



	Bad	Good
Inventory Turns	**2x-3x Turns** Freezes Cash, Ties Up Space	**>4x Turns** Unlock Cash & Working Capital
Forecast Accuracy	**<50%** No One Trusts the Plan	**>85%** Trusted Signal for Finance and Supply
Service Levels	**<80%** Customers Begin to Look at Competitors	**>95%** Customer Loyalty, the “Go To” Supplier

+5pt OTIF = $500K–$2M EBITDA

$1M inventory = +$100K–$200K EBITDA

Productive Conversations

A Successful & Productive Meeting Has the following characteristics:

Teeing up issues before the meeting, with the people who can help make the decision.	***NO surprises.*** *Pre-meetings deliver clear ROI.*
Clear visibility and accountability for actions, focused on the metrics that matter and measuring performance.	*Show me, don't tell me, and define* ***who owns it.***
Raise issues with the team when help is needed to solve challenges.	***Define the problem*** *you're trying to solve.*

Communication, Metrics, and Accountability Drive Results.

Conversations Matter (1/2)

Internal

- Sales, do you approve this forecast?
- Finance, does the forecast meet the business goals?
- Finance, do you approve what we need to buy?
- Manufacturing, can you make what is required?
- Have we created a plan to balance supply and demand?

Internally, Cross-Functional Communication is Key

Conversations Matter (2/2)

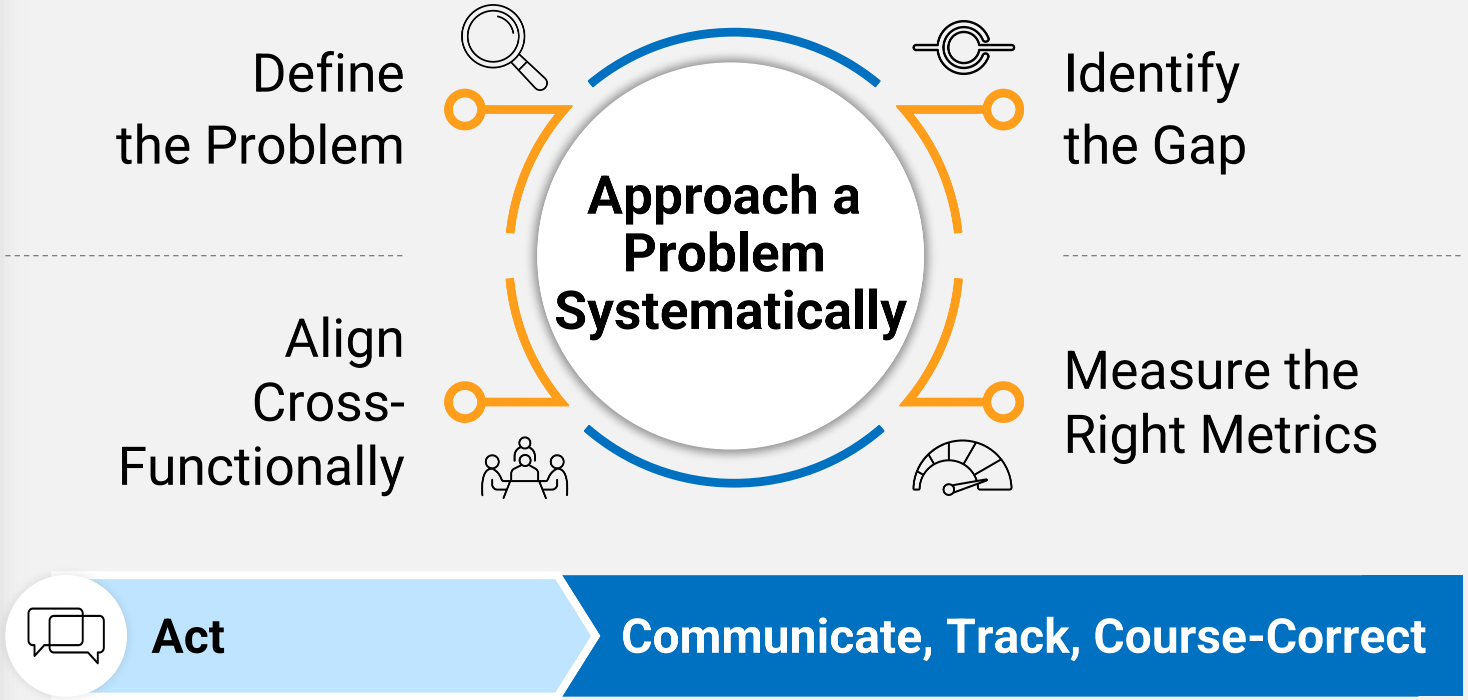
External

- (Customers) What trends are you seeing in the market?
- (Customers) Can you break out the fill order vs future?
- Report by exception when anomalies are found
- (Supplier) Help me understand the MOQs
- (Supplier) Please break down the proposed cost increase

Externally, Build Relationships and Call Your Customers and Vendors

A Practical Framework

Begin With the End in Mind



Don't Jump to Solutions Before Defining The Problem!

Key Messages

Parting Thoughts…

Where to look

Which metrics matter

How to ask the right questions

You Need to Know &/ Understand

What's One Problem in Your Business Where a Different Approach Can Unlock Value?

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30 Minute Discovery Call

Managing Partner Mike Ryan has more than 25 years of supply chain & operations experience with GE and Goodyear. His mission is to be of service to privately held manufacturing and distribution businesses

Michael Ryan earned a BS and MS in Ceramic Engineering from Alfred University

He is married with four children and lives in Northeast Ohio

The M. Ryan Group

The M. Ryan Group solves supply chain, operations, and inventory headaches for manufacturers to create repeatable and consistent results

We bring a **Trusted Advisors Network** of hands-on professionals with operational experience, wisdom, and a roll up the sleeves approach to best serve the unique needs of the private equity portfolio companies we serve

The M. Ryan Group clients are middle market businesses who are committed to unlocking cash, improving EBITDA, and maximizing company valuation

Private Equity Experience

GRIDIRON CAPITAL | Partners Group | Riverside | stellex | LION EQUITY PARTNERS

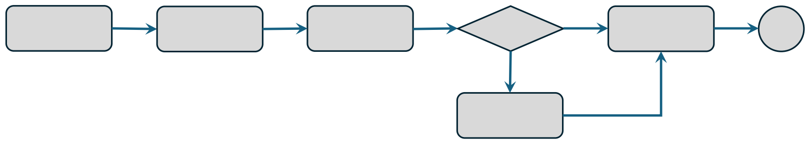
Supporting Materials

What is a Process?

A “process” is more than a word, it’s got to be Definable, Predictable, Repeatable, AND Trainable…

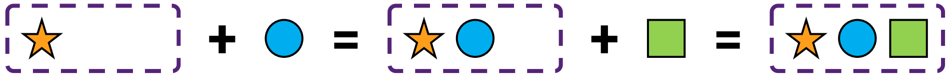
01 Definable

Can draw a picture of it…



02 Predictable

Know what the result will be…



03 Repeatable

Outcome is assured & repeated…

04 Trainable

Able to teach others…

Teaching	Learning	Knowledge
Doing	Experience	Skill

Cash from Inventory

Potential Applications of Cash:

- **Accelerate** debt repayment
- **Hire** talent to support business growth
- **Invest** in new equipment, real estate
- **Acquire** companies within their niche
- **Create** additional liquidity
- **Reduce** interest rates

Inventory Turns

How Often a Business has Sold and Replaced Inventory during a Given Period

Indicator of Cash Flow

- Faster turns = better cash flow

Calculation Requires:

- Cost of Goods Sold, from the *Income Statement*
- Average Inventory, from the *Balance Sheet*
- Typically done on a rolling 12-month basis

$$Turns = \frac{Cost\ of\ Goods\ Sold\ (\$)}{Average\ Inventory\ (\$)}$$

Caution: If *Sales* is used in place of *COGS,* it will artificially inflate inventory turns

Value of One Turn

Flip the Equation

$$\frac{\$20.52M\ in\ COGS}{\$5.97M\ avg.Inventory} = 3.44\ \text{Turns}$$

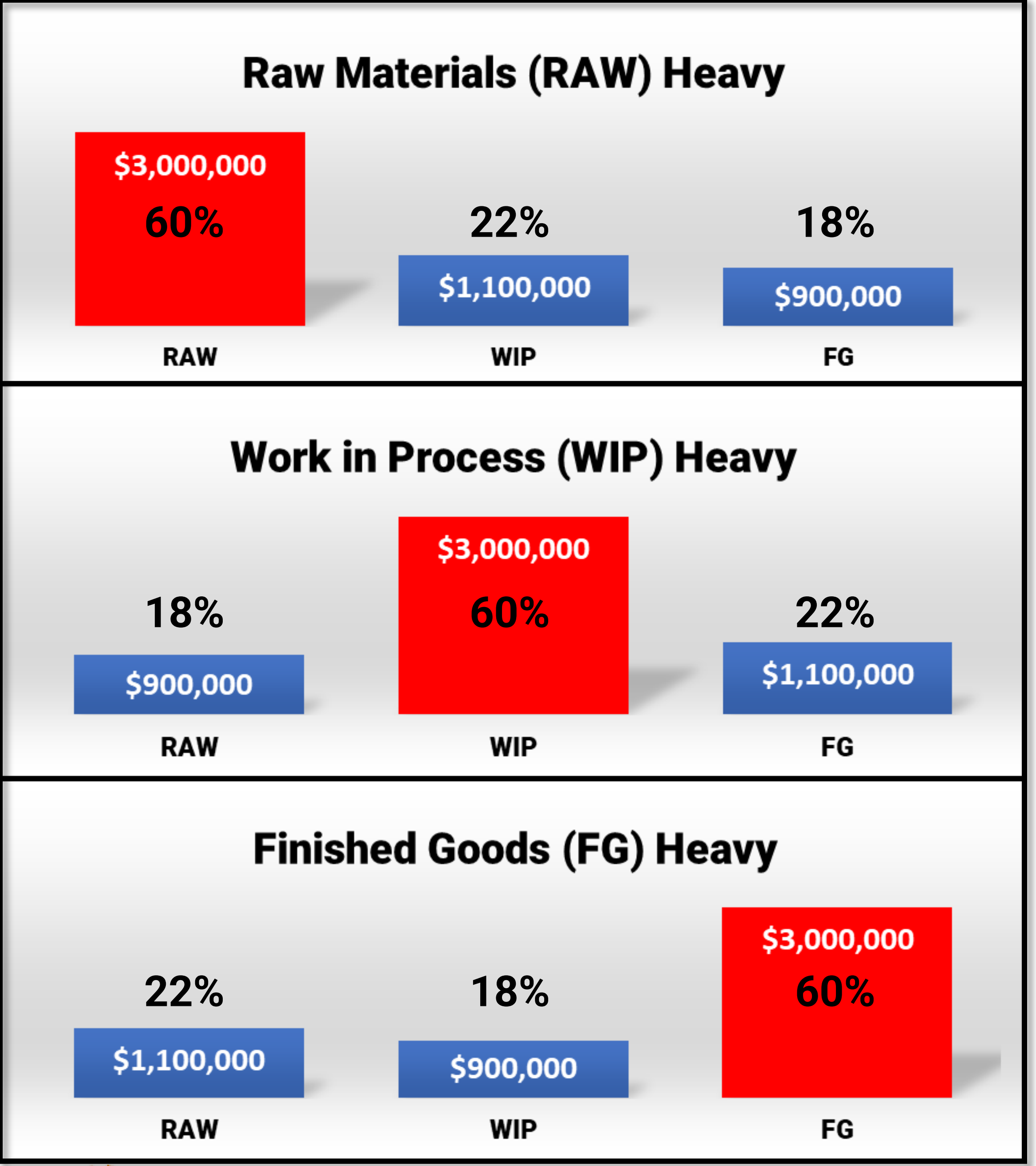
- Move ‘Turns’ to the denominator

$$\frac{\$20.52M\ in\ COGS}{3.44\ Turns} = \$5.97\text{M avg. Inventory}$$

- Increase ‘Turns’ by one
- Calculate new Average Inventory

$$\frac{\$20.52M\ in\ COGS}{\mathbf{4.44}\ Turns} = \mathbf{\$4.66M}\ \text{avg. Inventory}$$

- **Increasing by *<u>one turn</u>* is worth $1.31M**
  ($5.97M - $4.66M = $1.31M)



Inventory “Splits”

Indicator of Where Inventory Dollars Are

Gauge of Potential Opportunity

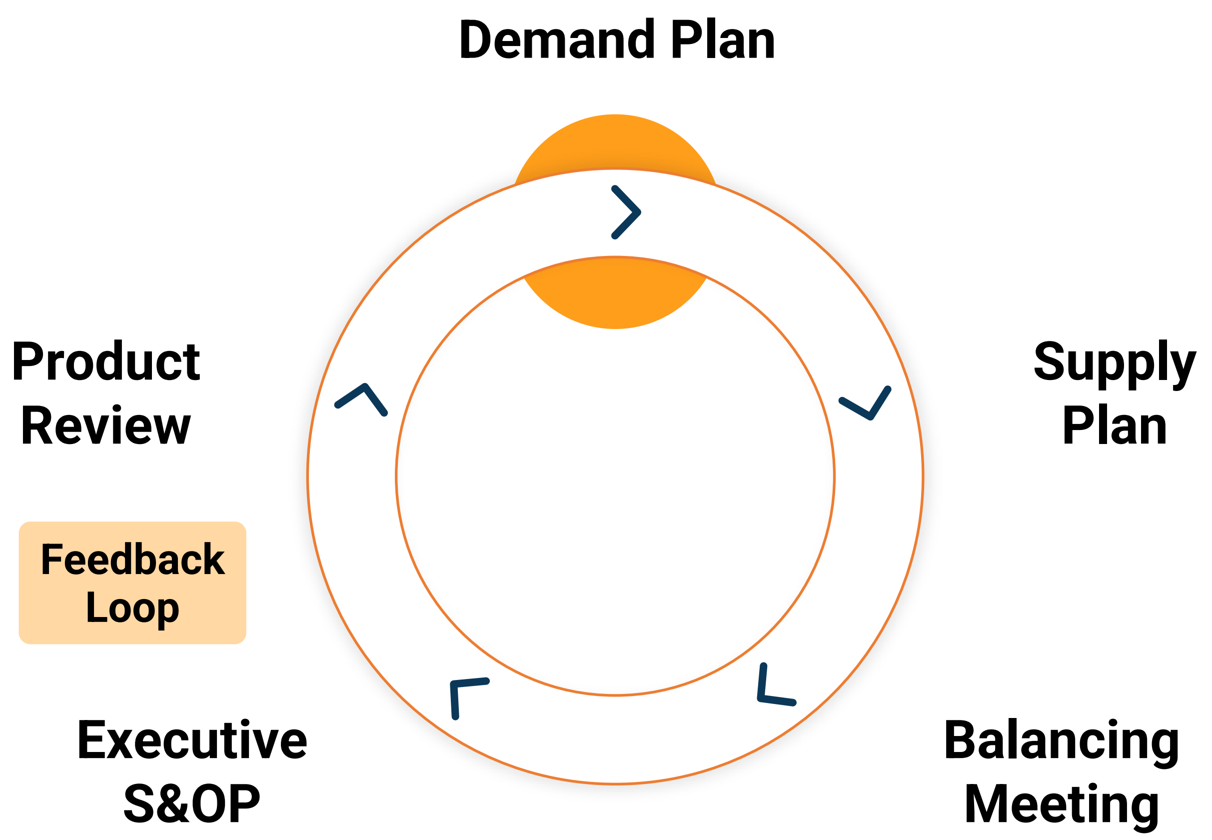
- RAW heavy = Procurement opportunity
- WIP heavy = Manufacturing throughput
- FG heavy = Running for absorption -*OR*-
  Sales forecasting opportunity

$$\frac{Inventory\ Category\ (\$)}{Total\ Inventory\ (\$)} = \%\ of\ Total$$

Calculation Requires

- Raw Materials (RAW), Work in Process (WIP), Finished Goods (FG), from the *Balance Sheet*

S&OP Cycle



Process	• Definable • Predictable • Repeatable • Trainable
Communication	• Structured • Collaborative • Solution Focused
Results	• Accountability • Metrics Driven • Repeatable

S&OP is a Closed Loop Process that Begins & Ends w/ Demand