



DUFFY KRUSPODIN
CPAs & Trusted Advisors

FIVE

Drivers of a Production-Ready Forecast

Where Manufacturing
Margin & Cash Are Really Decided

**MOVE BEYOND
STATIC BUDGETS**

Schedule a Strategy Call

1. Revenue by Product Line

WHAT TO MODEL

- Forecasted units by SKU or product family
- Selling price by customer mix
- Revenue concentration (Top 3 lines % of total)

WHY IT MATTERS

High-volume SKUs can hide weak margin performance in slower-moving lines.

FORECAST FAILURE SIGNAL

You can't see margin by product family without rebuilding a spreadsheet.

2. Variable Cost Drivers

WHAT TO MODEL

- Current material cost per unit
- Direct labor hours per batch/run
- Variable overhead tied to throughput

WHY IT MATTERS

Small shifts in input pricing or labor efficiency directly change contribution margin.

FORECAST FAILURE SIGNAL

Standards reflect last year's assumptions, not current purchasing realities.

3. Capacity Assumptions

WHAT TO MODEL

- Available production hours by shift
- Planned utilization rate
- Overtime or temp needs at peak demand
- Cross-plant load balancing

WHY IT MATTERS

Volume without capacity planning forces margin-eating overtime.

FORECAST FAILURE SIGNAL

Demand increases before the labor structure adjusts.

4. Inventory & Working Capital

WHAT TO MODEL

- Inventory build required to meet demand
- Turns ratio by product category
- Raw material purchases ahead of production

WHY IT MATTERS

Cash is committed long before revenue is collected.

FORECAST FAILURE SIGNAL

Inventory grows faster than collections.

5. 90-Day Cash View

WHAT TO MODEL

- Shipment timing vs. collection timing
- Payroll expansion for added shifts
- Capital expenditure commitments

WHY IT MATTERS

Growth requires liquidity planning, not just revenue planning.

FORECAST FAILURE SIGNAL

Cash pressure surprises leadership mid-quarter.



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