



Building a Roadmap for
Scalable
Manufacturing
Growth





Why Now is Your Moment

If you're in manufacturing right now, you're overlooking a valuable opportunity. Reshoring trends, supply chain reshuffling, and increased demand across multiple sectors have created a perfect window for growth.

So what are you waiting for?

Growth without a roadmap is just chaos with a bigger price tag. We're here to help you look at your manufacturing operation through a financial lens.

In this guide, learn how to:

- Grow intelligently
- Protect your margins
- Make smart decisions about expansion or acquisition.

Ready? Let's dive in.



Know Your True Costs



Before you think about scaling, you need to know exactly what it costs you to manufacture each product, not just materials.

What you need to track:

- Direct materials and labor
- Overhead allocation
- Scrap and rework rates
- Setup and changeover times

Why this matters:

If you can't accurately cost your products now, scaling will just multiply your problems. You might be losing money on certain product lines without even knowing it.

Action Step:

Implement or refine your job costing system. If you're still using spreadsheets for this, it's time to upgrade. Your accounting software should track costs by job, product line, and customer.

Is Your Costing System Ready to Scale?

Take this quick assessment:

CHECKPOINT QUESTIONS	YES	NO
Can you calculate the total cost of any product within 5 minutes?	<input type="checkbox"/>	<input type="checkbox"/>
Do you track overhead costs by department or cost center?	<input type="checkbox"/>	<input type="checkbox"/>
Can you identify your most and least profitable products instantly?	<input type="checkbox"/>	<input type="checkbox"/>
Do you know your actual scrap rate percentage by product line?	<input type="checkbox"/>	<input type="checkbox"/>
Can you trace material costs back to specific suppliers and batches?	<input type="checkbox"/>	<input type="checkbox"/>
Do you capture labor hours accurately per job or product?	<input type="checkbox"/>	<input type="checkbox"/>
Have you updated your standard costs in the last 6 months?	<input type="checkbox"/>	<input type="checkbox"/>

Your score tells you how ready you are to scale. If you're missing a few boxes, you're close, but shore up those gaps first. If you're missing most, or all, you should pause your growth plans. Fixing your costing foundation is the essential step you should take first before scaling your business.

2

Get Your Inventory House in Order

Before you scale, you need to understand inventory management from the inside out.

Three questions to answer:

- How much capital is tied up in inventory right now?
- What's your inventory turnover rate by product category?
- Are you carrying obsolete or slow-moving stock?

The growth connection:

If you're inefficient now, you'll need even more working capital when you expand. Clean up your inventory management first to free up cash for growth.



Action Step:

Conduct an ABC analysis of your inventory. Focus your attention on the 20% of items that represent 80% of your value. Consider implementing just-in-time practices where feasible.

PAUSE & REFLECT:

Let's do some honest math together. Grab your latest financial statements and answer these:



**What's Your
Total Inventory
Right Now?**



**How Long Has it
Been Sitting
There?**



**What's Your
Cost of Capital?**

Could you fund your growth plans with better inventory management instead of borrowing?

THINK ABOUT IT:

If you're carrying \$500K in inventory at an 8% cost of capital, that's \$40K per year just to store stuff. What if you could cut that inventory by 30%? That's \$12K back in your pocket annually—plus \$150K in freed-up cash.

3

Understand Your Cash Conversion Cycle



This is where manufacturers often stumble. You might be profitable on paper but broke in the bank account.

Your cash conversion cycle includes:

- Turning raw materials into finished goods
- Sitting finished goods
- Time until customers pay
- Paying your suppliers

Why it matters for growth:

If your cash is tied up but you want to double production, you'll need to double your working capital.

Shortening this cycle before you scale makes growth more manageable.

Action Step:

Calculate your current cash conversion cycle and identify the biggest bottleneck. Can you negotiate better payment terms? Speed up production? Improve collections?

4

Build Financial Visibility

You can't manage what you can't measure. Growing manufacturers need real-time financial visibility to foresee month-end surprises.

Key metrics to track weekly:

- Revenue per production hour
- Gross margin by product line
- Labor efficiency rates
- On-time delivery percentage
- Cash position and runway

The dashboard approach:

Create a simple dashboard that shows these metrics and share it with your team. Better decisions happen when everyone understands the numbers.



Action Step:

Set up a weekly financial review meeting. Even 30 minutes looking at key metrics and identifying issues early can transform your business.

Where Should You Focus?

Plot your products or customers in this matrix:



You want profitable growth, not growth without a plan.

Analyze margins by:

- Product line
- Customer
- Sales channel
- Geography

You might learn that your biggest customer is the least profitable, or one product line subsidizes another. Before you scale, analyze this matrix to make smart moves, not misguided ones.

KEY INSIGHTS:

1

Stars are your winners. Pour resources here.

2

Cash Cows show where to improve margin or reduce costs.

3

Question Marks are constrained by capacity or other internal problems.

4

Be honest with **Dogs**—why are you still focusing on these?

Your Roadmap Starts Now

Growth is exciting, but sustainable growth requires discipline and planning. The manufacturers who take these steps in the coming years may not be the ones who grow the fastest, but they'll have the smartest plan of action.

Start with the fundamentals: Know your costs, manage your cash, and build systems that can handle expansion.

Remember: You don't have to do everything at once. Progress beats perfection.

YOUR ACTION PLAN:

1

Complete Your
Assessment of Your
Costing System

2

Calculate Your
Cash Conversion
Cycle



3

Identify Your
Process Bottlenecks



4

Forecast Your
Cash Flow





Ready to build your roadmap?

Start with a financial health assessment today. Your future self will thank you.

“ The financial foundation you build today will support the growth you achieve tomorrow.

You need a team of experienced accountants who specialize in the manufacturing industry, and MBE CPAs has that. From simplifying your accounting procedures to identifying opportunities to reduce costs, we are your team dedicated to improving your bottom line.

