



# QUANTALYST

CONSULTING, LLC

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*Creating Value through  
Quantitative Modeling*

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## **The Assessment**

One of the Midwest's oldest cooperatives is a major fruit packer specializing in frozen and canned fruit and juices. The organization sought help to; a) determine margins on their multiple product line offerings; b) use the results to assist the ongoing development of their internal cost systems; and, c) identify any potential inventory valuation-related issues.

## **The Scope**

Build a documented model that provides audit-able cost to the item level and use this information to determine proper inventory values.

## **Actions/Implementations**

- Mined data systems to acquire auditable production detail on an item-by-item basis.
- During model development, management expanded the scope to include both inventory and non-inventory costs. These were isolated and maintained in the reporting structure.
- Inventory valuations were found to be within acceptable ranges; however, a significant issue was uncovered concerning dividends paid to growers against existing inventories.

## **The Results**

- The model methodology was incorporated into the new costing systems
- The board took appropriate actions to resolve the dividend issues.