



COVID-19 impact and business stabilisation

CRO support | Leadership and management in disruptive times

Public policy measures put in place to contain the spread of Covid-19 are resulting in significant operational disruption for many companies. Staff under quarantine, failing supply chain, orphaned/unavailable inventories, and sudden reductions in demand from customers are creating serious issues for companies across a far wider range of sectors than initially anticipated.

These days a number of companies face weeks, if not months, of exceptionally poor trading conditions. For many, the difficulties deriving from the exceptional circumstances directly translate into challenges at different levels of the organization.

Companies now need to assess the scale and magnitude of COVID-19 on short-term objectives while keeping an eye on long-term performance. As the companies understand the impacts on their businesses, timely measures need to be identified and quickly implemented while managing stakeholders and planning for the future.

Reasons why companies may need interim management or a CRO (Chief Restructuring Officer)



High Level Executive role

- The external Chief Restructuring Officer supports senior teams to help the Company's Management in crisis / distressed situations



Stakeholder management

- Working with Management, the board and external stakeholders to help navigate the Company through the Restructuring
- Establishing a robust process to improve the Company and the deadlines for its achievement



Stabilisation and Restructuring

- Immediate identification of short-term cash saving actions
- Responsible for short-term measures to stop the bleeding
- Execution of planned measures, creating a stable financial and operational platform for stakeholders
- Design and execute the Restructuring Plan and validation with stakeholders



Contingency Plan

- Determination of alternatives for immediate execution of the Restructuring Plan (market, unforeseen situations, etc.)

Approach

Stakeholder management/leadership

- The leader of a company restructuring, acts as the conduit and focal point for all stakeholders and advisors
- Evaluates the debt and capital restructuring options and support negotiations

Income protection

- Definition of measures for improvement
- Product repositioning and/or "Pricing"
- Commercial and/or market strategy

Cash flow improvement

- Cash flow monitoring of the Business Plan
- Implementation of cash-preservation
- Contingency planning

Balance sheet structure improvement

- Asset review and divestment identification
- Balance sheet rightsizing
- Financial ratio improvements and covenant compliance

Expense/investment rationalisation

- Definition of the right expense KPIs
- Refinement of the Investment Plan that executes alongside the Business Plan
- Optimization of fiscal costs

Corporate simplification

- Review of the corporate structure
- Design of simplified corporate structure
- Implement the inter-company model / transfer prices

Divestments/mergers/settlement plan

- Planning divestments of non-strategic assets
- Preparation of Sales Notebooks
- Execution of liquidation, sale or merger plans for investments that destroy value

Results

- Re-gaining **control** and stabilise performance
- Implement **cash management** processes to preserve available financial resources and maximise headroom
- Independent **assessment** of available options
- Rapid **execution** of solutions including capital raising, disposals and operational change
- Input from a wide array of relevant experts and **hands-on** support

Even companies that are confident about future performance need to assess the impacts of COVID-19 on their short-term performance and should seek independent subject matters experts' advise to be prepared and timely act.

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