



5x5 series: Insights and actions

Turnaround & Restructuring



The idea of restructuring, like any change, can feel intimidating. Whether experiencing times of disruption or looking to improve company performance, many management teams are already at capacity. Having specialized knowledge of specific business issues assists management to pinpoint where to start and the steps on which companies should focus in order to help achieve the company's goals.

5 insights you should know

Considering restructuring tactics and strategy can be a beneficial practice for all companies—and should **not be limited to distressed businesses**.

Evaluating true liquidity and working capital management performance should not be limited to a simple comparison with standard industry ratios.

Profit improvement is more than cost reductions.

M&A may be a solution to strengthen the balance sheet and reduce disruption in the next business cycle.

The bankruptcy process can be an effective solution to reset a distressed business.

5 actions you can take

1

Conduct a review of business performance and assess the impact of the recent economic cycle on the business model. Consider emerging trends to position the business model for future performance.

2

Understand cash movement in the business to improve deployment. Conduct a working capital review to analyze trailing performance, identify process and control deficiencies, and compare with peer performance. Position the company to build flexibility into future working capital investment planning, improve decision-making, and establish governance for sustainability.

3

Identify opportunities for improvement. Conduct a targeted analysis of product profitability, organizational complexity, supply chain efficiency, and service delivery models.

4

Consider the preservation and improvement of enterprise value by efficiently monetizing noncore assets, selling or winding down operations and facilities successfully, and rationalizing legal entities.

5

Evaluate restructuring alternatives and urgency. Consider benefits of in-court versus out-of-court restructuring. Identify key stakeholders and develop a credible plan to preserve value and maintain the customer base.

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