

## Turnaround Phases and Actions

Stage	Management Change (Leadership)	Situation Analysis (Viability)	Emergency Action (Crisis Control)	Business Restructuring (Change)	Return to Normal (Going Concern)
<b>Objectives</b>	<ul style="list-style-type: none"> <li>Engage The Wesley Group</li> <li>Put in place a Steering Committee.</li> <li>Eliminate impediments.</li> <li>Increase team visibility and accountability</li> </ul>	<ul style="list-style-type: none"> <li>Can the company survive?</li> <li>Should it be saved?</li> <li>Is the business viable?</li> <li>Are cash resources available to fuel turnaround?</li> <li>Develop preliminary action plan and nature of turnaround.</li> </ul>	<ul style="list-style-type: none"> <li>Go into survival mode.</li> <li>Get control.</li> <li>Establish breakeven.</li> <li>Turn cash flow positive.</li> <li>Raise cash to support turnaround.</li> <li>Protect resources.</li> <li>Protect asset value.</li> </ul>	<ul style="list-style-type: none"> <li>Create profitability through operations.</li> <li>Restructure business for increased return on assets and investment.</li> </ul>	<ul style="list-style-type: none"> <li>Seek profitable growth.</li> <li>Emphasize profits and returns.</li> <li>Build competitive strengths.</li> </ul>
<b>Sales and Marketing</b>	<ul style="list-style-type: none"> <li>Jump-start sales.</li> <li>Drive revenue.</li> <li>Volume in = revenue.</li> </ul>	<ul style="list-style-type: none"> <li>Analyze products and services distribution, sales and marketing strategies and systems.</li> </ul>	<ul style="list-style-type: none"> <li>Correct underpricing.</li> <li>Prune product lines.</li> <li>Weed out weak customers</li> <li>Bring sales and marketing costs within industry average.</li> <li>Sell, sell, sell more!</li> </ul>	<ul style="list-style-type: none"> <li>Reassess competitive and product line pricing.</li> <li>Exploit existing products.</li> <li>Develop new services.</li> <li>Improve customer and distribution mix.</li> <li>Improve sales and marketing effectiveness.</li> </ul>	<ul style="list-style-type: none"> <li>Explore new markets and customer segments.</li> <li>Examine industry restructuring opportunities.</li> <li>Pursue value-added chain restructuring.</li> <li>Consider synergistic diversification.</li> </ul>
<b>Financial</b>	<ul style="list-style-type: none"> <li>Track cash.</li> <li>Develop trusted reporting and analysis.</li> </ul>	<ul style="list-style-type: none"> <li>Analyze cash flow, breakeven, profitability, cost reduction, balance sheet, and reporting gross margin by product.</li> </ul>	<ul style="list-style-type: none"> <li>Restructure debt.</li> <li>Improve work/capital.</li> <li>Sell nonproducing assets.</li> <li>Reduce cost/increase revenue.</li> <li>Eliminate creative accounting practices.</li> </ul>	<ul style="list-style-type: none"> <li>Improve liquidity.</li> <li>Clean up balance sheet.</li> <li>Fix capital structure.</li> <li>Develop control systems.</li> <li>Create managerial accounting system.</li> </ul>	<ul style="list-style-type: none"> <li>Develop strategic accounting.</li> <li>Restructure long-term financing.</li> <li>Develop stock valuation and buyback system.</li> </ul>
<b>Manufacturing and Production Operations</b>	<ul style="list-style-type: none"> <li>Produce to meet sales levels only.</li> <li>Balance peaks and valleys.</li> <li>Volume out = throughput.</li> </ul>	<ul style="list-style-type: none"> <li>Analyze facilities, equipment, systems and procedures, and suppliers.</li> </ul>	<ul style="list-style-type: none"> <li>Shut down operations.</li> <li>Reduce work force.</li> <li>Reduce inventories.</li> <li>Control purchases.</li> <li>Increase productivity.</li> </ul>	<ul style="list-style-type: none"> <li>Develop productivity improvement programs.</li> <li>Reevaluate overhead.</li> <li>Establish ongoing profit improvement programs.</li> </ul>	<ul style="list-style-type: none"> <li>Restructure operations for competitive advantage.</li> <li>Consider strategic alliances with world-class firms.</li> </ul>
<b>Engineering, Research and Development</b>	<ul style="list-style-type: none"> <li>Develop new products and services to support sales.</li> </ul>	<ul style="list-style-type: none"> <li>Analyze new product development, improvements in product, process, and productivity.</li> </ul>	<ul style="list-style-type: none"> <li>Accelerate high-potential projects.</li> <li>Shut down tangential projects.</li> <li>Unbundle product offerings.</li> </ul>	<ul style="list-style-type: none"> <li>Make new product development market- and customer-oriented.</li> <li>Build an economic value-added orientation into process engineering.</li> </ul>	<ul style="list-style-type: none"> <li>Establish Benchmarking Systems</li> <li>Seek competitive advantages.</li> </ul>
<b>Organization</b>	<ul style="list-style-type: none"> <li>Organize for change.</li> <li>Rightsize the company.</li> </ul>	<p>Analyze systems:</p> <ul style="list-style-type: none"> <li>Does organizational structure make sense?</li> <li>Accounting/Control.</li> <li>Incentive/performance measurement and compensation.</li> </ul>	<ul style="list-style-type: none"> <li>Structure turnaround team.</li> <li>Review individual accountability and teamwork.</li> <li>Reward those who change the situation; release those who don't.</li> </ul>	<ul style="list-style-type: none"> <li>Restructure for competitive effectiveness.</li> <li>Develop rewards that reinforce turnaround.</li> <li>Demonstrate with action the seriousness of the situation.</li> </ul>	<ul style="list-style-type: none"> <li>Restructure to reflect changing strategies.</li> <li>Organize to succeed, then fill positions with talented people. Don't compromise.</li> </ul>
<b>Personnel and Human Resources</b>	<ul style="list-style-type: none"> <li>Hold employees accountable.</li> <li>Nurture critical human capital resources.</li> <li>Slow the turnover rate.</li> <li>Institute incentive-based management.</li> </ul>	<ul style="list-style-type: none"> <li>Analyze management team; sales, finance, and ops personnel; recruiting, selection, training, and promotional systems.</li> </ul>	<ul style="list-style-type: none"> <li>Get peoples' attention.</li> <li>Establish who's in charge.</li> <li>Create a professional, business-like atmosphere.</li> <li>Sanction nonperformers.</li> </ul>	<ul style="list-style-type: none"> <li>Improve people mix.</li> <li>Institute incentive-based management.</li> <li>Bolster people to believe in consistent reward system.</li> <li>Get people to think profit, ROI, and cash flow.</li> </ul>	<ul style="list-style-type: none"> <li>Institutionalize continuous management and employee training and development programs.</li> <li>Grow human assets.</li> </ul>