

Restructuring in economically uncertain times

a white paper authored by Top Fifty AG,
partner of Senior Management Worldwide in Switzerland

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Restructuring to save companies under the influence of the pandemic

The pandemic left deep marks on companies. The serious restrictions on mobility and economic options worldwide forced companies to take immediate and drastic measures. The top economic priorities were process and cost optimization, review of the existing business model and digitalization. The following examples of interim manager assignments show a spectrum of possibilities to solve difficult corporate situations.

International cooperation

This white paper is a contribution of SMW's partner Top Fifty from Switzerland.

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Restructuring in economically uncertain times

Situation A large project is completely eliminated

A major customer of an aviation supplier suddenly stopped a long-term project. This had a major financial impact on the location and the entire corporate division, as the high fixed costs persisted even after the project was discontinued. Top Fifty provided the company with an experienced transition manager for the inevitable restructuring. The manager was tasked with examining all options, preparing them for the decision-making of the management and the board of directors and accompanying the subsequent restructuring.

Solution Comprehensive analyzes, quick decisions and in-house know-how

The transition manager calculated all options -reduction of production areas and applied technologies, but also downsizing- and prepared them for the management and the board of directors in such a way that a quick decision could be made. Afterwards he set up a transition team with experienced line

personnel, which he led as a matrix organization. This enabled him to activate the in-house experience in order to initiate the comprehensive changes. The situation on the customer front, which changed several times, posed a particular challenge. Therefore, it was necessary to design the restructuring plan flexibly, so that it could be adapted within a very short time. After the successful completion of the restructuring, people were freed up in the company, which made a successor possible with only a one-week handover period.

Success factors Building trust with industry experience, a quick familiarization period and empathy

The decisive factor was the rapid familiarization by the transition manager and the rapid operational capability of the transition team. This made it possible to relieve the continuing line functions of the restructuring work as far as possible. Since the company is politically exposed in the media, transparent communication within the company as well as with social partners, politics and society was particularly important during the entire process. Human qualities such as empathy and trustworthiness were just as beneficial as technical and economic industry knowledge.



Carve-Out a path to profitability

Situation Management is troubled by losses and regular customers leaving

The company manufactures systems for sterilization and cleaning in medical technology and pharmaceutical industries. At the time of the interim mandate, the company consisted of two strongly intertwined but independent business units, which were represented with over 1,000 employees at three European production sites. Both the steadily growing losses, and the inadequate reliability regarding delivery, the significant migration of regular customers and the above-average staff fluctuation in one of the two business units made management difficult. The cause of the inadequate performance was suspected to be in order processing at the German location. The interim manager had the task of analyzing the situation on-site, working out suggestions for improvement and then accompanying the measures' implementation.

Solution Promising solutions found through workshops and benefit analysis

In the first step, the interim manager carried out several workshops with all stakeholders. It quickly became clear that the business unit's entire value flow had to be analyzed more

precisely at all three locations. Accordingly, together with the executives involved, he discussed opportunities, their advantages and disadvantages and evaluated them by means of a benefit analysis. The possible scenarios determined in this way were presented to management. The scenario favored by the team was chosen: a complete carve-out from the group, which meant that the business was expected to henceforth operate as an independent stock corporation within the listed parent company. The scenario included the adjustment of the product portfolio, the closure of a location, the relocation of the 'brain functions' (e.g. engineering, internal sales, software development) to the main location, the implementation of an autonomous ERP system, a dedicated HR department and expansion of its own global distribution network. The interim manager carried out all the steps.

Success factors High level of commitment from all stakeholders involved

All stakeholders were involved in all phases of the project, which encouraged a high level of commitment both in finding solutions and in implementation. In addition, a dynamic decision-making body monitored the entire reorganization process and the various gate reviews. The carve-out succeeded, which created the basis for the turnaround.



Restructured to save the company

Situation With running costs but no income, the company was facing the end

Our customer from the event and trade fair industry was aware of the pandemic's consequences. Without quickly implemented measures, the lack of income and the fixed costs would lead to an unrecoverable deficit and thus the end of the company. The goals for the interim manager employed were accordingly ambitious: He had to implement a restructuring plan as quickly as possible that would enable the company to survive the pandemic with the least possible loss. Unfortunately, layoffs were inevitable.

Solution Implement restructuring and overcome depression

The main aim was to optimize and standardize processes. While the restructuring was going on, an exhibition hall could be rented to someone else at the same time and the whole team implemented other creative (small) projects and innovations that were able to compensate for the missing income. The company communicated the layoffs pronounced at all organizational levels transparently, supported those who had been terminated as much as possible, motivated employees and got them out of their downcast mood.

A weekly review and outlook from the management as well as a monthly online live appearance helped a lot in this regard.

Success factors A united demeanor and a positive look ahead

The interim manager and the company's management quickly became a good team. The management stood united behind all measures (including the unpopular ones), which significantly supported the cooperation with all those involved in these uncertain times. The rapid implementation of new, innovative projects also contributed greatly to the success. Thanks to the interim manager, the employees looked ahead and were able to overcome the understandable dejection.

