



“Implementation of a Business Turnaround Plan”

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This first pass at restructuring your business deals more with cutting costs drastically and therefore removing various elements of the business. The next pass at restructuring places more emphasis on modifying the business according to changing market conditions and sound business practices. Although these are not strict guidelines, this is the general format of these two phases.

In the initial stages of the turnaround process you should have created a turnaround plan in which you identified particular aspects of your business that you will cut and possibly some other aspects that you will transform. During the implementation stage of the turnaround process, you will implement those changes.

You will also implement various procedures that are aimed at cutting excess fat and freeing up cash in other ways. So you have, in the form of a turnaround plan, a list of actions that are particular to your specific business. Now you can take the turnaround plan and create an explicit list of action items.

This will turn out to be a list of action items such as: “cut the service department” and “remove widget A” and “cut the catalog department” and “merge the customer service department with technical support” and so forth.

As you create your list of action items, make sure that everything you have in the turnaround plan is addressed.

To illustrate these concepts, consider a fictitious company called XYZ Company. Prior to the restructuring, XYZ Company manufactured high-cost lasers and included training free of charge with those lasers. After



the company is transformed, they will no longer be manufacturing lasers.

Since they are no longer manufacturing lasers, those products will be deactivated in the product database. Since the training was included with the sale of a laser, there were no product codes to identify those products individually.

One action item would be (1) to create product codes for each of the training products that will be sold after the restructuring. Another action item would be (2) to deactivate all the old product codes for the actual lasers that will no longer be offered.

This would lead to the overall action item of something like: “(3) Restructure the database to accommodate the deletion and modification of products.

Another action item is related to these two items, and that is the new order entry system. This action item would be stated as something like this: “(4) Restructure order entry system to allow for online ordering.”

Note that it would be better to process action item (3) before action item (4). When all the items are entered and the prerequisites are identified, the output will be a formal project plan.

There are also some more generic activities you will undertake in this module to trim the fat of the business. For example, you will spend time analyzing the overall debt burden and you will develop a plan to reduce it. You can add the following action item to your list:

Action Item X: Reduce outstanding commercial debt.



In most cases, you can reduce your outstanding commercial debt by up to 60% just by implementing a set of well-developed debt reduction procedures.

Since you are in a restructuring phase, creditors will be more willing to negotiate a new debt amount since you will tell them that you are in the midst of a turnaround and it is possible that your company may enter bankruptcy proceedings if you cannot reduce expenses (and outstanding debt). They will possibly agree to a lower balance and a payment schedule.

Given everything that is taking place, and the critical nature of what is required, I recommend that you retain the services of a professional debt reduction expert. As with a turnaround expert, you can retain these services onsite or remotely, although most debt reduction work can be performed remotely, so this approach will save you money.