



# Business Improvement Group, LLC

We Diagnose, Improve, Teach and Hand Over

## Crisis Management & Turnaround Case Studies

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# Factory turn around – Case Study

- **Situation:** An electronic component factory was having serious financial difficulties and a new owner had just purchased the factory with the view to turning it around and expanding it.
- **Action:** A ‘war room’ was set up with all the factory’s vital data displayed on the wall which were updated daily. A ‘standing only’ meeting was held every morning to walk the management team through the data and identify issues. All issues were tracked and actions identified with a specific person in charge of each issue and a dead-line for resolution. In addition, a cash-flow model was developed tracking all in and outflows on a daily basis such that daily prioritization could take place.
- **Results:** The factory was cash flow break-even at the end of 90 days. The effort could then move to creating a factory growth plan.

# Crisis Management & Turnaround – Case Study



- **Situation:** A capital goods and distribution manufacturer was operating in the red as a result of macro-economic contraction.
- **Action:** A Business Improvement Group Partner was assigned to orchestrate a complete restructuring and turnaround of the organization. Immediate financial controls were put in place, including installing a management operating system. Inventory was reduced by 15% and A/R by 40%. A new MIS system coupled with the new financial controls reduced operating costs by 50% and reduced the month end close from 30 days to 5 days. The aftermarket sales team was incentivized with a sales commission program resulting in a 15% increase in gross sales and a 7% increase in profits. Negotiations with creditors and lenders established more favorable terms during the crisis.
- **Results:** The organization was stabilized and returned to break-even within 12 months. Within 24 months earnings increased by 30%.



# Orderly Business Wind-Down – Case Study

- ***Situation:*** A contract manufacturer for the telecommunications industry experienced a loss of 90% of sales in their primary markets and had been struggling to re-direct the business.
- ***Action:*** A Business Improvement Group Partner was called in to perform a turnaround viability assessment and determined the company could not be restored to profitability in its present state. He successfully implemented and executed an exit/wind-down strategy, negotiated debt reduction with 8 banks, closed and sold off 2 plants totaling 150,000 sq. ft., liquidated equipment and orchestrated an orderly closing of the business outside of filing bankruptcy.
- ***Results:*** Financial and legal impact was minimized to both the owners and creditors within a 12-month period.

# Get in touch: [www.bizimprovementgroup.com](http://www.bizimprovementgroup.com)



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