Turnaround and Crisis Management Services

By the time a company reaches the point that a turnaround is required, management attention is typically consumed by chaos and crisis. In these circumstances, Coplenish becomes management's SWAT team to quickly understand and stabilize the situation. We perform an accelerated analysis of the cash flow situation, reign in the spending, and secure cash. Once the immediate crisis has been brought under control, we focus on maximizing internal cash flow, making sure that essential control mechanisms are put in place, and identifying and addressing core organizational and operational problems. We design and implement control mechanisms like daily cash reviews, 6 and 12-week cash flow plans, management alerts, and collection management procedures.

With these mechanisms in place to provide stability and breathing room, we turn our focus to getting the company back to health. This means developing a clear strategic plan that will bring the company to cash flow positive as soon as possible, including changes in market focus, pricing, organization, and operations. We build a plan to restructure credit and debt. In parallel, we will look for sources of alternative funding for the company. And we stick with our clients, if needed, to ensure effective implementation of these plans.

Together, these steps are critical to achieving corporate recovery. Recovery is not easy, and it is not painless. However, in our experience the greatest pain is the spiral of deepening crisis that comes from not acting quickly and decisively. Because it is difficult, taking such decisive action often requires help from an organization like Coplenish – we’ve been through this as consultants, and as executives in our own turnaround situation.

We can help you make your company well again. We know how to do it, and we get results.
Our Approach

Our turnaround process has four phases: Diagnosis, Intervention, Turnaround Plan Development, and Plan Implementation.

Diagnosis

In the diagnosis phase we develop the basic information needed to create a plan that will ensure your organization's viability. The analysis includes:

- Existing financial statements
- Current cash flow
- Accounts receivable and inventory status
- Other sources of funds
- Relationships with financial institutions
- Creditor problems
- Existing legal, accounting, and regulatory problems
- Public disclosures, if required
- Management and organization
- Marketing and operational strategy
- Reporting systems

Our findings are reviewed with you, in detail, before proceeding to the next phases of the turnaround.

Intervention

We'll recommend and help you take the immediate actions necessary to stabilize your business as rapidly as possible. Time is of the essence, as every day that passes without intervention raises the risk to your company’s viability. We typically focus on maximizing cash flow from the current business and implementing management controls to provide the tools to support ongoing corporate stability.
Maximizing cash flow

The first task is to maximize current cash flow and create additional time and breathing room for the company. We do this by

- Strategically managing accounts payable
- Accelerating sales of inventories
- Speeding up accounts receivable collection cycle
- Selling fixed assets, if appropriate
- Cutting costs, including staff reductions
- Consolidating or shutting down facilities
- Changing pricing and contract terms

Implementing management controls

It is essential that key management reports be put in place to provide control over cash flow and the operation. We implement reports and processes for

- Daily cash control
- 30, 60 and 90 day rolling cash flow
- Daily spending controls over purchases, inventories and operations
- Accounts receivable management
- Sales and billing control
- Credit and collections
- Special reports on key indicators and issues

Turnaround Plan Development

At this point, Coplenish has helped you stabilize your company in the near term, allowing us to work together to build a financially viable and attractive future for your company.
Strategic and financial plans

We develop the strategic and financial plans that form the roadmap for bringing your company back to corporate health. The roadmap becomes the key communication tool to convince management, employees, board directors, investors, and creditors that the company will survive, prosper, and merit additional investment of time and capital. Key elements of the plan include:

- Pro forma cash flow, profit and loss, and balance sheet projections
- Key assumptions driving the financial plan
- Specific changes to the business
  - Cost reductions
  - Revenue enhancements
  - Product or service strategies
- Programs for managing existing liabilities and assets
- Project plans for key initiatives
- Roadmap of key milestones
- Organizational changes
- Key risks and plans for managing risks
- Reporting mechanisms for ongoing communication

Creditor Plan

Often specific plans are required for managing creditors. We segment your creditors by strategic importance to ongoing operations and by size, and develop recommendations for how to approach each segment of creditors.

Funding plan

If new funding is needed, Coplenish identifies the key things that the company will need to demonstrate in order to make a new round of funding happen. We then identify sources and options such as:

- A new financing plan with existing creditors, financial institutions, vendors and customers
- New debt or equity financial sources
- Bridge financing
- Off balance sheet financing
Coplenish can also serve as a valuable resource to help make the connections, convince sources of funds to support the company, and then close the deal.

**Implementation**

During the implementation phase, Coplenish acts as guide and monitor of the implementation process, making sure that the results are achieved. We bring particular expertise in ensuring that implementation efforts yield financial results, and employ a highly effective distributed project management tool to make sure implementation programs stay on track and reach the desired results.

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If you would like to learn more about turnarounds and crisis management give us a call for a free initial discussion.

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