

## The Turnaround Matrix

Stage	Leadership Change	Situation Analysis	Emergency Action Phase	Business Restructuring/Strategic Change Phase	Beyond Turnaround/Return to Normal
<b>Objective</b>	<ul style="list-style-type: none"> <li>Select top management</li> <li>Manage resistance to change</li> </ul>	<ul style="list-style-type: none"> <li>Determine viability</li> <li>Identify strategy</li> <li>Develop options/action plans</li> </ul>	<ul style="list-style-type: none"> <li>Survival</li> <li>Positive cash flow</li> <li>Raise cash for future strategy</li> <li>Protect future resources</li> </ul>	<ul style="list-style-type: none"> <li>Enhance profitability/ROA</li> </ul>	<ul style="list-style-type: none"> <li>Institutionalise performance culture</li> <li>Build competitive strengths</li> </ul>
<b>Actions</b>	<ul style="list-style-type: none"> <li>Select top leaders</li> <li>Determine/replace top management</li> </ul>	<ul style="list-style-type: none"> <li>Determine nature of turnaround</li> <li>Determine key success factors</li> </ul>	<ul style="list-style-type: none"> <li>Take charge</li> <li>Control cash</li> </ul>	N/A	<ul style="list-style-type: none"> <li>Reinforce positive actions</li> </ul>
<b>Financial</b>	N/A	<ul style="list-style-type: none"> <li>Cash flow</li> <li>Break Even Point</li> <li>Profitability</li> <li>Balance sheet strength</li> </ul>	<ul style="list-style-type: none"> <li>Debt renegotiation/restructuring</li> <li>Working capital improvements</li> <li>Cost reductions</li> <li>Profitability analysis</li> </ul>	<ul style="list-style-type: none"> <li>Liquidity improvement</li> <li>Balance sheet strengthening</li> <li>Rebuild controls</li> <li>Disposal of non-core assets</li> <li>Improve reliability of accounting information</li> </ul>	<ul style="list-style-type: none"> <li>Long term financing</li> <li>Improvement in strategic accounting and control systems</li> </ul>
<b>Marketing</b>	N/A	<ul style="list-style-type: none"> <li>Product/service analysis</li> <li>Distribution analysis</li> <li>Sales and marketing strategies</li> </ul>	<ul style="list-style-type: none"> <li>Optimal pricing</li> <li>Product line rationalisation</li> <li>Customer service</li> </ul>	<ul style="list-style-type: none"> <li>Competitive pricing</li> <li>Product development</li> <li>Customer and distribution mix</li> </ul>	<ul style="list-style-type: none"> <li>Explore new markets/segments</li> <li>Value chain restructuring</li> <li>Diversification</li> </ul>
<b>Operations/manufacturing</b>	N/A	<ul style="list-style-type: none"> <li>Facilities and equipment</li> </ul>	<ul style="list-style-type: none"> <li>Shut down unprofitable operations</li> </ul>	<ul style="list-style-type: none"> <li>Productivity improvement</li> </ul>	<ul style="list-style-type: none"> <li>Restructure for competitive advantage</li> </ul>

		<ul style="list-style-type: none"> <li>• Systems and procedure</li> <li>• Supplier analysis</li> <li>• Product/process improvements</li> </ul>	<ul style="list-style-type: none"> <li>• Staff rationalisation</li> <li>• Inventory rationalisation</li> <li>• Increase productivity</li> </ul>	<ul style="list-style-type: none"> <li>programmes</li> <li>• Periodic overhead analysis</li> <li>• Profit improvement programmes</li> <li>• Customer oriented new products</li> <li>• Economic value analysis</li> </ul>	<ul style="list-style-type: none"> <li>• Consider strategic alliances</li> <li>• Research and development programmes</li> </ul>
<b>Organisation/people</b>	N/A	<ul style="list-style-type: none"> <li>• Organisation structure</li> <li>• MIS</li> <li>• Accounting and controls</li> <li>• Performance and compensation</li> </ul>	N/A	<ul style="list-style-type: none"> <li>• Improve skill mix</li> <li>• Restructure for competitive effectiveness</li> <li>• Focus on profits and ROI</li> </ul>	<ul style="list-style-type: none"> <li>• Institutionalise training and development</li> <li>• Continuous restructuring in line with environment and strategy</li> </ul>
<b>Staff</b>	N/A	<ul style="list-style-type: none"> <li>• Consider middle and first line</li> <li>• Rethink recruitment, selection and training</li> </ul>	<ul style="list-style-type: none"> <li>• Change status quo</li> <li>• Reward those who change/sanction those who don't</li> </ul>		

*Adapted from the abjournal "The Principles and practices of the Turnaround Process", February 2003*