

# FOCAL POINT |

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## Concerns of the

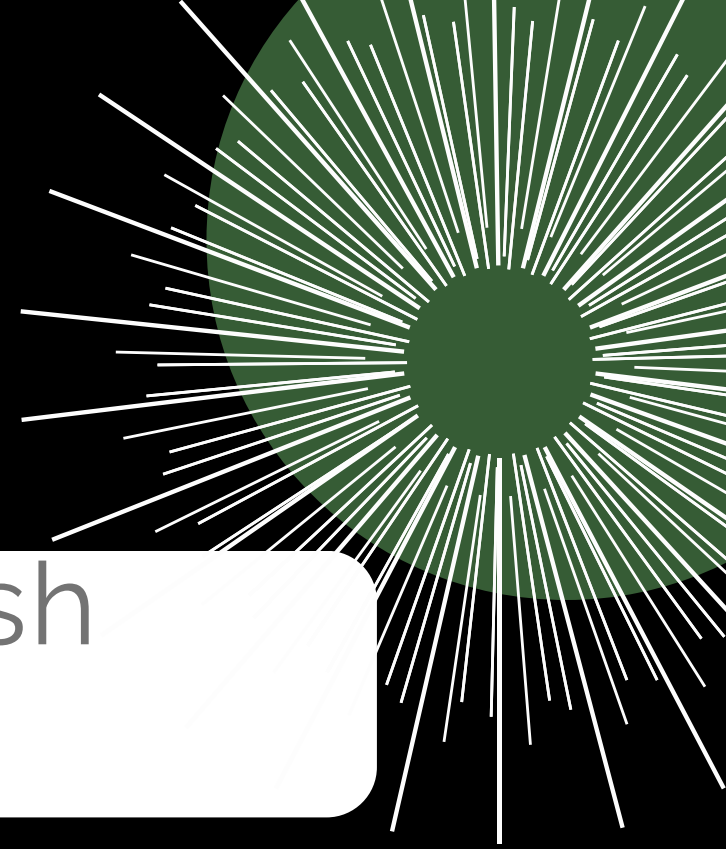
Chief Restructuring  
Officer

# CRO

**+** helpful, proven  
**operational &  
organizational**  
support elements



Turning Organizational Energy Into  
Results That Matter



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# Liquidity and Cash Management

The CRO's first priority is always cash.

- Weekly or daily cash-flow forecasting
- Cash preservation initiatives
- Renegotiating payment terms
- Identifying immediate liquidity risks
- *Key metrics include:* Cash balances, cash burn rate, liquidity runways in weeks, credit availability, cash conversion cycle (CCC), days sales outstanding (DSO), and vendor payment statuses

## Support Elements

- Restructuring Control Room
- Cash Conversion Cycle (CCC) Optimization
- Cash Flow Pareto Constraint Analysis
- Capacity Planning Models
- Sales & Operations Planning (S&OP)
- Operational and Financial Dashboards
- Finance & Accounting Workflow Optimization
- External Benchmarking
- Negotiation Skills Training
- Knowledge Management System (KMS)

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## Debt Burden & Capital Structure

CROs focus on strengthening the balance sheet:

- Debt restructuring
- Negotiating with lenders and special-situations investors
- Interest burden reduction
- Refinancing options
- *Key metrics include:* days sales outstanding (DSO), days payables outstanding (DPO), days inventory outstanding (DIO), interest service levels, customers' operational and financial constraints aging A/R (pareto)

### Support Elements

- Restructuring Control Room
- Project Management Office (PMO)
- Cash Conversion Cycle (CCC) Optimization
- Debt Servicing Dashboard
- Stakeholder Surveys and Relationship Temperature Dashboard
- Continuous Improvement (CI) Workshops
- Negotiation and Supplier Relationship Management Skills Training
- Customer Relationship Management Skills Training

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## Operational Turnaround & Cost Reduction

Stabilizing operations is critical:

- Selling, General, & Admin. (SG&A) cost cuts
- Workforce and equipment reductions
- Supply chain reconfiguration
- Operational efficiency improvements
- Zero-based budgeting
- *Key metrics include:* SG&A cost %, labor cost as % of revs, cost of goods sold (COGS) impacts, realized savings vs. planned savings, improvement initiative benefits run rates, % of initiatives behind schedule, expected EBITDA impact from initiatives, contractor costs

### Support Elements

- Operational SMEs Turnaround Team
- Change Management Communication
- Capacity Planning Model
- Order-to-Cash Workflow Optimization
- Supply Chain Optimization
- Procurement Skills Training
- Functional Skills Gaps and Departmental Risk Assessment Studies
- Roles & Responsibilities Assessments
- Management Coaching and Skills Training
- Employee Engagement Surveys

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## Stakeholder Management

CROs must align multiple parties (like investors, lenders, boards, vendors, customers) with conflicting, painful-yet-necessary initiatives:

- Transparent reporting
- Negotiating standstill agreements
- Maintaining vendor confidence
- Managing the board's expectations
- *Key metrics include:* covenant compliance, lender relationships status, vendor confidence scores, investor and board alignment status, debt restructuring milestones progress, equity market analyst responses (if public)

### Support Elements

- Restructuring Control Room
- Project Management Office (PMO)
- Stakeholder Surveys and Relationship Temperature Dashboard
- Debt Servicing Dashboard
- Internal Digital Communications Platform
- Customer and Vendor Relationship Management Skills Training
- Supply Chain Risk Contingency Plans
- Accounts Payable (A/P) Protocols & Controls

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## Revenue Stabilization & Margin Recovery

Even with cost cutting, turnarounds fail without quick infusions of revenue:

- Fixing pricing strategy
- Rebuilding the sales pipeline
- Customer retention
- Improving products & services margins
- *Key metrics include:* revenue (plan vs. actual), gross margin %, contribution margin by product, customer retention rates, sales conversion rates, critical selling activity rates, new products & services development milestones, marketing engagement & conversion rates

### Support Elements

- Sales Workflow (Lead to Rev.) Optimization
- 4 Ps (Product, Pricing, Place, Promotion) Capability Buildup
- Change Management Playbook
- Sales & Operations Planning (S&OP)
- Customer Relationship Skills Training
- Sales & Marketing Pipeline Dashboard
- Sales Archetype Development
- Customer-Facing Tech Skills Training
- Voice of the Customer Program
- New Product Development Acceleration

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## Leadership & Workforce Assessment

CROs assess whether or not current leadership can execute a turnaround:

- Evaluating executive and management capabilities
- Replacing underperformers
- Setting new accountability standards
- Realigning incentives (bonus programs tied to turnaround metrics)
- *Key metrics include:* capacity planning, productivity across the organization, on-time delivery rates, efficiency rates, quality levels, critical role vacancy risks, leadership scorecards, employee culture surveys

### Support Elements

- Capacity Planning & Span of Control Models
- Cultural Assessment & Stakeholder Surveys
- Market Competitiveness Index
- Order-to-Delivery Process Optimization
- HR Data Analytics & Decision Science Team
- Knowledge Management System (KMS)
- Human Capital Talent Management
- Contractor Management Program
- Incentive and Bonus Optimization Models
- Pragmatic Employee Scorecards
- Upskilling Programs

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## Scenario Planning & Forecast Accuracy

Turnaround success depends on CROs being able to consistently and reliably forecast:

- 13-week cash flow models
- Multiple recovery scenarios
- Critical sensitivity analyses (market risk, supply chain risk, talent exodus, customer concentration & retention)
- *Key metrics include:* forecast accuracy %, supply chain health index, customer retention, talent exodus risks, capacity planning models, risk mitigation costs, one-time advisory costs, zero-based budgeting adherence

### Support Elements

- Cash Conversion Cycle (CCC) Controls
- Quarterly/Y1/Y2 Company Plan with Implementation Roadmaps
- Forecasting Process Calibration
- Capacity Planning Models
- Supply Chain Optimization
- Market Models & Decision Science Analysis
- Cross-Functional Risk Mitigation Workshops
- Exit Interview Root Cause Analysis
- Contractor Relationship Management Program

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## Legal & Compliance Exposure

CROs look for risks that could derail the restructuring:

- Covenants and loan defaults
- Contractual obligations
- Pending litigation
- Bankruptcy preparation (if needed)
- *Key metrics include:* contractual milestones, debt service capacity, litigation exposure, regulatory compliance status, contract compliance status, risk registry

### Support Elements

- Restructuring Control Room
- Debt Servicing Dashboard
- Project Management Office (PMO)
- Cybersecurity and Brand Risk Analyses
- Auditing Process and Procedures
- Data Analytics & Decision Science Team
- Internal and External Benchmarking
- Cross-Functional Risk Mitigation Workshops
- Knowledge Management System (KMS)
- Employee, Supplier, and Customer Surveys
- Internal Digital Communication Platform
- Contract Compliance Controls

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## Communication & Morale Management

Turnarounds cause fear, depression, and uncertainty. CROs help create:

- Internal communication to prevent talent flight
- External messaging to customers and suppliers
- Maintaining credibility and focus
- Change management during turbulent periods
- *Key metrics include:* cultural surveys, employee retention, customer retention, products and services reviews, supplier relationship statuses, brand equity index

### Support Elements

- Change Management Playbook
- Internal Digital Communication Platform
- Upskilling and Reskilling Training
- Employee, Supplier, and Customer Surveys
- Brand Equity Risk Analysis
- Knowledge Management System (KMS)
- Customer and Contractor Relationship Management Systems
- 4 Ps (Product, Pricing, Place, Promotion) Capability Buildup

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## Exit Strategy & Long-Term Viability

The CRO's role includes defining what an agreed, successful turnaround is:

- Structuring the exit (sale, merger, refinancing, new equity)
- Preparing clean financials
- Rebuilding operational discipline
- Ensuring the company can survive without triage leadership
- *Key metrics include:* buyer & investor interest levels, refinancing probability, operational trends, EBITDA trend, business valuation indicators, critical talent hiring milestones, path-to-exit scenarios, turnaround finish line

### Support Elements

- Performance Integrated Management System (PIMS)
- Operational & Financial Dashboards
- Financial Planning & Analysis (FP&A)
- Process Optimization
- Internal and External Benchmarking
- Voice of the Customer / Kano Analysis
- Knowledge Management System (KMS)
- Human Capital Talent Management and Critical Position Succession Planning
- Upskilling and Reskilling Training