



CASE STUDY

Restructuring

Case study: Restructuring Process: A Case Study on Minimizing Cash Burn and Avoiding Layoffs

Introduction: In this case study, we will explore a restructuring process implemented by Finability in a company facing financial challenges. The primary objective of the restructuring was to reduce cash burn without resorting to employee layoffs. By employing strategic measures, the company aimed to achieve long-term sustainability while maintaining a motivated workforce.

Company Background: The ServicesABC GmbH, a medium-sized manufacturing firm, was experiencing financial difficulties due to declining market demand and increased operational costs. The management recognized the need for a comprehensive restructuring plan to regain profitability while safeguarding employee well-being.

Engaging Finability GmbH: To guide the restructuring process, the ServicesABC GmbH enlisted the services of Finability specializing in corporate transformations. The firm brought in a team of experienced consultants with expertise in finance, operations, and human resources.

Identifying Key Challenges: Finability conducted a thorough assessment of the company's financial situation and identified the key challenges contributing to the cash burn. These challenges included excess inventory, inefficient processes, redundant functions, and underutilized assets.

Developing the Restructuring Plan: Finability collaborated closely with ServicesABC GmbH management team to develop a tailored restructuring plan. The plan aimed to address the identified challenges and achieve cost reduction targets while minimizing the impact on employees.

Key Measures Implemented

- 1. Inventory Optimization:** Through detailed analysis, Finability identified slow-moving and obsolete inventory. By implementing effective inventory management practices, the company reduced holding costs and increased cash flow.
- 2. Process Streamlining:** Finability conducted process mapping exercises to identify bottlenecks and inefficiencies. By streamlining workflows and eliminating non-value-added activities, the company achieved operational efficiency and reduced costs.





3. **Function Consolidation:** Redundant functions and overlapping roles were identified and consolidated to eliminate duplication and improve overall efficiency. This restructuring not only eliminated unnecessary expenses but also promoted cross-functional collaboration.

4. **Asset Rationalization:** Finability assessed the company's asset portfolio and identified underutilized assets. By divesting non-core assets and optimizing the utilization of existing assets, the company generated additional cash flow and reduced maintenance costs.

5. **Training and Upskilling:** To avoid layoffs and ensure a motivated workforce, Finability recommended investing in training and upskilling programs. Employees were provided with opportunities to enhance their skills and transition into roles aligned with the company's new strategic direction.



Results and Benefits: The restructuring process yielded several positive outcomes for the ServicesABC GmbH:

1. **Reduced Cash Burn:** By implementing the identified measures, the company successfully reduced its cash burn rate, ensuring a more sustainable financial position.
2. **Increased Efficiency:** Streamlining processes and consolidating functions led to improved operational efficiency, reducing costs and enhancing productivity.
3. **Retained Workforce:** The emphasis on training and upskilling helped the company retain its talented workforce, avoiding the need for layoffs and maintaining a motivated team.

Conclusion: Through the collaborative efforts of Finability and the ServicesABC GmbH management team, a successful restructuring process was implemented, focusing on minimizing cash burn and avoiding employee layoffs. By optimizing inventory, streamlining processes, consolidating functions, rationalizing assets, and investing in employee development, the company achieved its objectives of cost reduction and long-term sustainability. This case study serves as an example of how strategic restructuring can drive positive change while preserving employee well-being.



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