

### Exercise 1.2: Rapid Turnaround Strategy Brainstorm

#### Objective:

To collaboratively develop a quick turnaround strategy for a distressed hypothetical company, you can apply the key concepts and best practices discussed in the course. This exercise mainly focuses on understanding and applying fundamental concepts and methodologies, allowing you to showcase your competence and capability.

#### Scenario Introduction:

Participants will be presented with a brief scenario of a hypothetical company facing significant business challenges. This scenario, carefully crafted to mirror real-world situations, will provide concise information about financial data, market conditions, and operational issues. This tangible context will help you apply your learning effectively, fostering engagement and connection.

#### Group Work:

Participants will be divided into groups of 5, creating a collaborative environment. Each group will brainstorm and develop a quick turnaround strategy, focusing on one immediate stabilization measure, one long-term restructuring plan, and one leadership or communication strategy to ensure stakeholder buy-in. This collaborative approach promotes teamwork and camaraderie and enhances the learning experience, making you feel more connected and engaged.

#### Strategy Presentation:

Each group will then present its quick strategy to the other group (creating a larger group of 10). The groups will provide rapid feedback and discuss the feasibility and potential impact of the proposed strategies. Each team will highlight the strengths and areas for improvement of the other team's proposed techniques. By engaging in these short, focused exercises, participants will learn from each other's strategies, refine their approaches, and understand the feasibility and potential impact of the proposed methods. It's an opportunity for continuous learning and improvement, making you feel empowered and confident in your abilities.

### Scenario 1: Participant Exercise Handout

**ABC Company—Financial Distress:** This scenario will provide participants with realistic challenges that require strategic thinking and collaborative problem-solving to develop effective turnaround strategies.

#### Background:

ABC Company is a mid-sized manufacturing firm that has been in business for over twenty years. Recently, it has faced significant financial challenges due to increased competition and rising production costs.

#### Financial Data:

Revenue:	\$50 million (down 20% from last year)
Net Loss:	\$5 million
Debt:	\$20 million
Cash Flow:	Negative \$2 million per quarter

#### Market Conditions:

The market is highly competitive, with several new entrants offering lower-cost alternatives. Demand for ABC Company's products has decreased due to cheaper imports and changing customer preferences. The industry is experiencing a shift towards more sustainable and eco-friendly products, which ABC has not yet adapted to.

#### Operational Issues:

High production costs due to outdated machinery and inefficient processes. Increasing inventory levels have led to high carrying costs. Low employee morale and high turnover rates. Ineffective supply chain management resulting in frequent delays and quality issues.

### Scenario 2: Participant Exercise Handout

**ABC Company—Market Position Decline.** This scenario will provide participants with realistic challenges that require strategic thinking and collaborative problem-solving to develop effective turnaround strategies.

#### Background:

ABC Company, a well-known retail chain with 150 stores nationwide, has seen a steady decline in market share over the past five years due to the rise of e-commerce and changing consumer behavior.

#### Financial Data:

Revenue:	\$300 million (declining at a rate of 10% per year)
Profit Margin:	2% (down from 8% five years ago)
Inventory Turnover:	Three times per year (industry average is 6)
Marketing Spend:	\$20 million per year (with low ROI)

#### Market Conditions:

Increasing competition from online retailers offering lower prices and greater convenience, changing consumer preferences towards online shopping and personalized customer experiences, and an economic downturn affecting consumer spending.

#### Operational Issues:

Poor online presence and digital marketing strategy. Underperforming stores in high-rent locations are contributing to financial strain. Ineffective use of data analytics to understand and respond to customer needs. Lack of innovation in product offerings and in-store experience.

### Scenario 3: Participant Exercise Handout

**ABC Company—Operational Inefficiencies.** This scenario will provide participants with realistic challenges that require strategic thinking and collaborative problem-solving to develop effective turnaround strategies.

#### Background:

ABC Company, a leading supplier of industrial equipment, is struggling with significant operational inefficiencies impacting its ability to meet customer demand and maintain profitability.

#### Financial Data:

Revenue:	\$100 million (stagnant growth)
Gross Profit Margin:	25% (down from 30% last year)
Operating Expenses:	\$35 million (up 15% from last year)
Order Fulfillment Rate:	80% (industry average is 95%)

#### Market Conditions:

There is a high demand for industrial equipment, but competition from more efficient competitors is increasing. Customers are increasingly demanding faster delivery times and higher customization. Technological advancements in manufacturing are changing the competitive landscape.

#### Operational Issues:

Outdated technology and equipment are leading to frequent breakdowns and maintenance issues. Inefficient production processes are resulting in high waste and low productivity. Poor warehouse management is causing delays in order fulfillment. There is a lack of employee training and development programs at the company, leading to skills gaps and low morale.