

Exercise 1.6: Develop an Intervention Strategy

Participant Solution Handout – Strategic Intervention

Group Work Solution:

1. Identifying Issues:

- **Financial Distress:** High debt levels and cash flow issues affecting liquidity.
- **Operational Inefficiencies:** Frequent equipment breakdowns leading to production delays and increased costs.
- **Market-Related Issues:** Declining market share due to negative customer feedback about product quality.

2. Prioritizing Actions:

- First, address financial distress by renegotiating debt terms and securing short-term financing to improve liquidity.
- Next, focus on operational inefficiencies by investing in equipment maintenance and employee training to enhance productivity and morale.
- Finally, tackle market-related issues by improving product quality and launching a customer feedback program to rebuild trust and market share.

3. Allocating Resources:

- **Financial:** Allocate funds for debt restructuring and securing short-term financing.
- **Human:** Assign a team to oversee equipment maintenance and implement a comprehensive employee training program.
- **Technological:** Invest in upgrading critical production equipment to reduce breakdowns and improve efficiency.

4. Measuring Success:

- **Financial KPIs:** Improved cash flow, reduced debt levels, and increased profitability.
- **Operational KPIs:** Reduced production costs, fewer equipment breakdowns, and higher employee satisfaction scores.

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- **Market KPIs:** Increased market share, improved customer satisfaction ratings, and positive feedback from customer surveys.

Presentation and Discussion:

1. **Present your strategic intervention plan to the class.**
2. **Engage in the Q&A session and provide constructive feedback on other groups' plans.**