
Turnaround Management Journal

Raising Money in Tough Times

by John M. Collard

Conquering Complexity

by Dr. Donald D. Bibeault

Designing
Strategic & Operational
Restructurings

by Dr. Christoph Lymbersky

Company Restructuring
in the GCC

by Dr. Tobias Plate, Dr. Fabian Engels, Andreas Buelow

Employees' Knowledge: The Unknown Innovating Power from Inside

by Florian Hesse

Distressed Private Equity Investing: The Market Broadens

by Kelly DePonte

Turnaround Management Journal
Issue 1, 2014

Dr. Christoph Lymbersky (editor & author)

Florian Hesse	Kelly DePonte
John M. Collard	Ali Withers
Dr. Donald D. Bibeault	Groshan Fabiola
Dr. Tobias Plate	Dr. Mike Teng
Dr. Fabian Engels	Robin Boddy
Andreas Buelow	Roger Martinez

Exclusive rights by the Management Laboratory and the respective authors of the articles in this publication. Published by the MLP Management Laboratory Press UG, a business unit of the Management Laboratory, Dr. Christoph Lymbersky, Luetkensallee 41, 22041 Hamburg and the TMS Turnaround Management Society. © 2013 by the Management Laboratory. All rights reserved. No part of this publication may be reproduced or distributed in any form or by any means or stored in a database or retrieval system, including but not limited to, in any network or other electronic storage or transmission, or broadcast for distance learning without the prior written consent of the Management Laboratory.

Articles are prepared as the basis for discussion rather than to illustrate either effective or ineffective handling of an administrative situation.

Neither the Management Laboratory Press UG, the TMS Turnaround Management Society, Harvard Business Review, the authors, nor the editor are responsible for misleading information or any damages resulting from the use of the articles or the information contained in them. The articles are not meant as advice but as a basis for discussion.

Registered with:

ISBN-Agentur für die Bundesrepublik Deutschland in der MVB Marketing- und Verlagsservice des Buchhandels GmbH

Bibliografische Information der Deutschen Nationalbibliothek

Die Deutsche Nationalbibliothek verzeichnet diese Publikation in der Deutschen Nationalbibliografie; detaillierte bibliografische Daten sind im Internet über <http://dnb.d-nb.de> abrufbar.

Interior & Exterior Design: © MLP Management Laboratory Press UG

When ordering this title, use ISBN: 978-1503256248 or
ISSN: 2191-6012

www.Management-Laboratory.com

www.Turnaround-Journal.com

www.Turnaround-Society.com

A word from the editor



Dear valued readers, members, and friends,

Welcome to the 1st issue of the Turnaround Management Journal in 2014

The current issue of the Turnaround Management Journal is a collection of the finest articles and studies around Turnaround Management, Corporate Restructuring and Transformation Management. I am very proud to introduce some new authors and great articles from established fellows.

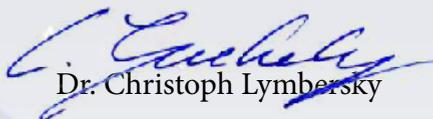
In 1978 Dr. Donald D. Bibeault, Managing Director at Verto Partners, published his first book “Corporate Turnaround: How Managers turn Losers into Winners”. Since then Donald’s book is on the shelf of every corporate restructuring and turnaround executive I know. It is the number one selling book in the industry. In 2015 Donald will publish a new book which is packed with insights of his very successful career saving and turning around companies. I got an exclusive insight into the book and I am very happy to be the first to publish an excerpt in this issue of the Turnaround Management Journal.

Dr. Tobias Plate, Senior Partner and Head of Restructuring, at Roland Berger Strategy Consultants and his colleagues are presenting a very interesting study about corporate restructuring in the Gulf Cooperation Council. A paper that is not only valid for this part of the world but for many countries around the globe.

Distressed private equity is a newer sector of the alternatives investment market. Although its roots go back to the 1980s, it has expanded significantly over the past decade, broadening the geographic and market sectors it pursues. Kelly DePonte, Managing Director at Probitas Partners, provides background on the distressed private equity market’s historical development, the current state of play, and where opportunities lie in the future.

I hope you enjoy reading this issue as you have enjoyed our past publications.

Kind regards,


Dr. Christoph Lymbersky

In this Issue

Introduction

3

by Dr. Christoph Lyubersky



Employee's Knowledge
The Unknown Innovating Power from Inside

7

by Florian Hesse

Company Restructuring in the GCC
Transform today, succeed tomorrow

15

by Dr. Tobias Plate, Dr. Fabian Engels, Andreas Buelow

Raising Money In Tough Times

33

by John M. Collard

Distressed Private Equity Investing: The Market Broadens

by Kelly DePonte

37



Conquering Complexity

65

by Dr. Donald D. Bibeault

Turnaround Management Journal

55

Short Notes

**Engaging Employees in a Restructuring by
Offering Employee Equity Can
Improve Its Success**

by Ali Withers

**What to Expect From Business
Restructuring Services**

by Groshan Fabiola

**Four Cs for Restructuring:
Communication, Concentration, Cost Cut-
ting and Cash**

by Dr. Mike Teng

Restructuring Bankruptcy Or Chapter 13

by Robin Boddy

**Restructuring and Organizing Your
Warehouse**

by Roger Martinez

**Designing Strategic and
Operational Restructurings**

by Dr. Christoph Lymbersky

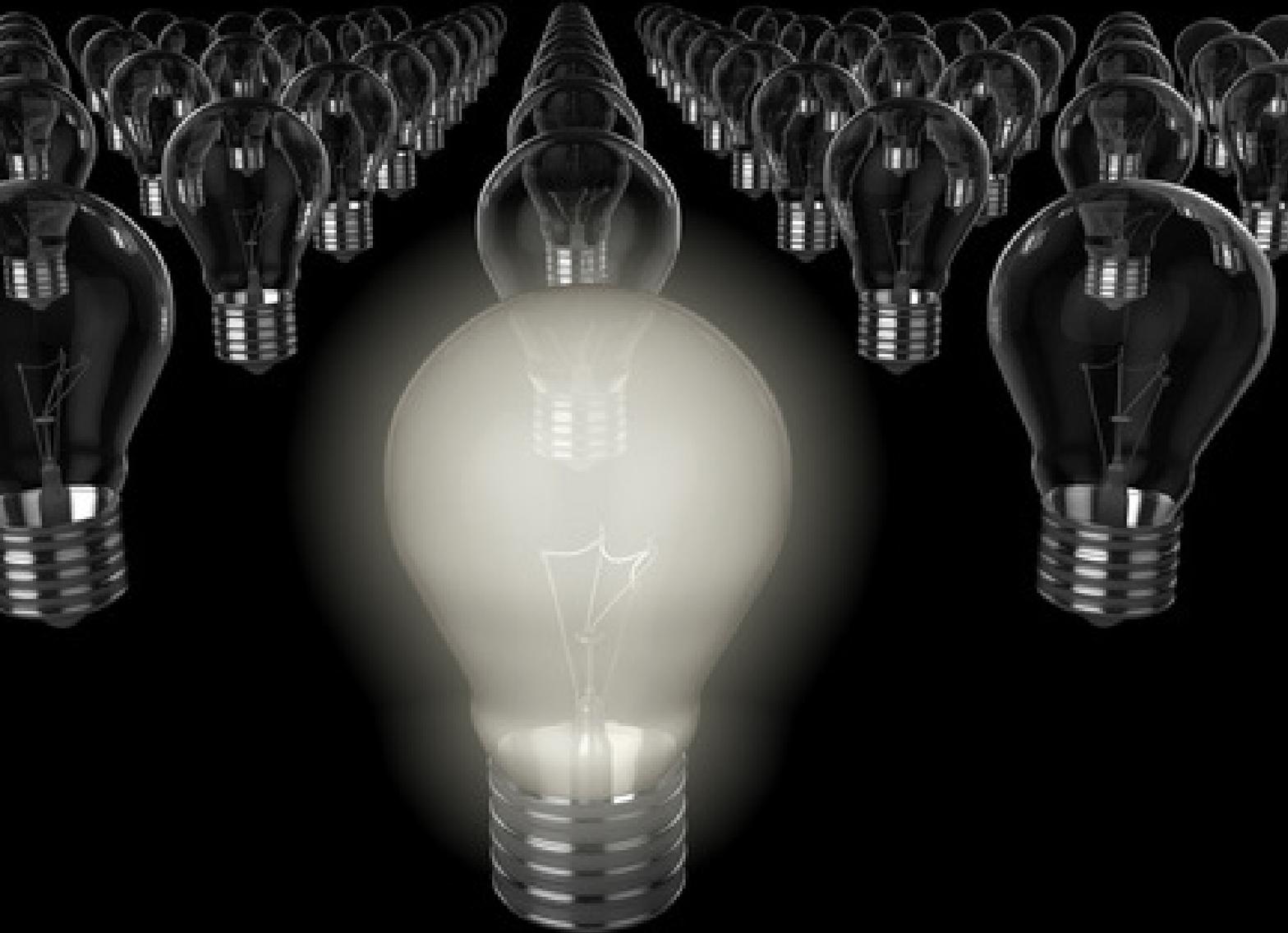
71

**New Certified International
Turnaround Professionals**

82

„Experience of the employed personnel does not end at grades of testimonials and certifications.“

Florian Hesse



Employee's Knowledge The Unknown Innovating Power from Inside

by Florian Hesse

Business Consultant of RBSR GmbH & Co. KG (Germany)
CITM Certified International Turnaround Manager - Level C
Member of the Turnaround Management Society (TMS)

By analysing causes for a company's crisis many executives makes the fault to only take a look on „hard facts“, just like accounting-indicators, EBITDA-evolution or similar accountable issues.

But in most cases the „soft facts“ are as important for sliding into crisis situation as the hard facts are.

By taking a more global view on a company in trouble you will often see that EBITDA and Cash Flow will become worth after strategic mistakes have been done in the past and the company lost its tactical strengths in the relevant market.

So by thinking about creating solutions for a long-term successful turnaround of the company it is important to create a new strategic policy for it.

Of course doing this is much more difficult than creating solutions „just“ for an improvement of the accountable issues because a „measurable“ approach of success could not be identified easily.

Exactly this stage of analysing is often the point when a second fault is made by just ta-

king a look on approaches outside of the company, just like disadvantages in the relevant branch.

But in most cases it could be so easy to identify an effective approach for a strategic crisis-analyzation: the employees!

Experience of the employed personnel does not end at grades of testimonials and certifications.

There is much more knowledge „stored“ at the personnel about trends in the market, costumers reactions and (dis-)advantages of the company's own producing-processes.

Because of this there are at least three questions that have to be asked:

1. Why do the employees know about those important and critical aspects of company's environment?
2. Why don't know the highest and especially the upper executive bodies of the company about the same aspects?
3. Why didn't ask the members of upper and top management the other employees about it?

It sounds very easily and clearly that it is a logical consequence to just ask employees for getting the demanded answers as an executive in upper management position.

But the truth is much more difficult than it seems to be.

The answer why in many company that had sliced into a troubling situation is not that no one of higher executive did not ask it is because there are different points of views and a damage of corporate communication culture at all.

When things are happening in the expected parameters and aimed goals are reached usually no one recognizes the need of a corporate communication culture - especially not in small and medium-sized companies.

The lack of it often "appears" just when company had entered a crisis situation but the truth is that it had never existed before and this is one of the root reasons why no one in the executive management recognized early

enough that there had been indicators for an upcoming crisis in nearer future.

Of course - as a CEO you just have to know about your company, or what your company is doing.

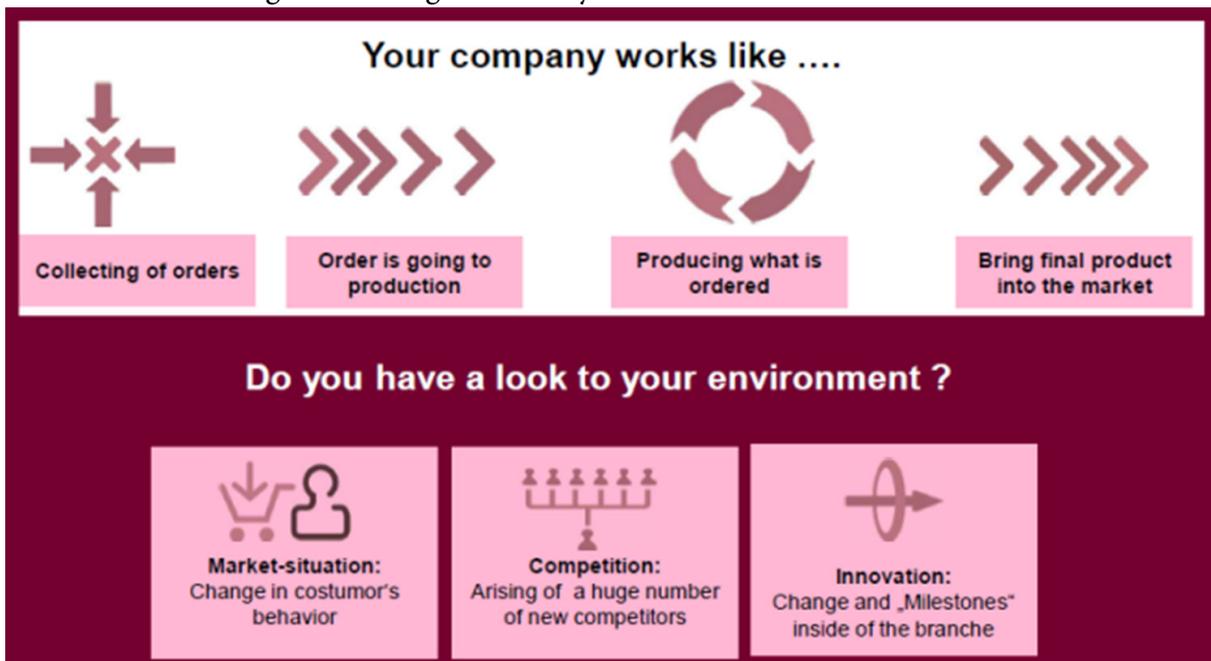
But that does not automatically ensure that you know about your business.

I think every company does have special attributes that ensure success of it but that is normally not enough to STAY successful.

What I want to say is that it is not enough to know which processes are happening INSIDE of your company when orders are going to become products (or services as well).

It is also important - and my opinion is that it is even more important - to know what is happening OUTSIDE of your company but INSIDE of the relevant environment!

Just take a moment to give yourself an answer of the following question:



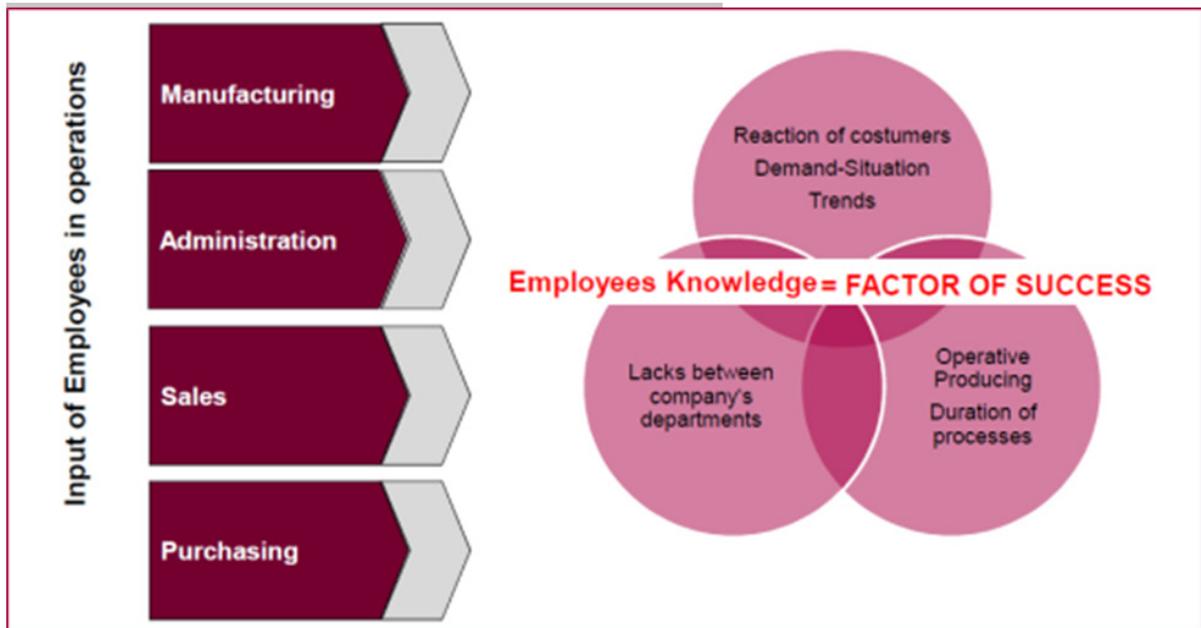
What improves your success more:

- the facilities your product differs from the competitor's product or
- the facilities the aimed customer group is looking for?
-

To get a realistic and „clear“ view of the envi-

company is acting and reacting to other people, they all became - or will become - experts at their topics.

What your employees receive is a not filtered reaction of how costumers react, how problems arise between different departments of your business, how long or short the duration



ronment there is no better approach than the knowledge of your employees!

When you think about your staff than in most companies you are thinking of many different departments and activities inside of your producing-chain:

There are administrative employees or your workforce for manufacturing and of course you have staff for sales and purchasing.

Because of that input of people through your whole production-chain (and „value-chain“!) there are many different specialists of every topic that is important for your business. And because every employed person in your

of manufacturing processes takes and so on. And - what is most important - they receive this information first!

This is the best approach you could get to assess your company and your portfolio and trends that are arising in your market and also what costumers expects of your products and services.

You just could say it more easy:

“The knowledge of your employees are the factors of your success!”

Good managers in most cases have a statement of their work and how they think about

	Executive	
CEO's Function		Setting of strategies an „policy“
Process-Overview		Operative processes and responsibility are delegated to employees!
Communication		Setting of Statements / Feed-backs
Goal of work		Growth of earnings (Maximizing profit)

	Employees (Wishes)	Employees (Recognition of every day)
CEO's Function	 Setting of „what“ and „how“ to do	 Everybody does like they think is „best“ / Every-day work happens „around“ CEO
Process-Overview	 CEO is overview every topic/operation	 CEO has lost contact to the employees' work
Communication	 Formal and informal communication to the colleagues / CEO	 Mostly communication inside of informal groups <i>without</i> CEO
Goal of work	 Saving of the life-standard / affirmation	 What has do be done will be done, but WHY and FOR WHAT ???

their jobs.

the own one is unfortunately not the „true one“ in every case.

But what most CEOs do not recognize is that other people may have another point of view. So there is normally not just one „version“ of the „concept of the world“ and because of that

And even if your staff do not tell you how they think about you and how you are doing your job they have a meaning about it!

Executive	Employees
<p>CEO's question</p> <p>Meaning (by the CEO)</p> <p>How do the employees think about it?</p>	<p>Understanding (by Employees)</p> <p>Answer (of the Employees)</p> <p>„The opinion of our boss is always true!“</p> <p>“YES SIR!”</p>
<p>Understanding (by the CEO)</p> 	<p>Meaning (by the Employees)</p> 