



# **Crisis management (Turnaround management)**

**When there is no other choice and  
you have to do something!!**



**2018**



# Crisis management (Turnaround management)

## **Introduction:**

1. The global market brings prosperity and potential growth but at the same time it becomes cruel to the small and the weak. It might cause the collapse of organizations that didn't adapt rapidly enough to this change (whether products or services).
2. Crisis management is the process an organization goes through in order to deal with a major threat that might or has already harmed the organization.
3. Crisis management is usually needed after a failure at risk control procedures and management.
4. Organizations acknowledging the inner crisis and wanting to fight to survive and prosper go into a turnaround process which is the recovery measure to deal with the crisis.
5. STOP-TURN-FLY model is the modus operandi that serves the understanding of the measures needed to be taken. The 3 components model stands for: Stop the reasons for the crisis, Change what needs to be changed and Fly for future successful monitored growth and prosperity.

## **Goals of the process:**

1. Providing intensive care services to stabilize the unhealthy organization and later on starting a process of rehabilitation.
2. Conducting the necessary moves to recuperate the organization.
3. Implementing the STOP-TURN-FLY model for recovery.
4. Bringing the organization, as quickly as possible to growth and success.



## **Modus operandi: STOP – TURN – FLY**

Makes use of the known 4R approach  
(Retrenching, Repositioning, Replacement & Renewal)

### **STOP:**

1. Acknowledging crisis.
2. Stopping liquidity.
3. Immediate financial measures (arrangements with banks, suppliers etc).
4. Immediate legal measures (bankruptcy etc).
5. Immediate HR measures (stop recruiting, stop benefits).
6. Decision as to "is there something to save?".
7. Decision whether to go into a turnaround management process.

### **TURN:**

1. Analysis of managerial conduct (leadership, misconduct etc).
2. Analysis of organizational conduct (employees-management relations etc).
3. Analysis of marketing conduct (portfolio etc).
4. Analysis of the financial and legal situation and possibilities.
5. Preparing a new organizational chart (to support turnaround process).
6. Taking decisions regarding managerial and general staff (replacing CEO).
7. Preparing a new business plan after reviewing the failure of the previous one.
8. In light of the new chart and BP, preparing a turnaround process to be conducted.
9. Getting shareholders' approval to take these measures.

### **FLY:**

1. Take inner agreed measures (staffing, structure etc.).
2. Take outer agreed measures (business plan).
3. Assimilating revised policies and strategies.
4. Establishing a strong BI (business intelligence) unit.
5. Monitoring progress.
6. Taking adaptable decisions which can be applied to the market.



### **Challenging issues:**

1. Challenge the basic assumptions on which the organization was built upon and as a result the vision, missions and strategies which were put in place.
2. Challenge the efficient function of managers and executives, their abilities and skills.
3. Challenge the organizational structure, tools, services and products.
4. Challenge the integrity and loyalty of senior people in the system.
5. Challenge the risk control procedures and operatives.
6. Challenge marketing procedures and campaigns.
7. Challenge the financial management within the organization.

### **How DH&A does it?**

1. A thorough scanning of the organization by DH&A's professional team assembled from experts in all layers of the organization's function, management, finance, lawful conduct, technology, marketing etc.
2. Assembling an ad-hock team which combines DH&A's experts and selected executives with power of authority from the organization to handle, hand in hand, the turnaround process as described.
3. DH&A becomes a "shadow management" to the current management by mentoring, advising, navigating etc. all the recovery process.
4. When recovery is achieved, DH&A's expert will continue accompanying the organization for an agreed period of time.

### **Price:**

Price is calculated according to the: size of the organization, depth of the crisis, urgency of the need for recovery and depth of cooperation.

### **For further information:**

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