
Storm Consulting, LLC

Transition and Bankruptcy Emergence Management and Services

Leveraging change to accelerate business improvements... a unique opportunity to accelerate progress and strategic positioning

Opportunities in Business Transition

- Businesses experiencing changes in ownership, management, or emerging from bankruptcy present unique risks and opportunities for their owners
 - During times of transition, there is often a short “window of opportunity” to successfully mitigate these risks and accelerate changes
 - The greatest opportunities in times of change can be found in situations involving marginal and underperforming businesses
- Storm has a track record of success in creating rapid and significant value for client companies during organizational transition and emergence from bankruptcy
 - The following is an overview of Storm’s approach and the critical elements to successfully realizing these opportunities

Opportunities in Business Transition

- Times of Change
 - In the absence of a Plan to drive and manage change during business transitions, the status quo will prevail
 - When planned and managed, this change can be leveraged to accelerate difficult decisions and rapidly drive improvements. Results otherwise taking years to achieve can be significantly accelerated
 - Leadership, effective planning, and execution within a short time period are critical to a successful transition from past failures and poor practices to improved results and a successful business model

Opportunities in Business Transition

- Emergence From Bankruptcy
 - A business in bankruptcy has unique and “one time” opportunities to address certain operating issues prior to emergence
 - The bankruptcy process is often driven from a legal and financial perspective that may miss or lack the appetite to address operating issues with solutions viable only within bankruptcy
 - While one or two major areas may be focused upon, the perspective to address multiple operational issues on a comprehensive level is often absent
 - A unique opportunity to “leave behind” problems
 - Knowing where to look and how to execute on these opportunities within the bankruptcy process is critical to avoiding the loss of million dollar improvement opportunities not available after emergence
 - The “ideal” time to get STORM involved is 90-120 days prior to emergence

Timing is Critical

- Assessment and development of operational improvement opportunities early in the change process maximizes the number of options and alternatives available to improve a business

Management & Control Changes- Transition Timeline			
Assessment & Development		Change Event	Transition Plan Execution Period
60+ days Prior: Operational opportunity assessment	Development of Transition Plan 30 to 60 Days Prior		

Bankruptcy Emergence- Transition Timeline			
Assessment & Development		Emergence	Emergence Plan Execution Period
ASAP: Identify extent of bankruptcy facilitated operational improvements	Development of Transition Plan 180 to 90 Days Prior to emergence		

Business Transition and Bankruptcy Emergence Operational Improvement Opportunities

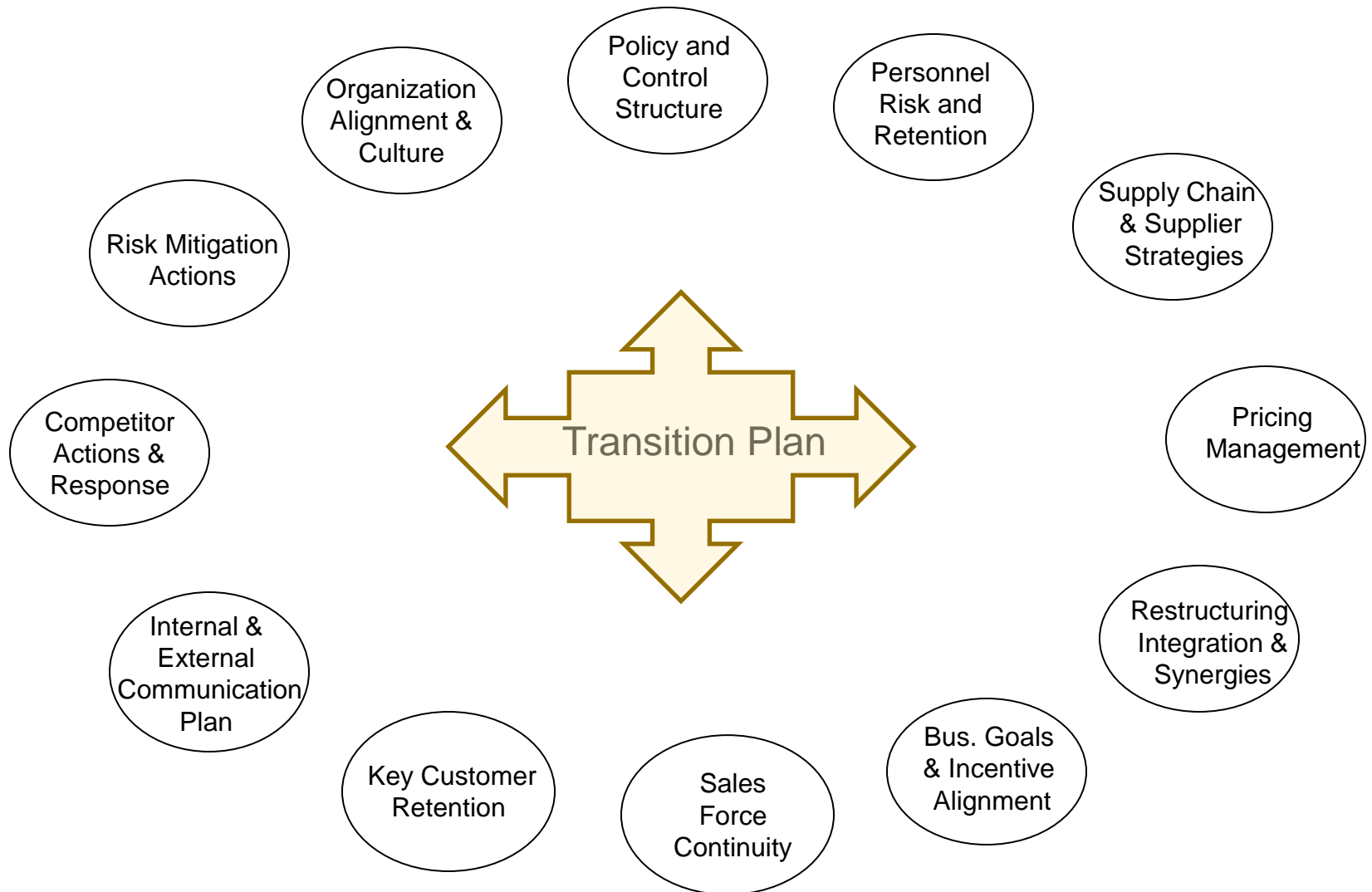
Bankruptcy Facilitated Changes

- Contractual:
 - Customers
 - Suppliers
 - Leases
 - Labor agreements
- Facilities and capacity issues
- Legacy obligations
- Legal issues
- Restructuring actions
- Human resource programs and individual personnel actions

Business Improvements

- Company culture change
- Organization Structure
- Policies and Benefits
- Control and Administration
- Incentive programs & alignment
- Supply chain
- Pricing Management
- Exceptions: Grand-fathered and non standard practices
- Restructuring & Integration
- Cash improvement initiatives
- Personnel Actions

Transition Plan Considerations



Benefits of an Effective Transition Plan

- Focuses the company on major opportunities and issues unique to the organization during the transition period
 - Avoids the “Process Trap”, whereby process and presentation take precedent over execution and results. Emphasis on results.....not activities
 - Targets the “80/20” of critical areas for results and does not include an overly broad agenda unrealistic for the transition period
 - Excludes distractions such as major IT projects and strategic initiatives better addressed within the organizations normal business processes
 - Is coordinated with “day to day” operating and long term strategic considerations
 - Leave behind problems so that management can focus on the future and not waste time with past mistakes

Benefits of an Effective Transition Plan Continued...

- Re-energizes the organization by providing a clean break from past failures and creates a new sense of leadership, direction and purpose
 - Organizational turmoil and the bankruptcy process create poor attitudes and wear down personnel. Without a Plan for change and success, a “status quo” mentality and poor culture will prevail
- Accelerates financial and operating improvements
 - Facilitated by the alignment of incentive plan rewards with execution and results of transition period objectives and timelines
 - Management can focus on immediate and mid term opportunities to substantially improve it’s financial metrics and position itself for long term growth and profitability

STORM APPROACH... 100 Day Action Plan Example

100 DAY MERGER ACTION PLAN		Confidential				
Planning Area	Description	Storm Lead Responsibility	Client Lead Responsibility	Day's 1 to 30	Day's 31 to 90	91 to Calendar Year End
Risk Assessment & Mitigation Tactics and Strategies	Identification of major integration and transition risk items and mitigation and actions to address each. Historical experience and current perspectives	Co. personnel Functional and general	CEO / COO / CFO Both Co.'s	ASAP		
Company Policies/Procedures	Chart of Approvals	WW	CFO	ASAP		
	Severance Policy	WW/TW	CFO/HR	x		
	Salary Administration	WW	HR		x	
	Benefits	WW	HR	x	x	
	T&E Policy	WW	HR	x	x	
	HR Policies	WW	HR	x	x	
Communications Plan	External	TW/JR	CEO/CFO	x		
	Internal	TW/JR	CFO/HR	x		
	Identification of Key Employees from both organizations and communication of long term roles in new organization	WW/TW/BE/JR/CV	CEO/CFO/HR	ASAP		
	Supplier "Post Merger Bounce" Program	Understand supplier overlap and compare pricing Create "pro-forma" draft Balance Sheet to share with suppliers (showing financial strength of company) Organize Supplier Meeting to communicate company story Establish savings targets by commodity/supplier (price and T&Cs) Organize subsequent meetings for major suppliers	CV TW CV CV	Purchasing CFO Purchasing Purchasing	x x x x	x x
Incentive Compensation Plans - commission, MBO and other bonus plans	Organize Task Force from both organizations to address incentive compensation plans	JR/WW/TW/BE	HR/Sales		x	x
	Management and Transition of existing plans for balance of 2013	JR/WW/TW/BE	HR/Sales	x		
	Profile and compare all company incentive plans and practices in detail Identify best practices and design or select from existing compensation plans.	JR/WW/TW/BE JR/WW/TW/BE	HR/Sales HR/Sales	x x	x	
Sales Organization	Determine overlap - current and pipeline prospects	JR/WW/TW/BE	HR/Sales	x	x	
	Key Account Coordination Plan	JR/WW/TW/BE	HR/Sales	x		
	Determine sales market overlap for AEs and AMs	JR/WW/TW/BE	HR/Sales	x	x	
	Develop detailed Sales Organization Chart including management structure, reporting relationships and RIF list	JR/WW/TW/BE	HR/Sales	x	x	
	Assign lead responsibility for accounts to eliminate overlapped responsibilities	JR/WW/TW/BE	HR/Sales	x	x	x
Management Organization	Develop detailed Management Organization Chart including management structure, reporting relationships and RIF list	TW	CEO/CFO	x		
Facilities Consolidation Plan	Develop "Wave 1" list of facilities to be rationalized and begin implementation	TW/ CV	CEO/CFO	x		
	Organize Facilities Mfg. & Dist. Consolidation Task Force to study and determine "Wave 2" list	BE/WW/TW/CV	Various	x	x	x
	Finalize Wave 2 list and begin implementation	BE/WW/TW/CV	Various		x	x
Customer Service Strategy	Organize Customer Service Strategy Task Force to determine optimal organization, systems, procedures, etc.	BE/JR	HR/Sales	x	x	
	Finalize plan and begin implementation	BE/JR	HR/Sales			
Gross Margin Improvement Strategy	Organize Gross Margin Improvement Strategies Task Force to develop programs to increase Gross Margin Develop action and begin implementation	BE/WW/JR BE				
Product and Market Strategies	Organize Product and Market Strategies Task Force to develop programs to drive sales penetration					
IT Systems Integration	Organize IT					

STORM Approach

- Storm is an operations and results oriented consulting group with senior management experience in successful transitions
- We work with management teams in a collaborative manner to identify and execute on major opportunities and priorities unique to each transition situation
- We understand delicate balance of executing difficult changes and preserving strategic and long term business options
- Storm has delivered hundreds of millions of dollars in operational improvement opportunities to client companies experiencing changes in ownership, management, & emergence from bankruptcy
- For additional information and success examples visit: www.stormconsultingllc.com or call 678.291.9191