

# TRANSFORMATION IN THE AGE OF AI AND DIGITAL

## HOW TARGETED RESTRUCTURING MANAGEMENT MAKING COMPANIES FIT FOR THE FUTURE

Transforming instead of failing is the order of the day. In view of the current economic situation, many tried and tested business models no longer work. Instead, this is a time of opportunity for those who are prepared to embrace change with determination and competence. The decisive factor for success is not operational know-how alone, but the consistent willingness to allow fundamental change processes - strategically thought through, systematically managed and professionally accompanied.

### Clear objectives instead of operational patchwork

Restructuring is not a repair operation. It begins with a precise analysis of the strategic need for action - i.e. the question: Where does the company want to go and what is standing in its way? Only when this target image has been defined can the organizational and cultural transformations follow. Internally and externally. This is about understanding cause and effect -

not about curing symptoms.

This requires a management culture that reduces complexity, makes decisions and takes teams with you. The trick is not only to prioritize projects, but also to allocate resources. consistently where the Future of the company can be actively shaped.

### Time factor and excellence: recipes for success from restructuring practice

Two factors are central to any successful refurbishment:

- **Speed and consistency:** reaction times are critical in restructuring situations. Every week counts. Paralyzing decision-making processes are toxic.
- **External experts:** Restructurings are exceptional circumstances, not "daily business". Only an external Chief Restructuring Officer (CRO) with relevant experience, an objective view and leadership skills can orchestrate the turnaround in a neutral and targeted manner.

A practical example shows how crucial a professional CRO set-up can be: The orderly restructuring (stop bleeding) enabled a successful M&A process - without guarantee access or contractual penalties - because an experienced CRO team took over the structure, project management and communication within a few weeks. The formation of a "NewCo", negotiations with banks and transfer of loss carryforwards were implemented cleanly and efficiently. The net restructuring effect amounted to over 150 million euros.

### From standstill to turnaround: SME case study

In another case of a medium-sized group with massive performance weaknesses, it was only the appointment of a CRO that led to a turning point. Within a few days, a restructuring standstill was negotiated with the financiers, a package of measures was implemented within a few months and a new financing architecture was established. Result: trust restored, transparency secured, refinancing structured.



Three things led to success in both cases:

- Speed of action,
- a clearly structured action plan,
- a hand-picked CRO task force with interdisciplinary experience.

## Rethinking financing: Liquidity levers in the transformation process

In restructuring phases, liquidity is the oxygen of the company. However, conventional bank financing often reaches its limits - especially when balance sheet ratios are tight or the financing structure is heterogeneous. This is where alternative financing solutions and strategies come into play - depending on the operational (good or bad) performance of the company:

- **Sale & Lease Back:** This structured form of internal financing makes it possible to convert tied-up assets - such as real estate, machinery or vehicle fleets - into liquidity without losing operational control. Used correctly, sale & lease back serves as a bridge to finance the transformation without overburdening the company's balance sheet.
- **Nordic bonds:** For larger SMEs with access to the capital market, Nordic bonds - i.e. bonds under Scandinavian law - are a flexible financing instrument. This type of bond impresses with its leaner documentation, faster placement speed and less restrictive covenants than traditional promissory bills or bank loans. However, this requires professional preparation, transparent, target group-specific and preferably personal communication and an experienced finance team.

Both models can be integrated into an overarching refinancing concept and - especially in combination with factoring, working capital optimization or silent partnerships - enable a more resilient, future-proof capital structure.

## People at the center: leadership in the crisis

Transformation is not an Excel project. Young employees who have only experienced upturns need orientation. Older, experienced managers, on the other hand, need to act as an anchor of stability. From my practical experience, I know how essential it is to actively involve employees in this process. Not only rationally, but also emotionally. If you want to shape change, you have to be able to communicate your visions and goals, create trust and manage conflicts.

An ideal CRO combines strategic intuition with operational assertiveness, coupled with empathy, decisiveness and adaptability. Only in this way

The general economic climate has become rougher and Germany is under massive pressure as a business location. Global crises, geopolitical uncertainties, increasing protectionism, ESG requirements, disruptive technologies and the shortage of skilled workers are increasingly putting companies across all sectors in a precarious situation that can threaten their very existence.

In this guest article, Dr. Stefan Gros, Chief Financial / Transformation Officer, reports on his experience from 30 years in restructuring practice.

turns temporary interim management into a sustainable transformation instrument.

## Digitalization and innovation as leverage

Restructuring does not end with balance sheet restructuring. Future viability arises where companies are prepared to use digitalization as an efficiency and market tool. Whether digital price tags in retail or data-driven innovation processes in the automotive supply industry - those who fail to take advantage of the opportunities offered by new technologies will be left behind.

The markets do not reward the greatest, but the most adaptable.

## Conclusion:

Restructuring today means more than just reorganization. It is a temporary management assignment - with vision, courage and a clear plan. C-level interim executives are not an emergency solution, but a strategic instrument for shaping the future. An effective CRO has a mandate that is as long-term and success-oriented as possible and can last up to three years. This ensures effectiveness, especially in medium-sized companies. The CRO becomes a pilot in the storm. With a course towards a more resilient and innovative organization and the stabilization of the company.