

# Managing Through the Market Panic:

## A Perspective from Oliver Wyman's Corporate Finance Restructuring Practice

The current market situation of tight credit and pressure on stock prices is creating new challenges for companies, from a loss of trust and changing rules to concerns over any lack of transparency. The overnight sea change in capital markets is also making refinancing more difficult, constraining investment, leading to a higher risk of default on the part of customers and suppliers, and causing corporations' strategic and profitability crises to evolve more quickly into all out liquidity crises (Exhibit 1).

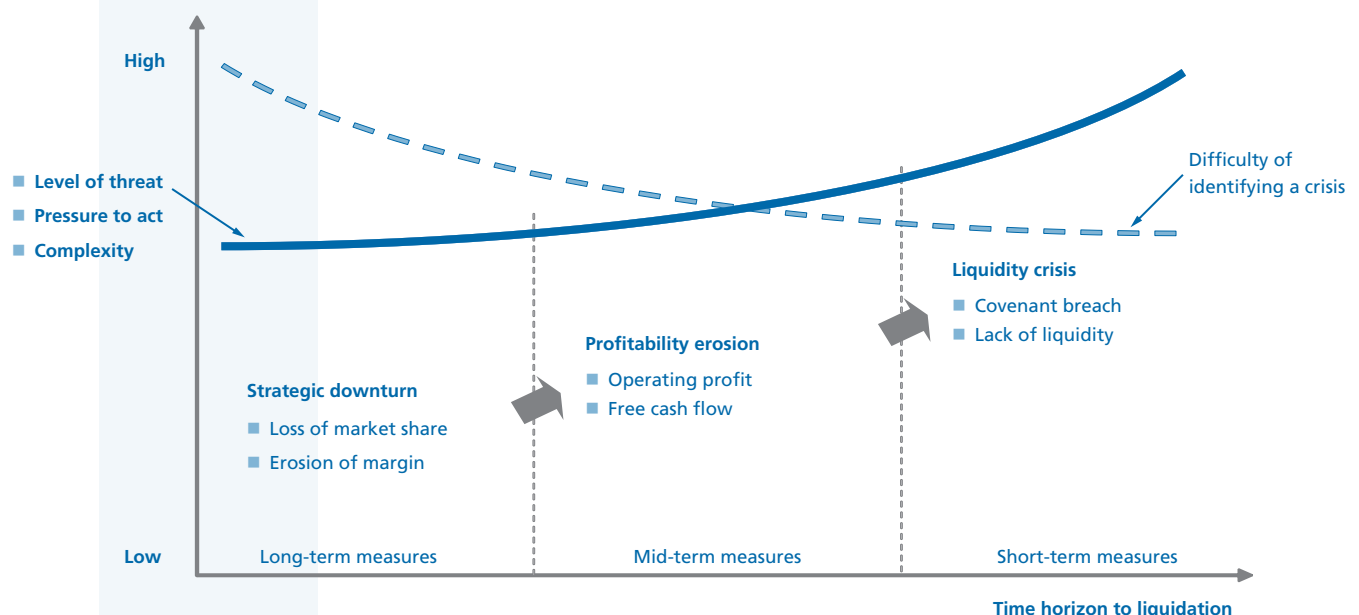
Companies that normally would have time for considered measures to resolve strategic and profitability issues are finding that the timeline to act is being greatly compressed and the pressure to make fast decisions is nearly irresistible. With little

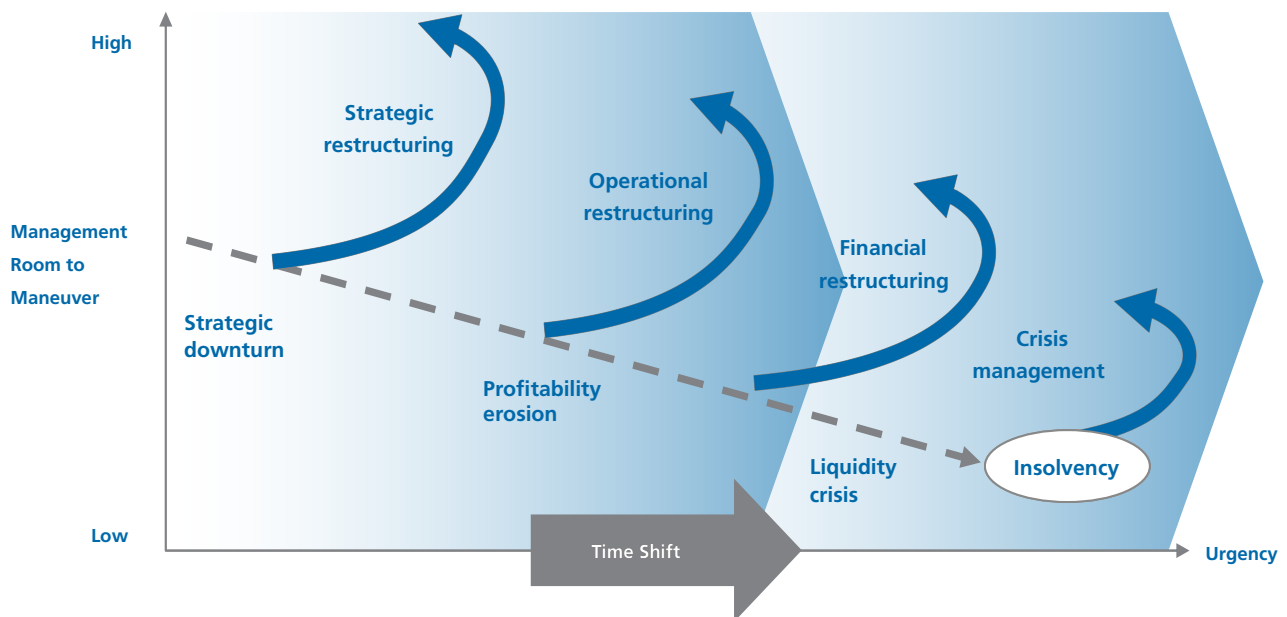
room to maneuver, managers can find themselves rapidly overwhelmed by a crisis, as they focus on putting out fires and calming panicky stakeholders, while lacking the time and support to undertake complex but essential restructuring (Exhibit 2).

In this environment, Oliver Wyman's Corporate Finance Restructuring Practice can help senior executives:

- Buy time and space to avoid imminent insolvency, through actions that rapidly increase liquidity and reduce cash burn
- Deploy strategic, operational, and financial restructuring to secure optimal long-term outcomes

Exhibit 1 Performance Crisis: Do You Know When to Act?





Oliver Wyman’s extensive experience in responding to liquidity crises includes:

- Footprint revision (refocusing on core business, selling non-core assets, carving out business units and closing locations)
- Product and service portfolio restructuring (eliminating loss-making segments and product lines)
- Customer portfolio optimization (concentrating on cash generation and profitability rather than revenue)
- Production cost reduction and efficiency improvement
- Overhead cost reduction (eliminating low value added activities, reducing costs of overhead service provision)
- Procurement and sourcing optimization
- Working capital optimization

- Balance sheet optimization (monetizing assets, restructuring liabilities, undertaking sale & leasebacks)

Oliver Wyman is a leading management consulting firm with more than 2,900 professionals in more than 40 offices in the Americas, Europe, Asia, and the Middle East. Our Corporate Finance Practice partners have in-depth expertise across a wide range of industries, experience and knowledge of key capital markets, and more than 30 years of experience helping turn around companies. For more information on Oliver Wyman’s Corporate Finance Practice, please contact your Oliver Wyman account partner or one of the following partners:

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