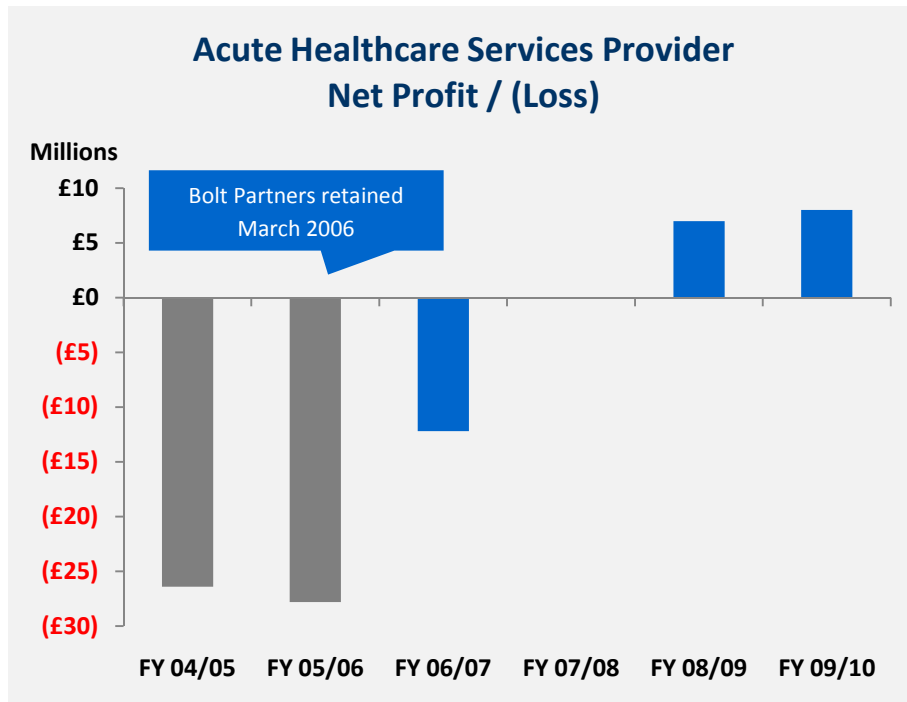


Case Study 2 – Acute Healthcare Services Provider (2006 - 2008)



Background

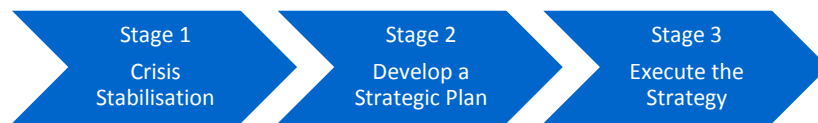
In February 2006, Bolt Partners LLP was commissioned to act as Chief Restructuring Officer (CRO) by the Board of a £160m revenue acute healthcare services provider, which was losing £28m per annum. Over a two year period, the role was expanded to incorporate the function of the Chief Financial Officer (CFO).

Key Issues

- **A total absence of robust financial information** due to high turnover in the finance department and a poorly-implemented outsourcing arrangement
- **A lack of visibility** around the profitability of individual business units
- **The absence of a credible strategy**
- **A dysfunctional management team**
- **A lack of credibility** with key stakeholders

Our Strategy

Bolt Partners LLP pursued a three-stage approach to address the above issues:



Stage 1 – Crisis Stabilisation

Over an initial 12-week period, we focused on establishing **tight control over key short-term operating levers**. This meant producing a robust baseline financial forecast for the forthcoming 12 months and obtaining the ‘buy-in’ of key stakeholders.

Immediate controls included:

- **Centralised control over the employment of staff** (both substantive and temporary) and the payment of overtime to ~3,000 staff
- **Centralised control over non-pay**
- **Controls over all cash payments** made out of the business based on a 13-week cash flow forecast
- **Tighten debtor collection**

The financial forecast involved:

- **A robust, rolling 13-week cash flow**, incorporating a profile for creditor payment and debtor collection
- **A bottom-up 12-month ‘baseline’ forecast** (profit and loss, cash flow and balance sheet), was created in spite of an extremely weak financial information
- **An outline of the key strategic issues** that require more detailed review so that a full two-year turnaround plan could be developed.

As a result of these actions, the organisation was able to continue trading through the initial period allowing the organisation the breathing space to drive through the broader strategic changes required.

Stage 2 – Develop a Strategic Plan

Working alongside the executive team, Bolt Partners LLP then focused on developing a more comprehensive plan for turning around the business.

The 18-month plan was approved by the board and shared and agreed with key stakeholders.

Stage 3 – Execute the Strategy

During the following 18 months, in its joint CRO/CFO role, Bolt Partners LLP worked alongside the management team to restore the organisation to breakeven point.

In year one, the trading loss was reduced to £12m and in year two the trading loss was eliminated entirely.

Key initiatives in the turnaround plan that Bolt Partners LLP delivered:

- **Site rationalisation** – exit of a large site which took eight months and involved a union consultation for 300 staff (saved £20m per annum)
- **Re-negotiation of major loss-making contracts**
- **Rebuilding a severely broken finance function**
- **Review and rationalisation of the service portfolio**

Over this period of time, Bolt Partners LLP was instrumental in managing external stakeholder relationships, restoring confidence in the organisation and maintaining management credibility with 3rd parties.

The Results

Key achievements included:

- **Elimination of £28m loss**
- **Stabilisation and turnaround of a failing organisation**
- **Restoration of 3rd party stakeholder confidence in the organisation** - through the delivery of a complex and challenging turnaround plan over two years
- **Clear strategic direction and survival plan**