

SMART RESTRUCTURING

How to save costs while enabling
sustainable growth?

Teaser

July 2023

SANTIAGO 

Companies today need more than just typical financial-driven restructuring

Typical Restructuring Shortcomings and Levers

- ⚡ Prioritizing financial optimization - **P&L focused over sustainable** growth
- ⚡ Running restructuring programs **without** a holistic **framework** and clear **target**
- ⚡ **Removing organizational layers** for the sake of **cost reduction without validating** the effectiveness to serve company's vision and future strategy
- ⚡ Understanding restructuring as **one-off activity without** considering **org. enablement**

Cost optimization (P&L impact)

- COGS
- SG&A
- Personnel cost
- ...

Cash optimization

- Accounts receivable
- Inventories
- Investments
- Payment targets
- ...

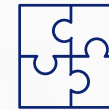
Org. Restructuring

- Org. downsizing
- Outsourcing
- Off-/Near-shoring
- Hierarchical reduction
- Role profile adjustments
- ...

Rationale of "Smart Restructuring"



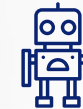
A **holistic framework** covering the entire bandwidth of short-term aspects while setting the foundation for long-term growth



Restructuring is not only cost and liquidity optimization, but rather the re-design of the organization for its **"fit-for-purpose"**



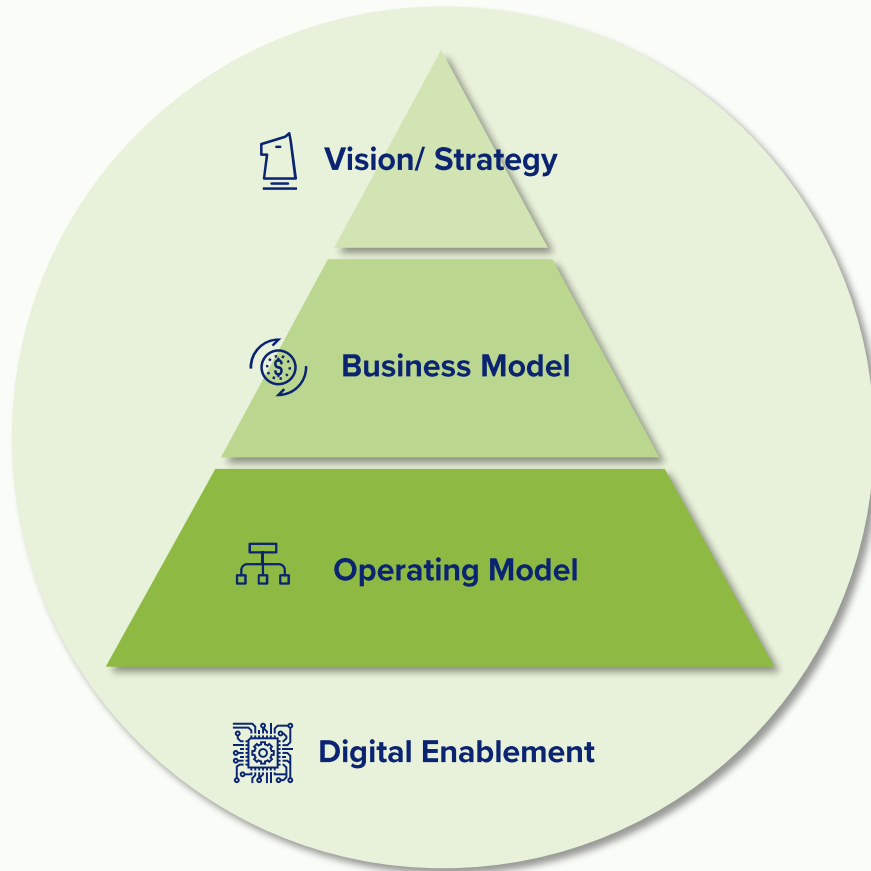
"Smart" means **connecting the "right" dots** (e.g., initiatives, people, processes) delivering aspired cost-savings



"Smart" means to **break old patterns** of big digitalization programs to establish focused, value-driven & cost-efficient digital solutions

Santiago Smart Restructuring is a holistic framework to overcome short-term challenges, while defining cornerstones for future growth

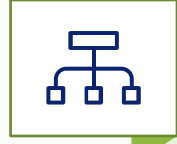
The essentials of **smart restructuring**, enhancing value in your business



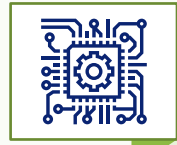
(Re-)think: Recognize the consequences of changing times and re-calibrate the path forward of your business!



(Re-)position: Tweak your business model in line with changing requirements and adjusted direction!



(Re-)structure: Increase effectiveness of your operations, strengthen structures and processes of your business!



(Re-)volutionize: Unlock additional potentials with consequent digital enablement of your business!

➤ In a **free-of-charge 2-week** pre-phase, we will jointly discover your **areas of value enhancement** and jointly develop a **convincing value case** with you - **check the last page on “how to start”!**



Vision / Strategy – what is the winning core of your business?



Background

“Smart Restructuring” means to adjust & tailor your strategy and vision towards your **restructuring targets** by: Selecting the right **playground!** Setting the right **goals!** Stopping non-value adding and **costly businesses/ activities!**



Santiago Offering *(non-exhaustive)*

Tick boxes to discuss your priorities w/ Santiago

- Align-to-guide**
Align and sharpen your purpose, vision and mission considering restructuring targets
- Focus-to-win**
Identify your area to play and win, e.g. by understanding core competencies
- Business-to-value**
Maximize value creation and capturing, eliminate non-value adding business areas/ activities
- Divest-to-cash**
Identify and sell non-core/ underperforming assets
- Insights-to-action**
Translate analysis results into tangible strategic initiatives incl. goals
- Plan-to-value**
Prioritize strategic initiatives and define an implementation plan to capture expected value

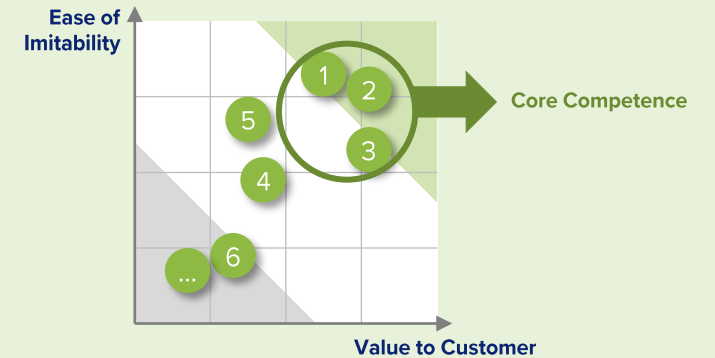


Your Benefits*

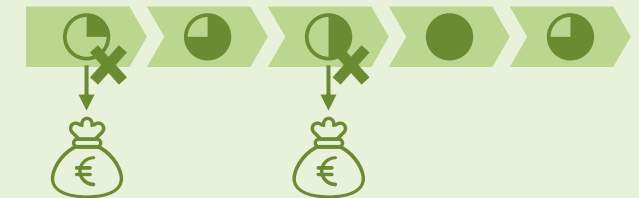
- **~15-25% faster** time-to-value of strategic initiatives compared to typical restructuring approaches with minimum of 10 months
- **~5-20% improved** value creation (after restructuring effects) due to “smart” top/ bottom line optimization initiatives

Santiago’s holistic understanding and success-proven approach to enable you to set the right focus for your restructuring effort from vision to implementation

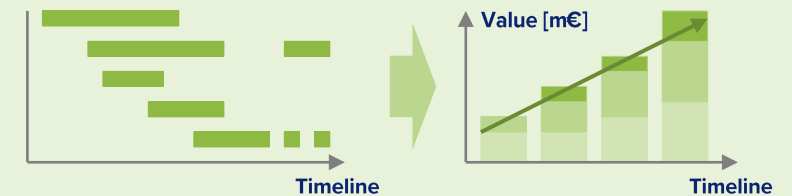
Focus-to-win (snapshot)



Business-to-value (snapshot)



Plan-to-value (snapshot)



Illustrative only



Business Model – where and how to play?



Background

Reshape business model in a smart manner by focusing on offerings meeting the **most urgent unmet needs**, maximizing value capturing via new revenue streams & pricing models, while focusing on sustainable cost optimization.



Santiago Offering

(non-exhaustive)

Reshape-to-core

Refine key value proposition by reducing it to its core solving the most urgent unmet needs

Think different-to-grow

Identify and establish innovative, new revenue streams and pricing models to maximize top-line

Optimize-to-survive

Strive for standardization, reduce OPEX & SG&A, etc. to optimize cost structure and cashflow

Digital proximity-to-engage

Leverage digital to engage with customers, while reducing physical presence in non-core markets

Partner-to-win

Form/Revise alliances with partners (e.g. distributors) to reduce costs or to support sales growth



Tick boxes to discuss your priorities w/ Santiago



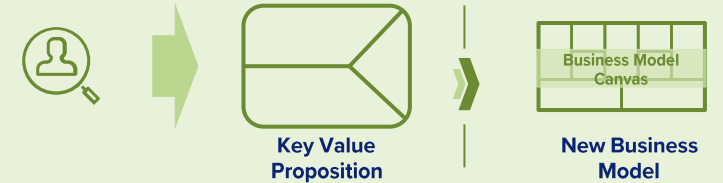
Your Benefits*

- **~12-20% reduction** of costs due to market exits, new distrib. models, etc.
- **~5-10% increase** of sales due to clear product/service offering and new top-line mechanisms (e.g. pricing, new services)
- **~5-8% higher** customer loyalty due to utilization of digital solutions



Broad Santiago industry insights allows the development of novel, cost effective business models to meet all relevant restructuring targets

Reshape-to-core (snapshot)



Think different-to-grow (snapshot)



Optimize-to-survive (snapshot)



Illustrative only



Operating Model – how to win?



Background

Translate strategy and business model into an effective Target Operating Model (TOM) smartly balancing **cost efficiency**, while safeguarding all **relevant capabilities** to deliver value to all relevant stakeholders.



Santiago Offering (non-exhaustive)

Design-for-purpose

Define TOM fully aligned and supporting strategy, business model and restructuring targets

Cost-to-sales

Identify and optimize activities with high cost-to-sales ratio contributing negatively to profitability

Outsource-to-optimize

Identify and outsource important, but non-core activities/ roles to Shared Service Center, self-services, etc. to establish a cost-efficient TOM, while keeping capabilities inhouse

Design-to-transform

Define TOM implementation plan incl. change mgmt. & communication measures

Refinance-to-sustain

Manage debt in an era of higher interest rates, proactively seek (re)-financing opportunities

Tick boxes to discuss your priorities w/ Santiago



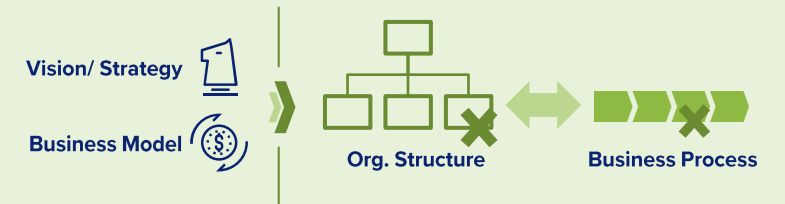
Your Benefits*

- **~15-20% faster** transformation of your operating model from concept-to-implementation successfully proven in over 100 projects**
- **~5-20% reduction** of personnel costs due to targeted and smart streamlining of TOM such as sustainable outsourcing

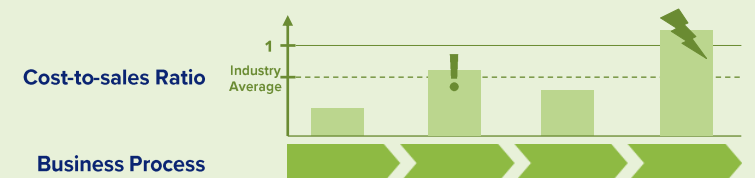


Stop lengthy transformations - our expertise and experience enables you to quickly translate and implement your strategy into an effective TOM

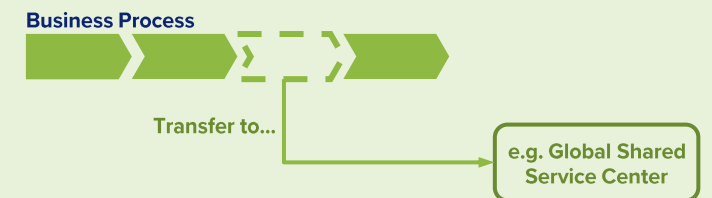
Design-for-purpose (snapshot)



Cost-to-sales (snapshot)



Outsource-to-optimize (snapshot)



Illustrative only



Digital Enablement – how to enable?



Background

Digital solutions in the context of smart restructuring means to balance need to digitalize and **automatize**, while setting the basis for **growth** by: Aligning digital roadmap to **restructuring** targets! Facilitating **people dimension** and **change**!



Santiago Offering

(non-exhaustive)

Digital fit-to-targets

Synchronize and streamline technology roadmap to overall vision and restructuring targets

Digital-to-value

Setup value-driven digitalization approach: clear target, meaningful clustering (green-/brownfield), effective program structure, realistic project plan – continuous monitoring of generated value

Design-for-Digital Excellence

Define guidelines to ensure digital initiatives are consistently following best practices (e.g. “do not start with data lakes, but rather understand and define your end game”)

Digital-to-transformation

Support people successfully adopting to implemented digital solutions and to fully leverage efficiency gains



Tick boxes to discuss your priorities w/ Santiago



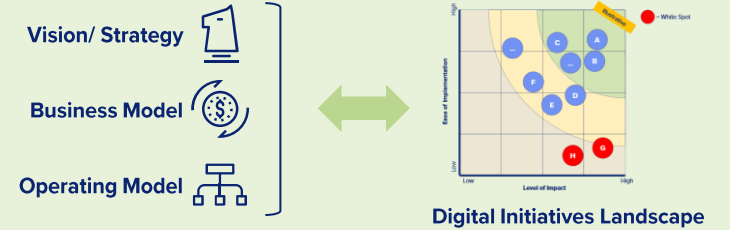
Your Benefits*

- **~5-15% higher** ROI on digital solutions compared to conventional implementation of digital solutions
- **~10-20% higher** adoption rate** of dig. solutions due to our capability to connect our change & comms. expertise with our technical understanding

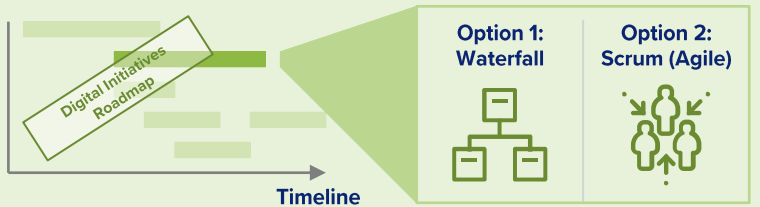


There is no time for “lost in translation” – Santiago successfully supports the translation of strategies into digital roadmaps and its implementation & monitoring

Digital fit-to-targets (snapshot)



Digital-to-value (snapshot)



Digital-to-transformation (snapshot)

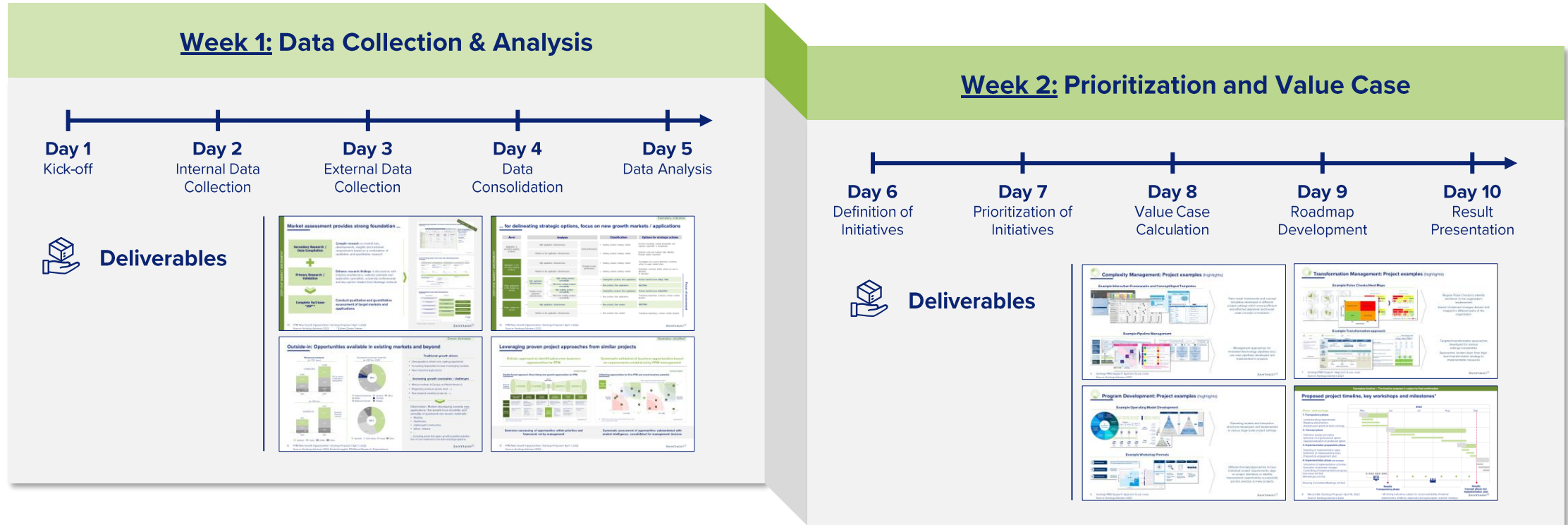


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*based on our experience and comparable projects
**adoption rate = [# active users] / [# total users]

Two weeks assessment with value enhancement roadmap, free of charge*

Illustrative



» **Unlock Smart Restructuring – get in touch with Santiago to learn more about our expertise and references in this area**

*Assessment is not chargeable if a project with min. 8 weeks will be commissioned, if not, assessment will be charged at cost

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