

Brief Thoughts on Restructuring

By Wolfgang Tölsner

- My background in „restructuring“
- Some lessons learnt
- Going forward remarks

My background

2004 – 2006 restructuring/right-sizing of Bombardier Transportation
Lead of overall global program as COO of BT

Key highlights

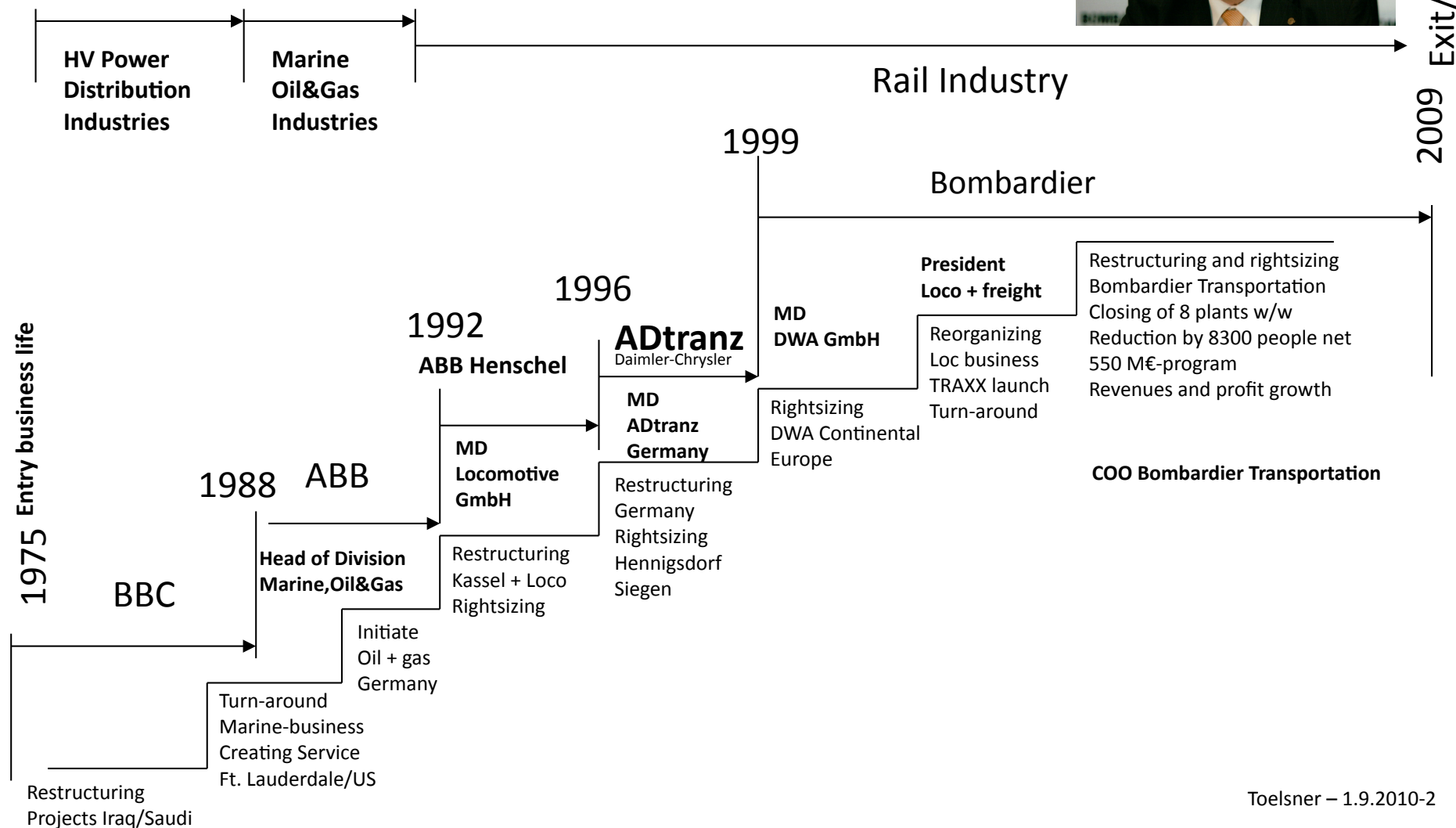
- Reduction of 8800 headcounts (7300 permanent and 1500 non-permanent) representing 24,7% of the total workforce (35600)
- Closure of 7 production sites in Europe (UK, D, P, CH, S)
- Divest one additional plant (D) by MBO
- In total 76 locations in 15 countries were impacted by rightsizing

- Total restructuring costs: 518 M€ vs. 550 M€ approved

- Recurring cost savings/avoidance of 590 M€ (achieved by end 2006)
- competitive cost position as market-leader resulted into profitable growth of backlog

Record of Expertise and Performance

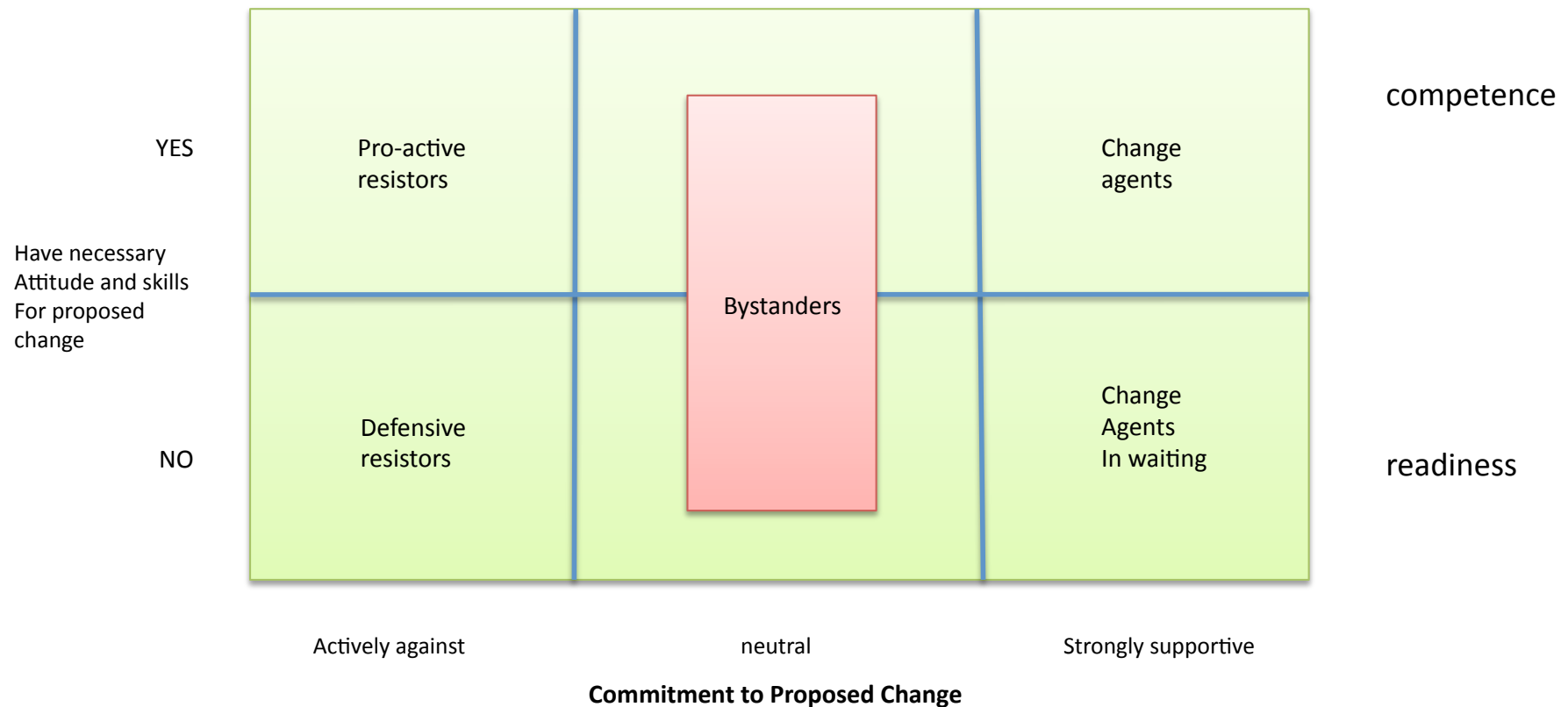
Wolfgang Toelsner



Lessons Learnt

- Sell the problem first (not the solution)**
 - Only who understands the problem really and is buying in, will have an interest in the solution
 - Do not forget the „social dimension“
- Create a sense of urgency**
 - Avoid any quick start without having achieved this sense
- Get consent on the targets**
 - the price and the value of the solution
 - the necessity of action is inevitable
- No restructuring project starts „at zero“**
 - Do not underestimate the expectations/emotions the employees will link
- Create a professional and credible projectteam**
 - Ensure leadership and orientation
 - The personality and charisma of the projectmanager has to convince
- Install a „project controlling“, transparent, but with simple reporting**
 - Reduce all complexity and have measurable targets
 - Close all doors for „headcount-excuses“
- Ensure professional conflict-management**
 - Professional conflict-management starts with handling of „early warnings“ and the „masterpiece“ is the prevention of conflicts
 - Basic rule for prevention: „**Do not create wrong expectations**“
- Ensure real-time communication**
 - A bad message remains a bad message
 - Do not be defensive – be proactive
 - Say the full truth – have the courage to do so

But most important: Thinking About the Players



reach critical mass of supporters

- Synchronize „Thinking“ and „Acting“
- Distinguish between „readiness“ and „competence“

Going Forward

Bear in mind:

- the praxis has shown -> **only 30% of restructured companies have achieved a sustained survival**
- when checked -> 75% of the reasons account for **bad/improper implementation and lack of readiness of the organization for change**
 - > **this lack has been to 80% recorded in the upper and middle management**

Take complexity out – keep it simple and focussed

But – Be Fast