

Appraisal**1. Appraise operational activities to identify and segment the drivers of:**

- Profits – historic and potential
- Losses – historic, outlook, and threats
- Cash Flow – including links to operations

2. Appraise current corporate situation

- Level of financial stress / availability
- Stakeholder aspirations
- Legal and compliance vulnerabilities
- Management and system strengths, weaknesses and pressures

3. Way forward

- Agree if in principle valuable
- Set out broad terms of turnaround plan, including downside risks and cost of implementation

Detailed turnaround plan**4. Profit – how to**

- Expand profitable activities
- Exit / turnaround loss making activities
- Identify operational actions and management changes required

5. Cash – how to

- Working Capital – reduce stock and debtors, extend credit
- Fixed assets – sell surplus assets, sweat / refinance other assets
- Link to profit improvement plan
- Agree and fit to borrowing facilities and covenants
- Identify operational actions and management changes required

6. Management – what/how

- Profitability management and control systems, including settings plans / targets
- Cash flow management and control systems, including setting plans / targets
- Management team to implement plan, including level of Postern involvement

Implementation – Management only or mix Postern / management**7. Monitor implementation against plan performance on rolling basis through management and control systems, responding to variances against target as follows:**

- Remedial action if implementation shortfall assessed
- (and / or) Adapt plans if changed trading situation assessed
- Update targets on rolling basis, in periods that fit operational cycle
- Financial objectives provide loadstar for all actions

Appraisal

1. **Appraise strategic potential and current operational position to identify and segment the drivers of**
 - Profits – historic and potential
 - Losses – historic, outlook, and threats
 - Cash-flow – including links to operations
2. **Appraise current corporate situation**
 - Shareholder value aspiration vs current potential
 - Management and system strengths, weaknesses and pressures
3. **Way Forward**
 - Agree strategic approach that will best enhance shareholder value, including downside risks and cost implementation

Planning – strategy implementation

4. **Profit Plan**
 - Expand profitable activities
 - Exit/turnaround loss making activities
 - Identify operational actions and management changes required
5. **Cash Plan**
 - Working capital – reduce stock and debtors, extend credit
 - Fixed assets – sell surplus assets, sweat/refinance other assets
 - Link to profit improvement plan
 - Agree and fit to borrowing facilities and covenants
 - Identify operational actions and management changes required
6. **Develop corporate management plan to cover**
 - Profitability management and control systems, including setting plans/targets
 - Cash-flow management and control systems, including setting plans/targets
 - Optimum legal structure
 - Balance and make up of management team going forward, including level of Postern involvement

Implementation

7. **Monitor performance on rolling basis through management and control systems, responding to variances against target as follows:**
 - Remedial action if implementation shortfall assessed
 - (and/or) adapt plans if changed trading situation assessed
 - Update targets on rolling basis, in periods that fit operational cycle
 - Financial objectives provide loadstar for all actions