

Restructuring Case Study: Automotive Manufacturer

Business

\$2 billion global manufacturer of automotive and large truck wheels, suspension components, and powertrain components, with 44 manufacturing plants in 16 countries. Client filed for Chapter 11 bankruptcy restructuring and replaced 90% of senior management team within 5 months of filing.

Client Objective

Several initiatives to grow the business and expand capacity had significantly increased the company's leverage. Failures in execution combined with significant short term debt service, reduced cash flows and resulted in operating losses. The company was committed to transforming the operating structure from a "holding company" framework to a highly integrated operating company. The CEO, Board, and restructuring professionals identified several core competency areas as critical to the successful operational and financial restructuring of the company. Supply chain operations was one of the top five deliverables.

Results

- Played a key role in the development and execution of the restructuring communications to operational associates, suppliers, and creditor interests.
- Led the supply chain execution of the restructuring process, including: critical vendors, synthetic leases, supplier contract assumptions, reclamation claims, asset transfers and disposals, creditor committee inquiry analysis, and the development of the supply chain five-year plan for Chapter 11 emergence approval.
- Established an integrated sourcing and logistics organization with common policy deployment processes and performance metrics.
- Delivered material and transportation productivity of \$53 million over 45 months.
- Led the improvement of days payable outstanding from 16 days (1 week following bankruptcy filing) to 57 days (18 months out from filing).
- Transportation/customer on-time delivery improved from 82% to 96%.
- Established a global hedge team to address natural gas, aluminum, and steel sourcing.
- Launched a global leadership process and structure for plant/site materials management.

The company successfully emerged from bankruptcy 20 months following the filing and remains a tier one automotive supply leader.