

Turnaround Diagnostic Brief

Rapid-assessment briefing covering the financial, commercial and operational levers in a turnaround situation.

15 MIN READ

Prepared by Allington Advisors

Strategic counsel for complex challenges

Executive briefing

A turnaround is won or lost in the first 30 days

When performance deteriorates, leadership teams rarely lack effort. They lack a disciplined view of where value is leaking, which constraints are most urgent, and which decisions must be made before optionality disappears.

This brief sets out a rapid diagnostic model for leaders, boards, investors and management teams facing a turnaround situation. It is designed to identify the true drivers of underperformance, prioritise action and create a credible path from stabilisation to recovery.

The aim is not to create another long strategy document. The aim is to compress uncertainty, focus leadership attention and establish a practical operating rhythm for decisive intervention.

The diagnostic question

What is the minimum set of decisions and interventions required to protect liquidity, stabilise performance and restore strategic control?

1. Stabilise Protect cash, control risk and stop further value leakage.	2. Diagnose Separate symptoms from structural causes of underperformance.	3. Rebuild Create a focused recovery plan with owners, milestones and proof points.
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The five diagnostic lenses

A turnaround should be assessed through five connected lenses. Looking at any one in isolation is usually misleading.

Lens	Core question	Typical evidence
Liquidity and covenant control	How much runway exists, and what must be protected immediately?	13-week cash flow, working capital, debt maturity, covenant exposure, supplier pressure
Commercial performance	Where is revenue quality weakening, and what is causing margin erosion?	Customer profitability, churn, pipeline conversion, pricing leakage, channel economics
Operating model	Which processes, costs and decision rights are constraining execution?	Cost base, spans and layers, accountability map, process bottlenecks, service levels
Leadership and governance	Is the organisation able to make and execute hard decisions quickly?	Decision cadence, owner clarity, board reporting, management capacity, incentives
Strategic position	Is the business model impaired, or is performance recoverable through execution?	Market attractiveness, differentiation, competitive position, product-market fit, unit economics

Phase I

Stabilise the situation before designing the solution

The first phase is about protecting the organisation from avoidable deterioration. This requires hard cash discipline, clean ownership and a practical control tower, not vague transformation language.

Immediate management priorities

- Establish a daily cash and trading rhythm, including a 13-week cash flow forecast and variance review.
- Create a single source of truth for revenue, margin, cash, costs, risks and critical decisions.
- Classify spend into essential, deferrable, discretionary and value-destructive categories.
- Identify operational bottlenecks that are causing revenue leakage, service failure or cash drag.
- Define decision rights for the turnaround period, including escalation triggers and approval thresholds.

Area	Red flags	First diagnostic action
Cash	Forecasting is weekly or backward-looking; supplier pressure is rising; invoice collection is inconsistent.	Build a 13-week cash flow, review daily variances and assign owners to major cash movements.
Revenue	Pipeline assumptions are optimistic; customer churn is understated; discounts are unmanaged.	Segment revenue by customer quality, margin and retention risk.
Costs	Cost reduction is broad-brush; no one owns the full cost base; savings are not cash-timed.	Map costs by owner, flexibility and timing of cash impact.
Execution	Too many initiatives; weak cadence; decisions recycle across meetings.	Create a 30-day action register with named owners and decision deadlines.

Leadership implication

In a turnaround, speed matters, but indiscriminate speed creates noise. The leadership task is to create a small number of decision forums where facts are surfaced, trade-offs are resolved and actions are tracked with discipline.

Phase II

Diagnose the root causes of underperformance

A credible turnaround plan must distinguish between symptoms, structural causes and management controllables. Declining revenue, margin pressure or weak cash conversion are outcomes. The diagnostic task is to identify the mechanism behind them.

Root cause map

Symptom	Possible root causes	Diagnostic questions
Revenue decline	Weak proposition, channel underperformance, low conversion, customer concentration, poor retention.	Which customers and segments are weakening? Is the issue demand, conversion, pricing or retention?
Margin erosion	Discounting, mix shift, input cost inflation, delivery inefficiency, scope creep.	Where is gross margin leaking by product, service, customer and channel?
Cash pressure	Slow collections, inventory build, poor forecasting, supplier terms, debt burden.	What cash movements are forecastable, controllable and urgent?
Operational failure	Unclear ownership, process fragmentation, insufficient capacity, weak data, poor controls.	Which operating constraints have the highest financial impact and shortest path to resolution?
Strategic drift	Unfocused initiatives, unclear market position, weak value proposition, poor capital allocation.	Which activities should be stopped, protected or accelerated?

Diagnostic outputs

- A fact-based issue tree linking financial outcomes to operational and commercial drivers.
- A ranked value leakage map showing the size, timing and confidence level of each opportunity.
- A risk register covering liquidity, customer, supplier, people, operational and legal constraints.
- A decision log identifying the choices that must be made by leadership and the board.

Phase III

Build the recovery plan around value, control and proof

A turnaround plan must be narrow enough to execute and robust enough to convince stakeholders. The best plans translate diagnosis into a sequenced set of interventions, with clear economics and visible proof points.

Prioritisation matrix

Intervention type	When to prioritise	Examples
Cash release	Runway is limited or confidence is low.	Receivables sprint, inventory reduction, payment terms reset, discretionary spend freeze.
Margin recovery	The business has revenue but weak value capture.	Pricing reset, SKU/service rationalisation, procurement savings, scope control.
Revenue protection	Customer loss would impair enterprise value.	Key account retention plan, churn intervention, pipeline hygiene, proposition refresh.
Operating simplification	Complexity is slowing execution or increasing cost.	Decision rights redesign, process simplification, org streamlining, control tower.
Strategic refocus	The business is spread across too many bets.	Stop-doing list, capital allocation reset, market focus, product/service portfolio choices.

The 30-60-90 day structure

Period	Primary objective	Evidence of progress
Days 0-30	Stabilise cash, governance and critical controls.	Daily cash rhythm, issue tree, action register, decision log, stakeholder map.
Days 31-60	Execute priority interventions and validate the recovery economics.	Savings tracking, customer actions, operating fixes, risk reduction, board-ready dashboard.
Days 61-90	Lock in the operating model and strategic choices required for recovery.	Reforecast, operating cadence, accountable owners, transformation roadmap, stakeholder narrative.

Practical tool

Turnaround diagnostic scorecard

Use the scorecard below as a leadership discussion tool. It is not a substitute for detailed analysis, but it helps identify where attention should be focused first.

Dimension	1 - High risk	3 - Manageable	5 - Controlled
Liquidity	Runway unclear; cash forecast unreliable; pressure from lenders or suppliers.	Basic forecast exists; risks known but not fully controlled.	13-week forecast in place; daily rhythm; owners assigned.
Commercial momentum	Churn, pipeline weakness or margin leakage not understood.	Main issues known; interventions partly defined.	Clear segment view; retention, pricing and pipeline actions active.
Cost and productivity	Cost base opaque; savings unowned or speculative.	Cost opportunities identified; timing uncertain.	Cash-timed savings plan with owners and weekly tracking.
Operating discipline	Too many initiatives; weak accountability; slow decisions.	Some governance in place; cadence inconsistent.	Clear control tower, decision log and action tracker.
Leadership alignment	Board and management have different narratives.	Broad agreement but unresolved trade-offs remain.	Single recovery narrative, decision rights and escalation path.
Strategic viability	Business model impairment not assessed.	Strategic options understood at high level.	Clear view of protect, fix, exit or invest choices.

Interpreting the score

- Average score below 2.5: stabilisation should dominate the agenda.
- Average score between 2.5 and 3.7: focus on root causes, ownership and value capture.
- Average score above 3.7: move quickly from diagnostic control to execution and stakeholder confidence-building.

The critical insight is not the aggregate number. It is the pattern of weakness across cash, commercial momentum, operating discipline and strategic viability.

Board and leadership application

What a strong turnaround diagnostic should produce

A practical diagnostic should create clarity for management, confidence for the board and enough evidence for external stakeholders to believe that the situation is being controlled.

Minimum viable outputs

Output	Purpose	Owner
13-week cash flow	Quantifies runway and immediate cash choices.	CFO / finance lead
Value leakage map	Shows where value is being lost and the scale of each issue.	CEO / transformation lead
Action register	Turns diagnosis into owned, time-bound interventions.	Transformation office
Decision log	Forces unresolved trade-offs into explicit leadership choices.	CEO / board chair
Stakeholder narrative	Creates a credible explanation of the problem, plan and proof points.	CEO / communications lead
Board dashboard	Tracks liquidity, value capture, risks, decisions and milestones.	CFO / transformation office

How Allington Advisors supports

Allington Advisors helps leadership teams rapidly assess performance deterioration, identify the true drivers of value leakage and design practical recovery plans that can be executed with discipline.

Support can include rapid diagnostics, turnaround control tower design, board reporting, value creation planning, operating model simplification and executive decision support.

For leaders facing performance pressure, the first priority is not a perfect plan. It is a clear, controlled and credible path to the next decision.

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