

# 21-Day Plan Quick Turnaround Strategy

How to get a company out of a crisis



RKH Business Advisory Services

<https://www.rkhconsulting.ca/>

# 4 Key Steps

The purpose of the **21-day plan** is to understand if the company has enough money to survive in the short-term and identify the cause of the crisis. Survival is the only focus!

1. 13-week cash flow analysis
2. Determine how long you have before you run out of cash
3. Develop a problem hypothesis and strategically cut where needed
4. Develop a near-term strategy to create a roadmap to stability by day 90

# Step 1

13-week cash flow analysis.

A cash flow analysis starts by forecasting the following over the next 13-week period:

- Money in the bank
- Disbursements: money owed to suppliers (rent, payroll, taxes)
- Accounts receivable: money owed to you for sales made and when you can expect it

# Step 2

Determine how long you have before you run out of cash. Determine daily balances and manage accordingly. Spend no more than you have.

How much time do you have until you run out of cash? Do a simple math calculation over the 13-week period for each day:

$$\begin{aligned} & \text{Cash on hand that day} \\ + & \text{Cash you got that day} \\ - & \text{Cash sending out that day} \\ \hline = & \text{Cash you have that day} \end{aligned}$$

Questions to consider:

- Determine base case sales forecast
- How likely will your client pay you?
- How likely will your client pay the entire bill?
- Determine when they will pay
- Where you can cut; delay; and avoid costs

# Step 3

Develop a problem hypothesis.

At the same time as you develop the cash flow forecast, start developing a hypothesis on why the company is in a crisis. Validate your hypothesis through internal conversations, competitive analysis, and a 5-year financial statement review. As you gather more information, you may need to modify your hypothesis.

## Examples

- The company is declining in sales.

Hypothesis: the company's product is less relevant than it used to be.

- There is a customer service problem due to low customer satisfaction of service.

Hypothesis: this may be related to high turnover in the customer services team.

# Step 4

Develop an emergency-phase plan and create a roadmap to stability by day 90.

Once the company is stabilized, there is time to develop a roadmap to turn the company around. The implementation of this could span several months. The goal is to have a plan in place by day 90- do something dramatic in the first 90 days!

## Example

There is a high turnover in the company affected by poor leadership. More research and validation is required through:

- employee satisfaction survey
- exit interviews
- leadership assessments

# Need more advice?

We are here to help.



Rob Hall, CEO and Founder of  
RKH Business Advisory Services

**Contact Rob**

Rob has 20 years' business advisory experience, including working at a boutique hedge fund and as an investor relations specialist at a public company. Rob's experience includes having participated in strategy and financial pitch meetings with over 100 CEO's and CFO's from small- and medium-size public companies, as well as engagement with analysts from several industrial sectors. He has gained expertise on industry strategies that create value and the necessary stakeholder communications that bring everyone to the table.