

Rapid Senior Management Turnover amid Fundamental Dislocation

Situation Analysis: LHA began working with this manufacturing client when it had been public only 11 months. The company then entered an intense period of internal and external challenges, including sharply rising costs, industry-wide overcapacity, weakening demand, and the partial loss of business from a major customer, causing sharp earnings and cash flow declines and jeopardizing debt payments at a time when the Street had been guided to expect improved performance. Lastly, management – already suffering diminished credibility from a prior earnings disappointment – underwent an upheaval with repeated turnover in the CEO, COO and CFO positions within four months.

LHA's Solution: Given the extreme fluidity of the situation, and with the tenets of the IPO story rapidly disintegrating, LHA worked with management and its Board to convey unfolding events as openly as possible to preserve analyst, equity- and debt-holder relationships and the client's public company standing:

- *Messaging and Disclosure.* LHA provided intensive counsel to refocus the strategic message platform, reset expectations, and properly time multiple pieces of significant news to facilitate audience absorption. We then fed candid feedback back into the communications effort.
- *Strategic Counsel and Tactics.* Despite an ever-changing set of fundamentals and executive team, LHA created strategies that both kept control of the story and helped the client and its advisors avoid overreacting. We extensively prepared management before each communications event, reviewing tactics and rehearsing Q&A.

Results: During this period, the investment community reported a marked increase in the quality of the client's communications despite the nature of the news itself. LHA responded quickly and decisively to rapidly changing events, helping the client maintain an in-command communications posture to shore up the company's public persona and preserve as much credibility as possible.