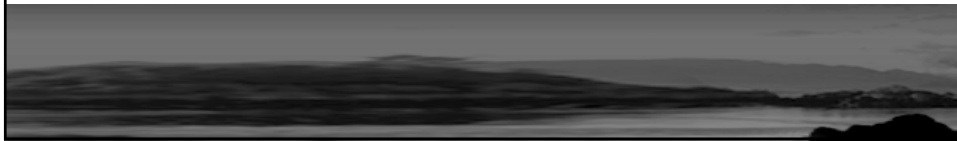


**Enterprise Risk Management and
Chapter 11 Bankruptcy:
Risks and Lessons Learned**

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**Enterprise Risk Management and
Chapter 11 Bankruptcy**

Risks and Lessons Learned

- People**
- Process**

**Enterprise Risk Management and Chapter 11
Bankruptcy: Risks and Lessons Learned**

Risk:

Fear of the unknown drives employees away

Lesson Learned:

Maintain regular, effective communication with employees

**Enterprise Risk Management and Chapter 11
Bankruptcy: Risks and Lessons Learned**

Risk:

Stereotypical beliefs about bankruptcy erode company image and consumer confidence

Lesson Learned:

Maintain effective “business as usual” communication with the public (consumers)

**Enterprise Risk Management and Chapter 11
Bankruptcy: Risks and Lessons Learned**

Risk:

Lack of sustainable revenue increase and unmanaged spending create an even bleaker financial picture which drives good employees away

Lesson Learned:

Make thoughtful increases in revenue and decreases in expense – Explain why cash is king

**Enterprise Risk Management and Chapter 11
Bankruptcy: Risks and Lessons Learned**

Risk:

Expectation of salary concessions comes as a surprise, angering union and non union employees

Lesson Learned:

Personal sacrifice by all employees will be part of the reorganization process –needs to be explained and justified

**Enterprise Risk Management and Chapter 11
Bankruptcy: Risks and Lessons Learned**

Risk:

Singular focus on reducing expenses compromises workplace and/or product safety

Lesson Learned:

Commit publicly to safety and while focusing on cash flow; maintain a safety culture

**Enterprise Risk Management and Chapter 11
Bankruptcy: Risks and Lessons Learned**

Risk:

Releasing too much information compromises recovery strategy, while too little information harms confidence of employees and consumers

Lesson Learned:

Balance confidentiality, honesty and transparency

Enterprise Risk Management and Chapter 11 Bankruptcy Risks and Lessons Learned

Risk:

The best and brightest employees and the most reliable vendors will abandon the organization

Lesson Learned:

Prevent brain drain -- keep good people and suppliers with incentives

Enterprise Risk Management and Chapter 11 Bankruptcy: Risks and Lessons Learned

Risk:

Competitors capitalize on the situation and take market share

Lesson Learned:

Defend against competitors' smell of blood by conducting "business as usual"

**Enterprise Risk Management and Chapter 11
Bankruptcy: Risks and Lessons Learned**

Risk:

The organization will not learn from its mistakes and effect only cosmetic change

Lesson Learned:

The old business model got you into Chapter 11 – only a new business model will get you out

**Enterprise Risk Management and Chapter 11
Bankruptcy: Risks and Lessons Learned**

Risk:

The fear of change prevents reinventing the organization

Lesson Learned:

Be flexible – adapt to and embrace change