

FREE RESOURCE

# **Turnaround Action Plan (30/60/90 Framework)**

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*A free resource from NAJA Capital*

## When to use this

Use this framework when your business has entered, or is approaching, financial distress: cash pressure, covenant risk, vendor payment strain, missed payroll concern, or material revenue collapse. The 30/60/90 structure stabilizes the operation, restores discipline, and creates a path back to growth. Pair this PDF with the companion Excel file (10b\_Turnaround\_Action\_Plan.xlsx) for the working scoreboard.

# Days 1–30: Stabilize

## First 72 hours — establish the truth

- Build a 13-week cash flow with actuals through this week.
- Identify the minimum cash threshold below which payroll cannot be funded.
- Identify the date of likely cash crisis under current trajectory.
- List every recurring outflow for the next 30 days, ranked by criticality.

## Days 4–10 — Vendor and lender communication

Communicate proactively. The fastest way to lose flexibility is to miss a payment without warning. Reach out to material vendors and lenders with a brief, honest update and a proposed path. Most counterparties prefer a conversation to a default.

- Schedule primary lender call — brief them honestly.
- Identify top 5 vendor relationships requiring immediate proactive communication.
- Prepare 1-page summary: current state, plan, support requested.
- Document every agreement in writing within 24 hours.

## Days 11–20 — Cost actions and revenue protection

- Eliminate clearly discretionary spend (travel, software not tied to revenue).
- Review payroll burden; consider hour reductions before separations.
- Protect the top three customer relationships personally.
- Tighten AR follow-up cadence (Day 0, 15, 30, 45).
- Pause new credit extensions to slow-paying or new customers.

## Days 21–30 — Governance and scoreboard

- Set up a weekly scoreboard: cash, AR, AP, payroll funded, revenue, top-3-customer status.
- Convene a small advisory board (even informal) to review weekly.
- Document a 60-day forward plan with milestones.

## Days 31–60: Restore

Stabilization buys time. Restoration converts that time into structural improvement. The discipline of weekly cash review continues. Operational changes deepen.

- Re-forecast 13-week cash with the past 30 days of actuals.
- Negotiate vendor terms (net 30 → net 45) where you have leverage.
- Send invoices on the day of completion, not at month-end.
- Implement automated AR follow-up cadence.
- Review pricing on top 3 products / services.
- Renegotiate or restructure problem debt.
- Identify cost actions through structural review (not reactive cuts).
- Build a 6-month operating plan with revenue and cost milestones.
- Document the recovery story for lenders and key vendors.

## Days 61–90: Grow

If the first two phases succeeded, the business has cash discipline, structural cost alignment, and credible governance. Now: rebuild the operating plan around growth, not survival.

- Document the recovery playbook (what worked, what didn't).
- Reinvest selectively in revenue-producing functions.
- Establish KPI scoreboard (weekly review).
- Formal board / advisory cadence (monthly).
- 12-month forward plan with milestones.
- Lender restoration plan (return to covenant compliance, restore relationship).
- Customer reactivation campaign.
- Team morale and retention plan.

# Common mistakes to avoid

- **Hiding from stakeholders.** Silence accelerates problems.
- **Cutting marketing that produces pipeline.** Cutting all 'discretionary' spending often cuts the revenue engine.
- **Mass layoffs without structural analysis.** Reactive cuts often eliminate the wrong people and damage morale of those who remain.
- **Owner draws or distributions during distress.** Even modest owner cash extraction signals priorities to lenders, vendors, and team.
- **Major operational changes during the first 14 days.** Stabilization first, restructuring second.
- **Optimistic communications.** Stakeholders need to trust the messenger. Bad news told honestly is far better than bad news that surfaces later.

# When stabilization isn't enough

Some situations require structural restructuring beyond operational improvements: debt service that exceeds sustainable cash generation, capital structure that mathematically cannot be repaid from operations, obligations that materially exceed value received. Recognize the signals early. Engage qualified restructuring counsel before structural change is necessary, not after.

Common restructuring options:

- Out-of-court workout — negotiated restructuring without bankruptcy filing.
- Subchapter V Chapter 11 — streamlined small business bankruptcy reorganization.
- Chapter 11 reorganization — traditional bankruptcy with more complexity but more protection.
- Article 9 sale — lender-led sale of business assets.
- Section 363 sale — going-concern sale through Chapter 11.
- Liquidation — Chapter 7 or assignment for the benefit of creditors.

## Next step

NAJA Capital offers a confidential, no-cost diagnostic for operators in distress. We'll review your situation and provide a written assessment with clear next steps — at no fee. Visit [najacapital.com/diagnostic](https://najacapital.com/diagnostic).

### **Important**

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