HOLDSWAY | INTERIM CASE STUDY

Interim Leadership Through Crisis and Transformation: Rescuing an Insolvent Subsidiary and Restoring Profit Without New Funding

Interim CEO* | *Interim Executive* | *Interim Management* | *African Business Transformation *(Introduced by Holdsway)*

CLIENT AT A GLANCE

Sector: Renewable energy equipment | **Group status:** Bank-led insolvency | **Subsidiary:** Africa | **Additional funding:** None | **Mandate:** Stabilise, restructure, restore

The Situation

When the interim CEO arrived, the African subsidiary of a European renewable energy equipment group was effectively insolvent.

The group was also in crisis. It had once led its field, with annual revenue in the hundreds of millions of euros. Then several problems hit at once. The group had heavy bank debt. Government subsidies were falling. Low-cost overseas firms were gaining ground. Older contracts were losing money. Together, these problems pushed the group into insolvency. The banks took control and replaced the founder. They appointed a new Group CEO to restructure the business and prepare it for sale.

Within that wider turnaround, Africa was seen as a problem. The subsidiary had been poorly managed:

- Financial controls were weak and major projects had been mishandled.
- There were strong signs of corruption, hidden by poor reporting.
- The existing CEO was taking out large sums of company cash.
- Creditors were pressing. The banks would not provide more funding and were considering pulling out of the region entirely.

The Challenge

Holdsway introduced the interim executive to the Group CEO. He was then appointed Interim CEO of the African subsidiary. His brief was to stabilise, restructure and transform the business without extra funding. He moved to the region to lead the turnaround. He provided hands-on interim leadership through a period of major change.

A subsidiary on the brink

When he arrived, the situation was worse than expected:

- The business was short of cash and under heavy pressure from creditors.
- Financial reporting was unreliable.
- Installation equipment had been hidden at remote locations.
- A court had ordered the company to pay €10 million. Group headquarters did not know. The order could have forced the company into liquidation.

Morale was low, and employees feared for their jobs. Suppliers were cautious, and customers worried the company might collapse in the region.

The Interim Leadership and Change Management Intervention

A decisive leadership and governance reset

Within days, the interim CEO suspended the existing CEO. He dismissed him a month later, after due process. The company soon replaced its Financial Manager and set up a new board. This restored proper governance and created a base for recovery.

Choosing recovery over administration

At first, group leaders suggested putting the subsidiary into administration. Creditors were pressing, and cash was very tight. The interim CEO advised against this. Administration could damage the group's chance to return to Africa, a region with strong long-term potential. It could also make the group less attractive to buyers.

Instead, he committed to rebuilding the subsidiary from within. Group leadership backed him but gave him no extra cash. The turnaround would have to pay for itself.

Restoring liquidity without external support

Cash was the immediate priority. The interim CEO:

- Launched a VAT investigation that recovered around €500,000 in unclaimed VAT, a tool he had used successfully in previous turnarounds.
- Renegotiated customer contracts. Payments were tied to project milestones and delivery dates, giving the company better cash control.
- Gradually extended supplier payment terms from cash with order to an average of 45 days.
- Cut inventory by more than 50%. He redesigned the supply chain, reduced the number of products and removed discontinued lines. Much of the old stock was obsolete or poorly managed.
- Renegotiated expensive warehouse arrangements and began moving to cheaper premises.

The business began to fund itself.

Rebuilding credibility with stakeholders

Some of the most delicate work was not about money. The interim CEO shared monthly financial updates with suppliers. He spoke openly with them and set out a clear recovery plan. The business then won back credit insurance. This cover helped keep supplies flowing. Customers already respected the company's engineering skills. Direct contact and visible progress helped reassure them.

Inside the company, a demoralised team came together. Only two roles were lost. The rest of the workforce backed a clear recovery plan. Targeted training helped the sales team focus on margins and payment terms, not revenue at any cost. The company also worked with suppliers to simplify its products. This made production more efficient and raised gross margins.

Meanwhile, the interim CEO overturned the €10 million court judgment that would have forced liquidation. The legal battle uncovered questionable conduct under the previous leadership. The company survived.

Key Outcomes

By the end of the assignment, the subsidiary had completely turned its finances around:

Results Panel	
Financial	A full-year profit and positive cash flow after years of losses. Bookings of around €50m and billings of €40m at year-end. Gross margin rose from 16% to 33%, and fixed costs fell by 49%.
Operational	Inventory was cut by more than half. Supplier terms moved from cash with order to 45 days. Around €500k of VAT was recovered.
Strategic	The company avoided administration and overturned a €10m judgment that threatened liquidation. It restored proper governance. The subsidiary also helped make the group more attractive to buyers.
People and stakeholders	Market share rose from 30% to 46%. All suppliers stayed, credit insurance was restored, and only two roles were lost.

The business had been seen as a candidate for abandonment. It became one of the group's strongest recovery stories.

Why Boards Deploy an Interim Executive

He is most effective when organisations face:

- Insolvency or near-insolvency risk.
- Governance breakdown or leadership failure.
- Corruption or control concerns.
- Subsidiaries seen as non-core or expendable.
- Turnarounds that must be delivered without extra capital.
- High-stakes restructuring under bank oversight.

He combines strong operational skills with sound judgment. As an interim executive, he leads change and transformation. He protects long-term value while managing short-term pressure. He also rebuilds trust with creditors, customers and employees.

Transformation Delivered

The banks gave the group a clear goal: return to lasting profit and prepare for sale. Many had seen Africa as expendable. But the subsidiary became one reason to buy the group. It was profitable, generated cash and had proper controls. A new CEO was in place to lead its next stage of growth.

The interim CEO took charge of an insolvent subsidiary in a struggling global group. He restored profit and growth without outside funding. He did more than keep the business alive. He left it with strong leadership, sound financial controls and a good market reputation.

Cash restored. Margins doubled. Expenses halved.
Market share increased. Leadership rebuilt.

For boards facing a threat to their survival in a complex situation, that mix of courage, discipline and delivery is not just helpful. It is decisive.