

# Restructuring and Business Transformation for the Cannabis Industry

The U.S. Cannabis industry stands on the cusp of springing forth as a fully formed industry once certain legislative hurdles are overcome. As one of the first major U.S.-based business advisory firms to establish a cannabis-specific practice, the FTI Consulting team understands the unique challenges of the cannabis industry from local, national and global perspectives. Our experts help drive successful turnarounds and transformation solutions, including guidance on stabilizing finances and operations to reassure all parties that proactive steps are being taken to enhance and preserve value.

## Turnaround and Restructuring Services for Companies and Creditors

For cannabis-related clients, our turnaround and restructuring team can develop liquidity forecasts, improve cash flow management, analyze and develop business plans, evaluate strategic alternatives, obtain additional financing, provide negotiation assistance and guide complex debt restructurings, among other services. For creditors, we provide analytical and advisory services to help maximize their recoveries.

## Business Transformation and Strategy

Our Business Transformation and Strategy team leverages expertise in business growth, finance, operations, supply chain, technology and transactions to help drive change across the enterprise. Our solutions are tailored to specific challenges, actionable, and always supported by deep data insights and analytics.

Our dedicated Cannabis industry team of experts also provides best-in-class business advisory services related to litigation, regulatory compliance, risk mitigation and communications. Our practitioners have worked with some of the largest industry players and have been widely published as experts in the cannabis industry.



	LIQUIDITY ASSESSMENT	BUSINESS PLAN & BUDGET REVIEW	OPERATIONAL OVERSIGHT/ FINANCE PERF. MGMT.
<b>Immediate Actions</b>	Evaluate working capital / liquidity to determine opportunities for improvement and/or incremental investment requirements	Conduct detailed business plan review to assess overall achievability, areas for improvement or potential changes to the Company’s strategy and assess timing	Provide operational oversight and financial performance management, focused on measuring and improving profitability, mitigating risk and executing the business plan
<b>Objectives</b>	<ul style="list-style-type: none"> <li>– Utilize Working Capital to Reduce Cash Needs</li> <li>– Maximize Liquidity through Working Capital Management</li> <li>– Stabilize Situation</li> </ul>	<ul style="list-style-type: none"> <li>– Determine Achievability of Business Plan</li> <li>– Evaluate Company Strategy</li> <li>– Refine Financial Reporting Practices</li> <li>– Review Management Practices</li> </ul>	<ul style="list-style-type: none"> <li>– Understand Revenue Drivers</li> <li>– Assess Cost Structure</li> <li>– Identify Core Businesses/ Assets</li> <li>– Understand Existing Customer Contracts</li> </ul>
<b>Tools</b>	<ul style="list-style-type: none"> <li>– 13 Week Cash Flow</li> <li>– Weekly Dashboards</li> <li>– Payable Aging</li> <li>– Receivable Analysis</li> <li>– Vendor Negotiations</li> <li>– Vendor Terms Over Time</li> </ul>	<ul style="list-style-type: none"> <li>– Analysis of External Forces</li> <li>– Assessment of Internal Capabilities</li> <li>– Identification of Opportunities and Threats</li> <li>– Scenario Planning and Sensitivity Analysis</li> <li>– Benchmarking and Best Practices</li> </ul>	<ul style="list-style-type: none"> <li>– Business Unit Profitability Analysis</li> <li>– Revenue Trending Analysis</li> <li>– Overhead/Cost Analysis</li> <li>– Return on Net Assets Analysis</li> </ul>

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*The views expressed herein are those of the author(s) and not necessarily the views of FTI Consulting, Inc., its management, its subsidiaries, its affiliates, or its other professionals.*

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