



ISSUE

# 01

LOOP INSIGHTS

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## Restructuring to achieve actual change

Why most restructures don't deliver the intended outcomes and how to redesign your operating model so cost savings and efficiency gains are actually realised.

RESTRUCTURING & OPTIMISATION · 6 MIN READ

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**LOOP CONSULTING GROUP**

Design. Optimise. Scale.

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# Restructuring to achieve actual change

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Operating costs are spiralling, customer growth is slowing and the Board wants costs down by 15 percent. The CEO needs to show results in two quarters. The CFO has circled headcount as the biggest lever. And the CPO has been asked to "prepare options."

This is how most restructuring programs begin. And it is also why most of them fail to deliver lasting value.

The problem is not that cost reduction is wrong. In many cases, it is both necessary and overdue. The problem is that most restructuring efforts start with the wrong question. They ask, "where can we cut?" when they should be asking "where is value created, and where is it consumed?"

**Until you answer that question, every reduction is a guess. And guessing with headcount is one of the most expensive mistakes a leadership team can make.**

## Why Restructuring Programs Disappoint

We see the same pattern regularly. A business under significant cost pressure or board scrutiny launches a restructuring program. The approach usually follows a familiar script: freeze hiring, cut all budgets except front line, consolidate "non-core" teams, remove management layers and outsource a function. The P&L improves for a quarter or two. Then costs creep back.

Twelve months later, the business is roughly back to where it started, except it has also lost institutional knowledge, damaged trust, and created a workforce that flinches every time the word "transformation" is used.

This happens because the restructuring addressed symptoms, not structure and in most cases, the change is never embedded properly. It removed cost without redesigning the operating model that generated the cost in the first place.

*Cutting costs without redesigning the operating model is like draining a bathtub with the tap still running.*

## The Difference Between Cutting and Optimising

There is a meaningful distinction between cost cutting and restructuring optimisation, and the language matters because it determines how the organisation approaches the work.

**Cost cutting** is reductive. It starts with the budget and asks what can be removed. The frame is subtraction. The risk is that you remove things that were creating value you did not fully understand, and the business suffers and more often costs are reintroduced when operations starts to suffer.

**Restructuring optimisation** is architectural. It starts with the strategy and asks how the operating model should be designed to deliver it with the right level of investment. The frame is alignment. The outcome is a business that does more with less because the model is better designed, not just smaller. It includes process optimisation, digitisation and optimal alignment of functions and responsibilities.

The first approach produces short-term savings and long-term damage. The second produces sustainable performance improvement.

## Six Principles for a Successful Transformation

In our experience working with businesses navigating transformational change, cost pressures and efficiency mandates, five principles separate the programs that deliver lasting results from the ones that never achieve the intended outcomes.

### 01 Start with value, not cost

Before you change anything, map where the business actually creates value. Which activities, teams and processes directly drive revenue, margin and customer outcomes? What functions support those activities? And which ones exist because they always have, without a clear link to value?

Most businesses have never done this exercise rigorously. When they do, the answers are often surprising. Functions that look expensive are sometimes the primary engine of competitive advantage. And functions that look lean are sometimes consuming hidden cost through complexity, rework and inefficiency.

Start with the value map. Then you can make informed decisions about what to prioritise, what to redesign, and what to remove.

## **02 Redesign the model, not just the headcount**

Headcount is the most visible cost, which is why it is usually the first thing leadership targets. But removing people without changing the work they were doing simply redistributes the burden onto whoever remains. The same processes still exist. The same meetings still happen. The same decisions still need to be made. There are just fewer people to do it all.

The result is not efficiency. It is burnout, lower quality, and eventually the rehiring of the roles you just removed, often at a higher cost.

If you want sustainable cost reduction, you need to redesign your operating model with a focus on simplifying processes, eliminating unnecessary governance, clarify decision rights, removing duplication, and automating where it makes sense. Then right-size the team to deliver the redesigned model.

## **03 Protect capability, not just cost**

Every restructuring program carries a risk, you lose the people you need to keep. The best people always have options, and the uncertainty of a restructuring is often the push that tips them toward taking one.

Before making structural changes, identify the capabilities that are critical to future value creation. Not just the senior leaders, but the institutional knowledge, technical expertise and client relationships that would be difficult or impossible to replace. Design the restructuring to protect these assets, not just minimise the P&L. There is a fine line, don't design a role for a person, but consider how you can maintain and motivate your top talent.

## **04 Sequence for momentum, not just savings**

Restructuring programs that try to change everything at once create organisational paralysis. The business becomes so focused on the internal change that external performance suffers, customers notice, and the very revenue you are trying to protect starts to erode.

Sequence the work in phases. Start with the changes that are highest impact and lowest disruption. Build early evidence that the program is working. Use that momentum to fund and justify the harder changes that come later. Fast, focused change beats slow, draw out programs every time.

## **05 Communicate with honesty, not spin**

Nothing destroys trust faster than a restructuring program wrapped in corporate euphemisms. If costs need to come down, say so. If roles are being removed, be direct about why and how.

The businesses that retain trust through restructuring are the ones that communicate early, honestly and frequently. They explain the rationale. They describe what the future operating

model looks like. They give people enough information to understand the decisions being made, even when the news is difficult.

People can handle hard truths. What they cannot handle is the feeling that they are being managed rather than respected.

*The best restructuring programs do not just make the business smaller. They make it better designed.*

## 06 Embed the change to solidify results

Designing the new model is only half the work. The harder part is making sure the change sticks after the project team disbands and attention moves on. This is where most issues arise, not in the design phase but in the six to twelve months after go-live when old habits, informal workarounds and legacy routines quietly reassert themselves.

Embedding is not a communications exercise bolted onto the end. It is a deliberate redesign of the reinforcement system around the new model. Governance and cadence need to reflect the new structure, not the old one. Leaders need to model the new behaviours visibly in the first ninety days. Metrics and rewards need to align to the outcomes the redesign is trying to produce. Processes improvements, digitisation efforts and training needs to be prioritised. And progress needs to be tracked and corrected well beyond go-live.

Most restructuring programs declare victory too early. The ones that deliver lasting change treat the first twelve months after go-live as the most important phase, not the end of the work.

### What Good Looks Like

When restructuring optimisation is done well, the outcome is not just a leaner cost base. It is a fundamentally better-designed business.

- Structure is aligned to strategy, with clear accountabilities and appropriate spans of control.
- Governance is simplified, with fewer forums, faster decisions and a clear operating cadence.
- Processes are streamlined, with unnecessary handoffs, approvals and duplication removed.
- The workforce is right sized to the redesigned model, not to an arbitrary headcount target.
- Leadership has a clear view of where value is created and where resources are deployed.

- The organisation has the capability and capacity to execute the strategy, not just survive the quarter.

This is what enables a restructuring program to achieve lasting change.

## The Question Before the Cut

If your business is facing cost pressure, a board mandate to restructure, or simply the realisation that the operating model has become more expensive than it needs to be, resist the instinct to start with the budget and a red pen.

Start with one question: do we have a clear view of where value is created in this business, and is our operating model designed to deliver it efficiently?

If the answer is no, the restructuring work is not about cutting. It is about redesigning. And the difference between those two approaches is the difference between a business that gets leaner and one that gets weaker.

### KEY TAKEAWAYS

- 01** Most restructuring programs address symptoms, not structure. Costs are removed without redesigning the operating model that generated them, so they creep back within 12 months.
- 02** Start with value, not cost. Map where the business creates value before deciding what to cut. Without that clarity, every reduction is guesswork.
- 03** Redesign the model, not just the headcount. Removing people without changing the work redistributes burden and creates burnout, not efficiency.
- 04** Protect capability, not just cost. The best people leave first during restructuring. Identify and protect the capabilities critical to future value creation before making structural changes.
- 05** Sequence for momentum. Start with high-impact, low-disruption changes. Build early evidence of success before attempting the harder structural shifts.
- 06** Embed the change or lose it. The restructure doesn't end at go-live. Without deliberate reinforcement through governance, leadership behaviours, metrics and review cadence, old habits return and the savings unwind within a year.

## READY TO CLOSE THE GAP?

If your business is navigating cost pressure, a board mandate to restructure, or an efficiency drive, Loop can help you redesign and implement a new operating model so the savings are realised gains, not temporary outcomes. Our OP3 Diagnostic identifies where value is created and where the model is generating unnecessary cost.

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