



AI generated illustration of circular textile screen-printing equipment

Leadership in an industrial turnaround

White paper based on the MHM case study

Executive summary

An industrial turnaround requires people to act together under conditions that make cooperation difficult. Employees emerging from insolvency may doubt the company's future, distrust management and defend departmental interests. A new strategy becomes effective only when leadership restores enough trust and direction for staff to carry it out.

The MHM case illustrates this challenge. Following the manufacturer's 2009 insolvency and acquisition, an Interim Managing Director took responsibility for renewed growth from late 2010 to August 2013. The workforce was insecure and divided. He reunited quarrelling teams, restored a shared sense of purpose and worked alongside employees in their departments. This involvement gave the new direction credibility and helped turn uncertainty into coordinated action.

Leadership was the foundation of the turnaround described in the management account. Strategic focus, product development, stronger US distribution, pricing discipline and manufacturing improvements depended on employees cooperating across established divisions. The executive combined a clear vision with practical involvement and accountability, giving staff both a reason to believe in the recovery and a way to contribute to it.

Purpose and audience

This white paper examines the leadership and operating practices behind the MHM assignment and draws practical lessons for owners, boards and interim executives managing industrial recovery. It distinguishes the reported case results from broader management recommendations. The executive remains anonymous and is referred to as the Interim Managing Director.

Reported performance

The supplied account reports US sales growth of 250% between 2011 and 2013, EBIT increasing from 6% to 10%, lead times reduced by two to three weeks and approximately 3% lower manufacturing costs. These outcomes are management-reported figures adjusted for confidentiality; their interpretation is explained on page 5.

Restoring leadership after insolvency

Understand the organisational damage

MHM's difficulties extended beyond its financial position. According to the manuscript, uncertainty before, during and after insolvency had left employees disillusioned and split into opposing groups. In that setting, technical competence alone could not secure a recovery. Product decisions, production changes and commercial commitments required people to exchange information and accept shared priorities.

The incoming executive therefore faced an immediate leadership task: establish a common direction that employees could trust. Financial capital allowed the acquired business to operate; leadership was needed to make the organisation work together again.

Create a credible shared vision

The Interim Managing Director redirected attention to MHM's established strength in circular textile screen-printing machinery. Discontinuing an unsuccessful large-format development project clarified where effort and investment would go. For staff, a defined product direction connected the recovery to expertise the company already possessed.

He then made the vision tangible through new product development, customer trials and commercial opportunities. Employees could see how engineering, manufacturing and sales contributed to the same objective. The recovery became a set of tasks they could influence, rather than an assurance about the future.

Earn authority through direct involvement

The executive worked alongside employees in their departments. This was central to the leadership described in the case: it demonstrated commitment, helped him understand operating constraints and gave staff direct access to the person setting priorities. His presence supported the trust and credibility needed to bring divided teams together.

The lesson is that an interim title provides formal authority, while employees' experience of the leader determines whether that authority produces cooperation. In this account, practical involvement helped the executive earn the leadership needed for the subsequent achievements.

Unite teams through shared work and accountability

Jointly agreed key performance indicators gave department heads a common basis for assessing progress. Prototype development, customer trials and production changes required collaboration across functions. These shared tasks helped move attention from internal disagreements towards customer requirements and company performance.

The approach combined motivation with expectations. Employees received a clear direction and direct engagement, while managers remained responsible for agreed objectives. The manuscript reports improved cooperation, achievement of departmental goals and staff turnover of approximately 1–2%. These observations support the account of greater stability, although they do not isolate leadership's effect from other changes.

Connecting leadership to operating improvements

The leadership intervention mattered because it supported decisions and execution across the business. The MHM account describes several areas in which renewed cooperation accompanied a clear operating change.

Focus investment on a viable product portfolio

The executive assessed the technical and commercial prospects of the large-format project and discontinued it. Resources returned to the circular printing portfolio that had established MHM's international reputation. This decision reduced ambiguity for teams and gave product development a more coherent purpose.

Bring engineers closer to customers

Key engineers visited customers to observe machine performance and operating difficulties directly. This challenged assumptions and encouraged a stronger customer perspective. Prototypes and beta trials then provided a practical route from ideas to usable improvements.

One development used removable Samsung tablets as machine-control interfaces and as camera-equipped devices for remote support from Austria. The management account associates demonstrations at US trade shows in 2011 and early 2012 with renewed commercial interest. Its importance in this paper lies in the combination of technical work, customer usefulness and market communication.

Improve flow within the existing factory

Value stream mapping supported a move towards modular manufacturing. Better flow increased usable capacity within limited production space and reduced cost and delivery time. Such changes require cooperation between engineering, purchasing and production; a reunited management team was therefore an important condition for implementation.

Strengthen distribution and protect pricing

The executive increased attention to the US market and encouraged local stocks of selected standard machines. This addressed availability and delivery constraints. In parallel, visits to representatives and customers informed a review of excessive discounting and the introduction of clearer pricing rules.

These decisions asked sales partners and internal teams to change established behaviour. Consistent leadership linked the premium product position to commercial expectations, while practical market engagement helped distinguish necessary concessions from habitual discounts.

Resolve the next growth opportunity

An approximately 18-month negotiation secured an agreement on the patent rights needed for an oval printing platform. The first prototype followed in early 2013. Its configuration addressed the floor-space demands of larger circular machines. The account attributes subsequent growth to this platform, extending the effect of the product decisions beyond the interim assignment.

A practical approach for interim leaders

The following practices are recommendations drawn from the case. They offer a sequence for an industrial recovery, rather than a guarantee of comparable financial results.

Establish the facts and listen across departments

Begin with the operating and financial position, then examine how employees experience the crisis. Spend time with production, engineering, sales and support staff. Identify where uncertainty, mistrust or conflicting priorities prevent decisions from becoming action. Use direct observation to test management assumptions.

Explain the choices that define the recovery

State which products and markets the business will prioritise, what work will stop and why. Connect the direction to customer demand and the company's capabilities. A credible vision should help employees decide what to do differently in their own work.

Make leadership visible in daily work

Work with teams where the problems occur. Listen to constraints, resolve issues within the executive's authority and follow through on commitments. This is how a new leader can begin to earn trust among employees who have experienced uncertainty or disappointment.

Give divided teams a common task

Choose work that requires departments to cooperate, such as a customer trial, a production improvement or a delivery commitment. Agree responsibilities and measures with the managers involved. Review progress together so that problems become shared operating questions rather than reasons for blame.

Combine support with performance expectations

Set a small number of measures that reflect the recovery priorities. Discuss obstacles openly and make decisions when teams cannot resolve competing needs. Recognise progress, but retain clear accountability for delivery. Motivation and discipline should reinforce each other.

Prepare continuity before leaving

The MHM account describes recruitment of an assistant manager in mid-2012 and coaching towards the managing director role before the interim executive's departure in August 2013. A recovery needs leaders who can sustain decisions, relationships and performance routines after the assignment ends.

Questions for owners and boards

Can employees explain the recovery priorities? Are department heads working towards compatible objectives? Does the interim leader have both the authority and the practical access needed to resolve problems? Is a successor learning to run the business while the turnaround is still in progress? These questions complement financial reporting by examining the organisation's ability to sustain execution.

Results and evidence

Measure	Reported outcome
US sales	250% increase between 2011 and 2013
EBIT	6% in 2011; 8.5% in 2012; 10% in 2013
Manufacturing capacity	Approximately 20–25% increase
Manufacturing cost	Approximately 3% reduction
Delivery lead time	2–3 weeks shorter at broadly unchanged inventory
Pricing contribution to EBIT	1% in 2011 and 2.5% in 2012, as reported
Staff turnover	Approximately 1–2%
Funding during 2011–2013	No overdrafts or bank loans; investment from operating cash flow

Achievements beyond the operating measures

The account also records renewed product development, tablet-based control and remote support, agreement on oval-platform patent rights, restoration of recognition among the leading three international manufacturers in the segment, achievement of jointly agreed departmental objectives and preparation of a management successor.

Subsequent investment outcomes

The manuscript reports a doubling of the business in less than two years following the oval platform and an investor exit in late 2017. Reported investment measures are entry value 2.6, exit value 8.0, a 3.1× multiple on invested capital, approximately 25% internal rate of return and exit EBITDA of 1.2 million. Revenue per employee is stated as 120,000 in 2013 and 125,000 in 2017. These later outcomes occurred after the interim assignment and cannot be attributed solely to the interim executive.

What the case supports

The account supports a clear management lesson: restoring trust and cooperation was a central part of MHM's recovery. Leadership gave strategic and operational decisions a practical basis for execution. The case does not provide a controlled comparison or independently establish how much of each financial improvement resulted from leadership, market conditions or other interventions.

Basis of preparation and historical scope

This white paper is based on the supplied MHM manuscript and revised case study. Figures were slightly altered for confidentiality; currency and valuation units are unspecified. Capacity is given as 20% in the narrative and 25% in the closing list, hence the range. The basis of the pricing-related EBIT effects is unspecified. Operating figures, market-position claims and investment returns have not been independently verified.

The original MHM insolvency opened on 4 November 2009. Separate proceedings involving Machines Highest Mechatronic GmbH opened on 1 October 2024, outside this assignment. Historical references: TVP Textil, "MHM stellt Insolvenzantrag", 5 November

2009, <https://tvp-textil.de/mhm-stellt-insolvenzantrag/>; ORF Tirol, “Millionenpleite in Erl trifft 55 Arbeitskräfte”, 1 October 2024, <https://tirol.orf.at/stories/3275430/>.