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The Two-Track Turnaround: Rebuilding the business while keeping it running

Denis Wallace Barnard ©Bloor Research December 2025

The product or service may be good, but the rest is not. Perhaps for too long no progress has been made on the grounds of cost saving. Maybe investment in plant, systems or workforce has stalled or legacy processes and procedures are causing unnecessary roadblocks. Or all of these. Technical and Labour Debt could be at critical levels, and there may be no obvious way to do this without risking serious money.

There is a way. It's not exactly brand new, but it's radical and comes with some modern twists.

This involves some functional capabilities (e.g., HR, finance, IT, manufacturing, customer service, sales) being temporarily handled by specialist co-sourcers* for continuity whilst the new organisation is built from the ground up.

Co-sourcing *(see definition)

This is referred to as a 'two-track turnaround' and is worth considering if the CEO needs to accelerate change by eliminating slow internal processes yet the existing organisation is too inefficient or not agile enough to reform.

A standard approach is:

1 Stabilise Operations

- Identify mission-critical functions in the existing set-up and co-source them to a trusted co-sourcer.
- Maintain revenue flow and customer relationships.

2 Design the New Model

- Define the new structure, roles, and workflows.
- Build new culture, governance, and metrics.
- Broadcast the new culture and values
- Recruit or re-train staff aligned with the new vision.

3 Transition

- Once the new structure is functional, the company may choose to bring all or part of the operation back in-house or renegotiate co-sourcing contracts to match the new structure.

Pros and cons

Advantages

- **Speed:** The management can act much faster than traditional restructuring allows.
- **Focus:** Strategy and future operations are the order of the day rather than firefighting.
- **Cost Clarity:** Co-sourcing converts fixed costs to variable, providing short-term financial relief.
- **Cultural Reset:** Build a new organisation without legacy attitudes or silos.

Risks

- Possible loss of ownership over key functions and customers
- Employee suspicion if communication isn't managed well ("they're replacing us").
- Potential complexity when re-integrating co-sourced functions.
- Brand risk if quality or service drops during transition.
- Necessity to comply with local employment regulations.

Key points

- The leadership must communicate the whole Vision continually and across all levels: people will respond if they understand the purpose, and that they are part of it.
- At all stages protect Customer Experience even at the toughest stages of transition.
- Use the new structure to build the right culture.
- Put in place governance that separates the transformation from the day-to-day operation.
- Have regular reviews between CEO, the Transformation project and the Co-sourcers.
- Have transparent metrics to accurately measure the rebuild.
- Stage the reconstruction. Not everything needs to be co-sourced at once. Attempting too much at once may cause setbacks and erode confidence. ►

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Example of a 12–18 month dual-track turnaround plan

Phase 1
Assessment and stabilisation (months 1–3)

- Conduct operational audit quickly and identify performance bottlenecks, pain points and cost leakages.
- Map all processes, dependencies and responsibilities in current operations.
- Select co-sourcing partner for identified functions (e.g., IT, finance, marketing, logistics).
- Communicate Vision and the process to arrive at that Vision to all employees and follow up in writing to everyone.
- Contact and reassure key customers.
- Establish a temporary Transformation Office to manage parallel tracks.
- Monitor the competition.

Phase 2
Design and planning (months 4–6)

- Define the new operating model, structure, governance, and required culture.
- Set Outcomes and milestones for both the outsourced operation and the new organisation.
- Select key internal candidates, leadership, and external recruitment for pivotal future roles.
- Draft internal and external communication plans for stakeholders.
- Define the new operating model – structure, decision rights, governance, and culture.
- Set required Outcomes and milestones for both the outsourced operation and the new organisation.
- Select key internal candidates, leadership and external recruitment for future central roles.
- Draft internal and external communication plans for stakeholders.

Phase 3
Build and implementation (months 7–12)

- Build pilot teams or departments under the new structure.
- Launch new workflows, digital tools, and decision-making frameworks.
- Integrate outsourced operations into the company's performance dashboards.
- Initiate culture and capability-building programmes (training, leadership coaching).
- Monitor service levels and vendor performance closely.

Phase 4
Integration and transition (months 13–18)

- Gradually transfer operations from outsourced partners to the new internal structure (if planned).
- Review cost performance, quality, and strategic alignment.
- Rationalise overlapping roles and redundant processes.
- Conduct organisation-wide relaunch of brand and culture.
- Wind up the Transformation Office and transition to business-as-usual governance.

Conclusion

The dual-track turnaround is certainly radical, but for a broken organisation weighed down by legacy debt, it offers a path to rapid, focused renewal.

Success depends not only on execution, but on leadership.

A CEO who can preserve excellent customer experience while consistently communicating their vision and making sure every employee understands the "why" and sees a clear way ahead will be one who successfully transitions the business from a dull past to a high-performing future.

Therefore, we see co-sourcing not so much a permanent solution, but as a powerful, temporary launchpad.

Find out more about your Turnaround options.
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