

Failure_PostMortem

[PAGE 1: EXECUTIVE SUMMARY]

Project Code Name: "Project Quicksand" (Emerging Market Capacity Expansion) Status: DIVESTED / WRITEOFF Verdict: FAILURE.

The Mistake: We fell in love with the "growth story" of a developing market without respecting the macro-economic gravity. We poured \$500M into capacity expansion in a region with currency volatility and weak rule of law.

[PAGE 2: THE AUTOPSY]

Hubris in Due Diligence: We assumed local GDP growth would mirror the last decade. It didn't. Inflation ate our margins alive.

Currency Mismatch: We took debt in Dollars to build assets that generated revenue in Pesos. When the local currency crashed, our debt service exploded. Lesson: Match the currency of debt to the currency of cash flow.

Ignored the "Bolt-On" Rule: We tried to build a massive integrated system from scratch instead of buying smaller, operational players. Lesson: Buy cash flow, don't build hope.

[PAGE 3: ESG BLINDNESS]

The plant was efficient, but it ran on coal. We assumed we could transition to Alternative Fuels later. Regulators changed the rules. Carbon taxes hit. The asset became a "Stranded Asset" overnight. Lesson: If it's not "Future in Action" compliant on Day 1, it's a liability.

[PAGE 4: THE CULTURAL DISCONNECT]

We sent expats to run it. They didn't know the local logistics networks. Efficiency metrics tanked. Customer satisfaction (NPS) dropped to -20. Competitors with local knowledge ate our lunch. Lesson: Decentralize operations. Empower the local business unit.

[PAGE 5: FINAL VERDICT]

Never Again. Any future expansion proposal MUST include: Currency hedging strategy. Day 1 Alternative Fuel plan (>40%). Integration plan for existing local teams.