

# THE REAL COMPANY WAS NEVER REBUILT

Varta completed the financial restructuring.  
The enterprise beneath it was never reconstructed.

**15 MONTHS**

FROM RESTRUCTURING TO INSOLVENCY

**>€61M**

ADVISORY FEES / 2023–2024

**5**

MANUFACTURING SITES DISRUPTED

**MATEUSZ CHRZANOWSKI**

SYSTEM OF SYSTEMS ARCHITECT



# RESTRUCTURING COMPLETED. INSOLVENCY FIFTEEN MONTHS LATER.



## WHAT EXACTLY HAD BEEN RESTRUCTURED?

A balance sheet can be repaired through transactions.

An enterprise cannot.

# 1. Restructuring Completed. Insolvency Fifteen Months Later.

On 1 April 2025, Varta announced the completion of its balance-sheet restructuring. The company had received €60 million in new capital and a further €60 million in new financing. Debt had been reduced to approximately €230 million, the ownership structure had been rebuilt, and Varta presented itself as financially stabilized, capable of protecting investment and returning to growth, innovation and the development of its core businesses.

Fifteen months later, Varta AG and three operating companies filed for insolvency proceedings.

That is not a minor deviation from a broadly successful plan. It is not an unfortunate forecasting error. It is the collapse of the restructuring narrative itself. When a company declares that its financial rescue has been completed and then returns to insolvency little more than a year later, the first question should not be how much debt remained on the balance sheet or whether another investor should have provided another tranche of emergency capital. The first question is much more fundamental:

What exactly had been restructured?

Debt reduction does not rebuild production. A new shareholder structure does not lower unit cost. Recapitalization does not repair information flows, factory layouts, decision paths, pricing logic, product strategy, management layers or the way work is actually performed. Liquidity can keep an existing system alive for longer, but it cannot redesign the system consuming that liquidity.

A company may leave a financial restructuring with lower debt and remain fundamentally uncompetitive. It may gain time without gaining control. It may receive new capital without developing a better way to produce, invest, sell or respond to the market. In that situation, the restructuring does not remove the underlying failure. It merely resets the clock.

This is the central distinction in Varta's case. The recapitalization changed the financial conditions under which the company operated. It did not prove that the enterprise beneath those conditions had been rebuilt. The insolvency filings fifteen months later show that the operating company remained unable to support the financial structure constructed around it.

Varta did not lack activity. It lacked a transformation deep enough to change the system generating its results. Capital moved. Debt moved. Ownership moved. Responsibility moved. The enterprise itself did not demonstrate a comparable improvement in competitiveness, resilience or control.

A balance sheet can be repaired through transactions.

An enterprise cannot.

## 2. Varta Restructured the Numbers Describing the Company

Varta spent several years surrounded by restructuring activity. It negotiated with creditors, reduced debt, raised capital, cut employment, changed senior executives, appointed restructuring specialists, revised forecasts, entered StaRUG proceedings, eliminated the existing share capital and created a new ownership structure involving Porsche and Michael Tojner.

There was no shortage of movement. The problem is that movement is not transformation.

An enterprise is transformed when the way it operates changes: how materials are purchased and stored, how production is organized, how machines are used, how people are trained, how information moves, how decisions are made, how costs are generated, how products are priced, how factories interact and how the company responds when the market changes. Financing, reporting and legal restructuring may support that transformation. They do not constitute it.

The financial results do not support the claim that Varta had regained control over the enterprise. Revenue fell from approximately €820.3 million in 2023 to €793.2 million in 2024. Reported EBITDA deteriorated from €25.5 million to negative €3.5 million. Adjusted EBITDA also declined, from €50.4 million to €30.6 million. Varta had previously communicated an ambition of at least €900 million in 2024 revenue. The final result was more than €100 million below that level.

This was not a small miss inside an otherwise successful turnaround. A company undergoing restructuring should have stronger visibility over its own business than at almost any other point in its history. It should understand its order book, customer exposure, production capacity, cost base, investment needs, liquidity requirements and execution limits. Missing the original revenue ambition by more than €100 million suggests that Varta did not possess the level of control implied by its public communication.

The use of adjusted EBITDA makes the picture even more revealing. Reported EBITDA in 2024 was negative, while adjusted EBITDA remained positive. The difference was approximately €34.1 million, largely explained by restructuring-related effects and the consequences of the cyberattack.

There is nothing automatically improper about adjusted financial measures. They can separate unusual events from recurring operations. But the logic becomes questionable when the costs of rescuing a company are removed from the number used to describe the condition of that company. Restructuring costs are not an external natural disaster. They exist because the enterprise required restructuring. They are part of the economic reality generated by the state of the business.

A company cannot spend enormous amounts attempting to repair itself, exclude those costs from its preferred performance indicator and then present the adjusted number as evidence that the underlying operation is healthy. The underlying operation is precisely what created the need for those costs.

The scale of advisory expenditure makes the question unavoidable. In the separate accounts of VARTA AG, advisory fees amounted to approximately €15.45 million in 2023 and €45.9 million in 2024. That is more than €61 million in two years.

The serious question is not whether every euro was wasted. The serious question is what durable transformation of the enterprise Varta received in return. Where was the corresponding reduction in unit cost? Where was the improved factory productivity? Where was the redesigned production footprint? Where was the restored margin? Where was the stronger customer position? Where was the operating architecture capable of absorbing the next shock instead of requiring another rescue?

A consulting firm can prepare a restructuring concept. A bank can restructure debt. A law firm can execute StaRUG. An investor can provide capital. None of those actions, by themselves, reconstructs the enterprise.

Financial restructuring changes the balance sheet. Real restructuring changes the company that produces the balance sheet.

The public record shows enormous financial, legal and organizational activity around Varta. It does not show an operational transformation of comparable depth. Varta did not simply need better financing. It needed to become a better company.

# VARTA RESTRUCTURED THE NUMBERS DESCRIBING THE COMPANY.

## REVENUE

**€820.3M** 2023

**€793.2M** 2024

## REPORTED EBITDA

**€25.5M** 2023

**-€3.5M** 2024

## ADVISORY FEES

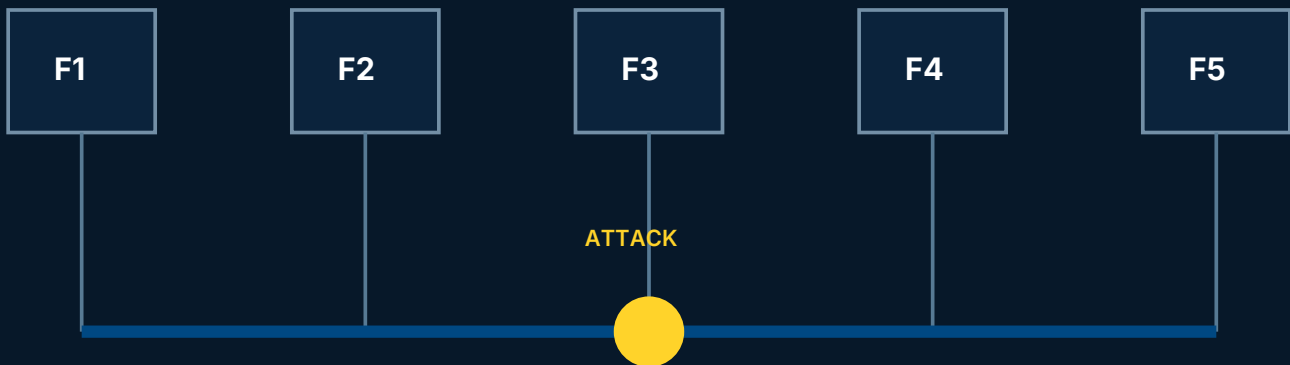
**€15.45M** 2023

**€45.9M** 2024

**> €61 MILLION IN TWO YEARS**

The serious question is what durable transformation of the enterprise Varta received in return.

# FIVE FACTORIES. ONE DIGITAL FAILURE DOMAIN.



CENTRALISED DIGITAL DEPENDENCY

## PHYSICALLY DISTRIBUTED **DIGITALLY CONCENTRATED**

The attack came from outside.

The ability of that attack to disrupt five factories was created inside the company.

### 3. Symptoms Are Not Causes

Corporate failure is usually explained from the end of the chain. A major customer leaves. Demand weakens. Debt becomes unsustainable. Energy is expensive. A cyberattack disrupts operations. Investors refuse to provide more capital. Liquidity disappears. Insolvency follows.

Each statement may be factually correct. Together, they still do not explain the company. They describe the sequence through which an underlying failure became visible.

Debt does not become dangerous independently of the enterprise expected to service it. An uncompetitive price does not emerge independently of production, procurement, labour, energy, factory utilization, product design, overhead and management decisions. A major customer is not lost independently of cost control, market intelligence, negotiation, technology, quality and the company's ability to respond. A financing gap is not merely a financing problem when the company has already raised new capital, reduced debt and declared its funding secured for the long term.

The architectural question is different:

What kind of production, cost, information, decision and management system allowed each of these events to become existential?

The cyberattack is one of the clearest examples. It should not be treated as an external misfortune that simply happened to Varta. One digital incident disrupted production across five manufacturing locations and affected operations for weeks. That result is not merely evidence of a successful attack. It is evidence of a badly designed enterprise architecture.

The digital backbone of an industrial group operating five factories should be designed with precision. A cyberattack may cause local disruption. It may force one facility into a restricted mode. It may temporarily reduce throughput, delay reporting or isolate selected systems. It should not be capable of depriving five factories of the ability to operate for weeks.

A properly designed architecture should have kept production running at roughly 90%, even if certain services had to be disconnected, rebuilt or replaced temporarily. The factories should have retained enough local autonomy, operational continuity and controlled fallback capability to keep the physical system working while the compromised digital layer was isolated.

This does not require speculation about the exact technical entry point. It does not matter whether the attacker entered through a supplier, an office system, a remote service, a central platform or another route. It does not matter whether backups technically existed. The operational result is sufficient: the architecture failed to contain the incident and failed to preserve production.

Five factories may have been physically separate, but they were evidently allowed to become one digital failure domain.

That usually does not happen because someone consciously designs an absurdly fragile system. It happens because the system is never designed as a whole. One platform is introduced. Another service is connected. A supplier adds remote access. Reporting is centralized. A new tool is integrated. Another layer is placed over the previous one. Each individual decision appears reasonable in isolation. Nobody reconstructs the complete architecture and asks what will happen when one part is compromised.

Eventually, the company owns a digital structure that nobody fully understands and nobody has tested as one system. It may have security policies, backups, certifications and recovery procedures. None of that matters if a single incident can remove the operating capability of five factories.

The attack came from outside.

The ability of that attack to disrupt five factories was created inside the company.

The same logic applies to every other supposed external explanation. Weak demand may expose excess capacity. High energy prices may worsen already uncompetitive production economics. A customer decision may remove the revenue supporting an inefficient product line. A creditor decision

may close the final financing route. Those events test the architecture. They do not excuse it.

A resilient enterprise can absorb individual shocks. It can lose a customer without losing an entire business. It can experience a cyberattack without losing control of production. It can face expensive energy without treating the existing energy architecture as permanent. It can identify that a recovery plan is failing before the failure reaches an insolvency court.

When management treats every shock as an explanation, it avoids the only question that matters:

Why was the company designed so badly that it could not respond?

Varta's visible crisis was not created in July 2026. By then, the system had already failed. Insolvency merely removed the remaining distance between the paper description of the company and the company that actually existed.

## 4. Apple Was Not the Problem. Losing Apple Was.

The loss of Apple is often presented as one of the central causes of Varta's collapse. That interpretation is convenient because it turns a management failure into a customer event.

A large customer is not automatically a pathological dependency. A customer of Apple's scale can provide production volume, high capacity utilization, demanding quality standards, technical development, international credibility, stable revenue and the financial base required to build the next stage of the company. The relationship becomes dangerous only when the supplier stops understanding the customer, loses control of its cost structure or fails to use the relationship to build wider industrial capability.

Apple was not inherently a weakness.

It should have been one of Varta's strongest strategic assets.

If Apple signalled that Varta's product had become too expensive and began examining Chinese alternatives, the company had reached a critical decision point. Varta should have known the realistic price at which competitors could offer an equivalent product. A battery manufacturer of this scale cannot treat the competitive price level as unknowable. If the company did not know, its market intelligence had failed. If it knew and still did not react, the failure was even more serious.

The immediate priority should have been to protect the customer. That could have required a significant price concession, even a temporary reduction of margin to the minimum sustainable level. The purpose would not have been to operate permanently without profit. The purpose would have been to buy time.

Maintaining Apple would have protected capacity utilization, production rhythm, technical competence, customer reference, revenue continuity and the negotiating position of the entire business. Losing the customer removed all of those advantages at once.

The correct sequence was straightforward: retain the customer first, then reconstruct the system producing the cost.

That reconstruction could not have been another general savings target. It would have required a complete analysis of production, labour, procurement, energy, tools, factory layout, maintenance, quality, management layers, information flows, decision paths and the distribution of work across locations. The price concession would have created time. The operational redesign would have restored margin.

Instead, Varta reached the end of several years of restructuring and still appears to have been unable to offer its most important CoinPower customer a sufficiently competitive proposition. That is not evidence that Apple was an impossible client. It is evidence that the restructuring failed to restore competitiveness where it mattered most.

The contrast is especially severe because a major customer has every reason to prefer continuity. Changing a strategic supplier introduces testing, technical integration work, operational risk and disruption. A customer does not abandon an established supplier because another quotation is marginally lower. The alternative must become sufficiently more attractive, or the incumbent must become sufficiently uncompetitive, for the cost and risk of switching to make sense.

Varta had time, scale, industrial knowledge, access to capital and an existing relationship. It also had several years of restructuring activity behind it. If the company still could not protect Apple, the problem was not simply the customer's purchasing decision.

The problem was the enterprise standing behind Varta's offer.

The loss of Apple was not the cause of the crisis. It was proof that the system had already failed.

# THE SAME CLIENT. THE OPPOSITE RESULT.

## VARTA

- Apple relationship
- competitive pressure
- customer loss
- no complete next industrial layer

## ATL / CATL

- Apple relationship
- manufacturing competence
- industrial platform
- automotive batteries
- global scale

**ATL HAD LESS. IT BUILT MORE.**

## 5. ATL–CATL: The Same Client, the Opposite Result

ATL was founded in 1999, more than a century after Varta. It did not inherit a famous European industrial name, generations of accumulated brand recognition, a mature position in the battery market or privileged access to the European automotive industry. It entered a global market as a young Asian manufacturer and had to build credibility, manufacturing discipline and technological competence almost from zero.

ATL also became a supplier to Apple. This matters because Apple is often treated in discussions about Varta as the source of a dangerous customer dependency. That interpretation confuses the existence of a major customer with the failure to use that customer strategically. A demanding global client can become a risk, but it can also become an industrial accelerator. It provides volume, forces quality discipline, exposes weaknesses in production, raises technical standards and creates the cash flow required to develop the next generation of products. The result depends on what management builds around the relationship.

ATL used Apple to develop scale, process capability, quality and manufacturing competence. It did not treat the contract merely as a stream of revenue to be protected until the market changed. The company converted the requirements of a global customer into a stronger industrial platform. That platform did not remain limited to consumer electronics. The same founder, team and industrial core later produced CATL, established in 2011 and directed toward the emerging market for electric-vehicle batteries.

The formal distinction between ATL and CATL does not erase the industrial continuity. The people, competence, manufacturing culture and accumulated knowledge did not disappear when a new corporate structure was created. CATL emerged from an organization that had already learned how to manufacture advanced batteries at scale for one of the most demanding companies in the world. It took that capability and redirected it toward the next market.

In 2012, CATL began working with BMW. That was not a random contract won by a company that had suddenly appeared. It was the next step in a deliberate industrial progression: consumer electronics, large-scale cell manufacturing, demanding international customers, automotive applications and then rapid expansion into traction batteries. Within several years, CATL became the world's largest producer of batteries for electric vehicles.

The contrast with Varta is brutal because the initial advantages were overwhelmingly on the European side. Varta had more history, a recognized brand, existing factories, accumulated intellectual property, research capacity, access to capital, established customers and direct proximity to Europe's automotive manufacturers. It operated inside the industrial ecosystem that was about to undergo the largest battery-driven transformation in its history.

ATL had less.

It built more.

The difference was not that ATL had discovered a secret technology unavailable to Europe. The difference was that its management recognized the value of the capabilities already being created and understood where those capabilities should lead next. Apple was not treated as the destination. It was used as a platform.

Varta appears to have treated major customer relationships as businesses to be maintained within the existing company. ATL used a major customer to build the company that would exist after that relationship. One organization extracted value from its position. The other converted its position into a new industrial system.

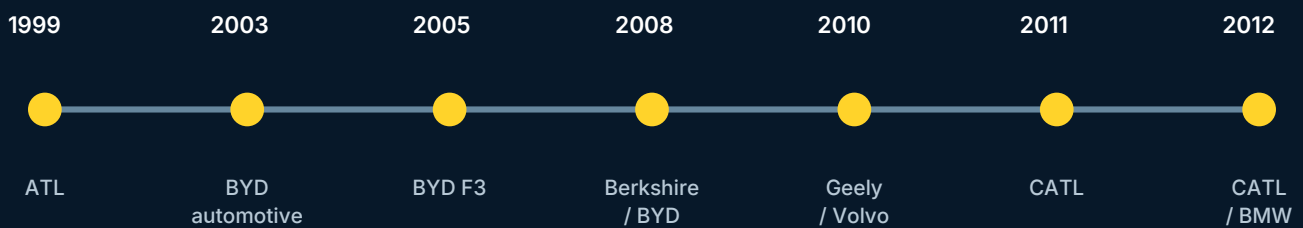
This is why the argument that Varta was damaged by excessive dependence on Apple misses the central point. The dependency itself was not the decisive failure. The failure was that Varta did not use the scale, technical demands, revenue and credibility associated with Apple to build a broader and more competitive future. When the relationship came under pressure, there was no sufficiently strong next layer beneath it.

ATL faced the same basic strategic opportunity: supply a global technology company and decide what to do with the competence created by that work. ATL developed the industrial capability that later supported CATL. Varta lost the customer and entered insolvency.

This is not a story about two different battery chemistries, two legal structures or two continents. It is a story about management. One company recognized that customer relationships, factories, technology and people were elements of a larger architecture. The other failed to convert its existing assets into the market that was forming directly in front of it.

ATL was better managed than Varta. ATL had less history. Varta had more assets. ATL built the future.

# CHINA DID NOT APPEAR SUDDENLY. EUROPE SAW EVERY EVENT.



# EUROPE DID NOT LACK INFORMATION. IT LACKED INTERPRETATION.

## 6. China Did Not Appear Suddenly

European industry often discusses Chinese competition as though it appeared without warning. According to this narrative, Europe built advanced products under difficult conditions until China suddenly arrived with lower prices, state support and enormous production capacity. European companies were then forced to react to a threat that had developed too quickly to understand.

That story is false.

China's industrial rise was visible for more than two decades. The signals were public, repeated and increasingly difficult to ignore. ATL began operating in 1999. BYD entered the automotive industry in 2003 by acquiring Qinchuan Automobile. The BYD F3 entered the market in 2005 and became China's best-selling passenger car in 2009. Berkshire Hathaway-related capital entered BYD in 2008. Geely acquired Volvo Cars in 2010. CATL was created in 2011. Its cooperation with BMW began in 2012.

None of these events was hidden inside a classified government program. They were acquisitions, products, investments, factories and commercial partnerships visible to every European manufacturer, investor and management board capable of reading the market.

BYD's expansion from batteries into complete vehicles was not an isolated curiosity. It showed that a battery company could integrate vertically and enter one of the most complex industrial sectors in the world. The F3 demonstrated that a young Chinese manufacturer could produce at scale, build a domestic market position and generate the base required for further development.

The Berkshire-related investment was another signal. Serious international capital was not investing in a temporary low-cost assembly operation. It was investing in an industrial company with the potential to shape future markets.

Geely's acquisition of Volvo Cars should have produced an even stronger reaction. Geely did not merely purchase a European badge and a network of dealerships. It acquired access to engineering, research and development, product architecture, manufacturing systems, safety expertise, supplier

relationships, management knowledge and one of the strongest automotive reputations in Europe.

Europe saw a financial transaction. Geely acquired an industrial development platform.

The significance should have been obvious. A Chinese group was purchasing decades of accumulated European competence and integrating it into its own expanding system. It was not entering Europe only to sell inexpensive products. It was acquiring the ability to design, validate, manufacture and market globally competitive vehicles.

CATL's emergence followed the same direction. A company rooted in advanced consumer-battery manufacturing moved into automotive applications and quickly built relationships with European manufacturers. The transition from supplying electronics to supplying electric vehicles was visible long before battery-electric cars became a central strategic issue for every major automotive group.

Europe did not lack information. It lacked interpretation.

European management observed ATL, BYD, Geely, Volvo and CATL as separate stories. One was a battery supplier. One was a Chinese car manufacturer. One was an investment transaction. One was an acquisition. One was a new automotive supplier. Boards processed each event within its own corporate category and failed to reconstruct the system connecting them.

The direction was clear: China was building complete industrial architectures. It was combining technology, production, capital, supplier networks, acquired expertise, domestic scale and access to international markets. It was moving from contract manufacturing to product development, from components to systems and from local production to global competition.

European companies had more than enough time to react. They could have invested in battery platforms, redesigned production footprints, protected strategic capabilities, built alliances, acquired technology, entered new markets and used their existing customer networks to defend their position. Instead, too many organizations continued optimizing established businesses while treating each Chinese advance as an isolated event.

Only when the accumulated result became impossible to ignore did China become the explanation for Europe's problems. By then, the companies being described as unexpected competitors had already spent twenty years building factories, supply chains, products, technology and scale.

China did not arrive suddenly. European management simply refused to understand what it was watching.

Europe saw every event. It failed to understand the direction. Geely bought the future. Europe saw only the sale of Volvo.

## 7. European Excuses Do Not Explain the Outcome

European industrial management has built a complete mythology around China. Chinese labour is cheaper. Energy is cheaper. Environmental rules are weaker. The state provides support. Land is easier to obtain. Decision-making is faster. Competition is unfair.

Some of those advantages are real. None of them is sufficient to explain the scale of Europe's failure.

The labour argument is particularly outdated. Chinese industrial labour is no longer dramatically cheaper than labour available in Romania and other parts of Central and Eastern Europe. European manufacturers were never forced to manufacture every mature product in Germany or another high-cost Western European location. Poland exists. Romania exists. Hungary exists. North Africa exists. Europe possessed both a large internal market and access to multiple production regions with very different cost structures.

A management board cannot choose one of the most expensive production locations available, preserve an inefficient operating architecture around it and then treat Chinese labour costs as an external act of aggression. Production geography is part of management. So are automation, energy use, line design, factory utilization, procurement, supplier concentration and the distribution of work between locations.

The claim that Chinese products avoid European standards is equally misleading. A battery, vehicle or consumer product legally sold in Europe must meet the product, safety and homologation requirements applicable to the European market. A Chinese manufacturer does not gain permission to ignore European product regulation merely because the factory is located in China.

Questions concerning environmental enforcement, subsidies, industrial policy or access to capital are legitimate, but they are different questions. They cannot be used to pretend that Chinese companies sell products in Europe without meeting the requirements imposed on products sold here. European companies may object to the conditions under which their competitors

produce. They cannot claim that those competitors have somehow bypassed the entire European market framework.

Chinese companies entering Europe also begin without many of the structural advantages already possessed by European manufacturers. They must establish distribution, sales organizations, marketing, service networks, warranty handling, spare-parts availability, financing and customer trust. They must operate across languages, regulatory systems and commercial cultures. They must convince European buyers to abandon familiar brands and accept manufacturers that may have had almost no local reputation a decade earlier.

European manufacturers already had all of that. They had the brands, the dealerships, the service infrastructure, the customers, the financing relationships, the supplier networks and decades of market presence. They were not defending a foreign market. They were defending their own.

If a new entrant can cross continents, build market access from zero, meet European product requirements and still offer a more attractive product, labour cost alone does not explain the result.

The actual Chinese advantage is systemic. It includes supplier density, production scale, access to components, industrial clusters, logistics, infrastructure, energy strategy, accumulated manufacturing experience and the speed with which capital, technology and production can be directed toward a new market. The individual worker is only one element inside that architecture.

Europe focuses on the wage because the wage is easy to understand. It is a single number that can be placed in a presentation and used to explain why management supposedly had no viable alternative. The complete production system is more uncomfortable because it raises questions about decisions, investments and capabilities that European boards controlled.

A company with high labour costs can redesign the product, change the factory layout, relocate mature production, automate selected operations, improve utilization, rebuild procurement, reduce internal complexity or change the division of work between facilities. It can also use its market position, brand and service network to protect pricing. What it cannot do is

preserve every historical layer of its existing organization and expect the market to finance the inefficiency indefinitely.

The same applies to energy. Expensive energy is a serious industrial problem, but it is also a design variable. A large manufacturer can redesign consumption, recover heat, reduce peaks, introduce storage, generate part of its own power, change production scheduling and place energy-intensive operations where the economics are stronger. A battery and energy-storage company has even fewer excuses for treating its own energy architecture as immutable.

Management exists precisely because conditions are not equal, stable or fair. A board is not paid to describe why competitors have advantages. It is paid to build an enterprise capable of competing despite them.

China's advantage is no longer the cheap worker. It is the complete industrial architecture around the worker. Europe's disadvantage is management that describes changing conditions instead of redesigning the company.

## 8. Production Geography Was a Management Decision, Not Fate

One of the most persistent ideas in European industrial debate is that preserving European production requires preserving production in its historical location. In practice, "European manufacturing" is often silently redefined as "manufacturing in Germany," and any challenge to the economics of that model is treated as an unavoidable threat to the entire industrial base.

That is not industrial strategy. It is geographic sentimentality.

A factory is not a sacred monument. It is a production system located in a specific place. The location determines labour cost, energy cost, logistics, supplier access, taxation, available skills, infrastructure and the ability to scale. When those conditions change, management must decide whether the factory's existing role still makes sense.

Varta was not confined to Germany. It already operated production in Braşov, Romania. The company therefore understood that different activities could be distributed between locations with different economic structures. The question is why this logic was not developed into a complete production architecture capable of defending competitiveness.

Strategic research, sensitive technologies, advanced product development, prototype work and critical competencies could have remained in Germany or another Western European location. Mature and repeatable mass production could have been expanded in Romania, transferred to Poland or Hungary, or placed in another region offering better economics. The correct configuration would depend on the product, process, customer and supplier structure. The essential point is that the existing footprint was not an act of nature.

Moving production does not necessarily mean abandoning every existing asset and building an entirely new factory from zero. Production lines are physical systems that can be relocated. A new hall can be prepared with the required utilities and infrastructure. Transition stock can be produced. A line can be dismantled, transported, rebuilt, calibrated and validated. Quality can

be confirmed before volume is increased and the previous location is closed or assigned a different function.

This is difficult work. It requires planning, engineering, logistics, risk control and temporary duplication of selected capabilities. That is exactly why companies have management boards, technical organizations and investment budgets. Complexity is not an argument against action. It is the reason competent architecture is required.

For standard production, relocating a line does not automatically change the product. The same machines, tooling, specifications and quality controls can operate in another location. Certain automotive or highly customized contracts may require additional customer validation, but that does not create a universal prohibition against changing the production footprint.

Management should have known which processes genuinely required a German location, which benefited from proximity to research or customers, which could be transferred and which should have been redesigned before relocation. That decision cannot be made through a generic percentage reduction imposed equally across all factories. It requires understanding the complete production system.

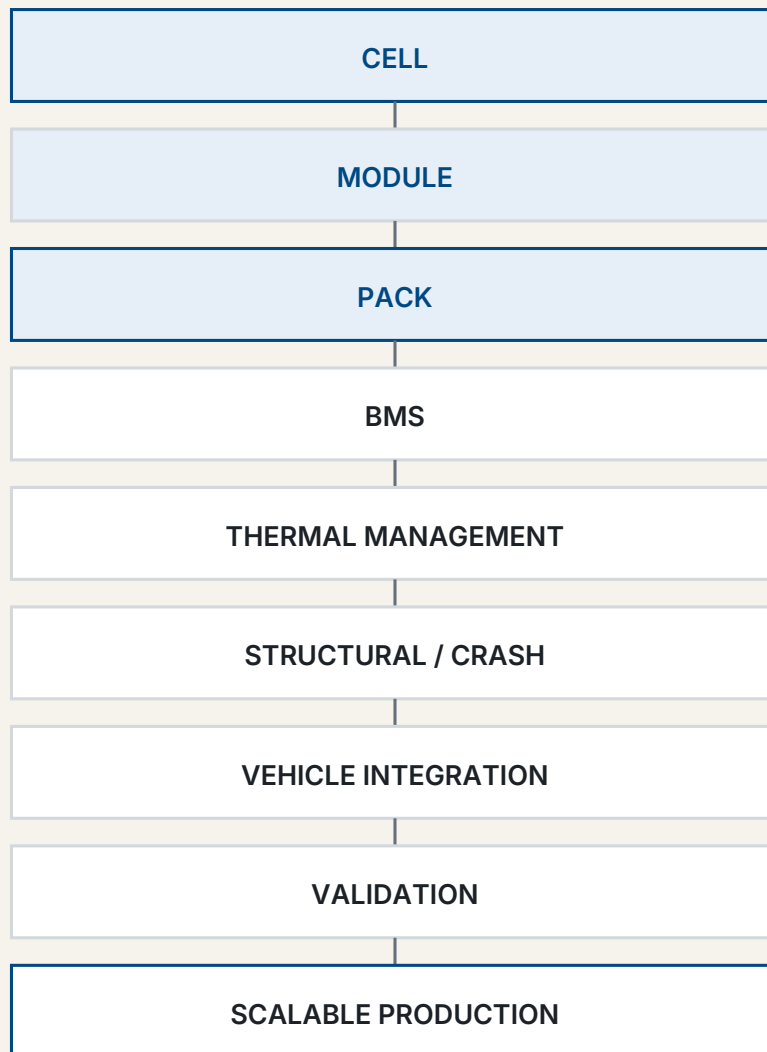
The same principle applies to energy. A company manufacturing batteries and energy-storage systems should not treat its factories merely as passive consumers purchasing electricity from the grid. Its own sites should demonstrate the industrial value of its products. Generation, storage, peak shaving, charging during low-price periods, heat recovery and reduced grid dependency should form part of the operating architecture.

A battery manufacturer unable to use battery systems to improve the economics and resilience of its own production is not only missing a cost-saving opportunity. It is failing to convert its own factories into proof that its products work at industrial scale.

Varta's production geography, energy consumption and allocation of activities between sites were not fixed external conditions. They were design decisions. If the existing arrangement made the company uncompetitive, the responsibility of management was not to explain the cost disadvantage. It was to change the arrangement.

A factory is a location. A production line is an asset. Management should know the difference.

# AN ADVANCED CELL IS NOT AN AUTOMOTIVE BATTERY PLATFORM.



V4DRIVE DEMONSTRATED CELL COMPETENCE.

**THE MARKET REQUIRED THE COMPLETE STACK.**

## 9. Varta Missed the Largest New Market in Its Own Industry

Varta did not miss a peripheral niche. It missed the largest transformation in the battery industry.

The direction of the market had been visible for years. BYD had moved from batteries into cars. CATL had entered automotive and begun working with BMW. European manufacturers were developing electric platforms, announcing electrification programs and searching for suppliers capable of delivering one of the most strategically important systems in the new vehicle architecture. The battery was no longer a supporting component. It was becoming one of the central technological, economic and competitive layers of the entire automotive industry.

Varta entered this transformation with almost every advantage a European battery company could reasonably possess. It had more than a century of history, a recognized brand, production facilities, research capacity, knowledge of cells, experience with battery systems, access to capital and direct proximity to one of the strongest automotive ecosystems in the world. It had industrial relationships, engineering competence and a market that was about to demand battery technology on an unprecedented scale.

It also developed V4Drive, proving that Varta still possessed serious technical capability. But technical capability is not the same as a complete product architecture.

There is no public evidence that Varta built a complete, scalable traction-battery system for a mass-produced electric vehicle. That distinction is fundamental. An advanced cell is not an automotive battery platform. A vehicle manufacturer does not buy electrochemistry in isolation. It needs modules, a complete pack, battery-management electronics, thermal control, mechanical structure, crash protection, electrical safety, diagnostics, vehicle integration, validation and a production system capable of delivering the entire solution repeatedly at automotive scale.

Entering this market did not require Varta to begin by building a gigantic cell factory and attempting to compete with CATL in volume from the first day. That would have reversed the correct sequence. The first task was to build the product: a complete system architecture, a demonstrator vehicle, validation packs, a pilot line and a first serious relationship with an automotive manufacturer. Cell supply could initially have been external or partnered. Own production capacity could have expanded once the system, the customer and the path to scale had been proven.

The correct direction was visible: complete architecture, demonstrator, validation series, pilot production, first customer, increasing scale and only then a larger cell-production base. Varta did not need to become CATL overnight. It needed to begin constructing the next industrial layer before the existing one became insufficient.

Instead, V4Drive found a narrow application in the hybrid Porsche 911, and majority control of the business later moved to Porsche. A small, high-performance 400-volt battery used in a hybrid sports car is a legitimate technological achievement, but it is not a complete traction-battery platform for the mass electric-vehicle market. It demonstrates competence in one specific application. It does not demonstrate that Varta built the product, integration capability and industrial system required to become a major EV-battery supplier.

The broader history of the company's assets makes the failure more severe. The former automotive starter-battery business was sold to Johnson Controls in 2002 and later became part of Clarios. The current VARTA Automotive business does not belong to VARTA AG. The consumer business was sold and later reacquired. V4Drive was developed, but operational control ultimately passed to Porsche.

Each transaction may have had an immediate financial rationale. Viewed together, however, they reveal a company that repeatedly possessed fragments of a possible future without assembling those fragments into a complete and independent product architecture.

Varta had cells, packs, factories, research, storage systems, engineering knowledge and access to the European automotive industry. What it did not create was the complete product that the next market required. This was not a failure of scientific capability. It was a failure to convert capability into industrial direction.

One of Europe's oldest battery names entered the EV revolution without a complete traction-battery system to sell.

That should not be possible.

The problem was not that Varta could not build batteries. The problem was that it failed to convert battery competence into the product architecture the market was about to need most.

## 10. Why Public Information Is Not Enough to Redesign a Company

Public information is sufficient to identify serious failures. It is sufficient to show that a restructuring declared complete was followed by insolvency fifteen months later. It shows repeated forecast reductions, the loss of a strategically important customer, the absence of a complete response to the EV market, the scale of advisory expenditure and a digital architecture that allowed one cyberattack to disrupt five production sites.

Those are not speculative observations. They are visible results of the system.

But identifying visible failures is not the same as designing a new enterprise architecture. Public reports show the outputs of the company. They do not show the complete system producing them.

This distinction is important because the problem is not solved by sending consultants into the company to review procedures, collect documents, interview management and develop a new operating model together with the board. That method still begins with the company's representation of itself. It examines procedures written by the organization, reports produced by the organization and explanations provided by the people already managing the organization.

It may create a more sophisticated paper company. It does not necessarily reveal the real one.

A consultant can study process documentation without seeing that employees must bypass the documented process to keep production running. A consultant can analyse an organizational chart without understanding the informal decision paths on which the company actually depends. A consultant can interview management without discovering that management's understanding of the factory is based on delayed, filtered and incomplete information.

Working with the board from the beginning creates an additional distortion. The company is immediately viewed through the priorities, assumptions and language of its highest layer. Problems are framed as management already understands them. Processes are selected according to what management considers important. The analysis becomes organized around the existing mental model before the real enterprise has even been observed.

That is precisely how structural failures survive successive transformation programs. The same organization describes itself to another team of advisers. The advisers organize the description, compare it with a framework, produce recommendations and return the refined description to management. Everyone has worked intensively. The company itself may remain fundamentally unchanged.

In my view, there is only one valid route to genuine restructuring and optimization: the entire company must be reconstructed from the ground up as one connected operating architecture.

Not selected departments. Not the processes highlighted by the board. Not a sample of production. Not procedures and documents treated as reality. The whole enterprise.

Without that reconstruction, nobody knows which apparent inefficiencies are causes and which are compensations. Nobody knows which department is transferring cost into another layer. Nobody knows which employees are unnecessary and which employees are silently preventing the system from collapsing. Nobody knows whether a machine is inefficient, or whether the system feeding the machine is badly designed. Nobody knows whether a procedure protects quality or merely compensates for an older failure that should have been removed years ago.

A public diagnosis can show that Varta's system failed. A complete redesign requires access to every relevant layer of that system. Any consultant claiming to possess a reliable transformation plan after reviewing documents and working primarily with senior management is not redesigning the company.

They are guessing with better formatting.

# HOW A COMPANY IS ACTUALLY ANALYSED



**ANALYSIS DIRECTION: BOTTOM → UP**

THE BOARD IS ANALYSED LAST.

## 11. How a Company Is Actually Analysed

A company cannot be understood from the top down.

It cannot be understood through annual reports, board presentations, organizational charts, KPI dashboards or process documentation. These materials may contain useful information, but they remain representations produced by the organization. They show how the company describes itself, how it measures itself and what its management currently believes about it.

The analysis must begin where the company physically exists: with the people performing the work, the machines executing the process, the materials moving through the plant and the systems controlling those movements.

In a large industrial facility, that requires time. A serious analysis may require approximately one month on site because the objective is not to observe several representative processes and extrapolate the rest. The objective is to reconstruct every relevant part of the operating system at sufficient resolution to understand how the entire enterprise produces its results.

Every workstation matters. The position of tools matters. The movement of the operator matters. The route of the material matters. The location of buffers, containers and intermediate storage matters. The direction in which the product moves through the building matters. Every unnecessary return, crossing, wait, correction and repeated action contributes to the economics of production.

A loss does not need to appear as a dramatic failure. It may consist of several seconds repeated thousands of times. It may be an employee walking several unnecessary metres during every cycle. It may be a machine waiting for material because the warehouse flow was designed around departmental convenience rather than production continuity. It may be a quality control introduced years ago to compensate for a problem that no longer exists, while the control itself continues to consume labour and delay output.

None of this can be understood from a presentation.

The analysis must follow the complete physical flow: raw material, components, semi-finished products, finished goods, waste, rejected products and returns. It must include machines, tools, maintenance, line changes, cleaning, quality control, internal transport, inventory, warehouse operations and every physical constraint that shapes the process.

It must also compare the formal procedure with the work actually performed.

The documented process often presents a clean sequence. The real process may depend on private notes, unofficial spreadsheets, verbal agreements, improvised tools and experienced employees who know which parts of the official system must be ignored. These people are not necessarily resisting the process. They may be the reason it still works.

This difference is critical. An external consultant reviewing procedures may conclude that employees require better compliance. A proper analysis may reveal that full compliance would slow production, create errors or stop it entirely. The problem is not the employee. The procedure was designed without understanding the work.

The same reconstruction must be applied to information. Every important piece of information has an origin, a path and a consequence. It must be established where the information is created, who enters it, whether it is accurate, where it is stored, who has access to it, how long it remains unused and how many transformations it undergoes before reaching the person expected to act.

The path of a decision must be reconstructed in the same way. Who recognizes the problem? Who is allowed to decide? What data are available at that moment? How old are those data? Through how many employees, departments, systems and approval levels must the issue pass? What happens in the factory while the company waits? Who bears the cost of the delay, and does the person approving the decision understand that cost?

Organizations frequently measure only the visible administrative fragment. A decision may appear to have been completed within twenty-four hours because that is the time between formal submission and approval. The underlying information may have circulated informally for three weeks before

anyone entered it into the official process. The dashboard reports one day. The company pays for twenty-two.

Once the operational layer has been reconstructed, the analysis moves upward. Operators are followed by team leaders, supervisors, managers, departments, directors, central administration and finally the management board. At every level, the information available to that layer is compared with the reality already observed below it.

This order is essential. Beginning with the board means accepting its description before seeing the company. Beginning with the bottom means testing every later description against the real system.

By the time I reach the board, I already know how the company works. The remaining question is whether the board knows it too.

If a director claims that a process is stable, that statement can be compared with the actual queues, workarounds and quality corrections. If management says that decisions move quickly, the full path through people, systems and approvals is already visible. If the board believes that a factory is efficient, that belief can be tested against material movement, machine waiting, staff compensation mechanisms and costs spread across multiple departments.

This is not a management workshop. It is architectural verification.

From the first minute, the company is reconstructed as one continuously developing graph. I do not create separate sets of linear notes and attempt to connect them after the visit. People, machines, spaces, processes, systems, information, decisions, responsibilities, costs, interruptions and dependencies are placed into one structure as they are discovered.

The graph is not an illustration added to the analysis.

The graph is the analysis.

A photograph of a workstation is attached directly to the relevant part of the structure. A delay is connected to the physical, digital or managerial dependency that produces it. A customer complaint can be traced backwards through quality, production, tooling, material, training and design. An energy cost can be connected to the machines, schedules, buildings, storage systems and purchasing decisions that created it.

This allows the company to be examined as one system rather than a collection of departments. Production is connected to procurement. Procurement is connected to product design. Product design is connected to quality. Quality is connected to tooling, training and suppliers. Training is connected to turnover, leadership and human architecture. Energy is connected to production schedules, building systems, process selection and capital allocation. Digital systems are connected to every process they support, control or distort.

In the factory, the graph is built directly on an iPad with Apple Pencil, using a case that keeps the device constantly accessible while moving through the plant. In the office, the structure is expanded on an XP-Pen Artist 22R Pro, allowing thousands of relationships to remain visible without being broken into separate documents.

This is not a stylistic preference. A spreadsheet forces the company into rows. A slide deck forces it into selected conclusions. A linear report forces it into chapters. The enterprise itself is a network of dependencies, and the analytical environment must preserve that network.

A graphic designer may later improve the clarity of the final client-facing version. The designer does not interpret the company, reconstruct the architecture or decide which dependencies matter. By that point, the analytical work is already complete. Presentation follows understanding. It does not replace it.

There is no universal checklist capable of replacing this process. Every company has a different history, machinery, workforce, product structure, software, buildings, contracts, local modifications and accumulated compromises. Even a standard ERP implementation must be configured to fit a specific organization. The idea that an entire enterprise can be redesigned through a generic framework is therefore indefensible.

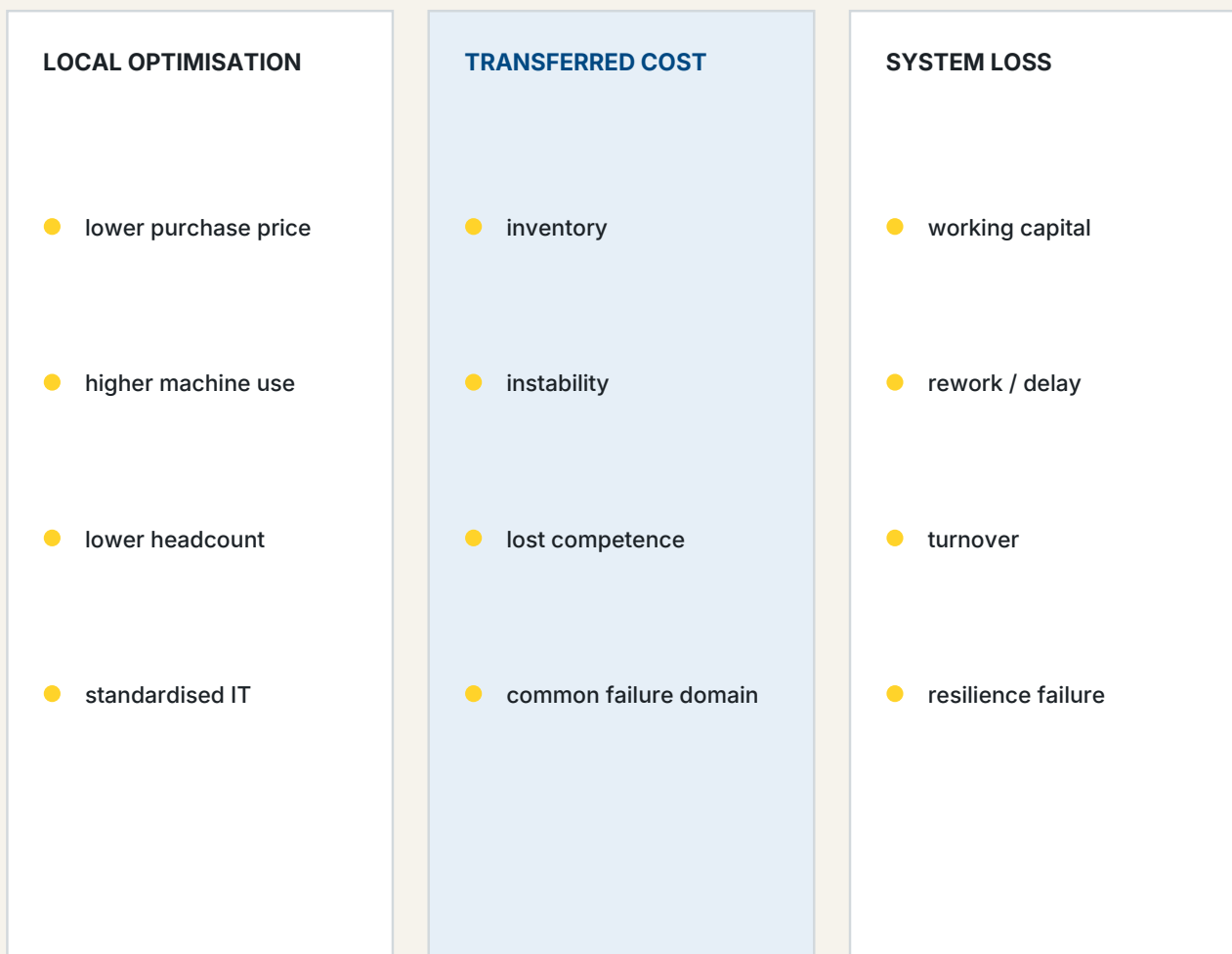
A complete analysis does not ask where costs can be cut. It reconstructs why those costs exist, which dependencies create them and what will happen elsewhere when the system is changed.

Only after the whole enterprise has been reconstructed can anyone responsibly determine what should be changed, where, in what sequence, with which tools and with what expected effect.

Anything else is not optimization.

It is intervention without understanding.

# EVERY DEPARTMENT CAN IMPROVE ITS KPI WHILE THE COMPANY GETS WORSE.



**ARCHITECTURAL DEBT IS THE ACCUMULATED COST**  
OF LOCAL DECISIONS NEVER RECONSTRUCTED AS ONE SYSTEM.

## 12. What a Full Reconstruction Can Reveal

A complete reconstruction rarely reveals one spectacular error responsible for everything. It reveals thousands of small decisions, local adaptations and historical layers that have never been examined as one system.

One workstation may force unnecessary movement. Another may lack the correct tool. Materials may arrive in the wrong sequence. A product may travel backwards through the factory because the production path changed but the physical layout did not. A warehouse may be located according to a structure that stopped making sense years earlier. Employees may repeatedly correct defects created by a process that another department reports as efficient.

Each problem may appear too small for the board. Together, they define the real cost of the company.

The same applies to digital systems. One application is introduced for production planning, another for quality, another for maintenance and another for reporting. Central authentication is added. A supplier receives remote access. Sites begin exchanging data. Another platform is integrated because the previous systems do not communicate properly. Each project has a sponsor, a budget and a business case.

Nobody necessarily reconstructs the complete digital architecture.

That is how five physically separate factories can become one digital failure domain. The cyberattack did not need to damage every production machine. It only needed to compromise the layer on which all five sites had been allowed to depend. A precisely designed digital backbone should have contained the disruption. Individual sites might have operated more slowly, certain services might have been unavailable and some processes might have required temporary manual handling, but the factories should have continued producing at close to normal capacity.

Instead, one incident disrupted all five production sites for weeks. That is not merely evidence that Varta was attacked. It is evidence that the digital architecture of the enterprise was badly designed.

The attack exposed exactly the type of system that emerges through accumulation. One tool is added, another is connected, a new service is purchased, another function is centralized and another integration is built. Nobody designs the final architecture because there is never a single moment at which the final architecture is created. It grows through successive decisions until the company depends on a system nobody has examined as one complete structure.

The same pattern exists outside IT. A process begins simply. A problem appears, so the company introduces a control. Growth produces another problem, so another handoff is added. A customer complaint leads to another approval. A system limitation creates a manual workaround. A management concern creates another report. Every intervention may be rational in isolation.

After years, the company is no longer operating the original process. It is operating the accumulated sediment of every previous correction.

This is architectural debt.

Architectural debt is not shown as one line in the accounts. It appears as waiting, repeated work, unnecessary movement, duplicated information, slow decisions, management overhead, excessive inventory, quality problems, low machine utilization and employees spending their time compensating for systems that were supposed to support them.

It also creates the illusion that individual departments are performing well. Procurement can reduce purchase prices while increasing inventory and production instability. Production can improve machine utilization while manufacturing products the market does not need. Logistics can reduce transport cost while slowing delivery. HR can reduce headcount while destroying competence and increasing turnover. IT can standardize infrastructure while creating a common failure domain capable of stopping the entire group.

Every department can improve its own KPI while the company becomes worse.

This is why standard accounting does not reveal the complete loss. It records invoices, payroll, energy, scrap and depreciation. It does not automatically reveal the cost of a delayed decision, repeated internal transport, an experienced employee performing unnecessary administrative work, a machine waiting for information or a customer leaving because the organization reacted too slowly.

In my professional experience, a full reconstruction of a large enterprise can commonly reveal losses equivalent to approximately 20% of the operating system that remain invisible in standard accounting. This is not presented as a universal academic constant or a guaranteed result for every company. It is a professional benchmark based on observing how much waste exists between departments, systems, decisions and physical processes rather than inside one visible cost category.

These losses include waiting, rework, poor handoffs, unnecessary movement, wrong tools, weak training, badly used human competence, unstable information, excessive management layers, energy waste, delayed reactions, underused equipment and lost sales. They remain invisible because no single department owns the complete cost.

The full graph exposes those transfers. It shows where one department improves its own result by damaging another layer. It reveals whether a cost-reduction program removes waste or merely moves it. It shows whether a headcount reduction eliminates unnecessary work or removes the people compensating for a broken process.

That is what real restructuring must change.

Real restructuring is not a collection of budget reductions, system implementations and organizational changes. It is a redesign of dependencies. It removes the reason the cost exists instead of merely reducing the amount allocated to it. It changes physical flow, information flow, decision paths, digital systems, human structures and responsibility together.

This is the standard against which Varta's advisory expenditure must be judged. The important question is not how many reports were delivered, how many negotiations were completed or how many formal procedures were executed. The question is what measurable and durable operating architecture the company received in return.

What changed in the factories? What changed in unit cost, productivity, energy use, decision speed, customer retention, digital resilience and the ability to build the next product?

Varta's later results answer that question more clearly than any restructuring presentation.

Activity produces programs, reports and adjusted numbers.

Architecture changes the company.

## THE PAPER COMPANY

forecasts

budgets

KPI dashboards

org charts

adjusted EBITDA

restructuring plans

## THE REAL COMPANY

material flow

machines

people

tooling

workarounds

decision paths

failure domains

BY THE TIME REALITY REACHES THE BOARD,

**IT HAS ALREADY BEEN FILTERED INTO A REPRESENTATION.**

## 13. The Board Manages a Paper Company

Most management boards do not manage the company. They manage a representation of the company produced for them by the organization.

They receive reports, forecasts, budgets, KPI dashboards, cost summaries, restructuring updates, organizational charts and carefully prepared explanations of why particular results occurred. They see numbers describing production, quality, sales, energy, labour, inventory and customer performance. They review the outputs of the enterprise and assume that understanding those outputs means understanding the enterprise itself.

It does not.

A report does not show the company. It shows what the reporting architecture was designed to capture. A KPI does not explain the system. It isolates one selected result from the network of dependencies that produced it. A forecast does not prove control over the future. It proves only that assumptions were converted into numbers.

The real company exists below that layer. It exists in the movement of material through the factory, the condition and utilization of machines, the location of tools, the quality of training, the behaviour of digital systems, the speed of decisions and the informal mechanisms employees use to keep production running. It exists between departments, where responsibility becomes fragmented and where one part of the organization can improve its own result by creating a larger loss somewhere else.

The board usually does not see this directly. It sees production efficiency but not the operator compensating for a badly designed workstation. It sees headcount but not the employees protecting the company from procedures that do not work. It sees inventory but not the architectural failures that make the inventory necessary. It sees standardized IT infrastructure but not the dependency structure capable of turning one cyberattack into disruption across five factories.

By the time reality reaches the board, it has already passed through multiple layers of management, interpretation and formatting. Operational problems become indicators. Contradictions are removed. Delays are compressed into administrative timestamps. Uncertainty is replaced by a clean narrative. The information becomes easier to present and increasingly detached from the physical system it is supposed to describe.

At every level, the company becomes more orderly on paper.

The actual enterprise may be moving in the opposite direction.

This is not an unavoidable consequence of scale. A board is not an innocent victim of filtered information. It is responsible for the system that filters it.

The board approves the organizational structure, appoints the senior managers, defines reporting lines, selects indicators, approves digital platforms and determines how decisions move through the company. If the resulting architecture leaves the board unable to understand the enterprise, that is not an information problem imposed from below. It is a management failure created from above.

A board that knows the reports but does not understand the enterprise is failing at management.

Varta's recent history contains nearly every public signal of this failure. Revenue expectations repeatedly moved while the actual result continued to deteriorate. A restructuring was declared complete before the company had demonstrated durable competitiveness. Positive adjusted results were emphasized while reported EBITDA became negative. More than €61 million in advisory fees appeared in the separate accounts of VARTA AG over two years, yet the company still failed to protect its central CoinPower customer, create a complete traction-battery position or build a digital architecture capable of containing one attack.

Fifteen months after the balance-sheet restructuring had supposedly secured the company's future, insolvency returned.

These were not separate accidents. They were outputs produced by one enterprise architecture. The forecasts, customer loss, digital failure and renewed insolvency all pointed to the same problem: management did not possess effective control over the company beneath the reporting layer.

The paper company was recapitalized. It had a restructuring plan, new owners, revised forecasts, adjusted EBITDA and a multi-year operational program. It could be described, presented and financed.

The real company was losing competitiveness, missing the largest new market in its own industry, failing to protect a strategic customer and operating through a digital backbone weak enough for one incident to disrupt all five manufacturing sites.

That gap between representation and reality is not a communication issue. It is the core management failure.

A board cannot outsource understanding to reports, consultants and management layers. It cannot remain distant from the operating architecture and then treat each failure as a new external surprise. The purpose of management is not to receive an explanation after the company loses a customer, misses a forecast or enters insolvency. The purpose of management is to understand the system early enough to prevent those outcomes.

This is why the board must be analysed last.

By the time I reach the board, I already know how the company works. I have followed the physical flows, information paths, decision routes, systems, people and dependencies from the bottom upward. I am not asking the board to explain the enterprise to me. I am checking whether the board understands the enterprise it claims to manage.

If the board believes a factory is efficient, that belief must survive comparison with the actual movement of material, machine waiting, rework, informal procedures and hidden losses. If management claims that decisions move quickly, that statement must survive comparison with the real path of information through systems, departments and approvals. If the board believes the company is resilient, that belief must survive a failure affecting five factories at once.

A presentation can survive contradictions because the contradictions can be excluded.

A company cannot.

Most boards do not manage the company. They manage a paper representation produced for them by the organization.

When that representation finally collapses under the weight of reality, insolvency is not the beginning of the problem. It is the moment the paper company can no longer conceal the real one.

## 14. The Real Company Was Never Rebuilt

On 1 April 2025, Varta announced that its balance-sheet restructuring had been completed. New capital had been injected, new financing had been arranged, debt had been reduced and the ownership structure had been rebuilt. The company had gained another period of time.

Fifteen months later, insolvency returned.

The question posed at the beginning of this article can now be answered directly.

What exactly had been restructured?

The debt was restructured. The capital structure was restructured. Ownership was restructured. Existing shareholders were eliminated. Financing conditions were changed. Responsibility moved between executives, advisers, creditors and investors.

The real company was not rebuilt.

A company cannot be rescued at a level above the one where its failures are created. Debt is serviced by products. Products are created by factories, people, machines, tools, energy, suppliers, information, decisions and customer relationships. If those layers remain weak, financial restructuring does not resolve the crisis. It finances the continuation of the same architecture.

New liquidity enters the system and is consumed by the same cost structure. Lower debt creates temporary room, but the enterprise continues producing insufficient margin. New shareholders inherit the same factories, the same dependencies, the same decision paths and the same unresolved weaknesses. A new strategy is placed above an operating system that still cannot execute it.

That is exactly why financial restructuring can appear successful while the company remains fundamentally unchanged. The transaction closes. The balance sheet improves. The legal process is completed. The announcement is published. The company looks different from the outside because the numbers describing it have changed.

But the factory does not become more productive when the ownership structure changes. Unit cost does not fall because creditors accept a reduction. Information does not begin moving faster because new capital arrives. A customer does not remain because the company has completed a legal procedure. Digital systems do not become resilient because financing has been secured.

The enterprise continues operating according to the architecture already inside it.

Varta received capital, reduced debt and time. That time should have been converted into competitiveness. It should have been used to reconstruct production, redesign the cost base, protect the critical customer, strengthen the digital backbone, rebuild the product portfolio and create a complete position in the market that was transforming the entire battery industry.

Instead, the company emerged from restructuring and continued producing the same class of failures. The key customer was lost. The digital system allowed one attack to affect five factories. Forecasts remained disconnected from reality. The company entered the EV revolution without a complete traction-battery platform. The financial structure changed, but the system expected to support it remained incapable of doing so.

This is the difference between stabilizing a company and rebuilding one.

Stabilization reduces immediate pressure. Reconstruction removes the architecture creating the pressure.

Stabilization can be executed through agreements, capital injections and legal mechanisms. Reconstruction requires entering the enterprise, understanding every important dependency and redesigning the physical, digital, human and managerial system as one coherent whole.

There is no shortcut around that work. A company cannot be redesigned through a percentage reduction applied across departments. It cannot be optimized through a new organizational chart, another software platform or a generic transformation framework. It cannot be rebuilt from the boardroom while the people designing the new architecture have never reconstructed the real company operating beneath it.

A true restructuring should produce visible operational consequences. Lower unit cost. Better productivity. Faster decisions. Stronger customer retention. More resilient factories. A production footprint aligned with economic reality. A product architecture aligned with the next market. Digital systems designed to fail locally instead of paralyzing the group.

These are not secondary benefits. They are the restructuring.

Everything else is preparation, financing or administration.

Varta's case shows what happens when those supporting activities are mistaken for the transformation itself. The company can spend years moving debt, capital, ownership, headcount and responsibility while the architecture producing its problems remains intact. It can complete one restructuring and still arrive at the next crisis because the level at which the intervention occurred was never the level at which the failure was being created.

A balance sheet can be repaired through transactions.

A company must be rebuilt through architecture.

Varta completed the first task.

It did not complete the second.

The balance sheet was restructured.

The real company was never rebuilt.

**THE BALANCE SHEET  
WAS RESTRUCTURED.**

**THE REAL COMPANY  
WAS NEVER REBUILT.**

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A balance sheet can be repaired through transactions.

A company must be rebuilt through architecture.



*Chrzanowski*