

Turnaround Management Everyday

By Robert Thiele

The management practices that cure troubled companies can keep them healthy. I recently completed a self study course, “The Insider Secrets to Saving Your Business: The Step-by-Step Turnaround Guide” by Kevin Muir, founder of Turnaround Central, a highly successful turnaround company. The company has completed over 70 successful turnarounds and has a staff of “C” level professionals (CEOs, CFOs and COOs) with over 90 years of hands-on turnaround experience.

The course is as suggested a step-by-step, day-by-day guide to saving your business, turning it around and setting in place plans and procedures for future profitable growth. It deals with all aspects of business from personal protection to reviewing in detail the financial, market and sales plans of the business along with cash flow projections, pricing, staffing and product and services contributions.

It discusses how to deal with and establish relationships with bankers, creditors and vendors as well as the steps to take in downsizing, including the best ways to let people go. It takes an in-depth look at the competition, customers, trends and the future of the business from a blank paper planning perspective.

Kevin Muir emphasizes that in a turnaround situation, major changes

need to be made and that planning and implementing the plans are essential. He also emphasizes that good plans depend on good and unfiltered information. He suggests that within 90 days, you know with a great deal of certainty if the business will survive and the future of the business. The course uses case studies and has hundreds of how to tips for each day and each step of the turnaround process.

While some of the steps discussed in the course are most appropriate in the crisis phase of the turnaround, most involve techniques and good management practices that can and should be part of everyday business. Applying turnaround management practices every day can avoid a crisis turnaround and keep your business healthy. For example, wouldn't it be interesting to review several accounts receivables and trace the paper trail? Are customers paying on time? Why and why not? Are there shipping problems, billing errors, quality problems or bureaucratic rules that make it convenient for the employee but not for the customers? How does this affect cash flow? Can you get immediate internal information and answers to these questions?

Who are your profitable customers? When was the last time you personally sat down with key customers and discussed their needs?

What are your true product costs? What does it really cost to provide a product or service, market it and service it? Are allocated costs and general markups leading to poor pricing decisions and poor overall business strategies? Are sales and cash flow projections on target and realistic?

As CEO or owner, is the information you get filtered, laundered or otherwise distorted to the point that problems and opportunities are hard to recognize? What might you discover if you signed every check and questioned every expense? When was the last time you discussed your business plans with your banker without a loan on the table?

These are only a few of hundreds of items discussed in detail by Kevin Muir in the course, and while not every company needs to be downsized 30-70 percent, certainly there are thousands of small businesses that are marginal and could benefit from a turnaround tune-up.

Studying turnarounds and turnaround practices can help CEOs and business owners maintain and grow healthy and profitable businesses. Many of the techniques and practices used in turnarounds are good management fundamentals and differ only in emphasis and execution between turnarounds and stable companies. Some of the practices need

to be used judiciously and some avoided when dealing with a stable company. Understanding and applying turnaround practices in non-crisis situations can, however, be the difference between long-term success or failure.

Business Sense



Turnaround management is everyday business and its practices and principles should be part of every CEO's and business owner's bag of tricks.

Management practices that cure troubled companies can keep them healthy.

Robert Thiele is a business consultant in the Decatur office of the Georgia SBDC Network. To find your local SBDC, call the state office at 706-542-2762 or locate it on the web at www.sbdc.uga.edu.