

## Discussion on Corporate Turnaround Strategies

All businesses that have achieved a level of success, regardless of the size of the business, need a permutation of numerous factors to succeed, grow and preserve that success. Competition often becomes fierce, market conditions change, and the digital world has changed how many businesses operate. Outside of declining profits and loss of market share, some of the common reasons that result in the need for corporate turnarounds are:

- 1) Lack of innovation of product / services
- 2) Inadequate funding / financing
- 3) Ineffective or outdated marketing
- 4) Unproductive management/personnel in key areas
- 5) Operating inefficiencies

In most cases company turnarounds commence only after the leadership team accepts the fact that the company is in real danger and small incremental improvements will not solve the problems. When evaluating a company for a corporate turnaround, you have to take a hard look at the external and internal causes that exist.

- External causes can be competitors, change in market demand, or economic conditions.
- Internal causes are typically caused by the failures of management, poor financial decisions, lack of innovation.

Often it is most productive to bring in new leadership to bring a fresh perspective, renewed energy and fresh strategies / ideas. A proper corporate turnaround is thoroughly well-planned and follows a methodical approach that is needed to revive a company.

- The first step in a corporate turnaround is to evaluate the situation and see if your business is damaged beyond repair or it is just needs restructuring. Many times I have seen that the business concept is strong, but the strategy is being poorly executed. Assuming your company just needs a corporate turnaround, the focus should be on rebuilding your strategy looking at Vision, Purpose, Brand and Mission.
- The next step is to sharply reduce costs and take a look at how to implement operating efficiencies with the goal of immediately restoring positive cash flow.
- From there, stabilization must be achieved quickly as well as clearly communicating the new vision and recreating the culture of the company.

I have had the fortunate experience of successfully leading numerous corporate turnarounds. Here are some case studies that provide a high level overview of a few of them:

- 1) I led the turnaround of a unique real estate investment company that had a great concept, but the wrong leadership team. I was brought in to take the concept of the company and restructure the operations and delivery of the services. To accomplish this I created a clear company vision, restructured the operations, created & documented improved processes and

procedures, and lead the implementation of a custom technology solution to automate many manual tasks that required a large support team. The changes I implemented in this company allowed it to expand its operations in 13 states and the company profited \$4.1 million in the first 3 years after I came on board.

- 2) I performed another corporate turnaround with a digital marketing company that had a strong sales team and vision, however lacked proper leadership and outsourced their fulfillment to a 3<sup>rd</sup> party where they had no control of the results. I took over the company, created a unique “technology company” culture and brought the fulfillment in house by implementing web-based software systems to run back-office operations, hold employees accountable, let everyone know what others are working on via automated workflow processes and checkpoints to minimize human error. Key components included CRM, workflow and task management, executive level reporting and parsing data from outside databases. I also expanded the sales team structure by implementing both an inside and outside sales structure. These improvements allowed the company to increase revenues by over 500% in less than a 1 year time period and be highly profitable.

In summary, it is important to have a clear vision for the restructuring, reduce costs and exit non-core businesses. It is extremely important to have a highly skilled corporate turnaround leader that is can clearly communicate the new vision of the company while keeping employee morale up and rebuilding the company culture. An effective company turnaround creates a substantial and sustained positive change in the performance of the business.

For more tips, discussions, or questions on corporate turnarounds, feel free to contact me anytime.

Regards,

Steve Taplin