

Planning in a Turnaround Situation: What Every CEO Needs to Know

By Carter Pennington

All businesses are different, but when it comes to implementing an action plan in a turnaround situation there are some common steps that work for all businesses. It is important to understand that the turnaround process isn't always a one-off; it may be that the process needs to be ongoing for the foreseeable future.

Of course, all businesses are different and this means that a different set of approaches may be used depending on the nature of the problem. However, there are some steps that are widely considered as a beneficial part of the turnaround process. Here are a few:

- **Assess the current situation.** This is the first and potentially the most crucial step. You need to know what you are working with, identify the problems and determine the causes. Without this step you cannot hope to come up with sensible solutions. You also need to look at how these issues are impacting on the company. Areas that need to be looked at include management accounts, sales books, customer service levels, financial arrangements and leadership skills.
- **Develop a business strategy.** Now you know what needs to be changed in order for the turnaround to be successful, you can go about forging a plan to make sure this happens. Make sure each action is documented so that the process of change can be monitored closely.
- **Talk to employees.** If a turnaround is to be successful, you need to get the staff on side. Explain to them why each action is happening and the predicted impact of the process as well as the consequences of not taking corrective action so that they are fully aware of what's going on. It's really important in any business turnaround situation that employees act as a team and are fully committed to the success of the business.
- **Talk to the bank.** Any major business turnaround will need to be run past any party with a financial investment in the business and this includes the bank.
- **Talk to the customers.** The customers are the most important part of any business and, depending on the severity of the situation you may have to reassure loyal customers with news of the turnaround plan and how they are likely to benefit from the changes. This is an especially important step if the cause of the business demise was poor customer service, poor quality products or a failure to meet customer's expectations. No customers means no business so make sure you keep them on side.
- **Think of new ways to make extra cash.** If possible, review and improve credit management procedures. Look whether you have any unused assets of the business (it may be worth liquidating), sell unused buildings, rent out spare office space, dispose of excess stock and even make excess employees redundant if completely necessary.
- **Monitor the situation.** Now that a turnaround plan has been implemented, the results need to be regularly measured throughout the process to ensure that the right corrective action has been carried out.

As long as you seek help from a business turnaround consultant before it's too late then re-gaining control of the business should be possible. Many failing businesses are turning to turnaround consultants to help get them out of a hole and back on the road to success. In a lot of cases, the task of turning around a failing business is too much for a business owner to handle alone and it is often better for a professional outsider to come in and objectively assess the state of the business.

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