

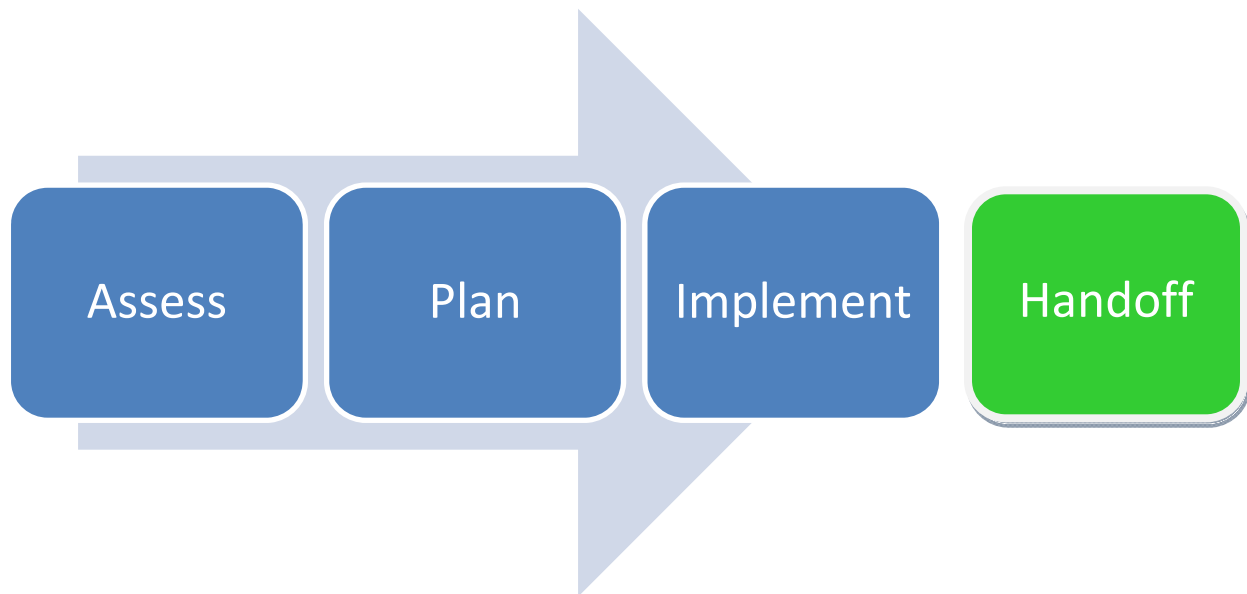
Turnaround Management

Turnaround situations are extremely difficult for current management groups to handle. While they assume they can make the difficult changes necessary to return the company to profitability, it is rarely the true. While not always true, in many cases, the current management is what got you into the mess in the first place.

Turnarounds require a different management style than regular company management. The pace of change required stop the bleeding and stabilize the company must be extraordinarily fast and decisions must be made with only limited information. Hard decisions must be made without the time for lengthy studies, focus groups or committees.

Our Method

Our turnaround method involves a four-step process to assess the current situation, develop a strategic turnaround plan, implement the plan and then prepare the company for a successful handoff to the successor management group.





Assessment

The first step in the process is to assess the current situation. All situations and companies are different. What works at one company may not work at the next company. We'll work with your management team, employees, vendors and bank to assess the current situation and determine the most logical direction. There are typically three options: sell the business, bankruptcy or turnaround. Selling the business or liquidating the business through bankruptcy are two logical choices in many instances. A turnaround solution requires the company ownership to embrace a different management style and give up hands on control during the turnaround process.

This is typically the most difficult decision the company ownership can make. Each of the three options comes with vastly different outcomes. The most logical solution for your business may be the most painful.

Strategic Turnaround Plan

Once the decision to enter a turnaround has been made, we will work with company ownership and the current management team to develop a turnaround plan. Within the plan will be specific outcome objectives, each with a set of action plans necessary to achieve success. Once the plan is been approved by company ownership, the work begins.

Implementation

While the most difficult business decision for ownership is which direction to take, the implementation is the most difficult for the current management. Many of the decisions that they would have typically made are now being made by the turnaround manager. Many current managers have difficulty working in crisis mode. Hard decisions have to be made quickly and without regard to the 'how we normally do things mentality' that may have caused the problems in the first place. Nothing can get in the way of implementing the plan and restructuring the company for success.

The most important aspect of the implementation is to stop the bleeding. Typically, negative cash flow is one of the main symptoms of the underlying problems facing the company. The turnaround manager must stabilize the company as quickly as possible, while working with bankers, vendors and customers to insure continued successful operations. Communication with the interested parties is a must through the process of turnaround. Without positive news of the coming success, the parties will assume the worst.



The pace of change facing the company will astonish and cause agony to many employees and managers. This is one of the difficult parts of the turnaround process for the employees. During this period, there is no time for lengthy studies and endless committee meetings. The turnaround manager must act on limited information to restructure the company quickly to insure its survival.

Handoff to Successor Management

After the turnaround is complete, we will work with company ownership to insure the new management group is capable and in sync with the new direction of the company. Going back to the old ways after the turnaround manager has left is not a formula for success. The turnaround manager will serve as coach and mentor to the new management group for some time period after the successful turnaround to insure the new methods and disciplines are followed and embraced by managers and employees alike.