

Ten Rules for Leading the Turnaround of a Declining Business

I have been involved in turnaround situations at Topco Associates, Kayser-Roth Corporation, and Cordiant. The similarities between these situations were greater than the differences.

In each case, they were companies that had fallen on hard times, but there was a belief that they could rise again like a phoenix from the ashes. Additionally, the fact that the companies were not doing well was by no means a secret to the employees, who were always eager to have the leadership that could bring it all back together and get things moving again.

Here are my ten rules for a successful turnaround:

Rule 1. When formulating goals, start with the answer and work your way back to the solution. Do not get bogged down in the morass of yesterday. Get going toward where you need to be in the immediate future. At Cordiant, we developed a five-year financial forecast within three months of arrival that we used as the basis for refinancing the company. Subsequently, we exceeded every benchmark of that forecast.

Rule 2. Get out in front of people immediately and position yourself as the new leader in the company. Tell them who you are, what you believe in, why you are there, your perspective on the situation, and how you intend to proceed. At Cordiant, I visited all the principal people and major locations in London and New York in my first two days.

Rule 3. Bring an extraordinarily high sense of urgency to what you are doing, but also look before you leap. People are anxious for results, but this is no time for dead ends. Think carefully about everything you do, but keep moving. At Topco, we immediately commenced development of a line of environmentally-friendly products because there was an obvious niche and need in the market for them.

Rule 4. Do not sit around headquarters! Get out to where the work is done—plants and field offices. You need this input, and you need to be a motivating force for people. At Cordiant, I got around to offices accounting for 60% of our revenues in the first six months.

Rule 5. Go out and listen to customers and clients. At Kayser-Roth, one of my first visits was to Wal-Mart. They told me, “Mr. Seelert, we are concerned about the viability of your company as a supplier.” Two years later, we were named their vendor partner of the quarter. If I had not personally gone there to listen and learn, I doubt that this would have happened.

Rule 6. Listen to everybody in the organization who offers an opinion about the business—don’t just hang around with the people who report to you. There are two sides to all coins and stories. You need to understand both. If you can, meet with your competitors or the heads of similar organizations. When I went to Cordiant, I met with the heads of other holding companies, agency networks, consultancies, and service organizations.

Rule 7. Recognize that you cannot get the job done alone. Open communications and clearly assigned accountabilities are essential. Your visits to locations provide the forums for rallying and directing the teams, as well as quickly identifying the true talents across the organization.

Rule 8. Lay out your vision, purpose, values, beliefs, objectives, strategies, and plans for accomplishment as quickly as possible. People cannot really get going until you set the right direction. At Cordiant, I laid out my initial vision on day one: to be the “World’s Best Creative Communications Resource.” I indicated that I would be a good listener and that together, we would drive the vision forward from there.

Rule 9. If you do not have the internal resources to get the jobs at hand done, do not be afraid to use outside resources. At Cordiant, we

employed Price Waterhouse Business Turnaround Services. At Kayser-Roth and Topco, we hired Luther & Company.

Rule 10. Develop the short list of critical priorities and stick to it. At Cordiant, it was two things: stabilize clients and staff, and refinance the company. Accomplishing these two goals set the stage for everything else.

BOB'S WISDOM: Turnarounds are intensely difficult 24/7 situations. Follow the ten rules and you will prosper.