



## The art of fast, effective turnaround

Martyn Strickland, Financial Advisory Partner in Deloitte Sydney sets out 10 tips to get faster results, saving you time and money when it really matters. Synthesised, from more than 20 successful turnarounds, these questions that Martyn poses are equally relevant to the Irish market.

### 01 **Are you working on your top three priorities?**

Leading a turnaround can be chaotic and overwhelming. Unlike normal change programs where you might have three years to restructure the business, turnarounds always lack two things – time and money.

So how do you make the most of these scarce resources without burning the business and your team?

This might sound counter-intuitive, but in most cases there are as few as three key priorities that make the most difference. The challenge is that while these 'hinge points' are often obvious in hindsight, they are hard to see when you start out.

Make it your mission to focus on what matters most – your top three, not your 1,000 – and make the most of your scarce time and money.

### 02 **Are you in control... or are you being distracted?**

In the middle of a turnaround it's easy to be distracted by external factors, such as a change in regulation, entry of a new competitor, or re-pricing by a major customer. Sometimes these external factors are root causes of failure or critical 'hinge points' that need to be addressed. However, in most cases these factors are out of your control and act as distractions.

When you are focusing on what you can't control, you are wasting valuable time and money.

What should you do when you find yourself focusing on what you can't control?

It can be as simple as opening your diary and critically analysing how you are spending your time. Anything that isn't a top priority, or can't be controlled, should be stopped or delegated.

### 03 **How can you win the war, not just the battles?**

Most turnarounds focus on the short term, but the best turnarounds also have a destination, a vision and a narrative. If the destination plays to the heart of your business, and is continuously reinforced in the minds of your people, then you are focused on winning both the war and the battle.

Don't be the leader who says 'I won the battle but lost the war'. How would you feel if your business wins the war on cost, and then finds there is nowhere to go when the tide turns?

### 04 **Do you have a plan B?**

All of us experience doubt and uncertainty at some time in our lives – no more so than the person leading a turnaround. Too often we charge on, only to find ourselves heading for the rocks and out of options at the last minute.

So, how can you engender confidence to make the right choices in the heat of battle?

The most powerful thing you can have is a plan B – a fall-back position just in case things don't go your way. This helps take the stress out of any turnaround.

### 05 **Are you managing your stakeholders well?**

Great turnaround leaders understand their stakeholders intimately – their team, their board, their shareholders, their bankers, right through to their advisers.

It's easy to leave people behind, given the pace at which turnarounds move, and to miscommunicate when you haven't dealt with a workout banker before. In some cases, only 50% of your team may be turnaround ready... but which 50%?

Managing your stakeholders means playing to your strengths, communicating till your blue in the face, and hand picking the best possible team to get you across the line.

### 06 **How can you make better decisions when the pressure is on?**

When we are short of time we trust our gut feeling just a little more than usual, then live with the consequences. Successful turnaround leaders somehow make better decisions more of the time.

What helps are fresh eyes, the perspective of a helicopter, the ability to fend off the forces of emotion and a clear sense of your options. Getting the right people in the room at the right time is a good place to start.

### 07 **Have you engaged your people in pre-emptive culture change?**

In a typical turnaround, culture change lags strategy by months. But people make or break a fast, effective turnaround.

If the culture isn't right and your people can't implement the turnaround strategy, the timer resets and you end up back at the start. You need to get the business acting, behaving and feeling like it has already turned around as soon as possible.

This is pre-emptive culture change – it accelerates the shift to a new way of operating and sustains your turnaround.

### 08 **Are you cash flow safe?**

In many turnarounds it's easy to go in and focus on the operations and trust that the business will survive and grow.

But what if the required performance trajectory isn't met? Just because you have a turnaround strategy, it doesn't follow that your desired trajectory will hit the mark and not a brick wall.

So keep a laser like focus on your trajectory, and make sure you have the right financial strategies in place to make sure the business is cash-flow and insolvency safe.



09

### Are you looking after yourself?

Leading a turnaround is a stressful experience, for you and your people.

Two stressed people don't make a healthy person; somebody has to lead with a clear head and healthy mind, otherwise you get tunnel vision.

Turnarounds have a rhythm, a cadence, a feel – and although a lot of it is left-brained and analytical, it is critical that you remain personally balanced and in a healthy space.

Taking time out is an important way to do this.

10

### Are you working to a system, or playing it by ear?

It is easy for the stress, pressure and deadlines make you skip a step here and there.

It's not the time to reinvent the wheel as these missteps can come back to bite you.

What you need is a fool-proof system, or model to work to.

High cadence governance, daily check-ins and reporting, and a 'stop doing' list are all part of systematising your turnaround – quickly and economically – and are good ways to keep saving time and money.

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“Many Irish company directors will recognise these problems and appreciate Martyn's innovative solutions to them” says David Van Dessel, Partner in Deloitte Dublin's Restructuring Services. “However, a great number of directors will also recognise these problems from their past and have lost, what could have been, very successful businesses simply because they did not recognise the early warning signs.”

“A late start to a turnaround project is probably the biggest pitfall of them all and it can make the challenge practically insurmountable. Directors need to keep on top of their financial information systems and they need to have both the foresight and fortitude to be pro-active when the warning signs appear.”

“In particular, making it your mission to focus on what is key to your business so that you make the most of your scarce time and money, together with ensuring that you are managing effectively your stakeholders, are critical to any successful turnaround”.

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