Providing business solutions to drive long-term growth and profitability

Act Group
Strategic Consulting Services

proACTive

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From Frank Kozak and Dick Bauer

Owned our own businesses.
Solved our business problems.
We can help solve yours.

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If you experience some or all of these symptoms, and want to do something about it, contact us:

- **Not reaching your revenue goals**
- **Marketing objectives coming up short**
- **Building your brand hasn't worked**
- **Implementation of plans falls short**
- **Processes seem to waste time and money**
- **Management team doesn't play nicely in the sandbox**
- **Unable to budget with confidence**
- **Lack of data, metrics, and knowledge to manage your finances**

The Complexities of Business (Especially When in Trouble)

Leading a business is not for the faint to heart. The myriad of issues, activities, requirements, skills, etc. requires individual fortitude, commitment and confidence. This is especially true when a company is in trouble. The many business factors that should be evaluated to assess the health of a company and to decide where to focus performance-improvement efforts can fill a dissertation. But thankfully this is a one-page article; I'll keep it short……

So, say, a company is in trouble. Since business is all about the cash, the most serious threat is often insufficient cash to continue operations. What needs to be done? First, have a candid conversation with your banker regarding your financial condition. Second, an evaluation of the company's situation must be completed that answers these key questions:

- How serious is the company's present cash position?
- When will the company run out of money?
- How can money be raised quickly to stay afloat?
- Do the problems that caused the downturn continue?

This latter question may necessitate a detailed examination of:

- Financials
- Organizational Design
- Marketing
- Legal Position
- Tax Position
- Customer Service
- Competition
- Product/Service Positioning
- Creditors

Though looking at each of these business areas is not easy or done quickly, this evaluation will determine whether the company needs a strategic turnaround (profit improvement) or financial restructuring (debt reduction) or both? After the evaluation is performed, a turnaround strategy typically involves:

1. Setting turnaround objectives, interim milestones, and schedule to exit the turnaround. An early objective must be to turn around the negative cash flow, and then utilize positive cash flows to re-gain a profitable footing.
2. Planning the strategies to achieve the objectives. Examples include: cost reductions, marketing push, consolidating operations, and process improvement.
3. Implementing the turnaround strategy. This is the what, who, how, when, why, where of the plan (and the most difficult to achieve).
4. Holding everyone accountable to meet the plan objectives on schedule.
5. Monitoring the plan for compliance and taking prompt corrective actions, as needed.

If leading a business is not for the faint to heart, leading a turnaround is for the very stout of heart and mind.