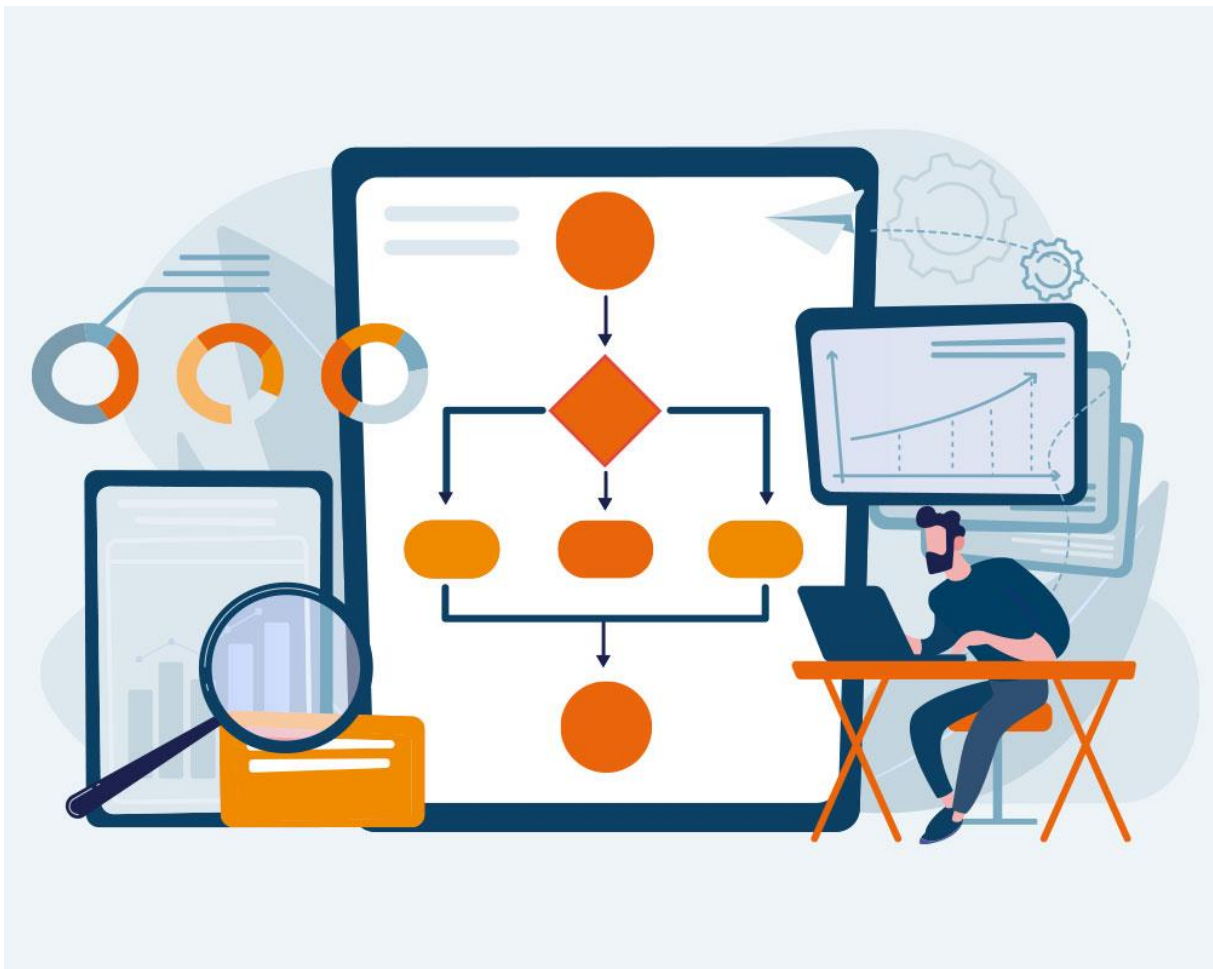


Five steps for a successful turnaround



A turnaround is a key decision for a company in order to start an important change process in the organization. The fact is today's fast pace economy demands that business change or die. These companies recognizes that if they keep the status quo, something bad will happen.

As Jack Welch would say:

Fix it, sell it or close it! I prefer the first one.

HBS says that based on a study they did, 70% of all change initiatives fail! This is not good due to the fact that a lot of people are involved, money is spend to make the change, processes turned upside down and much more and then, only a limited quantity of companies makes it.

I wanted to share with you what worked for me and let me say that 90% of the turnarounds I had the opportunity to lead, it is all about the following **five steps you have to focus**. During my last 2 decades all companies I have worked for and I'm working with today, in all cases, these were the five steps to get aligned and improved the organization.

I need to say, that you as a leader need to lead this process as it would be the only thing you want to achieve in your live. So without you persistently leading, it will not work, clear?

Let me walk you through the 5 steps:

1. Vision, Mission, Values and Strategy and Long Term Objectives 5-10 years

Do (if it does not exist), review and if necessary realign the Vision, Mission and Values (VMV). Here we talk about the reasons of being of the company, who we want to become in 10-15 years (Vision), how we want to achieve that (Mission) and which principles and behaviors we want people to walk the talk every single day (Values). I strongly recommend reviewing this process with your team by adding an external expert to the process. This might take 2 months' time but it is worthwhile doing that, otherwise the following steps have no clear objectives.

As the next step review the strategy, you want to use for the VMV; here make sure your align the strategy to the VMV and have some uniqueness to offer. My experience has been that many companies find this process as not necessary, to soft, to bla-bla and underestimate the power this process can provide you. Now with your team define the long term objectives, like Sales, Key Customers, ROS, Investments, People, Quality objectives etc. Finally review everything and make sure this is what you want.

Ones you have this process done make sure the whole company, every single employee and all stakeholder know about your VMV. Communicate an over communicate in order that there will be no doubt about the Plan of the company. Do not move to the next steps before you have not solved that part.

2. Sales Strategy, Marketing- and Sales Plan, Best Sales Team and Sales Objectives 1-5 years

Based on step one, now review the long-term sales strategy, do or fine-tune your Marketing and sales plan and make sure you have the most hungry, dynamic and inspired sales people in your team. I have found that there is often a lack of a clear sales strategy or sales plan and so the sales team does not really know what to go for. So do not be surprised that you have not the right products, margins, countries, customers if you do not define clearly what you want. Also, go ahead and define clear objectives to achieve for the next 1-5 years. Your sales team is the business card to the market and they represent the company in all aspects. Make sure they are the ones you want and train them to be become the very best.

3. Build the BEST TEAM

Based on a clear VMV, Company Strategy, long term objectives, a challenging Sales Plan and sales objectives, now look around and make sure you have in all areas and departments the right people. Do they support your plan? Are they willing to go the extra mile? If you hire new ones make sure they are aligned with the company values, make sure they fit and the support them. This is for sure the most intense and most difficult part to do, which also takes most of the time. Do not forget that to have the best people it is an investment in the future. Get top employees around you, who are better than you and challenges you every day.

4. Operational Excellence

Lean-Manufacturing, Maintenance, Quality is the next part to focus. If you have a manufacturing company you will need to make sure you have a lean-manufacturing environment, only the necessary equipment, 5s and stable processes, ideally running 7/24. All equipment will be maintained as per the provider's definition, maintenance plan and OEM spare parts. Do not push out the maintenance program. Quality is a mindset, quality attributes defined by the customer, non-negotiable and key part of the company's strategy and will need to strive for zero defects. Implement a Balance Score Card through the whole company and review weekly, monthly, quarterly, half year in order to achieve the defined KPI's. Make sure every single employee in the company knows how we are doing and what is planned to improve next. Work with visual Management throughout the company in order that everything is visible all time, employees will love it and make important contributions to improve. Make sure you have a culture of continuous improvement and a suggestion program implemented

5. Reduce Costs

This is the last part of the five steps, reduce relentless all costs which do not contribute to add value to the process, or do not support the previous steps. Cut everything, which you do not need or the customer would not pay for. This can be a painful process, because of the culture of the company, also because people do not like to give up preferences p.e. flying in business class or staying in fancy hotels. Cut all the grease and the muscle which is not needed, but don't cut the necessary muscle or bone!

These are **the five steps for a successful turnaround**, which have worked for me. Hard work? Oh yes, usually a 6 to 6,5 day week and 12-15 hours a day until the business gets realigned and stabilized. Once you achieve this, it is a terrific feeling and achievement for all who participated in this process.

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