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10 Things I Know About...Turnarounds

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10. Avoid Denial

Acknowledging the warning signs of corporate distress is the first step in addressing your company's issues. Waiting for the elusive solution around the corner is a path to failure.

9. Find Expertise

Running a stable company and turning around a distressed company require very different skill sets. Seeking early help to understand your options and developing a comprehensive plan will maximize chances for success.

8. Get Tough

A successful turnaround strategy may require hard decisions regarding personnel, assets, product lines, processes, suppliers and even customers. Put every option on the table.

7. Understand Cash Flow

A minimum of 13 weeks of detailed weekly cash flow projections will provide necessary visibility to manage cash constraints and prevent problems from becoming crises.

6. Down To Basics

Focusing on existing and new markets for your core products will generally yield better results than trying to expand your product line or sell non-core products.

5. Think Internal

Not only will employees be more fully committed if they understand the company's problems and objectives, but you may be surprised by the solutions they devise.

4. Think External

Early, consistent and full disclosure to your lenders will gain you trust and cooperation. Anything less will exacerbate your bank problems and limit your options.

3. Outreach

You may think it is secret, but your customers and suppliers already know that you are struggling. If asked, reassure them of your commitment and plan to remain viable.

2. Avoid Isolated Agreements

Making individual payment promises to creditors outside of a comprehensive turnaround plan is not advisable. Creditors will generally wait until your plan is developed.

1. Consider Alternatives

Joining forces with a competitor, whether on a joint venture basis or as a buyer, seller, or merger partner, may be the best way to preserve viability and maximize future value.

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