

## Worcester Business Journal

# 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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