



Nebes Consulting LLC
William Nebes III, Founder & President
bill@nebesconsulting.com | (m) +1-603-305-7450
<https://nebesconsulting.com> | @billnebes

A Guide To Your First 30 Days Leading A Business Turnaround

Have you been chosen to lead a business through a turnaround? Or is a Board assessing your ability to become CEO of a troubled company? If yes, now's the time to prepare for their first question: "What would you do in your first 30 days on the job?" The purpose of this article is to help you answer this question.

Background

Common conditions you may find on your arrival

- Executive management or the Board of Directors has recognized the need for a change at the top. You are the change leader.
- You are new to the business in trouble. Perhaps you are being brought in from the outside. Or perhaps you come from a different business unit within a bigger business. Either way you have a unique opportunity to reshape the future, not burdened by the past.
- There is a vision and business model in place. Maybe it was successful in the past but markets and times have changed and the business has not stayed ahead of the curve.
- Maybe it's a startup and the founder has been unable to translate vision into execution and prove the model.
- The company has a financial plan, but there's a big difference between plan goals and results. You find only perfunctory analysis of these variances. Remedial action has been weak or non-existent.
- The team is not focused or accountable for results, and not developing new ideas or initiatives to improve performance.

Sales and profit margins are down. Management has failed to reduce expenses or control spending. The company is losing money; the operations generate negative cash flow. This places pressure on accounts payable and they are aging out. Vendor relations are strained: they are

confused, angry, and distant; and they are worried about the company's sales performance and cash situation. In turn, product availability is tight.

Fast-moving products are in short supply. The sale of these products generated working capital during liquidation, but now these items are sold and have not been replenished. The only inventory customers find are slower-moving, less attractive items. Customers walk out without buying.

Turnover of personnel due to fear, uncertainty, and doubt has exacerbated the situation. Most levels of management are disengaged or lost. Associate morale is poor and people are scared, maybe even angry at the company and management. There may be associate turnover issues at all company facilities, and many of the more talented people have left the company. Remote and field operations are on cruise control, with little or no direction or support.

Most critically, there is little or no internal communication with associates, or externally with customers, vendors, landlords, and banks or financial institutions. Everyone is wondering what's going on and assuming the worst. For most, relations have deteriorated due to lack of information or, even worse, broken promises or bad information.

Although there may be key strategic questions that demand attention, your first challenge is to stabilize the business and give the team time to address these longer-term considerations.

Due Diligence

You're hired, but it's prior to your first day at the office

Your due diligence begins during the interview process. But you may not get to the real answers until you've accepted the position. Obtain answers to background questions from the Board of Directors or the executive who is bringing you in. For example:

- What is the company's financial situation? Is its cash position stable or in crisis? If in crisis, then cash is your prime area of focus [I identified this in my "Ten-Step Approach to Leading a Successful Turnaround."] Set a meeting with your CFO and financial team immediately. Clarify the situation, define critical actions, and plan your next steps.
- What is the company's vision? What is the business's best opportunity for growth?
- What is the value of the business? What is the desired rate of return on investment?
- Has the company engaged third-party consultants or professionals? If yes, who? Meet with them and review their assessments, findings, and recommendations.
- Have they hired a public accounting firm? Do they require periodic or annual audits? If yes, review their reports and schedule follow-up orientation meetings.
- Does the company possess additional intelligence on competitors, market studies, or customer surveys? If yes, obtain and review their reports.

Use your findings to begin to build your understanding of the business, the internal and external environments, identify opportunities, define the challenges, and set the foundation for your turnaround plan.

Monday: Your first day on the job

This is a day of introductions and open discussions with your team. Tell them why you're there. Tell them what you want to accomplish. And reassure them: you are counting on them to help you increase the productivity of the company. Ask for a list of critical issues: anything that demands immediate action. Learn as much as you can about the current state of the business.

- **Meet with the CFO and financial team**

Gain a clear understanding of the current financial situation, especially the status of cash, cash flow and the procedures around cash spending and management. Define and begin to address the hot issues: anything that demands immediate actions.

- **Introductory meeting with executive team and direct reports**

Ask everyone to introduce themselves. Introduce yourself and your mission: who you are, why you are there, and what you expect. Make this meeting a conversation, not a presentation. Ask the team about any burning issues that demand immediate attention. Support the team, hear their recommendations, assess the need, and set in motion corrective action. Emphasize that while the team creates and implements a turnaround plan, the business must meet customer expectations today and every day.

Orientation Business Review: Introduce to the team the concept of an *Orientation Business Review*. This will be a detailed status review between you and each functional leader, reviewing performance to date and actions in place to address issues, opportunities, and drive performance. Provide a standard presentation template you would like all executive reports that own business functions to complete and return to you, along with examples of all the reports they use to manage their business, by end of day Friday so you can review it over the weekend. The template should be set up to provide you a complete review of their area of responsibility.

Using the template as a guide, hold an *Orientation Business Review* meeting with the entire executive team the following week to review in detail, each leader's activities and results. This will better orient you; help you observe and measure performance, define issues and priorities, identify roadblocks and resources needed; and allow you to reinforce ownership and execution. Finally, business reviews will clarify objectives and stimulate leaders to get their jobs done. This meeting will then evolve into your *Weekly Staff Meeting* each week thereafter.

Turnaround Task Force: Communicate clearly to the executive team that (a) current performance and results cannot sustain the business and are unacceptable, (b) the direction must change, and (c) this will require the creation of a *Turnaround Task Force*. The participants will be you, the CFO, and the rest of the executive team, with supporting staff rolled in as necessary. The meeting frequency should be at a minimum weekly. You will be the meeting owner, chairing the meeting and driving the agenda. But have the CFO manage the preparation during the week with each executive report and support you in finalizing the agenda and chairing the meeting.

The goals of the *Turnaround Task Force* will be to:

1. Validate the company's existing financial plan (e.g. Does it stand on a foundation of reliable information and assumptions?) and confirm it meets the current needs of the company.
2. Confirm ownership or assign ownership of the financial plan by functional leader.
3. Document and validate each functional leader's game plan and initiatives status to meet and exceed their area's financial plan objectives. This should be updated and confirmed weekly by the CFO, validating status and progress toward key milestones, with a clear understanding of the leader's current overall shortfall (gap) or excess (cushion) to their plan objectives.
4. Summarize and maintain a company-wide accumulation of all functional area's current initiatives, accounting of those initiatives, and the current shortfall or cushion to the overall company financial objectives. This master summary will be presented and reviewed in the weekly *Turnaround Task Force* meeting by the CFO, so that all have a clear understanding as to whether the company in total, is unfavorable to plan or exceeding plan objectives.

It will be the responsibility of the functional leaders to identify new initiatives to offset unfavorable performance and risks. The goal will be to identify and set in motion sufficient initiatives company-wide to build a cushion against total financial plan profit and cash goals. Even if a functional area is exceeding their plan objectives, the business owner should continue to search for opportunities as needed. This will help to offset fewer opportunities in another functional area. Besides the financial benefit, this will also encourage the management group to work together and function as a team, pulling for each other's success. A critical aspect of any turnaround.

The CFO will work with each functional leader one-on-one during the week to drive performance and accountability. During the weekly meeting of the *Turnaround Task Force*, the CFO will call out and review total company progress, and then each functional leader will call out and review their weekly progress toward their assigned objectives.

Information from this weekly meeting regarding the total company's status and performance can feed into your communication plan to all associates and key partners.

The CFO's role with the functional leaders is critical and demanding. Beyond organizing and chairing the weekly *Turnaround Task Force*

meeting, this person should hold a one-on-one review with each functional leader prior to the weekly meeting, validating status, progress, performance, and results. This person is your representative with the functional leaders to challenge them and hold them accountable for results. If you have concerns that the CFO doesn't have the capability and stature in the company to do this job, it may be up to you to step in and ensure performance. Remember, this is a turnaround, and you don't usually have do-overs or second chances to save a business.

- **Town Hall Meeting for HQ's**

Arrange a *Town Hall Meeting* for all headquarter personnel in the afternoon of your first day on the job. Do this in a way that minimizes disruption to customer and field support.

Agenda:

1. Introduce yourself
2. Inform the team of the true performance of the business
3. Discuss many of the topics from the introductory meeting with your executive team
4. Announce the creation and purpose of the *Turnaround Task Force*
5. Ask for their feedback, comments and concerns; listen!
6. Ask for and answer their questions
7. Inform them how they can help
8. Ask them for their commitment to help
9. Tell them how you will keep them informed in the future

- **One-On-One Orientation Meetings**

Schedule *one-on-one orientation meetings* with all your direct reports and functional leaders of the business. Review the Org Chart and detail P&L making sure you are identifying all critical areas of the business.

Your agenda for each *one-on-one orientation meeting* should be to:

1. Introduce yourselves
2. Identify burning issues that need immediate attention
3. Ask the functional leader to provide background information, including:
 - An overview of their area of responsibilities, P&L, org chart, and review of their people
 - The meeting cadence used in managing their team
 - Key dashboards and reports used to manage the business

- YTD P&L results for their functional area vs. plan
4. Ask what actions they have taken to correct unfavorable P&L variances.
 5. Ask them what is going well or working?
 6. Ask them what is not working?
 7. Ask how you can help them? Are there roadblocks that need to be removed?
 8. Ask questions or provide any additional input
 9. As you start the one-on-one meetings, the team will be working on the templates you provided them earlier in the day for the upcoming *Orientation Business Review*. As the templates are completed, you can begin to use them as well in these one-on-one meetings.

Probe, identify, and validate the existence of proper processes and controls, and the execution thereof, whether proper checks and balances are in place, and any potential threat from key business risks. For example, is the company properly backing up all company data? Is there a review process and accounting reserve in place for inventory obsolescence? What is loss prevention's analysis of shrink losses and the sku's that comprise the greatest risk to loss? Are real estate leases being properly renewed, or are there substantial expired leases? Is there a disaster recovery plan in place? Are all taxes being properly reported and paid? And so on. Make sure you enter these one-on-ones having thought through what critical risks may exist for each functional area, so that you can be prepared to ask critical questions and validate that the business is under control. Many of these questions are basic. But ask them. You may be surprised at the answers!

Finally, give them the opportunity to ask questions or raise discussion points. Communication is a good thing and in most cases, desperately needed in a troubled situation.

The rest of Week One

Complete Day One activities that are still pending, including *one-on-one orientation meetings* and discussions with front-line employees to learn more about the street-level organization. Immerse yourself in the business. Travel to remote centers of employment or service for the company (i.e. call centers, distribution centers). Hold Town Hall Meetings at these facilities, using the same format as noted in Day One for the HQ's Town Hall Meeting. Communication is critical to understanding the

situation on the front-lines, address burning issues, focus the team, calm fears and provide much needed direction.

Send out a formal announcement of the *Turnaround Task Force* to the entire company, announcing the first full team meeting on Tuesday or Wednesday of Week 2 (this assumes Monday is a busy day set aside to deal with weekend store issues).

From your one-on-ones and other meetings you will begin to understand the company meeting cadence. Determine which meetings you may want to get directly involved with or change.

Begin to formulate a Company-Wide Communication Plan to keep the entire business team informed of and connected to company performance, progress on key initiatives, and reinforcement of how they can help. This is a very critical component of your turnaround efforts. You've got some basic communication vehicles established and in place, coming out of your *Town Hall Meetings* from your first day on the job. Leveraging the feedback and insight you have gained during the activities of Week One, target the completion of your formal communications plan as early as Week Two.

First 30 Days

Your first 30 days is a fast-paced and intensive business campaign. Your investment in enthusiasm and drive can create a dramatic improvement in energy throughout the organization with a corollary improvement in associate moral and increased productivity.

By now you understand the weekly meeting cadence and reporting structure, and are able to properly intervene on a daily/weekly basis to drive improvement of operations, set the tone, and accelerate results. Your continuing efforts will be to drive HQ resources to support increased productivity in the field.

Use the *Weekly Staff Meetings* to inform, discuss, drive performance, hold the team accountable, and set the tone for the business to perform on your agenda.

By now the *Turnaround Task Force* is gaining organizational strength, with planning and execution well underway. You and the team understand the status of the company and the results of efforts to push the business into favorable performance. You have put a robust project plan in place that identifies specific initiatives and tasks by functional area, with assigned owners. The CFO is validating, tracking, and monitoring progress to success. There is a regular weekly meeting of the team, designed to drive progress, establish accountability, and correct unfavorable performance. Progress reports are generated from the weekly meeting that feed into company-wide communications to keep the entire team informed, up-to-date and engaged.

Your Company-Wide Communications Plan is in place and being executed. You are receiving feedback from the field and seeing engagement at all levels of the business.

You are in the field at least one day a week, visiting stores (assuming the business in question is retail), distribution centers, administration, and call centers to introduce yourself, listen, dig, engage, and learn. Revisit major remote employment centers or problem locations as needed to dig deeper, meet more people, and learn what's going right and what's going wrong.

Identify and meet with your key customers. Listen to their feedback and concerns. Follow up and do what you say you will do. You are the new person on the block and they want to understand if you will be honest, effective, helpful, and trustworthy.

Finally, schedule and conduct introductory meetings with key vendors, landlords, financial institutions, legal and accounting professionals, and any other critical third-party partners. Their relationship is nearly as important as the relationship you have with your company's employees. Take time to listen to them and respond to their concerns. Build them into your Communications Plan, keep them apprised of the situation, and ask them to provide whatever help they can or that you deem necessary. Most want to help and consider your company a critical

component to their own business's success. Bring them in and make them full partners in the success of your turnaround.

If your company needs a turnaround, a new leader or interim management, I'd love to talk with you. Please send an email or call me directly —

Bill Nebes

Founder – President

Nebes Consulting LLC

bill@nebesconsulting.com | (m) +1-603-305-7450

<https://nebesconsulting.com> | @billnebes

