



“Business Turnarounds - Stages of a Corporate Turnaround”

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In recent years, more businesses have quit focusing on growth and diversification and are finding it difficult just making ends meet. Many business owners are falling victim to the drastic downturn in the economy and failing-and these failures happen extremely fast under the severe economic conditions we have witnessed. In essence, the recent economic downturn-unprecedented in our lifetime-is catching even the most astute business owners off guard.

While the private sector adjusts to this severe recession (some are calling it a depression) by downsizing, the bureaucrats in the public sector generally remain ignorant and unresponsive to the problem within their own bloated organizations.

While the small to medium-sized businesses frantically cut their operations back, reducing benefits and salaries, the bureaucracies in the public sector reduce nothing; instead, they continue demanding their tax revenues. They refuse to cut budgets and reduce staff. Drunk and euphoric with years of excessive spending-most of it funded by hard-working taxpayers-these public-sector bureaucrats demand even more resources from the shrinking private sector.

In the private sector, entrepreneurs are struggling with these unprecedented economic pressures; revenues are drying up and profits decreasing. In this hostile business climate, surviving gets even tougher. Things worsen, and more businesses fail. This is the vicious cycle that leads a country into the spiral of a depression.

Many intelligent people would define the current economic conditions as



a depression, although no government official will admit it. They are in denial and they just keep spending.

In this terrible economic scenario, many business owners are finding themselves facing bankruptcy and failure. They are realizing that action must be taken to save their business. They are literally on the brink of disaster and about to fall into the bottomless pit of no return, and once they cross this precipice and enter into a business freefall, they may never be able to recover.

If on the other hand, a business leader recognizes this situation before it is not too late, they can take actions to turn around their business. These actions can be divided into 4 critical stages.

Self-Protection Period

During this phase of a business turnaround, the business owners or leaders take every action necessary to first preserve their own interests and salvage and protect those personal assets that are associated with the business, and second protect those business assets that are critical for the survival of the company.

Identification Period

During this period, the core problems within the business are identified. All uncritical functions are scaled back. People lose their jobs and entire departments are phased out. The key goal during this period is to identify and remove all things that are not necessary to the core functions of the business. The output of this activity is a viable turnaround plan that will be executed in the next stage of the overall turnaround process.

Turnaround Period

If all the work has been completed properly in the Identification Period, the activities in this period will involve mostly following the turnaround plan that was created in the previous period. This plan should be as detailed as a project plan and formal project management procedures should be employed to implement the plan.



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Restructuring Period

During this phase of the turnaround process, the business is restructured for stability and strength in the future. These are the action items that will make the business viable in the long-term future.

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Andre Larabie is a published writer and successful business coach. Get a free excerpt from his book on commercial debt reduction at:

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About The Author

André Larabie, PhD, is distinguished for his expertise in Teaching, Coaching, Business Turnaround and Consulting, Commercial Debt Resolution, Consumer Debt Collection, Mediation and Arbitration. He has owned and operated 2 collection agencies, a Factoring Organization, and a Business/Management Consulting Practice in both the USA and Canada.

Dr. Larabie has authored many college-level publications in Canada, including the following Doctorate Dissertations: "Starting a Factoring/Financing Company," "The Opening of a Business College," and "The Psychological Ramifications of Online Education."