

Cover Story



Obtaining Input with Urgency: Getting Employees Involved in a Turnaround

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To turn around the performance of a troubled company, a lot of information must be gathered in the shortest possible time. Getting thousands of useable ideas from employees in one hour is not uncommon.

There are numerous texts and articles on obtaining and analyzing the financial side of a business. Cash flow, debt, key ratios, etc., are obtained from ownership, the controller, internal accounting staff, the outside accountants, auditors, lenders, the status of customers (AR) and vendors (AP), etc. The turnaround professional must determine the integrity of this information before making recommendations or taking action.

What about "the rest of the story?" Why did the numbers fall? When management first became aware of a downward trend, what action was taken? What is management's current plan for dealing with the problems? Will the company's short-term strategy have sufficient impact to save the company? How many people in the organization have the accurate story on the company's current status? Who will implement

the plan? Are the right players in the right positions to make it happen?

Other questions can be added to this list. The challenge is getting answers to key questions such as these as quickly as possible and combining them with the company's financial data to obtain a clear picture of the situation. This requires input from everyone at all levels of the company.

There are many barriers to obtaining the highest quality and quantity of information from a variety of sources regarding the various aspects of a business. The common denominator for gathering information across all levels of an organization is to establish trust quickly. When individuals in the company hold back, it delays the process and consumes valuable time.

Gaining the trust of employees requires overcoming their fears, the most obvious of which is job security. Whether or not the organization has already experienced a downsizing, employees and managers no doubt have seen many indications that the business is not doing well. Employees often fear that divulging information will only cause them to realize their worst fears.

Worse yet, as a turnaround professional, you may be looked at as "just another consultant" in a long chain of advisors who have attempted to help the company in the past. Obtaining trust and information with a sense of urgency involves 10 key steps:

1 Investigate. Invariably, companies have reports and plans sitting on shelves or buried in files that have addressed some of their problems. Regardless of how much or little credence the company gave these earlier consulting engagements, it is important to obtain and review the resulting reports.

It is not uncommon to find common recommendations that the company ignored nor is it unusual for executives or managers to have selective memories when it comes to these reports. An effective technique for ensuring that all earlier reports are identified is to ask key managers to list prior consulting engagements chronologically. The turnaround professional can then compare these lists for omissions, which can save considerable time and identify potential barriers that exist within the current management team.

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2 Analyze. The combination of financial data and previous reports provides a foundation for a preliminary analysis. It is critical to develop a clear, concise summary of the business's vital signs and share it graphically with employees. It is surprising how many people within a troubled company do not clearly understand its condition. This information gap must be filled quickly.

3 Communicate. It is common to come across businesses that have held regular "town hall meetings," but have not effectively communicated an accurate picture of the company's financial plight. Sometimes managers or employees have been told only part of the story. In other cases, a company's leader may have excellent one-on-one communication skills but is ineffective in front of large groups.

As early as possible in a turnaround assignment, it is critical to hold company-wide meetings and summarize data that was developed during the turnaround consultant's analysis. A frequent objection by ownership/leadership to such an approach is that the company will lose good people if this information becomes common knowledge. However, how can good people possibly contribute to the success of the turnaround if they don't have the facts?

4 Share. Sharing information can sometimes be painful, but it is necessary. The more information a turnaround consultant shares and the more people he or she shares it with, the more ideas he or she will get back. The information should be clear, and it should drill deeply into reality.

Today's presentation software and projection technology have made this task a breeze. People love scoreboards, and what a turnaround manager is doing at this point is giving employees baseline data for future comparisons.

Ideally, everyone in a smaller organization can meet at one time in one place. In larger organizations, several meetings probably will be required. If multiple meetings are necessary, it is far better to have cross-functional groupings rather than department meetings or meetings for one organizational level at a time. Cross-functional groupings have a leveling effect because they emphasize to employees that all of their roles are important to the suc-

cessful turnaround of the company.

5 Gather. Now the stage is set for gathering information. The analysis has given the turnaround manager credibility. Effective communication has made it clear to everyone why urgency is needed. The depth of what has been shared has given everyone a new perspective. Under these circumstances, 99 percent of employees want to help.

A common error made at this point is to assume that one-on-one interviews should be conducted next. Despite wanting to help, employees at all levels or positions in an organization are most concerned about jeopardizing their jobs. To provide them with the greatest anonymity, it is far better and faster to ask them to respond to open-ended questions in writing while they are in large cross-functional group settings. These results can then be shared with everyone, which generates another flow of ideas.

Regardless of the specific style of questioning or surveying, the questions should be constructed very carefully to guard against suggestive or leading language. Poorly designed questions can shut off avenues to valuable information the turnaround manager may not have considered.

6 Match. The meeting in which the analysis is presented affords a perfect opportunity to ask employees to identify their skills, knowledge, and abilities succinctly. Of particular importance are skills that are underutilized or not utilized at all. Whenever an organizational redesign takes place, the key is to match the right people to the right positions. Unless people are asked about their aspirations in light of the company's current financial troubles, key opportunities can go unnoticed.

7 Compile. Once employee meetings are completed, it is important to compile the information. A complete organizational chart is absolutely essential to serve as a road map when meeting with people. Names are invariably omitted from the chart at first, so it is important to compare the list to payroll records to ensure that it is comprehensive.

In addition, creating a confidential version of the organizational chart that includes everyone's compensation provides a tool that can quickly flush out inconsistencies and reveal opportunities for change.

8 Interview. Targeted interviews rather than one-on-one conferences are great time savers at this point in the

sequence. Armed with information from previous reports, the preliminary analysis of financial data, employee feedback, organizational charts, and compensation data, the interviewer can target questions to close any gaps in the input gathered thus far. Answers are far more revealing when the stage is set with facts.

9 Implementation. Most plans for change fall short because they lack support during implementation. Most managers and employees are reluctant to aid in implementing change if they were never asked for input to begin with. This underscores the critical nature of the sequence of sharing with employees and gathering input from them at the onset.

Change is always easier when it is initiated from within rather than imposed from the outside. Not only can turnaround managers gather input with urgency, but they also can create an atmosphere in which employees drive the changes. When this happens, comments are often made that "these changes were necessary and long overdue. Thank you for taking action on our ideas."

10 Update. If everyone is kept up-to-date, they will keep coming back with more ideas for change to help the company as the turnaround process continues. Even if financial circumstances worsen due to the loss of a critical customer or lender, it is important to update people with facts. This timely feedback helps to contain the rumor mill, which feasts on partial information. Rumors can be disastrous to efforts to maintain a company's customer or vendor base.

Turning around a ship in rough waters requires everyone to get the same information so they can respond with urgency and all row in the same direction. If everyone is involved, challenges encountered during a turnaround can be overcome in much less time. And time, after all, is money. ¶

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