By Doug Brown

The Real World

Turnaround Thinking

A recent presentation I attended triggered this thought: how would we be operating our enterprise if we were going through a turnaround right now? That led me to think about achieving transformation by thinking differently—without going through the massive pain and suffering a turnaround typically involves.

The causes of corporate decline include external factors such as negative changes in demand, increased competition, and changes in the cost structure or cost of goods due to rising commodity prices. Internal causes are typically issues such as poor management decisions, organizational inertia, inadequate financial controls, or ineffective marketing and sales efforts.

Can we mobilize ourselves to take advantage of the positive aspects this level of intensity and scrutiny brings? Do we have to feel extreme stress and anxiety before we can move forward? Do we have to rely on our own past experience because we haven't made time to tap into the collective wisdom of our organization? I certainly hope not.

When Kenneth Chenault was appointed a division president for American Express in 1993, he called his top team together and asked a question I still consider profound. "Ladies and gentlemen, what kind of company could put us out of business, and what do we have to do to become that company?"

That simple question, it seems, led to the reinvention of American Express Travel from top to bottom, with dramatic financial results. I believe the power was in the question as much as in the answers it spawned.

Think fast

When I think of organizational transformation, I consider a broad range of subjects, including brand image and the customer loyalty it fosters. Think of this: if you were starting your business today but were allowed to know what you currently know, is your current brand image the image you would set out to create? If not, what changes would you want to make? Which of those changes are necessary and which are merely desirable?

When applying financial metrics such as assets, liabilities, retained earnings, working capital, EBITDA, and ratios appropriate to your segment, you can see indicators of performance as the guideposts they are. What needs to be done in the short and intermediate term? Where are your high-cost processes that add little customer value? Where are your slow processes that get in the way of satisfying your customers?

If you were starting your business today but were allowed to know what you currently know, is your current brand image the image you would set out to create? If not, what changes would you want to make?

When I think organizational issues, I think about the role senior executives play in shaping organizational culture. Is the behavior of the senior team indicative of what the organization is trying to achieve in the way it is trying to achieve it? Ask yourself, "Would the organization be better or worse if everyone behaved and operated exactly like the senior leadership?"

If your answer is that you're not sure, you need to look at whether or not the organization is consistently supporting and rewarding the behaviors needed while extinguishing the undesirable behaviors.

Here are a few more questions to ask yourself:

- Does your structure totally support your strategy, with all people and processes in alignment?
- Does your leadership consistently promote and reward a culture that engages and excites people toward achieving organizational targets in a way that makes them want to come to work every day?
- If most of the people in your company hit the lottery with a huge win, would they come to work the following day?

If you thought "Who are you kidding?" after that last question, you need to take a long hard look at how you are managing your human assets. Your future may depend on it.

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