

IDEAS FOR GROWING YOUR BUSINESS  
**STRATEGIES**

# Turning it around

Is your company stuck in a rut? An outside opinion from an expert could get it back on track

BY ANEESA MCMILLAN | STAFF

**N**early every business owner in operation has experienced the project that didn't quite turn out the way they had planned or the anticipated revenue generator that turned out to be the exact opposite.

But what happens when a company consistently sees poor results or the troubling pattern of losing talented team members who lost confidence in the overall direction of the organization?

Many companies facing those grim prospects are calling on turnaround experts.

Turnaround experts or "business doctors" are often commissioned in these situations to provide an objective, outside analysis of what went wrong – whether the problem is financial or operational.

Those outside opinions have helped many businesses come back from the brink, but experts say the hardest step for any business owner is to admit that their system just isn't working.

According to Mark Froelich, principal for Impact Partners, most owners wait too long to seek help because it's a sensitive issue when their wellbeing is on the line.

"Regardless of the size of the company, the earlier you begin the process, the better your chances are of being able to avoid bankruptcy," said Froelich, whose firm has led the turnaround efforts of various companies in Birmingham and across the country.

"By the time a lot of people come to us, it's too late," he said. "Had they come earlier, the process would have been less painful."

As soon as the process begins, turnaround professionals like Froelich start by asking as many questions as possible. This includes getting permission to talk to employees as needed to get a sense of what's happening, he said.

"The employees are going to tell us things that they wouldn't tell the employer," Froelich said. "Very few businesses have a true culture of candor, and plus, owners don't take well to someone telling them things aren't going well."

Additionally, it's important to spot the signs of what makes calling in a professional necessary.

Sometimes owners are required to call consultants at the request of a bank or attorney, but many have to make the decision on their own, he said.

A common problem is a business consistently losing top talent.

Regardless of what company heads might think, there are no secrets when things go south, he explained.

"When you start losing good people, you need to pay attention to that because while you might not think something is wrong, others can recognize it, and they start to look for something else," Froelich said. "Sadly, it's the owner that is often in denial."

However, one of the biggest indicators is the consistent loss of revenue, he said.

"One of the things we tell our clients is that hope is a terrible business strategy," Froelich said. "Most think that since they are still profitable, they should overlook the falling profits."

Joanie Gable, partner with B2B CFO, said another thing to watch for is the dynamics of day-to-day operations.

Business owners should be mindful of when they have to step away from their leadership role to do the basic duties of keeping the doors open.

"Rather than the owner doing visionary work, they do not trust the professionals around them to do things like accounting and basic 'minding' operations," Gable said. "You have the company with people not working in their skill set."

Getting obsolete inventory also causes problems that



**'THE EMPLOYEES ARE**  
going to tell us things that they  
wouldn't tell the employer.'

**Mark Froelich**  
Impact Partners

BOB FARLEY | BPHOTO.ORG

impact credit because banks are less likely to lend to those with bad inventory, she said.

A common remedy that Gable provides to her clients is a 13-week cashflow forecast.

"We want them to try to live by it so they can look at what they have coming in," Gable said.

Jay Bender, an attorney and partner with Bradley Arant Boult Cummings, who specializes in company restructuring, agrees.

"Because cash is king, we want to know what their cash situation will be over the next three months," Bender said. "We need to know how much you have in, and how much you have going out."

The close look at finances causes businesses to reconsider how they are getting and spending their money, he said.

"You want to focus on pushing harder to collect money from customers and rethink expenditures and do some belt-tightening," Bender said.

Restructuring is also a time to evaluate the strengths of

the business, he said.

"We look to see if there is a good business that they can refocus towards to gain some revenue," Bender said.

Most importantly, there is a huge race to avoid bankruptcy, he said.

"Bankruptcy court is so expensive, time consuming and causes competitors to come for your business," Bender said. "There's going to be a bank involved, and bankers don't like surprises, so keep them updated as well."

Nonetheless, company leadership must understand the value of bringing someone else into the situation to have a chance at starting over, he said.

"There are times when you may need to bring in someone to bring credibility to your situation to show the banks that there's somebody independent involved," Bender said. "In most cases, banks will insist on a consultant, but there are professionals who can bring value to the situation within a short period of time."

amcmillan@bizjournals.com | (205) 443-5625