

Business Turnround



Usually the most difficult thing to face is the fact that your business is having difficulties. Phrases such as “We’re waiting for it to get better”, “when the recession is over we’ll be fine”, “I’m battening down the hatches until things get better” are commonly heard.

The second most difficult thing to face is the fact that you don’t have the expertise to deal with the problems. Many small business owners will say that they have been running their business for years and they know all about it, so how can someone else be any help?

For small businesses that can see their way through these two issues, they are then faced with a more difficult problem. A small business simply cannot afford the large consultancy fees that are often charged by the big companies to help turn the situation around. This is especially true when the business is struggling.

“I know that I have problems but I can’t afford to do anything about them”

This is where Graham Hodges & Associates come in. We specialise in helping businesses with simple, straight-forward advice and help. An outside view from an expert can be just the catalyst you need to start you back on the path to recovery.

Every business is different and so understanding the issues will be different every time. This is where an outside person with a broad range of experience is invaluable.

Using these services only works if you are honest and open enough to recognise that you need help, and have a strong desire and commitment to improve.

We are not talking here about businesses that are looking at liquidation, bankruptcy or winding up. We are concerned with businesses that just need help to improve. Be under no illusion, I am not an insolvency practitioner. If your business has reached such a serious situation that you need one, there are several in the marketplace, and any of the reputable ones will do a very good job for you.

The most important point is to talk to a business adviser **BEFORE** you get to the point of needing an insolvency practitioner. There are many stories that can be told, where a business could have been saved if only they had sought the proper expert business advice earlier. So - don't leave it too late, speak to a business adviser as soon as things start to look a bit sticky - more often than not the situation can be turned around and you can go on to be a highly successful business.

Profitability and cash flow are not necessarily the only issues. Improvement can be needed in every area of a business, from people management & team building, to production control, health and safety, quality and planning. Whatever you perceive the problems to be, help is at hand.

There is a range of four levels of service that you can access. You can choose any combination of these depending on your situation.

1. Simple Business Review

A simple Business audit and review can very quickly identify those areas that you need to give most attention to. As its title suggests this is a very straight-forward, but nevertheless thorough examination of every aspect of your business. The output from this will be a one or two page "Management Action Plan" that will highlight the key priorities needed to take your business forward in the way you have said you want to go.

Typically a Business Audit Review will take one day of time over a period of about a week.

2. Full Business Review

A full Business review will be needed to establish the complete detail of where the key problems are, and what can be done about them. The full business review will involve talking with many of your staff, and detailed investigating of facts and figures. The output from this will typically be a comprehensive report that will make a series of recommendations of what needs to be done, how it can be done, what it is likely to cost and the possible outcomes. Sometimes the report will make unpleasant reading because it will not duck issues. Sometimes the cause of the problems are people and what they are, or are not doing. These can be difficult issues to deal with.

Typically this work will take around 10 days of time and be spread over a 3 to 4 week period, involving a number of visits and requests for detailed information.

The output from the assignment will give you a detailed view of what you need to do in your business to turn it round. It is impossible to say in advance what will be in the report because no two situations are the same.

Very often the presentation of the final report will involve a number of the Company's Directors or owners and be a lively session that brings about a determined desire for change and clear plan of what to do to make it happen.

3. Interim Management

You may want someone to come in and take over the operation to sort all the issues out. Often such a request will follow from the full business review. If you are the business owner you simply may not have the time available to do all that needs doing. You may also recognise that you do not have all the skills needed. You, the owner, may want someone who can implement the recommended changes. There are many reasons why it can be hugely beneficial to use someone from outside the organisation to implement the changes:

- It is less expensive than hiring a full time permanent person;
- A degree of independence can be brought to bear - no axe to grind;
- Difficult decisions sometimes won't be taken by an internal person;
- An outside person will usually be more objective and unbiased;
- An outside person will bring fresh ideas and can often act as a catalyst;
- Because of the independence, an outside person can often be a good arbitrator or mediator.

The interim management role will normally be full time, and for a period of between 3 and 6 months, depending on the scale of the operation and the scale of the issues that need resolving.

Often a part of that role will be to recruit a full time Director to come in and take over the running of the operation once the interim assignment is completed.

Taking on an Interim manager is not a quick and easy decision, however if your company is having difficulties it may be the only way to get them dealt with quickly and effectively.

4. Ongoing Business Advice

This service is normally one or two days per month, and will often follow from one of the Business Reviews. Having received a report, indicating all the things that need resolving, it makes a lot of sense to ask the advisor to stick with you and help you to make them happen. It can be too easy to receive a report, agree that these things need doing, and then find yourself embroiled in the day to day crises and not actually tackling the core issues.

Your Business Advisor will help to keep you on the straight and narrow! The role will actually be much more than that as your advisor will act in a "mentoring" capacity, giving you sound advice and guidance with whatever business issues come up. S/he will be your sounding board and you will very quickly get used to having someone to call on (in person, over the phone or by email) whenever there is something you want to talk through.

It can be thought of as a "Non-Executive Director (NED)" role for a small business that does not have a formal board of Directors or a Non-Executive Director.

Finally

You do not always need to commit to any of the services listed above. A good business adviser will often be able to very quickly identify what needs doing. As long as you are prepared to act on that information, your business can be very quickly turned around.

If you would like help in a business turnaround situation, contact Graham Hodges & Associates:

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