

---

# MANAGEMENT Newsletter

---

PERSONAL DEVELOPMENT

## Managing corporate turnaround: what a leader must do

**“Okay, here’s what we’re going to do.”** In every corporate turnaround, you have the “star” who walks into a crisis situation and takes charge right away. He exudes strength and self-confidence. He makes fast, incisive decisions. He maps out the strategy for the corporate turnaround. He implements this strategy. He leads people on the basis of his personal strength, not “position” power. Regardless of the style of leadership, he is, above all, dynamic and energetic.

**Turning losers into winners is the art of corporate turnaround.** Here are practical tips on how you can take charge of a situation, based on the experiences of 16 masters of the art of corporate turnaround as well as 81 company presidents who successfully managed them in their own firms. Crisis management calls for a form of leadership that is distinctly different from what is practiced in stable or growing companies. Yet it is one that can be learned and put into practice by beleaguered executives.



by Donald B. Bibeault  
Bibeault & Associates

**The “turnaround” leader’s style differs in five key areas.** First of all, he projects the image of a leader who is always “on call” to roll up his sleeves and pitch in. With rare exceptions, he works harder than almost anyone else in the company. Second, he views performance standards as absolute. He will not tolerate ineffectiveness. Third, he makes decisions boldly and quickly, but based only on facts. Timing is crucial, and he has only one chance. He’s willing to take risks, even with an occasional failure. He tackles objectives one at a time, based on priorities. And he zeros in first on the make-or-break situation. Fourth, he requires absolute authority. Adversity dictates this. And fifth, he is geared to action, hungering for achievement. He’s a doer.

**It takes the instinct of an entrepreneur,** coupled with the skills of a professional manager, to carry this all off successfully. Few managers have both. Yet unless he has the entrepreneurial drive to go full steam ahead, search out and seize opportunities at each stage, he cannot deal effectively with negative forces. At the same time, he must be flexible enough to know when to play each role in a given situation. This is one of many skills he needs.

**Because of smoke screens thrown up when he enters a crisis** situation, he also must have broad business experience as an operating manager. This helps him to separate fact from opinion, and to cut through inflated figures.

**To find out what’s really going on, he needs sharp interviewing skills.** Formal reporting systems are often woefully lacking. In one case, the management information system could not supply answers to basic questions on costs, profits.

**Although a loner, the turnaround leader likes to build a team.** And he has the chemistry or the charisma to do it. He has learned how to focus his energies strategically. He knows how to focus everyone’s attention on the right issues so that the whole organization has a singleness of purpose. When he does this, he becomes, in effect, an energy force within the company, according to one CEO.

**He radiates inner strength, and people look to him for leadership.** Because he has confidence in his own abilities, he knows where he is and where he’s going.

**He has to create and innovate—**whether it’s setting new policies and procedures, bringing in new people, developing new structures or layouts. He must know when to start and when to stop innovating, when to listen and when to command.

**Based on** “Corporate Turnaround: How Managers Turn Losers into Winners!” Donald B. Bibeault, McGraw-Hill Books, 1982.