



“Point A to Point B”

- An Article About the Most Critical Life Cycle Phase of an Underperforming or Distressed Company -

Fort Lauderdale, FL - Jan 2018. One thing you can count on. Companies of all shapes and sizes, from retail to distribution to manufacturing and service, will experience downturns that, in many cases, will be severe enough to threaten its ability to continue as a going concern.

Distress comes from a nearly unlimited range of possibilities, from external competitive pressures and macro-economic influences to internal, self-inflicted casualties.

In the world of turnarounds, “*Point A*” is that point in time when a traditionally healthy and profitable company begins to decline into poor health, losses and credit restrictions. Thereafter, it is not unusual for the rate of decline to rapidly increase to “*Point B*,” a bankruptcy filing.

I call the timeline between Point A and Point B the “*runway*.” What you do during the runway will determine whether your company returns to health and thrives or joins the growing ranks of business failures. As we have seen too often, the direct and indirect consequences of a business failure are extensive in both human and financial costs. People lose jobs, landlords lose tenants, vendors and suppliers lose customers, lenders take write-downs, brands and reputations are tarnished and principals and investors lose their investment. Only a professional turnaround will break a company out of this downward spiral. *The earlier you start, the greater your chance of success.*

With the experience of over twenty years acquiring and advising distressed and underperforming companies, I've distilled the most critical elements of a successful turnaround into *20 Critical Turnaround Rules*. Here are a few examples:

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- *Instill a Sense of Urgency.* The runway is not only finite but continues to shorten over time as negative repercussions compound the effect. You need to know exactly how long the runway is (caution: it's likely to be a lot shorter than you think). Remove "I'll get to it tomorrow" from your (and everyone else's) vocabulary.
- *Don't Do It Yourself.* Turning a company around is an intense, immersive process that requires a specialized set of skills and mindset. A turnaround environment is not *business as usual* because the timeline is significantly compressed and the impact of mistakes are greatly magnified. It's also important the CEO remains focused on running the entire business while turnaround activities are underway. Make sure your turnaround is managed and executed by a highly qualified, experienced turnaround professional.
- *Don't Re-Invent the Company* (or fall into the "If Only" trap). Focus on changes to the current business model. If done right, there's plenty of time to think strategically later.
- *Prioritize.* Identify the most critical changes that will deliver the biggest financial benefit at the lowest cost. These priorities must be practical, affordable and deliverable *during the runway*. Don't spend time or money on longer-term projects, projects you can't afford or don't have the resources or management capacity to deliver.
- There is no Plan B. You need to get it right the first time because you won't get a second chance.

For more information, visit www.synergylc.net or call (561) 264-2570 to arrange a private, confidential call with Gary Nacht, Principal.

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