

Recognizing the Need For Change: Corporate Renewal Is Setting Us Apart as the Experts

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By John M. Collard

The turnaround profession as we know it today had an ideal birth. Lenders, who were enjoying the successes of fast-growing LBOs in the 1980s, soon found themselves bloated with troubled loan portfolios as the economy began to slow down.

When it made sense to save the company, they discovered they needed corporate renewal experts who were able to quickly go into troubled companies, stop the bloodletting and stand the company back on its feet again.

And out of the ashes arose the turnaround management profession. But these are the Nineties. Banks have cleaned out their loan portfolios, companies are leaner and the headline-making restructurings are, for the most part, behind us. As a result the turnaround industry is not only maturing and consolidating -- it's changing before our very eyes.

If we're to be successful as practitioners in the second half of the Nineties, we need do things differently. We need to set a standard of service for our clients that assures them that we are the business counselors of today, and of tomorrow.

Corporate renewal embraces the best of crisis management practices of the past. But it extends beyond that. It's more than righting a wronged balance sheet; it's more than cleaning out the boardroom and pumping in new blood. Corporate renewal is emerging as a management tool, very much the way the accounting and legal practices are useful business tools. Corporate renewal manages change and transition -- posturing a company for the future.

We need to go about dispensing advice beyond the quick-fixes of the past. As the experts of business survival and renewal, we need to be putting systems and processes into place that will take companies successfully into the future.

The first step begins by recognizing the need for change, the need to change. Practitioners don't have to look far to notice the subtle changes in our industry. Banks have revised their lending standards.

Bankruptcies are down, and are continuing to fall, all across the board. Companies are embracing "empowerment" strategies, such as re-engineering, process teaming, group administration and cross-teaming to revitalize.

Industrial evangelism?

Is our market drying up? Have turnaround professionals passed the pinnacle of their industry? Is corporate renewal an industrial evangelism that will be swept under the carpet in the aftermath of tomorrow's new doctrine? Hardly.

At a time when accounting and law firms are cutting back the number of internal staff devoted to the practice of turnaround management, more and more savvy CEOs are learning to tap the ear of confidential corporate renewal advisors. Much like they would use a lawyer or accountant for a trusted, measured opinion, directors and upper management are learning that seasoned corporate renewal experts can bring fresh ideas, fresh approaches to sometimes stale business practices. That revitalizes sales, and that saves jobs.

We're repositioning ourselves in the eyes of our clients. In the past, there were practitioners who liked to "bootstrap" troubled companies by shaking them from the foundations up. But today it's not just enough to talk about cost and cash control, we have to talk about cost management and managing working capital. Corporate renewal experts are often asked to make the tough decisions in the business cycle. They are forming tomorrow's management strategies in today's business trenches -- and they are being set apart as forward-thinking experts who are bringing about the revitalization of companies of all sizes.

But opening an ear to an outside voice means first busting through well-built walls of denial that all might not be well within the corporate confines. It means admitting that mistakes may have been made-- that egos have been bruised and customer relationships shattered.

For those who find the strength to recognize the need for change, the rewards can be enduring and lasting success.

Renewing the TMA

As our association matures, we are recognizing the need for change. The lure of success is a strong motivator. The fulfilled promise of engineered growth, jobs saved and revitalized companies, promotes our profession with proven results.

Certification is one way we are assuring the marketplace that we are the experts they so desperately need. Educational seminars and courses assure our membership that they will always be on the cutting edge in learning about the latest trends and strategies.

As we move toward our annual conference in Philadelphia, take to heart the slogan, "Reinventing America." That's what we as corporate renewal practitioners are doing everyday. You may not feel like superheros when you are up to your elbows in IRS auditors and less-than-complete financial records, but you are fighting every day to save jobs.

And behind you stands a growing, fluid Turnaround Management Association --professionals in corporate renewal -- that is willing to stand up and recognize the need for change. Please call me with your thoughts and comments, and see you in Philadelphia.

Crisis Prevention in Transition

Turnaround Methods of the Past

- * Cut costs, stretch creditors
- * Reorganize balance sheet
- * Generate cash; sell assets, collect receivables
- * Bring in new money, investors

Corporate Renewal Focus of the Future

- * Cost management and containment
- * Put systems and processes in place
- * Manage working capital, cash flow for extended periods
- * Generate new revenue--engineer growth

About the Author

John M. Collard, is Chairman of Annapolis, Maryland-based Strategic Management Partners, Inc. (410-263-9100, www.StrategicMgtPartners.com), a nationally recognized turnaround management firm specializing in interim executive leadership, asset recovery, and investing in underperforming companies. He is Past Chairman of the Turnaround Management Association, a Certified Turnaround Professional, and brings 35 years senior operating leadership, \$85M asset recovery, 40+ transactions worth \$780M+, and \$80M fund management expertise to run troubled companies, and advise company boards, litigators, institutional and private equity investors.

Reference:

[Library TMA: Recognizing the Need For Change: Corporate Renewal Is Setting Us Apart as the Experts](#)

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