



Judging the Human Side of the Business

Chapter 6 Review

Susana Cisneros
September 25, 2019

Calling the Turnaround Person

- ▶ When does a manager look for a turnaround person?
 - ▶ Poor Management and loss of profits
 - ▶ Don't know what to do!
- ▶ The Turnaround person is responsible for
 - ▶ Changing the structure of the company
 - ▶ Firing/replacing employees
 - ▶ Changing/adding responsibilities
 - ▶ Reducing unnecessary expenses
 - ▶ Bringing the company on track



The Troubled Company

- ▶ Companies have personalities that affect the company

A reflection of the top executives

- ▶ Small companies – Owner or President
- ▶ Large Companies – Senior executives

- ▶ Senior Managers (important)

Person that the turnaround person first has contact with

- ▶ Responsible for hiring the right people
- ▶ Ensuring an efficient operation
- ▶ Company is profitable

Do you know your company as well as you think?
8 out of 10 CEOs perceive their company's personalities differently than do the other people who work there.

Find out how CAP2 can accurately assess your company's personality [▶](#)

Letting Go the Senior Manager/Employees

1

make sure that the senior managers and employees understand:

- Functions
- Problems
- Have a good understanding of the remedial actions required

2

Firing executives who are not doing their job will cause:

Problems in the company

- Afraid of changes
- Take it personal
- File Lawsuits
- No time for Sympathy!



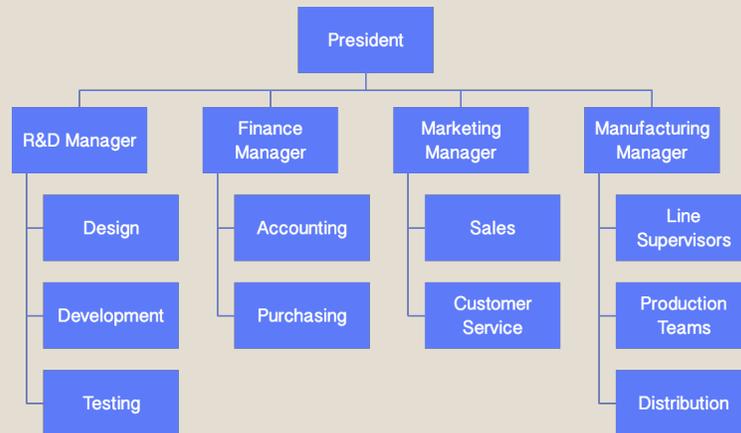
A Close Look at the Organization

- ▶ An evaluation of the company is required
 - ▶ Organizational Structure - Is the company hierarchical, functional, or nepotistic
 - ▶ Job descriptions - Who is doing their job and who is not
 - ▶ What has been done?
 - ▶ Turnaround must decide what is the best organizational structure for the company and start the process
 - ▶ Best strategy is the least number of positions with the least number of levels.
 - ▶ Something that will work for the company
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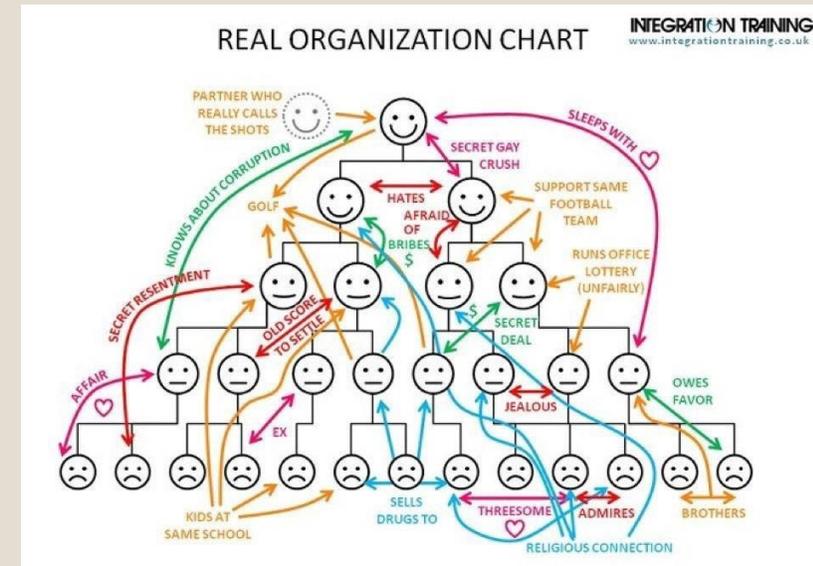
Hierarchical Structure



Functional Structure



Nepotistic Structure



The Nasty Side of Employees: Theft and Fraud

- ▶ Book mentions horrible stories!
- ▶ Absolute loss to the company
- ▶ The Turnaround person must be prepared for these situations
 - ▶ Ensure measures to prevent theft and fraud
 - ▶ Hire private investigators
 - ▶ Pay attention to details
 - ▶ take dramatic actions
- ▶ You never know who is doing fraud
 - ▶ Trusted employees
 - ▶ Family
 - ▶ strangers



Conclusion

- ▶ The human side of the company is the most difficult to assess.
- ▶ The turnaround person is not a school for executives
 - ▶ Will not be there for the rest of the company's cycle
 - ▶ There is not much TIME!

If the turnaround person does not see effort from the top executives, sometimes the best solution is to abandon the contract!

