

# The Reality of Enterprise Turnarounds

**Part One: Turnaround and Turnaround Leaders**

Part Two: Turnaround Leaders and Change Sponsors

Part Three: Avoiding Inappropriate Failure

**Roelf Woldring**  
Transformation **Partners**



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WCI (Workplace Competence International Limited)  
Hillsburgh, Ontario, Canada N0B 1Z0  
[www.wcilt.com](http://www.wcilt.com)



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### Background

Leading large-scale enterprise change is a tricky business. In the past 15 years, I have been involved in a number of such efforts, in both profit and NGO environments. Most of them have faltered or been forcibly stopped before they achieved their end goals.

Based on this experience, I have thought about, and talked with other turnaround leaders about what it takes to succeed. Through this, I have become clear on the vital contribution of change sponsors to the success of an enterprise turnaround.

Change sponsors initially request the turnaround. They, and the people they represent, foot the bill and take significant financial risks when they decide to proceed with one. They also make the decisions that bring many turnarounds to a pre-mature end.

The academic literature seldom discusses the crucial interaction that occurs between change sponsors and turnaround leaders. Industry press articles deeply understate the difficulties of turning around a whole enterprise. Journalists tend to focus on the personalities of designated turnaround leaders, and seldom get beyond the surface.

Reviewing this literature did not provide me with any new insights into the relationship between change sponsors and turnaround leaders. Talking to other turnaround leaders did. This working paper is the result.

### Roelf Woldring



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# Part One: Turnarounds and Turnaround Leaders

## 1. Initiate A Turnaround? Yes or No

### Underlying Economic Factors

Enterprise<sup>1</sup> turnarounds are complex, even in small or medium-sized companies. Their success depends first on a number of underlying economic factors. They are:

- viable products or services that the enterprise can successfully deliver to its market;
- customers, current and potential, that are prepared to, and can afford to, buy these products or services at the price set by the enterprise;
- sufficient sales volumes and large enough margins for the enterprise to recoup, in a reasonable time frame, the investment that it took to set up the infrastructure needed to produce the product or service.

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Note: In the Microsoft Word or PDF version of this document, clicking on the blue words – hyperlinks - in the footnotes will take you to relevant places on the Internet on these topics.

<sup>1</sup> Let's define enterprise, for the sake of clarity. An enterprise is a form of social organization that people use to organize their efforts in the pursuit of one or more shared goals. Almost all enterprises have some degree of formal organization. The most structured ones are stratified hierarchies, i.e. one (or very occasionally two) people are at the top, and the rest of the folks are organized into a number of progressively lower reporting layers. Enterprises can be for profit or not for profit. All of what follows applies to both, although the focus will be on for profit enterprises.

Investing in turnarounds does not make sense unless these underlying economic factors indicate that the enterprise is economically viable.<sup>2</sup> When this is the case, investors who are faced with the choice of shutting such an enterprise down, or proceeding with a turnaround, often prefer to do the second. It is the only way that they have any chance of getting the expected return on their initial investment.

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<sup>2</sup> Comparable factors exist for not-for-profit enterprises and for organizational units that provide internal products or services to other parts of a larger organization. Clarifying these factors in these business contexts is beyond the scope of this paper.



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### Three Crucial Roles

Once a decision to proceed with a turnaround is made, individuals in three roles interact to plan it, structure it, and carry it out.

The first role is that of key external stakeholder. They are the individuals who make the decision that the turnaround goes ahead. They can also shut the enterprise down. They usually have substantial financial stake in the future of the enterprise, either through direct investment or through financial transactions such as loans.

The key external stakeholder group may not be made up solely of investors. It may include major suppliers who have contracts with the enterprise. It may include large customers, who are dependent on the services or products of the enterprise. It may be composed of, or include, corporate or holding company executives who oversee a subordinate business enterprise.<sup>3</sup>

From a role perspective, the most important point about the key external stakeholder group is that it

makes the **yes/no decisions** about starting and continuing a turnaround.

The second important role is that of turnaround leader. Chosen by the key stakeholder group to act as the chief executive of the enterprise, this individual is accountable for making the turnaround happen. Whatever title the person carries, (e.g. President, CEO, Managing Director, General Manager, VP – Business Unit Head, etc. ...), this individual is in charge of the enterprise in trouble, and is responsible for getting it out.

The third crucial role is that of change sponsor. Change sponsors represent the key external stakeholders. They are usually individuals who have a seat at the key external stakeholder table. But they do more than simply participate in that group. They take an active interest in the turnaround. They may be deeply involved in the planning of it. They may act as “coaches or mentors” to the turnaround leader. Their role becomes complex, and may at times include contradictory elements, since they are involved in making the turnaround happen, and act as evaluators of its on-going success.

Many turnarounds fail. Some fail because the marketplace conditions change, and the economic factors mentioned above are no longer viable. Others fail because the demands of the turnaround are beyond the capability of the turnaround leader. But many others fail because the interaction among the individuals in these three crucial

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<sup>3</sup> Normally, some form of investment structure is used to clarify the working relationship between shareholding investors, enterprise debt holders and other key stakeholders. The financial and legal structures used to clarify these relationships are not explored in this white paper. Although they are important in the context of each individual turnaround, they do not immediately impact the relationship dynamics explored in this white paper.



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roles - key external stakeholder, change sponsor, and turnaround leader – becomes troubled, even though the marketplace conditions and the skill of the turnaround leader are favorable.

The relationship between turnaround leaders and change sponsors, and through them, between turnaround leaders and key external stakeholders, is critical to the eventual success of the turnaround. Turnaround leaders seldom operate completely independently. They work closely with the change sponsors, often on a day-to-day basis. Through them, they interact with the key stakeholders at important decision points as the turnaround progresses.

Key external stakeholders, change sponsors and turnaround leaders need to understand and to respect their respective roles. Each role has a contribution to make to a turnaround success. Each role has accountabilities to fulfill.

### Change Sponsors and Key External Stakeholders

Key external stakeholders are very busy people. They may be executives in other enterprises. They may be involved in a number of investments in a variety of enterprises. As a result, the key external stakeholder group tends to depend on one or two of its members to play a more active and time-involving role in a particular enterprise turnaround.

The key external stakeholders may charge the change sponsors to do the following.

1. Evaluate the economic status of the enterprise in trouble.<sup>4</sup>

This will lead to a dialogue among the key external stakeholders about the three underlying economic factors. If they are sufficiently positive, the stakeholder group may decide that a turnaround makes sense.

2. Find a turnaround leader, if the decision to proceed is yes.
  - Change sponsors may assess potential internal candidates, and recommend the existing designated enterprise leader, or another person in the inner group of immediate subordinates.
  - They may recommend one of the key external stakeholders, if circumstances permit it.
  - They may look for an external person to come in to lead the turnaround, either through networking or through a more formal executive search.

This selection process begins the working relationship between the turnaround leader and the change sponsor.

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<sup>4</sup> Or commission outside individuals, or individuals working for one of the key external stakeholders, to do it.



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### Changing Out the Change Sponsors

Because the turnaround leader and the change sponsors are so crucial to the success of the turnaround, the departure and replacement of either can doom a turnaround. The unexpected departure of a turnaround leader partway through the change is often explicitly considered during the deliberations about who should lead the turnaround. Often, one of the change sponsors is considered a potential replacement, at least temporarily.

A change in the change sponsor(s), does not usually receive equivalent consideration. The role of the change sponsor, and its importance to the eventual success of the

turnaround, is not well understood. Change sponsors are not often deliberately chosen. Individuals end up in the role because of the natural dynamics in the key external stakeholder group, or because they represent the larger investors.

Change sponsors generally see their involvement in the turnaround as an extension of their financial interest in the eventual success of the enterprise. They may not see themselves as having a formal role in the turnaround. However, the role of change sponsor is a critical one. Continuity in the change sponsor is as vital to the eventual success of the turnaround as continuity in the turnaround leader. The reasons for this are explored in the following pages.



**Table 1: The Three Critical Roles in Enterprise Turnaround**

	<b>Key External Stakeholders</b>	<b>Change Sponsors</b>	<b>Turnaround Leader</b>
<b>Who</b>	A group of individuals that represent organizations that have made a financial investment in the enterprise. Can include investors, customers, suppliers, debt holders, or executives from a corporate group that owes the enterprise.	Individuals, usually members of the key stakeholder group, who work on a more regular basis with the turnaround leader. They may be involved in formulating the turnaround plan.	The individual who leads the turnaround, and acts as the leader of the enterprise during the turnaround period.
<b>Main Responsibility or Role</b>	<p>The yes/no decision to proceed with the turnaround.</p> <p>Yes / no decisions to continue with the turnaround at intervals during the progress of the turnaround.</p>	<p>Monitoring the progress of the turnaround.</p> <p>Informing the key external stakeholders if it is going off course, especially when the turnaround leader does not seem aware of this.</p>	Making the turnaround happen on a day-to-day basis. That is, translating the turnaround strategy into operational tactics, coordinated across the people, process and tooling levels of the enterprise.
<b>Contribution to the Turnaround</b>	<p>Approval of the turnaround strategy.</p> <p>Resources to carry it out, if further investment is part of the approved change strategy.</p>	<p>Deep awareness of the progress/success of the more detailed components of the turnaround strategy.</p> <p>Reporting on the continuing success or failure of the</p>	Leadership in all aspects of the turnaround, but especially in the selection, the development, and the direction of the executive team, which at first turns around the



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	<b>Key External Stakeholders</b>	<b>Change Sponsors</b>	<b>Turnaround Leader</b>
		turnaround that is not affected by the “motivation” to make it succeed, which can affect objectivity	enterprise, and eventually becomes its operating executive.
<b>Other Things that they may do</b>	Act as informed subject matter or experience experts who can provide insight to the turnaround leader through one-on-one dialog.	Help the turnaround leader maintain clear, constant communications with the key stakeholder group, especially when the immediate demands of the turnaround distract the leader from the need to do so.	Short-term “hands on” doer in crises which threaten the survival of the enterprise during the progress of the turnaround.



## 2. The Turnaround Leader's Mandate

### Finding the Right Turnaround Leader

As stated above, change sponsors, acting for the key external stakeholders, are often charged with the responsibility of finding an external turnaround leader. Their search for potential candidates may lead them to consider a number of types of individuals:

1. a member of the existing executive team,
2. people they know in their personal networks, including people who are associated with the key external stakeholder organizations,
3. candidates they find using an executive search firm,
4. individuals working for a group specializing in interim management,
5. individuals working for the consulting part of an investment bank or venture capital firm.

However they proceed to find and such an individual, the mandate for the turnaround leader is clear.

**"Make sure the place doesn't fall apart, and while you are doing that, turn it around."**

**Clean up the mess. Then put a permanent executive team in place and ensure that a smooth transition to them occurs".**

Sometimes it takes time to find the right person to handle this mandate, and to work out the appropriate deal with the individual. In those circumstances, the change sponsors may take an interim approach while they proceed with their search. The mandate for an interim individual is much more limited in scope.

**"Just keep things going until we find the right turnaround leader."**

### Using an Interim Caretaker While the Search for a Turnaround Leader Proceeds

Bringing in an interim caretaker does have clear disadvantages. It sends the message: "We need a change in leadership, but we have not yet found the right leader". Clearly, that has morale implications for the staff and business implications for customers and suppliers. However, it may be necessary, given the circumstances.

Sometimes, such an interim individual is asked to deal with a very limited and specific problem, as well



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as the “keep things going” caretaker mandate. An example might be “renegotiate this specific contract” or “fix this specific problem in this functional group or production facility”. This may provide an acceptable reason for bringing in an interim individual.<sup>5</sup> It shows that action is being taken to address the enterprise’s difficulties while a longer-term turnaround plan is being formulated.

As an alternative, the change sponsors may recommend leaving the existing executive in place, as they search for the right turnaround leader. This option involves the least organizational turbulence, although it may extend the financial loss that lead to the need for a turnaround in the first place. It also usually means that the search for the turnaround leader goes forward as a confidential one.

Finding the right turnaround leader may take some time. Leading turnarounds require different competencies from those used in leading established successful enterprises. Turnarounds require superb enterprise change ability,

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<sup>5</sup> These “just keep things going” requests are straight forward to scope and to staff. They generally require expertise in a particular industry, and are often best filled by an interim executive who has a good local contact base. Fit, operational experience and availability are the three most important criteria for finding such a person. A number of senior-level executive search and boutique interim management firms are specialists in finding and supplying such people.

based on strategic, people and operational smarts. They require an ability to manage a staged approach to succeed.<sup>6</sup> Turnarounds take large amounts of problem-solving energy, passion, and intense commitment on the part of the turnaround leader.

### What Experienced Turnaround Leaders Will Want

Experienced turnaround leaders will want do their own assessment of the enterprise’s situation. They want to understand the vitality of the underlying economic factors in some detail. They desire insight into the make-up of the existing executive team. They want to know about the critical supplier contracts and supplier relationships, as well as key customer contracts and relationships. Providing turnaround leader candidates appropriate access to the people who know about these things may require some careful messaging.

Experienced turnaround leaders will also take time to assess the key external stakeholders and the change sponsors, knowing that the relationship with them will be critical to the eventual success of the turnaround. They want to know that they can work with these people, especially the change sponsors. Experienced turnaround leaders want to succeed. They know that the force of their own personalities is not all that is required to do so.

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<sup>6</sup> See “[Enterprise Turnarounds: A Sustainable, Staged Approach](#)” for one such framework.



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Enterprise turnarounds are full of unanticipated pitfalls that must be overcome. They never unfold as planned. They require perseverance on the part of both the turnaround leader and the change sponsors. The turnaround will, in all likelihood, require the patience of both. Turnarounds will produce conflict, both inside in the organization, and in the interactions that the turnaround leader will have with change sponsors and key external stakeholders.

Experienced turnaround leaders know this. They will take the time needed to evaluate their fit to change sponsors and the potential chemistry between them. The assessment that is being done by both sides results in a period – usually days or weeks rather than months - of intense conversation. This conversation occurs on both the surface and sub-text layer. The surface layers deal with the enterprise, its problems, and its prospects. The sub-text layers are focused on the more subjective evaluations of potential working relationships.



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### 3. The Background and Experience of Successful Turnaround Leaders

#### Industry Experience or Demonstrated Turnaround Ability

Industry experience is not as crucial as broad business experience and proven turnaround around ability. This may seem counter intuitive to change sponsors and key external stakeholders.<sup>7</sup> They may believe that industry experience is the most crucial requirement in a turnaround leader. This is simply not so. Other members of the enterprise's executive team can provide the required industry experience.

Turnaround leaders must have hands-on experience with turning around failing enterprises. Turnarounds are incredibly stressful. Without previous experience, turnaround leaders often simply cannot cope with this stress.<sup>8</sup>

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<sup>7</sup> Key external stakeholders may believe this because most successful operating companies have leaders that do have industry experience. The growth paths available to a successful operating company - increasing sales, decreasing input costs, and improving selling price/ cost margins - all require maximizing the benefits of existing positive industry relationships. Turnarounds may require forging new industry relationships, re-vitalizing negative ones, and breaking unproductive ones. A new face may be a distinct advantage in each of these situations.

<sup>8</sup> Stress can lead to a wide variety of unproductive business behaviors, including

However they acquire it<sup>9</sup>, capable turnaround leaders have a deep experiential base that allows them to cope with the intellectual and emotional demands of leading a turnaround. They need this to maintain the balanced perspective which allows them to successfully guide their executive teams through the difficulties involved.

Enterprise turnarounds last from 12 to 24 months.<sup>10</sup> During this period, turnaround leaders will have to demonstrate very different, almost

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denying or putting off the specifics of negative situations. The "been there, done that, survived that" dynamic keeps people from denial, and frees them to act. It also allows them to remain calm in the face of upheaval.

<sup>9</sup> Individuals may get such experience as part of a turnaround team run by a successful turnaround leader. They may have been actively mentored by such a person. They may have acquired it through reflection on hard experience. Reflective, self-analytical individuals learn as much from past failure as they do from past success.

<sup>10</sup> The actual turnaround may last longer. But the essential change is usually completed in this time frame. Urgency is a key factor in avoiding burnout in the staff and the executive team. The turbulence of change needs to be replaced by the success of accomplishment and positive outlook relatively quickly.



contradictory behaviors. At the beginning, they must dramatically take charge. They must roll up their sleeves and personally do what ever is required: – e.g. financial management and accounting, operations management, sales and marketing, government relations. This is especially true if there are immediate crises that threaten the survival of the enterprise.

As the turnaround progresses, turnaround leaders will have to inspire confidence in the face of declining performance. They will need to ensure that the enterprise's staff, at all levels, knows that setbacks and decreases in productivity are an inevitable part of the change program. They must maintain the belief that things will get better. They will have to coach the individuals they select to be members of the executive team. They will have to delegate, and risk turning over to others, significant efforts that they would often prefer to lead themselves. All of the people in the enterprise will need to feel like they contributed to getting it to a new place.

Finally, as enterprise performance improves, and individuals demonstrate productive leadership of its transformed parts, turnaround leaders must distance themselves from the day-to-day management of the organization. They must become conductors, rather than doers. If they cannot, they will undermine the confidence of the people who are now leading the enterprise on a day-to-day basis.

### The Core Competencies of the Turnaround Leader

Enterprise turnarounds need every leadership competency. No one individual has them all. Experienced turnaround leaders accept that they have strengths and weaknesses. They know how to supplement their personal strengths with those of their subordinates and key outsiders<sup>11</sup>, so that they avoid their weaknesses. However, turnaround leaders need several core personal competencies to succeed. Without these, they are not likely to be successful leaders of turnaround teams.

Complex, multi-project program management experience is essential. States-person skills, for dealing with the organization's external stakeholders, are vital. Mentoring and coaching capabilities are key. In addition, turnaround leaders need to demonstrate:

- strategic smarts,
- analytical smarts,
- the ability to influence others persuasively,
- the maturity to confront productively, both internally and externally when required,

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<sup>11</sup> The productive integration of consultants and other outsiders into the turnaround team during the great personal anxiety experience that key insiders experience during turnaround is another competency required by turnaround leaders.



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and

- the persistence to keep going in the face of the inevitable difficulties and disappointments.

Successful turnaround executives must be superb team leaders. “Good enough” team leadership will not do. Turnaround leaders must be able to listen deeply to the existing industry experience they find in the enterprise. If it is lacking, they must assess this quickly, and integrate new individuals with the required industry knowledge into their turnaround teams.

Turnaround leaders must be able to motivate high-powered executives to be superb individual performers. At the same time, they must not let the ego needs of such individuals undermine the performance of the other members of the turnaround team.

Turnaround leaders must have a flexible leadership style, shaping their leadership behaviors so that they concurrently contain crisis business situations and progressively develop an executive team capable of eventually running the organization.

Turnaround leaders must also be capable of “managing up” They must work at building a trust-based working relationship with the change sponsors. They may have to educate them about the dynamics of turnaround, as well as the day-to-day

operational intricacies of the business.

Turnaround leaders are best suited to turning around failing enterprises.<sup>12</sup> They are psychologically equipped to handle the emotional needs of this business situation. Their internal makeup is quite different from the entrepreneur who is great at starting up an enterprise, or the general manager who is skilled at making an existing enterprise more successful, through internal growth, performance-tuning or acquisition.<sup>13</sup>

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<sup>12</sup> Startup entrepreneurs are different. Using Edgar Schein's career anchors framework, they are creative entrepreneurs. Creative entrepreneurs who build enterprises often have general management as a secondary career anchor. Turnaround leaders are more likely to have general management as a primary career anchor, with autonomous independence or technical – functional competence as secondary anchors. See Edgar Schein's work on career anchors for more insight. (e.g. Schein, Edgar H, (1990). *Career Anchors (discovering your real values)*, Jossey-Bass Pfeiffer, San Francisco)

<sup>13</sup> Turnaround leaders are motivated by resolving complex organizational difficulties. They are complex problem-solvers by nature. The status associated with organizational leadership is a necessary tool to allow them to do this, not an end in its own right for them.

Established organizational leaders are often motivated by status and power. They are extenders by nature. As they grow the enterprise, they expand their personal sense of importance and influence.

Entrepreneurs strongly associate their personal identity with the products or services they create. Their sense of self is



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enhanced when their products or services are taken up in the market place.

When they are successful business people, turnaround leaders, organizational leaders and entrepreneurs all have the attributes that Schein associated with the general management competency career anchor as part of their psychological makeup. But they express them in very different ways.

**Table 2: The Characteristics and Competencies of Successful Turnaround Leaders**

	<b>Competency</b>	<b>Obtained as a result of</b>	<b>Importance to Turnaround</b>	<b>Best Evaluated Through</b>
1	<b>Past experience at enterprise turnaround.</b>	Experience	Provides “been there, done that, anticipated that” perspective for handling the stress and turbulence normal to enterprise turnaround.	From resume and through exploration using behavioral interviewing techniques. <sup>14</sup>
2	<b>The ability to personally roll up their sleeves and get involved in turning around crises that threaten the survival of the enterprise.</b>	Experience – including the demonstrated ability to create a crisis management team with the right knowledge and skill under intense pressure.	Keeps the enterprise alive while the turnaround is proceeding	May be hinted at on resume –but requires careful probing and exploration, using behavioral interviewing techniques.
3	<b>Flexibility in leadership style: from take charge</b>	Experience: training, coaching,	Turnaround leader must adapt personal	People are often not explicitly aware of their

<sup>14</sup> Behavioral interviewing involves getting individuals to talk about how they have handled this type of situation in the past, and probing their explanations using minimal encourages to talk and open-ended questions to get below the surface layer of their verbal presentation. Some individuals develop these skills as a result of their business experience. Others acquire the technique through formal training or mentoring. In both cases, the interviewer needs relevant equivalent business experience of their own to effectively evaluate what they hear. Potential turnaround leaders must dialog extensively with change sponsors and others over a period of several hours in order to create the understanding needed to truly evaluate their capabilities.

Reference conversations with appropriate people who have worked with the turnaround leader are also very insightful. Once again, these must be done by individuals who have the business experience to ask the relevant in-depth questions and to evaluate what they hear. This often means hearing the sub-text – what is implied but not explicitly said – accurately.



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	Competency	Obtained as a result of	Importance to Turnaround	Best Evaluated Through
	at the beginning to coaching and delegating at the end. <sup>15</sup>	professional development-including 360° feedback.	leadership style to the shifting needs of the progress of the turnaround.	<p>leadership style. They tend to describe it in general terms, using abstract words (e.g. collaborative) rather than behavioral terms.</p> <p>A deep discussion<sup>16</sup> that probes the potential turnaround leader's sense of the required progression in leadership style at various stages in the turnaround.<sup>17</sup></p>
4	Ability to inspire confidence in periods of	Experience.	Keeps executive team and staff focused and	From resume – but requires careful probing

<sup>15</sup> Ken Blanchard's and Paul Hersey's [Situational Leadership Model](#), which characterizes effective leadership as the ability of an individual to understand the leadership needs of a situation and to adapt to it, as well as the ability to change personal leadership style as a team grows in its effective maturity (from Telling to Selling to Participating to Delegating) is the kind of leadership style required by turnarounds and transformations.

<sup>16</sup> Not every one has the interview skills needed to conduct such "deep discussions". They require a level of rapport that is difficult to develop quickly. That is one of the reasons that change sponsors so often prefer to do with people they know as turnaround leaders. Change sponsors often do not have the backgrounds that develop this level of interview skill.

Executive search professionals believe they do. However, search professionals who conduct searches for executives for existing positions in large organizations seldom understand the dynamics of turnaround. As a result, they often only have a surface level capability to find effective turnaround leaders.

<sup>17</sup> John [Gabarro's](#) (Harvard Business School) "The Dynamics of Taking Charge", John [Kotter's](#) various books on change and leading change, and Ken Blanchard's [Situational Leadership](#) model are relevant to this competency dynamic.



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	Competency	Obtained as a result of	Importance to Turnaround	Best Evaluated Through
	<b>declining performance.</b>		motivated during the first stages of turnaround, when enterprise performance declines.	and exploration, using behavioral interviewing techniques.
5	<b>Complex, multi-project program management</b>	Experience	Needed to keep multiple change initiatives moving forward, while ensuring that the interactions and dependencies among them are properly handled.	From resume – but requires careful probing and exploration, using behavioral interviewing techniques.
6	<b>Direct report selection, coaching and development</b>	Experience and training/ professional development, and mentoring by a superior who is good at this.	Critical to developing an executive team capable of first creating change in each of their functional areas, and then of working as a team running the “turned around” enterprise.	Balanced, thoughtful, past, subordinates who are prepared to be open about the person are perhaps the best source of insight into this competency.
7	<b>States-person skills: the ability to represent the enterprise in dealing with outsiders, in what may be strained or difficult circumstances</b>	Experience and training / professional development, and mentoring by a superior who is good at this.	Needed for getting past what may be “deteriorating” relationships with key suppliers, customers and other business partners.	Difficult to assess other than through discussion of “cases” and through careful observation of the person over the course of dialog with change sponsors and others.



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	<b>Competency</b>	<b>Obtained as a result of</b>	<b>Importance to Turnaround</b>	<b>Best Evaluated Through</b>
				Truthful, thoughtful references, who have done business with the individual, and who are prepared to be open about the person, are perhaps the best source of insight into this.
8	<b>Strategic smarts; Analytical smarts.</b>	Experience and training building on natural ability.	Turnaround leaders need to be able to think out 3 to 10 years, while at the same time quickly grasping the intricacies of immediate complex situations.	Will be demonstrated in an applied way if the person is given the opportunity to assess the enterprise's underlying economic factors, current operations, and other such factors; and asked to talk about what the individual would do in broad terms to turnaround around this enterprise.
9	<b>The ability to influence others persuasively.</b>	Experience, training, and professional development.	Essential to leading the executive team, dealing with outside business	Should be demonstrated over the course of the extensive dialog with the



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	Competency	Obtained as a result of	Importance to Turnaround	Best Evaluated Through
			partners and others.	change sponsors and others.
10	<b>The maturity to confront productively, both internally and externally when required.</b>	Experience, training, and professional development.	Essential to leading the executive team, dealing with outside business partners ... particularly the individuals who, or the business relationships which, have current negative impact on the enterprise, and require substantial re-negotiation or termination.	<p>Difficult to assess other than through discussion of “cases” and through careful observation of the person over the course of dialog with change sponsors and others.</p> <p>Balanced, thoughtful, references prepared to be open about the person are perhaps the best source of insight into this competency.</p>
11	<b>The persistence to keep going in the face of inevitable difficulties and disappointments.</b>	Experience, based on underlying personality traits and natural abilities.	Keep going through the turbulence and the setbacks experienced in turnaround.	Balanced, thoughtful, references who are prepared to be open about the person are perhaps the best source of insight into this competency.
12	<b>Superb team leadership</b>	Experience that progressively develops from	Build the team, guide it through the turnaround, and turn the	Balanced, thoughtful past, subordinates who are



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	<b>Competency</b>	<b>Obtained as a result of</b>	<b>Importance to Turnaround</b>	<b>Best Evaluated Through</b>
		empathy for others, and a desire to succeed through them.	success over to them.	prepared to be open about the person are perhaps the best source of insight into this competency.
13	<b>Personal psychological fit to turnaround business situations.</b>	Clarified as a result of career choices.	Allows person to manage the turnaround and then let go as the executive team comes into their own, and takes over managing the newly performing enterprise.	Resume should show a career that demonstrates progression in authority and scope (people, dollars, and technology) but also demonstrates career choices that show movement to “turnaround problems”, often across industries.
15	<b>Motivation to get things done urgently in the short-term without sacrificing the long-term future.</b>	Experience/underlying personal traits.	Get things done quickly, but in a way that creates longer-term success.	Probably demonstrated most clearly in compensation desires: wants both short-term (day-to-day dollars) and long-term stake (piece of the equity in exchange for some dollar reduction in day-to-day compensation – “sweat equity”).