

## **BUSINESS TURNAROUND STRATEGIES**

Businesses today operate within a complex and competitive environment. Every business will in due course suffer a breakdown (crisis) of some sort in its lifecycle. This could lead to crisis and thereby require a recovery strategy. Recovery strategies abound with some industry specific remedies. It is indeed necessary to craft the solutions in accordance with the economic and business structure.

A business may require a turnaround due to fundamental challenges such as capital inadequacy, ineffective personnel, poor product and services or weak marketing strategy. Any of these factors may lead to lower than anticipated sales or profits. They could also lead to higher and sometimes inappropriate expenses. Such occasions could lead to business distress and therefore require recovery strategies.

### **Management Diagnosis**

The success or failure of any business depends on the capacity of management. Indeed the fish rots from the head. A capable management team is crucial for the good health of a business entity. Management should put together a good business plan worthy of resuscitating a sick company. Of utmost importance are cash flow management, marketing, increasing sales with a composite reduction in expenses.

Management has to undertake a deep diagnosis to figure out the real state of the business. This may call for a review of the products and services on offer. Customer satisfaction and attraction are the objective on such occasions.

### **Redefine Business**

There is the need to revisit and review the business system and structure. The business must be made relevant to the current economic and social order. Issues to revisit are the vision, mission and objective of the business. A valuable tool at this stage is the SWOT analysis which allows you to identify the strength and weakness and the opportunities and threat within the business environment and use them to your advantage.

### **Financial Restructuring and Management**

Finance is crucial to the survival of any enterprise. Money is the lifeblood in any human enterprise. For a business recovery strategy, management should have access to short term funds to still the waters and maintain business operation whilst the fortunes of the business are being turned around. Cash flow and suppliers goodwill is crucial for business turnaround.

The strategy is to spend within your earnings. Cut down on all irrelevant cost. All non-core activities should be reduced or eliminated totally. Review sales and credit policy to ensure adequate retention of cash. One key tactic is to dispose of non-performing assets to unleash the inherent cash. The key policy is to maximise your revenue and minimise your expenses. Weak

financial controls leads to weak budget controls. The key objective here is to eliminate the leakages and return to company to profitability. The combination of the financial and business restructure helps to recover the fortunes of the company.

### **Reduce staff numbers**

Every recovery strategy requires efficient and effective workforce. It is necessary to have a committed staff. Employees can make or break a business. They should be willing to exceed expectation during the recovery period. Set them goals and monitor performance. Motivate them and they will sacrifice for the business to turnaround.

### **Diversify**

The dynamics of business and social life lead to changes in taste and demand. It is therefore crucial for every business entity to monitor the business trend and innovate. Marketing and market demands make the business. Any negative changes in the market demand will invariably affect the operations of the business. It is therefore important to diversify the operations of the business and thereby reduce the business risk.

### **Technology**

Embrace technology at all cost. If you fail to innovate, your business will die. The world has seen so much technological advancement since the internet caught up with us. Most services have gone digital and has created online marketing and sales opportunities. The internet has changed the way of doing business by allowing a wider market reach at less cost.

### **Tighten Cost Structure**

The prices of raw materials, labour cost and other direct expenses should be critically monitored. They affect cost of production or service. One great approach is to continually seek alternative source of supply at economic rates.

### **New Trends**

New trends are market changers. Ignoring new trends in any industry could be disastrous. Failing to match new developments could lead to business decline. In business, failure to adapt to social trends could turn fortune to misfortune. You either join the change movement or die. Check out the trend in the Ghanaian music industry.

### **Turnaround Time**

Normally, it takes time to bring a wobbly business back on its feet. This is due to several factors including financials, marketing, operations, human resources and the economy. A strategic approach has to be followed to fulfil the turnaround. A key element in any business revival strategy is attitude. We must believe in our ability to turn our challenges into success with a can do spirit. God bless GH

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