

Turnaround Strategy

Peter Flack

"Strategy determines structure"

For any organisation to be successful, four basic ingredients are needed: leadership, a written strategic plan, a coherent management team that is able to implement the strategy and an action plan.

These are the elements Peter Flack of FRM Strategies has applied with success to many companies that he has rescued. Flack's approach to a company in trouble is first to find out what there is in the company – what substance there is to work with.

According to Flack, there is no magic in turning around a failing business. It is a question of hard work and thorough planning. The FRM way to help save an ailing company is firstly to look for a foundation on which to base the company's recovery. What is required is a great deal of walking around and talking to people, consulting with organised labour when necessary, putting on boiler suits to go down mines: to dig deep into the heart of the business.

Every individual business is taken through a strategic planning exercise. At the end of the process every business unit has a written plan of action that clearly states what has to be done, by whom, when and how.

Of all the parts that go into making a successful turnaround, nothing is more important than leadership. Flack's belief is that many of the problems that weigh down companies rarely have anything to do with the quality of staff or management, but that they have everything to do with leadership. For the process to be successful, it has to be driven by strong leadership.

While the drive from the top is vital, major decisions need the buy-in of the entire team. "The decisions need to be taken democratically but implemented dictatorially," says Flack.

"Not only does the team take the plan seriously, if its members have been included in its creation, but the consultation process results in a well-informed decision.

"Strategy determines structure. Everything else follows naturally once the strategy is in place." Without that, Flack does not see any possibility of a successful turnaround.

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Sometimes the biggest problem lies with the leadership of the company he is assisting. The first board meeting Flack attended at LeisureNet on 29 August 2002 was long and antagonistic. Accusations were levelled at executive and non-executive directors alike. If one cause for the failure of LeisureNet was to be singled out, it would be leadership. "There was no unity among the company's leaders and no agreement on strategy," Flack says.

The company's gyms were successful, but the leadership set off on new business ventures in many different directions. There was no focused strategic plan to take the company forward.

"Strategy and action both require leadership," says Flack. "Without it, there can be no successful turnaround."

Peter Flack has earned his reputation as the country's top turnaround



management specialist. The rescue of Randgold and later the IST Group were both stunning achievements. He is one of the keynote speakers in the SUCCEED Magazine conference, Living strategies! – two days that will forever change the business or division that you lead on 22 and 23 July 2004, at which he will talk on turnaround strategy.

The Flack turnaround formula:

- Positive leadership
- A written strategic plan
- A coherent management team to implement the strategy
- An action plan

"The decisions need to be taken democratically but implemented dictatorially" – Peter Flack
