

Certified Management Accountants of Alberta

May 24, 2002

Edmonton, Alberta

What's Involved In A Business Turnaround

❖ Passion

More than anything else, passion drives a corporate turnaround. Passion provides the motivation to overcome the inevitable obstacles in getting your business back on track. Expect mountains to be plopped in the middle of your business landscape, and have the passion to climb those mountains. It's the ultimate survivor game, and passion is the way to win.

❖ Blueprint

You need a blueprint that maps your dream – where you want to take your business, and how you will get there. The blueprint envisions your business at a point where it's pumping along so well no banker would dare close you and no competitor would dare tangle with you. The blueprint defines the heart and soul of what you want to do with your business. Once you've got that, you can stay on track no matter what happens.

❖ Don't try it alone

The turnaround road is not a path you want to travel alone. Good advisors and getting the support of the people in your organization are critical to a successful turnaround. During your turnaround, you may occasionally be hanging by your fingernails – dangling from a ledge. Good people around you will help you get back up on the ledge and regain your balance.

❖ Advisors

As CMAs I expect you'll agree, but when it comes to choosing your advisors I recommend you get the best. If Fred and I hadn't retained the best law firm in Saskatchewan, we might not have got our business back. It was expensive – we sold everything we owned and lived in a Chevy Van to pay the fees, but it was worth it – we regained control of our business and turned Mitchell's around.

❖ Corporate Unity

Nothing is more important than getting your people on side. Talk to them about your blueprint, show them your passion and show them you're serious about making the turnaround work.

The morning after Fred's funeral I invited the management team over to the sunroom of our acreage. I told them I had no intention of selling – I was committed for the long haul – and there was an audible sigh of relief. That's where we started – with honest communication, and lots of it.

The respect extended beyond the management group to include the trust of our workers and union. Don't be afraid to talk honestly with your employees and your unions about the reality of what you're facing. Ask for their help to turn things around. You may be surprised at how they gather around and support you.

❖ Getting Back On Track

Lots of unexpected things will happen in a turnaround, and many will be bad. There are times when you've got to Go Gut and go with your instinct. Taking Mitchell's public on the Toronto Stock Exchange was a key element of our blueprint, but after Fred's death, the danger of a hostile takeover was too great. My gut was telling me there was a problem and I followed the instinct – I shelved the IPO and negotiated a strategic alliance with Schneider Corporation. It turned out to be a far better solution.

❖ Getting To The Super Bowl

The first time around, our family dropped the ball. We didn't get to the Super Bowl. We learned lessons from our experience and we turned the company around. And the neat thing about a turnaround is it gets you back in the game. We've got another chance at the Super Bowl, and this time we'll get it right.