

Who do you call in a crisis?

Interview with Rod Stoyel, an interim CEO who specialises in PLC turnarounds

This article is part of a series by EIM's board-level interim executives, offering insights into business problems and solutions they have experienced in their roles.

How to start

All the signs show your company's in trouble – money pouring down the drain, sales ebbing, customers defecting, creditors pressing, key staff leaving, systems collapsing. Problems to tackle on every front, but you're short of time and lack the specialist skills internally? So, where do you turn?

Ask yourself what would be of greatest use to you right now to resolve your crisis – deep analysis and carefully crafted reports or a proven heavyweight who combines incisive strategic insights with sure-footed implementation?

What you really need is someone who's dealt successfully with similar problems before, and can swiftly ascertain which areas require immediate attention and prioritise the route ahead. Someone who has the dynamism, objectivity and strength of character to carry through the necessary changes, whatever it may take. In other words, an experienced interim CEO like Rod Stoyel.

The skills of a sheepdog

Rod comments, "My experience of failing companies is that they've come adrift everywhere and, equally, need fixing in several areas at once. The skill is in being able to understand quickly the tangle of issues, see how the underlying problems (and therefore the solutions) are inter-related, and identify how to get the business back on track."

Rod adds, "Actions typically need to be completed in parallel across several disciplines, rather than in sequence. Addressing multiple issues concurrently demands extreme rigour and a cool head. It's also important to recognise that there is an element of unpredictability, which means each step cannot

"It's a bit like herding sheep through a gate. Turnaround executives need the same high degree of peripheral vision, responsiveness and control to bring everything back in the right direction." Rod Stoyel

always be made to fit the most recent critical path analysis."

Fresh eyes and clear vision

Rod stresses, "It's essential to look with fresh eyes at the causes behind the symptoms and piece them together to get the full picture. Understandably – when staring disaster in the face – rather than

Recently, when faced with nearly £50 million losses at a national multi-site business with 4500 employees, one of Rod's first priorities was to spend time going around the regional branches, talking with staff to find out the real problems.

tackle the deep-rooted, intrinsic problems, many companies take refuge in inadequate, emergency measures, such as allocating extra resources to audit stock or reconcile invoices. These displacement activities not only fail to address the critical issues but often further complicate them, when what is really needed for the future is clear vision, strong leadership and support for the staff."

Avoiding 'paralysis by analysis'

Rod continues, "Expending long hours crunching data is also not the best use of precious time. When companies are in dire straits, not surprisingly, their data can be as unreliable as the rest of their performance. So, initially, it's about getting the big numbers right, not checking every last decimal

point. And, crucially, it's about talking to people from the outset, particularly those in the front line. They invariably know what's going wrong because they experience it from their customers' perspective. By listening to staff it's easy to understand how various failures throughout the company combine to demoralise them and eat away at customer service.

"In the early days and weeks of an assignment, my priority is to assimilate information rapidly from many sources in order to analyse the problems and distil a clear strategy with a programme of actions to take the company forward." Rod Stoyel

"Within a matter of weeks, I've completed my initial analysis, agreed a recovery strategy and put achievable performance improvement objectives in place. Using an iterative process of controlled and carefully monitored implementation, I then start taking actions in the different areas I've identified – measuring the impact on costs, working capital, gross margins, etc., and testing the quality of the data (and people)."

No Customers = No Company

Rod emphasises, "Cash is the lifeblood of any business and if you're not serving your customers there'll be no cash. The first imperative in every turnaround situation, therefore, is to restore staff and customer confidence. Getting staff confidence back is pivotal to restoring customer confidence. One flows from the other.

"A point often missed at Board level is that the staff have 'lived' the company collapse and feel let down by unfulfilled promises from management. Inevitably, there will be a high level of cynicism and resistance to overcome." Rod Stoyel

"Staff have to be genuinely convinced of improvements before they can tell their customers. Hence, there must be a clear sense of leadership from the top of the organisation."

Presence and communication

Rod expands, "Once the direction has been determined and a viable set of initiatives has been decided upon, physical presence and proactive communication are vital to establish credibility, raise morale and secure buy-in. For instance, I've found that a very effective way to focus the organisation on collectively rebuilding the business is to take a road show around, or to hold factory and canteen

meetings, sharing my observations about the changes and their implications and holding open-floor question and answer sessions."

Creating a steady state

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"Stabilising a struggling business is tough. Sometimes, when all the alternatives have been considered, it may be necessary to take difficult or unpopular decisions, such as closing an operating unit or making changes in personnel. It's my

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responsibility to bite the bullet and implement these changes. If I don't, the insecurity continues for everyone," Rod explains.

Balancing action and information

Rod continues, "A crucial part of my role is to ensure stakeholders receive the right level of information for their needs at each stage of the assignment, including regular feedback to the Board against the parameters I've committed to achieve. In the early stages, however, I'm sure most CEOs would agree,

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the desire for detailed briefings and weighty reports has to be balanced against the need for energy, pace and focus."

Rod expands, "As the situation stabilises, so the balance shifts towards a greater depth of information and less emphasis on speed of action. My way of

working is evolutionary. It takes people from sliding down a slippery slope to pulling together and moving forward. The very skills needed to survive the crisis and restore stability – keeping overheads down, embracing change, engaging people, working collaboratively – are also what will equip the company to prosper and grow again in the future.”

”For turnarounds to succeed, quick diagnoses and decisive actions are essential. Keeping momentum up is critical both for customers and staff. It’s about capturing people’s imagination and re-energising them when they think they’ve tried absolutely everything.” Rod Stoyel

Be brave

Peter Tann, head of EIM in London concludes, “Turnarounds in the sense of 'rescue' cases are scary, not least because text-book solutions will not work. The sort of experience that Rod Stoyel describes above demands great self-confidence on the part of the leader – and huge faith on the part of the led. And frankly, there are times when 'the led' means the Board as much as the staff. Time is short, and the interim’s actions will speak louder than words.

“Sooner, not later, faith has to be replaced by trust, which will only be achieved by demonstrable action leading to positive outcomes. These outcomes have to be seen to be cumulative, progressive, and in context. And it is the responsibility of the leader to communicate the context to everyone involved, up and down. Commitment to the context is what it takes if the company is not simply to be stabilised but to be turned around, i.e. to grow again.”

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