

E008 – Do you know when it is time to Turnaround?

Podcast Guests 0:00

Leadership's incredibly lonely. [THEME MUSIC]

Michael Finland 0:03

Humility, being humble to say, look, I don't have all the answers. Can you help us work through this? If your whole team knows the challenges you're going through, guess what? It's no longer just on your shoulders. You can't pretend to have a purpose in the business because it shows up very quickly. It's gotta be part of your DNA. [THEME MUSIC]

Introduction 0:17

Hello, and welcome to the Traits of Effective Leaders podcast, brought to you by **SG Partners**. Each episode allows you to hear from real leaders of real businesses, with the aim of assisting you to become even more effective at what you do. Whether you're already a leader, CEO, business owner, manager or an entrepreneur. This exploration of leadership effectiveness covers a range of challenges you may already be experiencing yourself. Now, let's hear from our host, international speaker, Master NLP practitioner, and owner of SG partners Michael Lang.

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Michael Lang 0:54

Hello, and welcome to Traits of Effective Leaders podcast. I'm your host Michael Lang, owner of SG Partners, and I'm joined today by Michael Fingland. Michael is the CEO of Vantage Performance. A specialist corporate turnaround firm. That solves critical challenges in order to create stronger, more resilient businesses. Michael is also a columnist for the CEO magazine, and contributor to other publications such as the AFR. He also appeared in the Sky Business as an expert on corporate turnaround and produced over 50 podcasts on corporate turnaround and transformation.

Michael's mission is to raise awareness of the turnaround industry, and how it can help people who need it. hope you look forward to this conversation as much as I did. Michael, thank you very much for joining us really appreciate it. Rather than just get involved in your CV. Let's see how this plays out. So you did accountancy and then you went straight into company turnarounds? How did that come about?

Michael Fingland 1:56

Yeah, I mean, accounting, as you said, I did my chartered accounting. So post uni degree. And it's just one of the tools of the trade now. But so I actually started after university moved into insolvency for about four or five years, and very quickly worked out that no matter how good a VA or a CV should be, there's a lot of carnage left behind. So there was no alternative back then. So it wasn't until I went to the UK, four or five years into insolvency, that I stumbled across turnaround. And that was a natural move for me to move into turnaround consulting, which is working ahead of that space, you know, making sure companies don't collapse. And that was back in 1999.

Michael Lang 2:36

When you say it was natural, there must be something in you that was more looking at the way to help companies get out of trouble, rather than insolvency where you just you know, right?

Michael Fingland 2:47

Well through seeing the devastation, or the financial devastation that happens when businesses collapse, particularly the people impacts, the real social impacts, the job losses, the bankruptcies, even through to you know, suicides and things like that. So that was the real visceral sort of moment, if you like, for me. As of back then there wasn't an alternative, it was either blue sky, or insolvency. Whereas turnaround carves out that middle space to get in there and work with businesses as they're starting to move towards severe financial distress, get in there, restructure them and get them back on track. So when I went to the UK back in the late 90s, with Ernst and Young, and they had a dedicated turnaround team of 15 people that physically sat across the river, and they were separate from the insolvency team. So for me, that was a natural calling. Great, there's now a solution to helping turn businesses around and get in there before they might otherwise hit the wall.

Michael Lang 3:42

Fantastic. So now you've been running Vantage Performance for 15 years. Tell us how you've grown the company.

Michael Fingland 3:49

It's been an interesting challenge because not only, we've been trying to grow the firm nationally, but we're also in an industry that's still... we're creating a new industry as well. So we were the first or second dedicated firm to set up, you know, 15/16 years ago. So it's been a challenge, because you've been... the industry's sort of been growing at the same time. So we've had a different set of challenges, if you like then just growing a firm, but a lot of advocacy. Still a lot of directors out there who haven't heard of turnaround, they haven't heard of that middle ground, between glide and insolvency. So a lot of advocacy work over the years, lots of podcasts, lots of bank presentations, and...

Michael Lang 4:28

So lots of education.

Michael Fingland 4:29

Every chance I get, lots of education, just to show them because the one thing that we get told every time by directors is I didn't even know the service existed. If only I'd mentioned it six months ago.

Michael Lang 4:40

If only statement right.

Michael Fingland 4:42

So, which shows that they're still not aware that solution exists.

Michael Lang 4:47

Even in saying that Michael, did they search though? Okay, but you and I have come across leaders where you know, the old adage it's lonely at the top. I mean, how much do they get out of their own way? To say, there's always a way, as your sign says there, how much do they say, you know, what is an alternative? And then they go searching?

Michael Fingland 5:08

Yeah, I mean, the occasional director, group or board do search. And if they've got good advisors around them, the advisors will know about turnaround.

Michael Lang 5:15

Right.

Michael Fingland 5:16

Their legal advisor, accounting advisors, specialist advisors, such as yourself, they're aware of it, and they can, they can introduce a specialist turnaround firm to a board or entrepreneur. But if they don't even know, this industry exists, even if they are looking for it, they don't know what to look for, because they've never heard of it. But in saying that, it's come a long way in the last 15 years, certainly a much greater awareness now, but it's still lots of lots of awareness and lots of education yet to be done. So the moment they do get into some sort of financial stress, they know exactly where to go, and they don't talk to an insolvency firm. They talk to a turnaround advisor, a specialist restructuring advisor first.

Michael Lang 5:54

Now the interesting thing is probably the first person they go to is their trusted adviser, which could be an accountant, right? So therefore, it's the job of the accountant of who is going to introduce him to that insolvency or the turnaround, isn't it?

Michael Fingland 6:08

Yeah, the accounting firm should be the first. Often they do talk to their accountant, but even a lot of accountants are not aware of turnaround as a specialist industry, and they don't understand what's involved in turnaround, they think a cash flows a turnaround plan. Whereas you know, but no, that's not. So they actually don't have the core skills to actually go in there and work out what are those one or two big changes, how to build a coalition of stakeholders, raise the equity, the debt that's needed, do all the negotiations as needed, so it's a highly specialised area, even the accounting fraternity don't always, they're either not close enough to their client to really have that relationship, or they're just not aware of turnaround either and they will refer them to insolvency first.

Michael Lang 6:50

Right, or they think they can do it. They want to keep it in house, right?

Michael Fingland 6:55

Because they don't know what's involved. They will get in there and often make it worse because you've now wasted three months or six months. And that's really valuable time.

Michael Lang 7:05

How many accountancy firms that we see now are rebadging themselves as business advisors right? Cool. Okay, so how many people in your company now?

Michael Fingland 7:16

We've got 20 now. We just launched our Sydney Sydney office, we've got Brisbane, Sydney and Perth.

Michael Lang 7:22

Well done to you, well done. And is there any particular industry or sector that you seem to get more work in?

Michael Fingland 7:29

In terms of our client base?

Michael Lang 7:31

Yeah

Michael Fingland 7:32

The economy throws up the usual industries every year. Manufacturing, engineering, mining, mining services, retail, there's gonna be a lot more in the healthcare space that is for sure, particularly aged care. There's some real structural issues there. But generally speaking, the economy throws up the usual sort of six or eight key industries every year.

Michael Lang 7:54

Because they're, traditionally they're working on thin margins to start with.

Michael Fingland 7:59

Yeah, and it's also which industries are being disrupted by overseas events, such as offshoring, and things like that. But interestingly, and this is a stat that stayed very static, all the way through my career is roughly 1/3 of our clients are actually growing at a 30/ 40% clip. And Jim Collins, actually the famous business author, he's great, as you know, one of his famous books, actually did a survey not too long ago, and worked out that in the US, which is a proxy, 50%, of all businesses that had their record year of growth collapsed the next year.

Michael Lang 8:31

Because they've taken their eye off the fundamentals

Michael Fingland 8:35

And to the stat that for us, it stayed incredibly static all over the years is 30% of our clients they've been growing like that.

Michael Lang 8:43

Yeah.

Michael Fingland 8:43

And then they come to us the year later, which is very similar to Jim Collins analysis. So because of their people, their systems, their capital structures, and very quickly they can get into a cash crunch. And if you don't arrest it very quickly, then it becomes a more systemic issue because they're now chasing their tail, product quality drops, sales returns, start picking up, which impacts on cash flow, and then becomes a self fulfilling prophecy.

Michael Lang 9:14

And I think, and please educate me. And I think that fast growing in some aspect they've taken on one or two clients that usually they wouldn't be able to take on, right? And to take them on, they've had to change their governance model from a financial perspective. And then things goes south and puts a stress on the rest of their business.

Michael Fingland 9:38

Look, one of the business principles if you like that has stood the test of time is never let your one customer become more than 25% of your revenue base. And we see that happen a lot in mining particularly or in your key suppliers at the supermarket chains or big box stores is all of a sudden you know one customer and I understand what they get by that trap, because their revenue could double or triple overnight, they jank this massive contract.

And all of a sudden, you're now trapped. Because you've raised a lot of debt to build the infrastructure to supply this big new contract. And guess what your customer knows that too. So then they start turning the screws in terms of pricing in terms and now you're trapped, because if you leave them, you can't afford to pay the debt that you've taken on. So that's a really important thing to be mindful of is never let one client become more than a quarter of your book.

Michael Lang 10:29

And you can understand from a psychology perspective, they got one client and they only have to focus on one client, there's a lot of certainty around it, you don't have to go and chase others. So let's just keep the machine going. But then you're right.

Michael Fingland 10:40

Very few businesses ever make that work in the long term.

Michael Lang 10:43

That's right.

Michael Fingland 10:44

And actually it becomes an anchor, you know, around your neck.

Michael Lang 10:48

Yeah. Speaking of Jim Collins, I saw him recently again. And he said, of all the research he's done, and all the tools and strategies he talks about, he still comes back to the flywheel.

Michael Fingland 10:58

Yeah.

Michael Lang 11:00

And not many people understand that concept of the flywheel. And when they get it right, then it's just amazing what happens, right. So you've learned about leadership in your own organisation, and dare say leadership in all the other organisations that you've helped right? What's been the biggest aha moment for you, Michael?

Michael Fingland 11:20

The biggest aha moment?

Michael Lang 11:22

Yeah.

Michael Fingland 11:22

Is to bring your team with you, not be afraid to let them know about what's going on. You know, we had our own sort of high growth challenges in the early years. And the one thing is actually quite cathartic process is if your whole team knows the challenges you're going through, guess what? It's no longer just on your shoulders.

I think that being that comes to one of the core principles of really effective leaders is humility, being humbled to say, look, I don't have all the answers, can you help? Help us work through this. So I think that that's one of the big moments that I wasn't always like at. But certainly am now, it's a much easier way to manage a business as well.

Michael Lang 12:01

Because part of that transparency, Michael is when you're sharing the bad news, you're concerned about how they're going to react, and are they going to dig in, or they're going to get off right? So I get it.

Michael Fingland 12:11

If you've got a half a dozen ,dozen, whatever size business you've got, if you've got your entire supervisory management team, all thinking about solutions to these challenges, you've got, guess what, it's just a much easier place to live.

Michael Lang 12:22

That's right. But it takes a while to learn that doesn't it

Michael Fingland 12:25

It takes trust, and you need to, you need to have a good culture already in the business. And that's another, we've certainly got an amazing culture now and have had for many, many years, but certainly, in those early years of growing a business, you're still working out what your culture is. So you need to have a good solid culture to be able to have the trust to share that.

Michael Lang 12:47

Because when we're talking about culture, and again, think about all the other clients, you've helped as well, what's the most important factors that you need to focus on to cultivate that company culture?

Michael Fingland 13:00

The number one thing, and actually Google did this multi year study many, many years ago, they spent millions of dollars on it. And the number one thing, there's five critical things, but number one thing that they worked out was the best indicator of high performance teams that have really strong culture is what they called psychological safety. And that is engendering a culture where people are free to speak up, whether you're in a brainstorming session, or just generally, day to day operations, where they're not afraid that if they speak up, someone's gonna shout over them, or they're gonna make a joke about them and tell them their stupid or something.

So, engendering that culture where people are open, they're happy to speak up, whether it's a good idea or not, they're celebrated for actually having the courage to speak up. So really fostering that sense of open communication. And what they found, you know, they put a whole bunch of different combinations of people together, you know, A players, B players, extroverts, introverts, combinations, you name it, actually, in their world, it was the B team that actually what they circled B team was the high performing team. And what they worked out was before the meetings would start, there'd be lots of chatter. Just for five minutes beforehand, because they were comfortable to sort of, and that was a key point of difference between those teams that were high performance teams, and had a really strong culture versus others. So that's psychological safety, ensuring that and this goes for all leadership teams, but really ensuring that you have a really strong, articulated why or purpose in your business.

That's number one, the flywheel and Hedgehog and all those other principles that ecomms talks about, that's through Simon Sinek. And a lot of other leading authors all talk around the same thing around that space, you've got to have a really powerful why. And that'll do most of the lifting in terms of the culture because you attract the right people to the business that are really passionate about the core purpose that you've got as a firm. So they are going to engender that through the firm and that becomes the bedrock of the culture. So having a really powerful why making sure that their work is meaningful. We've talked about psychological safety and making sure they've got the right tools to do their job. And what's fundamental is have they got the right roles and responsibilities? Is it really clear.

Some of the big things that Google worked out many, many years ago, and we've always adopted those, particularly along the way. But it's all about open communication, regularly conducting formal and informal employee surveys, we use the Net Promoter Score here and have done for many, many years. And we always use this for clients as well, for customers and employees, we just get great feedback, and it's a really good benchmark never changes. And we often ask those five questions in that survey around rate us out of one to five around psychological safety. Do you know what your roles and responsibilities are? As a way of reinforcing that, that's what we want to know. And you tell us if we're delivering that.

Michael Lang 15:43

So of the companies that you've helped turn around, you're looking through those filters, but you also, as a leader, do you need to be self aware of your values, as well, and the behaviours aligned to those values? Which is what you're going to be walking around your company every day thinking about, and then filtering other people against that?

Michael Fingland 16:03

Absolutely. I mean, what really, really powerful high functioning businesses, know and do and practice is they treat values more than just words on a canvas right, it's ingrained into everything they do, their values, their business principles, their leadership principles, their core beliefs, culture, statements, everything, it's all intertwined. And it's not just on the website or on the wall, they actually look for ways to celebrate how showing up in the workplace. So if someone, you know, empathy is one of our core, three principles, or core three values, so we encourage all of our workforce that if they see one of our fellow staff members, showing empathy with a client, or a creditor of a client, or whatever it might be, then celebrate that, you know, announce it at our weekly huddle, you know, take them out to lunch, say thank you. So, it's not just having words on a page, you've actually got to look at ways to celebrate it, because then it gets ingrained.

Michael Lang 17:03

Reward the behaviour you want, right?

Michael Fingland 17:05

Yep, you're right. So you have to be aware of it. But you have to make, as a leader you have to make sure that it's everywhere it's on, it's all around the place, you celebrate it, it's in your onboarding pack. You know, you talk about it regularly, at various events...

Michael Lang 17:18

Totally agree with you. It's your DNA, you live and breathe it, right. And as a leader, and then your leadership group, you know, people are always looking at you, they're always saying, How congruent? And how consistent are you on these values, they're seeing you trip up, they're noticing.

Michael Fingland 17:33

And that's a good thing, right? Because you want that accountability back in developing that culture of discipline to be these are the principles, we want to run the business by these the values and culture statement. So having the discipline to instil that discipline in the team, and part of that is accountability. Giving them the licence to hold you accountable. Takes a bit of faith.

Michael Lang 17:56

So let's keep talking about the three core leadership traits, right, that I want you to bring to light, because you just mentioned accountability. And I know myself in the 12 years that we have engaged with companies it fascinates me, Michael, that at home we will hold our kids accountable. Then we cross the threshold of a business and suddenly we have problems in that area. Is this what you have found?

Michael Fingland 18:17

Yeah it is, and there's been surveys done forever that what are the, what's the one/ two key things that CEOs wish the organization's had more of its accountability and discipline, developing those disciplines of, or culture of discipline and a culture of accountability. I mean, they go hand in hand, are really critical. And if you don't have those, as a leader, you're never going to instil them in the organisation. So it's something that we always look for when we're recruiting or when we're evaluating a management team. Because to have the discipline to stick to the new plan, we've come up with the 100 day plan, the payment plans, we put in place with creditors, all those things, we need our clients management team to be focused and disciplined. And we're always holding them accountable. So the trick is, are we holding ourselves accountable as well.

So those two traits are absolutely critical, whether you're in a startup mode, high growth, mature distress, whatever it might be, you can't get away with it, you need that discipline, you still maintain that flexibility, because sometimes the plans change, and invariably they do but, again, it's the discipline to be staying focused on the process, which will alert you to the fact that we need to pivot and change. So discipline and accountability are two critical, critical traits.

Michael Lang 18:42

So what are the other traits Michael, that come to mind?

Michael Fingland 19:37

I think the big one for me is humility. So, again, has been dumped in studies done around this is, is that really highly effective leaders, they know that it is much better to give all the credit to other people in the team, then take the credit on yourself. And rarely, it's the, it's correct as well, right. So humility is, you know, really celebrating the individuals in your team and not taking the credit for yourself when things are going well, and particularly when things aren't going well, you've got to take responsibility for that. So responsibility is a key part of it. So all really good leaders are consistently praising their team and praising others and don't need the praise themselves. Even if it's warranted, they don't look for it, and they don't need it. And they're almost embarrassed when they get it.

Voiceover 20:30

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Michael Lang 20:45

Do you think it's part of the challenge that we have as a psyche of, of leaders that we struggle praising people, it's easier to give them negative feedback, then it is to positive feedback?

Michael Fingland 20:57

Yeah, potentially, I think it also comes to I think, for many, probably since the 80s. And 90s, there was a big sort of push that extroverts made the best leaders. They've actually worked out often it's introverts that are the best leaders. And part of the reason for that is introverts aren't looking for praise, they're not, you know, so at the end of the day, they've also worked out that there is no 'one' because if you're in a real growth phase, and it's a real sales orientated business, you need that gregarious outgoing person sometimes to take, to be the leader for that next phase of the business. But they may not be the right leader in five years time, or 10 years time.

So there is no one hard and fast rule as what is the best leader, but I think, because you've found now over the last 10 years, a lot more introverts have been shown to be really, really fantastic leaders. They're showing those other traits, whereas extroverts can, just by their nature, are looking for that constant sort of reassurance and feedback, because it's just the way they're wired.

Michael Lang 22:00

So you mentioned a really interesting point is, again, self awareness is a huge trait for me, for leadership, the self awareness to know that, as a founder of the business, I'm not going to be the next one to take to the next level, or has the governance board or whatever you want to call it, to say, actually, we need a different CEO, or a different leader take us to the next level. And I think that's a big challenge for companies as they grow to get out of their own way.

Michael Fingland 22:30

And that's where they need the support of their advisors around them too. Because you know that they're in the weeds, they won't always know, so they need that nudge. And we talked a lot about behavioural economics and nudge theory, which is the science of nudging people to do, actually what's in their best interest, and that's in neuro marketing as well. But they need that nudge to say, Hey, are you the right person for the next evolution of this business. And in a turnaround often, you need to bring in someone who may be a, and that turnaround CEO or tener, MGM to be that leader for the next 12 months make those really hard decisions. And then they move on. And then you bring in a traditional or bring back in the traditional...

Michael Lang 23:09

Bringing back in, now that would worry you, bring back in.

Michael Fingland 23:12

Well if it's a family business, right? So they don't have the skills typically, so you might bring in a specialist, interim CEO that is happy to take all the flack and make all those hard decisions. But they're not always the right leader to continue on.

Because, unfortunately, you do have to upset some people when you're doing a turnaround, because not everyone gets what they want. So that often protects the family from that or the business from that. And also, there's no how to manage your business through a crisis period, quicker than the existing leadership team sometimes, or sometimes just coming in and riding shotgun with them. Just because that sounding board is they will, in this case, say this is what I'll do, I'll come along with you to those key meetings to handle those negotiations.

The last sort of trait, you know, there's other traits there. But the last big one for me is authenticity. And that comes back to your 'why'. You can't pretend to have a purpose in a business because it shows up very quickly, you've got to, it's got to be part of your DNA, which for me, you know, I work in insolvency and saw that the system was broken, in my view, the system is broken, there's got to be a better way to avoid all that carnage. So it was a natural evolution for me to fall into, which is what I said before, turnaround. Because that was already in my DNA. I didn't know it at the time. But clearly it was there. And then Vantage came out off the back of that because I wanted to do that full time. And then you attract people that believe in what you believe, which is what Simon Sinek always talks about. So if you're not authentic, then people see through it very quickly.

So I think for me, if you want to build a coalition of employees and other stakeholders around your business, and in an industry where we're trying to really promote the awareness and grow turnaround, because it's going to save a lot more more businesses a lot more jobs. If you're not authentic, you're not going to be able to build that momentum. So and when we go into clients, whether they're a high growth client or a turnaround client We're always looking for those traits, because we know, we can't build the employee momentum around the leaders, they're gonna need to do that, we're going to get a lot of stuff out of their way, we're going to deal with creditors and cash flow and banks and give them that pathway so they can then execute the new plan. We need to know has the existing leadership team got those traits there, they just haven't been able to bring to the bear, because they're so stressed out, managing, although all the crises, so. So we're looking for those. And sometimes we do need to bring some people in just to bolster the team or there might be a gap in the team so they can do the heavy lifting going forward.

Michael Land 25:34

I hear you, I totally agree. So when we look at strategy, because part of what you do for companies is to review their strategy and maybe create a strategy because they didn't have one. What are the key activities needed to consistently apply to ensure people aligned to the strategy?

Michael Fingland 25:51

First of all I'd say, Have we got the right strategy in place first, and one of our, it's a core part of our model. And why we've been so successful is when we're coming in to look at a situation or if you're an existing business, you know, out there and you're looking at have we got the right strategies is typically, there needs to be one or two big changes in the strategy when it comes to turnarounds. So we're always looking for that. So in terms of how do we ensure they stay focused on the plan, we've got to make sure we've got the right strategy first, because if they don't believe in it, they're not going to stay on the path. So have we got the right strategy in place in a turnaround context, always look for those one to two big changes in strategy. And then there needs to be a sense of urgency. So have you created as a leadership team or as a CEO, enough sense of urgency to make sure people act with urgency, and comes back to discipline and accountability and all those things, but creating a sense of urgency is critical.

Once we're all convinced we've got the right plan, but building that sort of guiding team, and very quickly, whether you're an existing management team, or you're coming in, like we do, is, we had to identify very quickly, are there any detractors in the team. And that's where I said before you've got to build that, have we got alignment around the plan first, and then have we got the right team to execute that plan. So I think they're critical things to really, really be clear about. And you might have to make some tough decisions. Sometimes it might be bolstering the team and might be replacing someone in that team, or removing them from the business. Because if they're stuck in their ways, and you know, forcing this over the years, they're stuck in their ways. Even if you've got the world's best turnaround plan, or new growth strategic plan, whatever it might be, if they're not willing to change, then they're going to keep throwing grenades, until they cause enough damage that derails the plan. So always look for those detractors to see if one of they're there if you need to try and get them on the plan or get them out of the picture.

Michael Lang 27:42

And I suppose Michael, also the plan, the strategy, and the plan is a living and breathing document as well. And you just don't create it and put it on the bookshelf, it constantly needs to be reviewed.

Michael Fingland 27:53

And one of our big things, we drum into every business we come into is a strat plan should be, whether it's a growth plan or a turnaround plan, whatever, one page, and the key to that is, if you can get it onto a one page, that means you've got it, you've distilled it, if you can communicate your plan on one page to anyone that doesn't even know the business, then you've nailed it. So the other key lesson for leadership teams too is whatever state of business, life cycle you're in a strat plan, as you said before, it's a living breathing document, it's not something you look at once a year, you should be looking at it each board meeting or at least a quarter, every quarter, just to see if we've got the right initiatives in the right order, do we need to change it slightly.

But it should be a document that you pick up and put down all the time, I always have it on my wall at work. On my iPad when I'm travelling, so I can just refer to it, you know, and then you have your 100 day plan behind that, obviously, with all the initiatives that you're working on that for the next quarter. But it should be that sort of document you pick up and put down and pick up and put down, not just look at and create once a year at your annual offsite if you actually have one.

Michael Lang 28:56

I've actually been utilising an application from an Australian company called StratApp that keeps that strategy, the goals, the objectives and the communication alive. I love it. Alright, so you're in a great position to answer this. What is the number one lesson learned from people's failures?

Michael Fingland 29:16

As a CEO?

Michael Lang 29:17

Yeah, as a leader? Yeah.

Michael Fingland 29:18

Not putting your hand up early enough for help.

Michael Lang 29:21

Cool.

Michael Fingland 29:23

It comes back to that. Having that confidence in yourself, the confidence in your team, and your advisors really, not being afraid to put your hand up for help, because it's a challenge because as CEOs we think, I'll talk for my clients as well. We think that we're meant to know all the answers. But that's crazy. You know, and until you're prepared to actually say, Look, I don't have all the answers to that it's a much easier place to live, as I said before, because then you galvanise your senior leadership team or other people around you to say, look, and they don't all think you have, your team doesn't expect you to have all the answers. That's the crazy thing. It's all self inflicted.

Michael Fingland 29:59

So whether you're in high growth, you're in the turnaround mode or you're growing your own consulting firm is, put your hand up, ask for help, you're not expected to have all the answers.

Michael Lang 30:12

Yeah. And over those 15 years, your company has been assisting other companies, Michael, has there been a time period, on average, that they should have done it in the six months or three months or 12 months and waited that period too long to say, hey, I don't have all the answers I need help.

Michael Fingland 30:29

Unfortunately, this kind of comes back to human nature. Most directors always wait too long.

Michael Lang 30:35

And what's too long though?

Michael Fingland 30:37

Oh, it can be as little as three weeks. I mean, depends on what issue they're facing. But generally speaking, it's probably six to 12 months too long before, there's always some sort of financial crisis that was the rocket out of them, so to speak. And it comes back to that nudge theory I was talking about, it's always their banker, their lawyer, their accountant, typically who are in a position to be able to nudge, end up nudging. But it's always, it's always later than it should be. And most, vast majority of all, businesses in crisis can be turned around, it's just harder, even if they wait too long. Because you've got less options. And the stress period is a bit more intense.

Michael Lang 31:15

So it's the ability to get out of your own way and say, Hey, I've got a problem. Right? And then who do you share that problem with? It's getting out of this embarrassment cycle that we're in to say, You know what, there are some people I could talk to just upon how I'm feeling, right? Just sometimes when you talk to someone else, you're hearing yourself and going Oh, I get it.

Michael Fingland 31:38

The three big, and we've done this survey on the three big barriers to why directors don't seek help early enough, is overconfidence, they generally believe they can solve the crisis themselves. And I get it because they come from entrepreneurial background, they've been through a few scraps themselves, and got through it in the past. So that's, that's the number one biggest obstacle, pride or ego, and then denial, they're the three big ones. And that's why you know that the pride and the denial is why they need that nudge, they need their bank or lawyer, or their accountant to be constantly thinking, Who out there needs to nudge and just to, even just to speak to someone else as a sounding board just to say, look, this is what I'm dealing with? Where do I go? What are some potential ideas or options, just as you're brainstorming, and that overconfidence piece, often in all three of them play out the same way, is they end up waiting too long, because they can't admit they need help. Or it's just too scary. Because the meaning help means I've got to now confront what's ahead of me, or their heads in the sand, from a denial point of view.

Michael Lang 32:37

And being able to take feedback as well.

Michael Fingland 32:41

And this comes back to the humility piece before, number one, that really effective leaders are humble, not afraid to ask for help. And they know they're not expected to have all the answers and share that burden with their team and their advisor group.

Michael Lang 32:56

Yeah, certainly. So from a change management or transformation programmes perspective, Michael, what are the most important things you need to focus on when doing change management or transformation?

Michael Fingland 33:08

Number one, create a sense of urgency if it's not there already. Because if there isn't a real sense of urgency, people just won't work with the intensity they need. So create a sense of urgency is number one, building that sort of guiding team, making sure you've got the right team around you is the second step in that process. And then that 100 day plan and focus in identifying particularly some quick wins.

Michael Lang 33:32

Right.

Michael Fingland 33:32

When you've got a big transformation plan on that sense of urgency, Have I got the right team or built that guiding coalition, grab some quick wins, so people, everyone loves some quick feedback. And if the team has a couple of quick wins, even if they're not material, but quick celebrations, and then that builds more momentum, and then you're on your way.

Michael Lang 33:55

So what are the other important factors needed to be considered to be a great leader when transforming your organisation? Because you shared a lot with us today, right? Is there anything else from all your experience in your own company or all these other companies that you've engaged with? Say, if I could help anyone out there? I've been at three, six or 12 months, and everything you've shared. What's that one other thing?

Michael Fingland 34:17

I'd like to say, we've talked enough about, well not enough. We've certainly covered a lot of management practices, traits. But a tool... I'm going to throw out a tool, which actually helps cut through all those in as simple as it is. It's a 13 week cash flow. Because it's amazing how many businesses don't have that in place, from listed companies all the way down. Because a rolling 13 week cash flow. Is that nudge, it'll tell you you've got some issues coming. Even if businesses don't have cash flow, it'll be a two week cash flow forecast, that's not enough, it needs to be at least 100 days, which is a full business cycle.

And just having the discipline to put that in place will confront you with the brutal facts as Jim Collins talks about you got to be, you have to confront the brutal facts. and nothing does that more than a 13 week cash flow that says you've got a looming issue here, you need to act now. And once you're presented with that, then you have to act. So again, it's just the discipline we talked about, make sure you've got one of the most critical tools that every business should have in place, whether you're growing at 30% or declining, just having that in place, and then be prepared to act upon that.

Michael Lang 35:23

So for business to grow, they must have problems. Right? So it's about where the red flags are going to come up. How do you know, right, where you're looking for them. So if you've got a tool that can do that, great. It's also leaning in to say, I know there's going to be problems and that's okay.

Michael Fingland 35:41

That's okay.

Michael Lang 35:42

That's okay. And if I can anticipate them, it's even better.

Michael Fingland 35:46

How many world class businesses have had near death experiences? Apple, Tesla's had two or three of them, SpaceX, they were down to the last group of spare parts when they when they got their first launch away, you know, you look back now and think, oh, they must have always been successful. No, they weren't.

But most, GM, Ford, they've all gone through restructurings. I can't think of a company in the world, maybe Amazon, but because things change, industries get restructured, but extremely rare for highly successful businesses not to have some bumps along the way. It's normal, it is having that, you know, there's one or two big changes, new strat plan, a sense of urgency, have the right team around you, the right advisors around you, put your hand up for help early. So others can help you solve that challenge. So you actually get through it much without as much distress and stress as you otherwise will.

Michael Lang 36:42

Cool. Michael, much appreciate it. Now, give yourself a plug. Right? So if you're out there in the world, and someone was going for three, six or 12 months, why would they reach out to you.

Michael Fingland 36:54

One thing that is particularly true in turnaround is you only get, generally speaking, only get one chance to turn your business around if you're that sort of crisis. So you want to make sure you've chosen the right firm. And we are really proud of the fact that we saved 19,000 jobs, our big, big goal is to save 30,000 jobs by 2025. So we're getting getting closer and closer. But we've got an 85% success rate which is an industry leading turnaround success rate.

Now we've run 14 awards as well, which is the most in the industry as a turnaround firm. And we've got 100% success rate in securing more time to support some financials for our clients. So all that does is it buys you a significant amount of time. So you can then work out what the plan is, attract the right capital we need, execute that plan in an environment, which is not as stressful as it otherwise will be. So there's my plug there, the three big ones for us. But for us, it's all about saving jobs as it were up to 19,000. Hopefully, we'll get there much sooner than 2025. And then we'll go again and look at the next big target.

Michael Lang 37:54

So sounds like there's a real strong human element there.

Michael Fingland 37:57

Yeah, it is. It's the foundation of our Why is saving jobs. Often you have to save companies to save the jobs, that's avoiding all of those personal, social issues that happened on the back of that. And you know, we're going through crazy period right now, there's going to be a lot of economic dislocation as well, as well as the current social dislocation and which is why we need, you know, more and more people are talking about increased the awareness of turnaround, which is you've been a great advocate over the years, just to let directors know that there is that, that is out there that they don't have to wait until it's an insolvency, they can actually bring on board a individual or firm, whoever it might be to actually help them through that really critical phase and then they're back to a growth course.

Michael Lang 38:41

Michael, thank you very much. Really appreciate this time. Thank you.

Voiceover 38:48

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