



Business Turnaround and Renewal

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Here's the punch line: think of corporate renewal as *proactive business turnaround*. Let's explain. Since a core capability for continual corporate renewal is so often missing, many companies need to be brought to a state of crisis, or near-crisis, before the need for deep, significant business innovation – and sometimes even product and service innovation – is taken seriously.

Unfortunately, by then the chances for success have become seriously diminished, and business leaders are faced with some deep dilemmas. Just when investing heavily in innovation and change becomes most critical, it often becomes virtually impossible because just 'keeping the ship afloat' through the crisis demands 100% of operating funds! On top of that, by waiting for a crisis to ignite profound innovation, the scope of changes required to accomplish that goal often becomes so deep and pervasive that implementing the new direction becomes a wrenching, disruptive, expensive and sluggish exercise in frustration – far too slow to compete in today's fast-changing business landscape. Even more problematic: since there's not enough money to support ongoing generation of a wide variety of business, product and service innovations in order to spread risk, the selected "next move" often becomes a high-risk, make-or-break gamble – all the corporate eggs get shoved into a single basket!

Then, if things don't quite work out as planned, enter the business turnaround consultant to pull a sinking company out of dire crisis. Good-bye large chunks of staff; good-bye many of the senior management team; and hello deep financial, operational and workforce restructuring. A real mess.

Renewal as Proactive Business Turnaround

There's a much better way: building core capability for ongoing corporate renewal as a business growth strategy. Corporate renewal can be viewed as *proactive business turnaround fueled by ongoing business innovation*. It means proactively turning the business around as an ongoing, baseline business practice! It means vigorously grabbing hold of what might be described as a never-ending cycle of "birth, death, and rebirth" – of *renewal*. Business leaders must continually ask themselves – *and their people*: How will we keep the entrepreneurial flame alive? Where is the business

landscape going, and what does that mean for us? What totally new future seeks to be born? What do we need to restructure, reinvent or innovate? And last but not least: what aspects of the business must *die in order to do it*?

Death and Rebirth

Renewing a business means innovation and change on an ongoing basis. Depending on the extent of marketplace change and the scope of changes required to realign the business with it, the necessary targets of innovation and change might include: your business model, your strategy, products, services, business processes, HR and management systems, aspects of the culture, and occasionally even the basic mission of the business. This means that you need to build the capability for genuine “newness” in potentially every area of the business. But there’s a hidden problem that rarely gets the awareness or attention it needs.

Renewal is not just about simply adding new things to an existing organizational framework. It can often mean transforming multiple facets of the business into something genuinely new and quite different from the old world. And this means that old, outmoded aspects of the business have to be discarded – they have to die. Hanging on to old, outmoded facets of the business while trying to accomplish something new, is like trying to run a race while carrying an ever-accumulating pile of worn-out baggage. It slows the athlete way down and leads to defeat.

It is only by leading the company through a proactive process of ongoing business innovation and transformation – which means continually creating new facets of the business (innovation, or “birth”) while simultaneously letting go of outmoded facets of the business (“death”) – that the company can remain alive and vital in a continuously changing world.

An Important Caveat

Its important to note that “targets of renewal” - i.e. those facets of the business that need to be continually evaluated and re-created, and those that need to be discarded – are *business constructs* like the company’s mission, vision, strategy, products, services, business processes, organizational structure, job designs, reward systems, promotional criteria, leadership and management practices, the culture, and things like that. They are not *people*.

Quite the contrary: when it comes to renewal, people are a company’s greatest asset. This distinction is critical, because corporate renewal is founded on a new way of leading and managing that accesses the collective

genius of the workforce as the taproot of business creativity and innovation. The key is enlisting people by tapping into their deepest dreams, visions, capabilities, desires and talents, and harnessing them as the raw “fuel” for *creating the changes needed*. What changes are *the business structures that transform people-energy into new forms of value*. Discarding people is part of the old way of doing business, and is a large part of why we are collectively having such difficulty embedding entrepreneurship, innovation and change as fundamental baseline capabilities.

We realize that sometimes people *do* need to go; but letting people go should be a strategy of *last resort*, not a primary strategy.

About Dean Robb, Ph.D.

Dr. Dean Robb is Founder and Executive Director of the Center for Corporate Renewal (www.ctrforcorporaterenewal.com). Since 1994, he has helped numerous domestic and foreign business leaders build high-performing, innovative, entrepreneurial enterprises. His expertise combines 26 years of practical, real-world experience in corporate America with in-depth research in human and organizational systems.

The Center for Corporate Renewal helps senior executives build the capability to:

- Strategic Focus: Make sense of a changing environment and gain focus on the next right strategic move
- Disciplined Execution: Align and mobilize the entire organization behind this new strategic focus
- Creative Renewal: Renew the entrepreneurial spirit by repeating these two actions over and over again.

For information on how Dr. Dean Robb can work with your organization to instill a spirit and ethic of renewable corporate entrepreneurship, email him at drobb@ctrforcorporaterenewal.com or call him at 908-757-4721,

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