

## Introduction to *Burnarounds*

Most small companies languish in single-digit earnings as a percent of sales. When I ask them why they aren't earning double digits, they excuse their performance with statements like, "We perform on a level with our peers" or "We are right on track with the average profits in our industry."

These companies are anemic and don't even know it. They are in the middle of a slowly developing crisis that will engulf them in the coming global war of the business worlds. Worse, they are headed for a turnaround (a company that needs to change direction and drastically and quickly improve its profit to keep from going out of business) and don't know *that* either! By the time they know they need a turnaround, it will probably be too late. If they come out on the other side at all, they won't ever be the same.

"That's not my company," you say. No? Let's find out. The symptoms of a company headed for oblivion are clear and unmistakable. Before you waste your money buying this book, let's see if your company has any of the symptoms.

Do your senior managers play the "I can't control game"? You know what I mean: Sales can't control when Manufacturing constructs the product. Manufacturing can't control the promises Sales makes. Product Development can't control what Manufacturing does. I'll bet your whole company plays this game. And you want to know the worst part? You go along with it. Sound familiar?

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Speaking of your senior managers, whose team do they play on? Your sales executives probably play solely on the sales team. Your manufacturing people play on the manufacturing team. Quality owes its allegiance to the quality function. Everybody doing their jobs, right? Don't forget, everyone was doing their jobs when the Titanic went down too.

What about Manufacturing? Is your cost-of-sales going down significantly every single year? Or do you buy into the "we can't do anything about costs" argument? Hmm, I thought so.

Is every person in your company a superstar, soon to be a hotshot, or soon to be an ex-employee? Do your human-resources people tell you this scenario is not practicable?

Let's try something a little easier. Who's responsible for profit in your company? If you are the CEO, are you the only one responsible? Or is everyone accountable for profit?

Your salespeople work for the customer, not your company, right? Do you buy the sales argument that "the customer pays the bills"?

Does it seem like things just don't seem to get done in your company? Do you hear an endless string of reasons why more progress isn't made? Does there seem to be a lot of activity but few results?

Does your company have a culture that you have chosen? Or is it a culture by default? Is the culture profit-oriented, accountability-focused, passionate and committed?

If your company doesn't have these symptoms, don't bother reading this book. But I'll bet you have most of them.

Want to know how I know that? Because these are the symptoms of most single-digit-earnings (as a percent of sales) companies. This is the world you probably live in, unless you are running an oil or pharmaceutical company. Earnings in the single digits are the exception, rather than the rule, in most businesses.

It doesn't have to be that way. I know. I have taken small, Rustbelt, low-technology businesses and transformed them into double-digit-earning global powerhouses. And I am talking 20+% earnings as a percent of sales.

I have built teams that launched blizzards of industry-first products. Changed cultures from worst-in-class to best-in-breed. Created global alliances from vaporware. And you can too.

I learned how to do this the hard way. I lived through the worst management nightmare you can imagine in a turnaround: deciding whether to pay the electricity bill or payroll, caught between militant unions and unreasonable absentee foreign shareholders, negotiating unlikely-to-succeed deals. I had bricks thrown through my living room window and was forced to agree to unjustifiable objectives just to make the boss look good. I attended 16-hour marathon meetings, day after day, where nothing was done but pass the blame – using any excuse we could think of just to get out of the room alive. Despite that, I created a winning team that was the envy of the industry. Just another day in the life of a turnaround!

I also learned how to do this the fun way: taking terrific businesses and making them spectacular, creating unheard of sales-per-employee numbers, doubling sales and tripling profit. Just another day in the life of a company that *acts* like it needs a turnaround. It was with these experiences that I discovered the path to the elite world of double-digit earnings: the *Burnaround*.

A *Burnaround* combines the best features of a turnaround and a successful company. It results in an awesome combination that ignites lackluster companies and great companies alike to reach unheard of success.

As you read, look for the example icon for real-life instances:

### **a** Example: