



When a business is in distress, it's imperative that leaders proactively confront the situation. Once the cash conservation program has been established, Paul Denton suggests seeking management buy-in is the next major task.

In the first part of our series, we discussed that when a business is in distress, it's imperative to buy time to implement a turnaround plan. In effect, perform triage and prioritizing actions to gain control and stability.

Now, we'll look at buy-in from leadership and how focusing on your management team can stabilize the overall situation of a distressed business.

Establish a “Go-Forward” Management Team

As we all know, ineffective management can paralyze a company—especially during a crisis. If a company finds itself in distress, leadership is required to assess, mobilize, motivate, and move forward with talented and resilient individuals who are committed to righting the ship.

Where to start? Here's a quick-hit list of ways to build out your task force:

- obtain an organizational chart and confirm current roles, responsibilities and start to identify any gaps
- conduct management and board interviews to determine management strengths and weaknesses
- identify the key employees with special skills, knowledge, and the emotional intelligence that is even more critical during a time of turmoil
- remain objective, fair but firm in human resource decisions

- review management contracts terms and conditions vis-à-vis right sizing
- assess director and officer exposure and extent of insurance coverage
- form a go-forward management team, including:
 - changes to organization structure (if necessary)
 - employee retention and severance strategies
 - terms of reference for a potential Chief Restructuring Officer (CRO), if deemed appropriate or professional advisor

Remote Leadership

Building a great team is never easy but trying to do it remotely is even tougher. Given the COVID-19 pandemic, along with the required quarantine, it's easier than ever to fall into a classic [leadership trap](#) while solely relying on video-conferencing and email.

As we get used to working remotely, leaders must remember to keep it professional, over communicate everything and encourage dialogues,, schedule regular video-conference touchpoints (at least once a day) and provide the usual meeting minutes with clearly defined roles and tasks. The last thing you need is a misunderstanding in an already challenging situation.

With your leadership now in place and ready to weather the storm, the third part of this series will explore how to safeguard and preserve your assets and maximize resources available for turnaround.

Recommended for you:

Interested in the third article in this series? We outline how to ensure that assets are safeguarded and preserved to maximize resources available for turnaround. [Keep reading.](#)

Our Contributors

Paul Denton is a Managing Director with the Restructuring practice of B. Riley Farber. His practice focuses on providing restructuring and advisory services to corporations, lenders, and under-performing companies. Paul can be reached at pdenton@brileyfin.com or at [437.294.4645](tel:437.294.4645)

Hylton Levy is a Senior Managing Director at B. Riley Farber. He co-leads the firm's Restructuring practice. His practice focuses on corporate restructuring, financial advisory services, turnaround management, cross-border restructuring, and business strategy. Hylton can be reached at hlevy@brileyfin.com or at 437.294.4624
