

Worth Reading

Crafting Solutions for Troubled Businesses: A Disciplined Approach to Diagnosing and Confronting Management Challenges

Authors: Stephen J. Hopkins and S. Douglas Hopkins

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Review by John F. Wall

So, the first thing to do when dealing with a troubled business is to find the guilty and lop someone's head off! Don't be so quick to react, advise co-authors Stephen J. Hopkins and S. Douglas Hopkins in their thoughtful, well-researched book, *Crafting Solutions for Troubled Businesses*.

The father-son team of Steve and Doug Hopkins are principals of Kestrel Consulting, LLC, a firm they founded in March 2004. Each has more than 25 years of experience working with troubled businesses and providing turnaround advisory and interim management services. Steve got his first taste of a troubled business when, as CPO of an 80-year-old chemical company, Bill Nightingale of Nightingale & Associates assisted him in taking the company through a Chapter 11 filing. The company subsequently emerged from bankruptcy with payment in full to all creditors. Steve then joined Nightingale, staying for 23 years and serving initially as a principal and eventually as president from 1994 to 2000. Doug began working at Nightingale in 1978 as a part-time resource for special projects. After working in this capacity for 10 years, Steve joined Nightingale full time in the late 1980s and became a principal in 1994. Both Steve and Doug have served in various C-level roles in troubled companies, including CEO, CPO, COO, and CRO.

To write this book, the Hopkinses drew upon their vast experience in dealing with troubled companies. They took 100 of the largest projects they have been involved in and applied a "disciplined analysis" to diagnose problem situations and produce successful outcomes. These projects—helpfully set apart by shaded boxes—demonstrate the authors' theories and methods in dealing with troubled businesses. The authors also analyze some well-known cases like Enron, WorldCom, and Sunbeam to help the reader

connect the dots in a very real sense and use the book for actionable advice.

The book is divided into five parts: 1) Conceptual Approach and Key Issues, 2) Managing the Crisis, 3) The Diagnosis Process, 4) Alternatives and Action Plans, and 5) Lessons Learned in 100 Completed Assignments. Each part has multiple chapters expanding on these themes, and each chapter concludes with a recap of what was discussed. For speed readers and the time crunched, these recaps are an excellent way of extracting from the book the essence of what the authors are advocating.

So what about lopping off that head? The authors contend that management's role is much less pivotal than is commonly believed. The real issue when working with a troubled business is determining the viability of the business. To do that, the underlying causes must be identified at different stages of the corporate lifecycle. The authors categorize troubled businesses as Undisciplined Racehorses, Overburdened Workhorses, and Aging Mules. Only through a step-by-step diagnosis can the core problems be dealt with. Pursuing a turnaround may not always be a viable and, in fact, in only one-third of the 100 cases the authors worked on did the company achieve a true operational turnaround.

Crafting Solutions for Troubled Businesses should be on the must-read list of anyone involved in dealing with, consulting for, or operating a troubled business.

John Wall is a Managing Director of NachmanHaysBrownstein, Inc. This book may be ordered by calling 888-563-4573 or by visiting www.beardbooks.com or through your favorite Internet site or local bookseller.