

CEO Worldwide Success Story

Mission: Restructure Operations

Position: Interim President of an Internet platform (16 month mission)

Context:

After a merging operation, the shares of this Start-up company were 50% owned by a major media group (delivering resources and services for this Start-up) while 50% was still with the historical founders and employees. The enthusiasm of the beginning deteriorated very quickly, resulting in bad service levels, angry clients and important delays in product development.

The 50/50 shareholder situation created a loose/loose situation as both entities needed a majority vote to take important decisions and the distrust did not allow taking any decision. As a last issue, they decided to call in a neutral third-party interim president to restore the peace and create growth.

Input:

The mission of this interim president was legally fixed with a modified company status defining an obligation to have for each product line an annual revenue growth of 40% and the making of important benefits for the first year. The intention of these high benefits was to force the interim manager to organize a layoffs plan.

My Tactical Approach:

I started by using this hostile environment as a business enabler by presenting to each individual shareholder side different value-added initiatives that were aimed against the other shareholder side. By lighting a little bit the fire, I made people work together (against the other side) to produce minor product and service innovations. These first implementations created a tiny understanding that both entities could work together.

So, once I had this minor positive feeling, I used it to strengthen the relationships and make people work together beyond the shareholders barriers on real value-added projects. I was very fortunate that the company had important cash available so I could use this to invest in a more reliable IT infrastructure creating higher customer satisfaction leading to new revenues. With this money, I could hire some extra people and replace some existing staff with more qualified personnel delivering again higher service levels and revenues.

The Difficulties:

Even when the company was on track very quickly, the distrust between the shareholders and employees continued and I could not trust anyone. Many played a double game and several numbers from the monthly reports were intentionally wrong so I needed to rework a lot of numbers to control properly the company.

The Results:

From a one digit growth at my arrival, I created a first year 73% revenue growth rate and secured financially the company. Instead of layoffs, I increased the headcount by 25%. The service levels also improved significantly with 9 times less incidents making it reasonable for the Media Group to increase their shares in the company to a 60/40 level and gain the full control on daily operations.

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Lessons learned:

It was extremely difficult for me to implement changes and bring the company to a new level while at the same time, navigate smoothly between the shareholders. At several occasions, each one considered me as working too much with the other side so I needed to prove constantly that I was working on their side (or at least, not on the side of the other shareholders team). This situation could not continue eternally and the number of minor conflicts continued until the 60/40 shareholder change created the ideal solution for everyone.

Advice:

Interim missions can be extremely hard and complex. To bring this mission to a successful end, I could only rely on my own skills, hard labour and use the experiences I gained from my past extremely rough turnaround missions. The thing that mattered most in this particular mission was that everyone needed the impression that what I was doing was right for them and bad for the others. I had to go fast but stay cool and relaxed to avoid at any price a devastating conflict. And of course this all executed in a high competitive service environment where I needed to create high growth rates, market leadership and good benefits.

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