

Review

Steve Miller, The Turnaround Kid: What I learned Rescuing America's Most Troubled Companies, Collins.

Turnaround time?

Reviewers in the general business press have rightly praised Steve Miller's story of his career as a corporate turnaround guy for its deep human insight into the struggles of a top manager. It is all the more powerful because (a) Miller has served at the top of so many companies and represented so many smart people, and (b) the emotional trauma of the illness and death of his wife Maggie as the book was being written seems to have focused Miller on key personal issues.

Readers of Strategy and Leadership will share the general reader's appreciation. And they may feel a special sympathy with Miller for the emotional attacks he faced in trying to revive firms that were on the edge of death. In the midst of an effort to salvage something from the wreck that was Delphi, the auto parts spinoff from General Motors, in 2006, Smith watched CNN's Lou Dobbs mutter a vicious attack on him and his team: "The people who run that company should be embarrassed and apologize to the American people." A friend of Miller's son asks, "How were you able to stand it growing up with such an awful father?" And yet Miller's deep concern for the Delphi and its people (and his good relationship with his family) come through clearly on the page.

At the same time, strategic managers and those who work with them will also find that The Turnaround Kid gives us an unusual opportunity to examine what strategic managers really do and think about whether it could be improved. On one hand, Miller has a credible and now well-documented approach to turnarounds, which he once summarized in seven "essentials" for the Wall St. Journal:

1. Tell everyone the truth, especially if the truth hurts.
2. Don't study things to death. Most of the choices you need to make are clear, and decisiveness breeds confidence.
3. Listen to your customers. They know more about what's wrong with your company, and what's right, than anyone.
4. Listen to your people. Consult everyone, from the boiler room at the plant to the executives suite.... Invite everyone to send e-mails, and answer them!
5. Do a wardrobe check.... If no one wants to be identified as your employee when they go to the mall, you're in trouble.
6. Practice calm realism. The key here is to stay balanced.... If you let people know that there are solutions for most problems, they'll be less discouraged.

7. You don't need all new players.... Even at companies in crisis you'll find lots of people who know their jobs and do them well. Try to hold on to them.

These complement the ideas in such previous literature as Baden-Fuller & Stopford's Rejuvenating the Mature Business¹, and give a far closer-to-the-ground perspective.

However, while Miller's discussion of his work demonstrates the wisdom of these principles, we also observe the weaknesses of the approach to more general management questions that he and other top leaders apply. Miller works essentially as an "interim CEO." He deals with a crisis, and then turns things over to someone else, often observing the successor as a member of the board of directors. When a company is not obviously in crisis, it appears that neither Miller nor any of the board members and investment bankers he works with have any credible approach to monitoring the firm.

Of eight companies Miller worked with after initial finance jobs at Ford and the key role at Chrysler under Lee Iacocca that first brought him to national prominence, five turned around, two did not, and one (Bethlehem Steel) was simply sold. Of the five that turned around, three (the auto parts maker Federal Mogul and the garbage company Waste Management) quickly failed again. Each had to be rescued not twice but three times.

Miller says that as a board member or advisor he learned to look for the following "warning signs" that a company might be in more trouble than the CEO is willing to admit:

- Repeatedly missing quarterly forecasts;
- Impatience with subordinates bearing bad news;
- Lack of candor and a penchant for rosy scenarios;
- Abrupt firings of executives previously praised;
- Total agreement in the ranks. (No healthy debates.)

These hardly represent profound sources of insight that can be expected to enable those who are paid to watch over our companies to discover problems and make sure they are fixed. Many ordinary readers of the Wall St. Journal have no doubt learned to look for similar warning signs. Indeed, in the case of Waste Management, which was extensively reported in the press, it seems likely that many ordinary newspaper readers were ahead of the Board.

There is no discussion of developing any kind of picture of the organization's architecture or profit engine, or of key indicators of operational performance, customer satisfaction, or other kinds of performance that should be tracked regardless of whether the CEO reports on them. Miller, like many

¹ Boston: Harvard Business School Press, 1994.

other commentators, says board members have become far more attentive to their companies since the scandals early in this decade. Based on the evidence he presents, however, they remain far from ready to supervise management in ways that will reliably add value in times when organizations may have deep, hidden problems.

- Robert Chapman Wood
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