

# How to turn around any struggling business

 By [Johan Hanekom](#)

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Good business never lasts. Think giants like Sports Authority, Kodak, BHS, Blockbuster, to name but a few familiar brands that have made the news for all the wrong reasons.

In spite of all their phenomenal resources these firms failed to adapt their strategy in time to avoid financial disaster.

Here are my six key insights that can help your business remain relevant.

## 1. Innovate or evaporate

Change is hard which is why we delay it until we are absolutely forced to. One of Jobs's business rules was to never be afraid of cannibalizing yourself, "If you don't cannibalize yourself, someone else will."

Just think about how Nokia has done in the past few years. They did not focus on the shifts that were taking place in industry, instead relying on their historical position and size as market safeguards. On the other hand, Yellow Pages started working on delivering online options to their users for easy accessibility – making the shift from paper to digital.

## 2. Set your parameters

It's vital that you have a clear understanding of not just the market segment you serve but the solution that you offer to that market segment. Companies like Sears lost sight of their main focus enabling retailers like Walmart to take the lead.



Consider how Kodak did this and veered off track in the 1970s and 80s – unwilling and unable to embrace the post-film world. Customers supported Kodak not because they liked buying film, but because Kodak had a product that helped them preserve memories.

## 3. Questioning everything

We've all had that overwhelming sense of euphoria after achieving a near impossible goal. You feel invincible and energised. As a leader, it's important to not allow success to numb your senses into believing that ongoing success shields

you from failure. Blockbuster was at its peak in 2004 only to see it reach the end of its reel a decade later.

IBM however saw the warning signs in the early 1990s and performed one of the most dramatic turnarounds in recent corporate history.

## **4. Keep it lean**

Gardeners understand that in order to restore a garden, you must prune away dead branches in order to help make room for the new. This is just how a business works. Virgin has enjoyed success in numerous industries but had to accept that Virgin Cars would not be part of that success track record.

Sony have also recognised the importance of this in turning around their flagging fortunes. The end of their decade-long marriage with Ericsson and the spinning off of entire business units was an attempt to restore the tech giants agility and innovative flair.

## **5. Remove outdated processes and systems**

Systems are a phenomenal way to gain collective momentum and ensure that every person knows their contribution to the greater effort. Systems can however wreak havoc if they are not updated or removed in order to reflect the requirements of the business environment.

Hershey incorporated a new operating system and with this transition of utilising a demand based business strategy they increased their cash revenue significantly. Harley Davidson similarly re-engineered their internal systems in 2009 owing to a severe sales slump.

## **6. The customer is king**

It is important that you focus on the desires, requirements, and the needs of the customers as they are always changing. Jeff Bezos at Amazon has a unique way of tackling this point. He leaves one chair empty at every meeting and this chair is used to represent the customers that shop at Amazon.

Decisions are then made with consideration of how the person in the empty chair will feel or how it will impact that individual when they bring about a certain change in their product.

## **ABOUT JOHAN HANEKOM**

Johan Hanekom is the Managing Director of Hanbro - a boutique consultancy helping international companies setup and develop their UK market presence. Johan is a lifelong entrepreneur having started his first business at age 16. A believer in Social Entrepreneurship Johan helped launch several NGOs in South Africa including AISEC and Enactus. His paper while at Oxford focused on the importance of developing a nation of social entrepreneurs in South Africa.

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