KappaEast
Management Consultants

Achieving radical and sustainable improvement in top line performance

Turning a Corner - Be Careful!

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When you think of walking or driving down a road and then turning a corner, the surroundings can change dramatically.

The idiom - *to turn a corner* - means to show improvement after going through a difficult period. For example: "When her fever dropped, the patient turned a corner and began to recover." or "I believe our government has turned a corner as we are seeing signs of increased cooperation, finally." The idea is frequently mentioned in business; "After many quarters of disappointing revenue and profitability we are finally seeing a reversal and encouraging signs that suggest good performance ahead. We have turned a corner. It proves that we have a vision for the company going forward that's backed by a sound strategy from a product standpoint and its backed by tactics for driving efficiency."

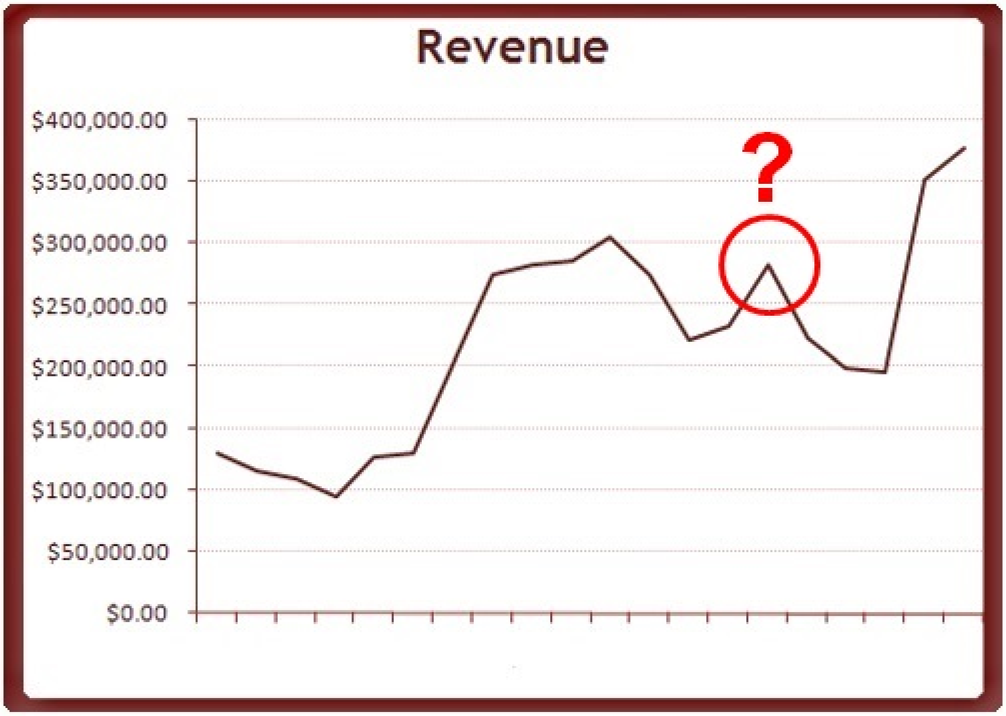
While statements such as these are typically filled with hope and optimism, how can we be sure that the organization has really turned a corner and is not going in circles? We suggest there are three things to look for:

1. Time - Changing direction (strategy) typically requires a willingness to consider the creative process allowing new ideas and approaches to come to the table. Our experience shows that despite the need and eagerness for this to happen, achieving consensus requires an intense amount of open sharing and collaboration, all of which translate into the need for extended periods of time. Change does not happen easily or overnight. It is not unusual for turnarounds to take years or 3-4 quarters, especially in larger organizations with thousands of employees in geographically dispersed locations. Conversely, if an organization claims it has turned the corner after reporting negative results, it is highly unlikely that this change will have staying power. It takes a significant amount of time to get everyone on board and make it stick.

> *"We are continually faced by great opportunities brilliantly disguised as insoluble problems." ...John W. Gardner*

2. Fundamentals - Turning the corner requires changes in the fundamental measures of the leading indicators of success that an organization must track. For example, look for an increase in a number of qualified opportunities and the number of opportunities expected to close in the funnel. Given the long length of sales cycles in B2B markets, the dollar value of opportunities in the funnel today are the best indicator of future performance in the next 2-3 quarters. In other words, fundamentals ***lead*** financials. Rigor and discipline in monitoring the fundamentals provides the best insight into knowing whether a corner has actually been turned.

3. Repeatability - Predictability and consistency in reporting performance is the only true measure of whether the change in strategy and turning a corner will have lasting impact. Reporting one good quarter following a string of poor quarters while hopeful is no assurance that "the patient is on a fast track to recovery." We have seen too many organizations lose credibility with a good quarter followed by an additional down quarter. Credibility requires consistent and scalable performance.



Checkpoint

Time, fundamentals and **repeatability** - if you have all three then you've turned a corner.

If you have questions, contact KappaEast at kappainfo@kappaeast.com

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