FEATURE STORY

When Companies Are in Crisis: The Role of a Turnaround Consultant

BY SANDEEP GUPTA

When a business is running out of time, turnaround consultants step into the pressure cooker to uncover what went wrong and what can still be saved. Sandeep Gupta of Novo Advisors explains the urgency, judgment, and empathy this work demands — and why it can be a rewarding career path for problem-solvers today.

Consulting typically conjures an image of financial specialists advising companies on optimizing everything from boosting revenue to increasing growth and implementing organizational improvements. My own consulting career began this way after securing my MBA from the University of Chicago. The plan was to take the skills I learned and put them to good use helping healthy companies strategize.

Then came a struggling medical device company. A team of consultants at our firm worked on it for months with no results. It wasn't our traditional client looking to scale their core business or set a strategic direction, but a confused bundle of companies fused through nearly two dozen acquisitions that were never fully integrated, struggling with daily operations. It was a mess and they decided our advice wasn't helping. Everyone was shocked (offended may be a better word) when they replaced us with a turnaround consulting firm.

It was my first introduction to turnaround consulting and I was immediately intrigued, especially as an entrepreneur who helped build a family business. I realized it wasn't a growth strategy that this client needed, but a realistic plan on how to navigate the present-day crisis they faced. Could they make payroll tomorrow? Out of the hundreds of products they sold, which were profitable? They needed all that information today, not in three months through a PowerPoint presentation because they likely wouldn't survive that long. Three decades later, my first impression remains the same: the field of turnaround consulting is incredibly rewarding, but takes a special personality. If you are considering this type of career, a little planning and foresight is helpful.

The Role of a Turnaround Consultant

I liken turnaround consulting to being a doctor in an emergency room. While your medical expertise is the same as your colleague in say private practice, in the ER the pace is faster and the stakes are higher in the face of acute crisis.

Typically, we walk into a situation where the financial pieces are scattered like a jigsaw puzzle. Perhaps there is no clear record of financials, maybe a world event obliterated sales overnight, or perhaps costs are outpacing sales and no one was paying attention when it mattered most. No matter the issues, our job is to start by asking a lot of questions and compiling the data as quickly and efficiently as possible. Time is of the essence, and every week adds layers of complexity and cost. Numbers are critical to not only telling the story, but helping align all the stakeholders. And, we have to decide at lightning speed if we can salvage the situation or if we need to navigate our client through bankruptcy.

We assume critical roles like chief executive officer, chief financial officer, and chief restructuring officer and work alongside the management and staff to build a pathway to potential recovery. This requires our team to work directly with our clients in their offices, often walking their factory floors and speaking to staff directly to gain a better understanding of the challenges they face. At first, not everyone is happy we are there, and that has to be delicately navigated as well. It takes tact and diplomacy to juggle different personalities strained under immense stress and pressure. As consultants, we can't give into the panic or frustration, and have to always stay as grounded as possible.

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Skills to Succeed

If you are still reading and think turnaround consulting sounds interesting, there are a few things that can help you stand apart: very strong financial skills, the ability to think strategically even under pressure, a strong sense of empathy, and a personality that leans into constant shifts and unpredictability.

Always keep your technical and financial skills sharp - that starts with accounting. This core skillset is a priority because the first task in a distressed situation is to quickly assess and navigate the financials. Only then can the team move on to develop and implement potential solutions. And no, you don't need a formal accounting background. In my case, I proactively worked at it. Take a class, read books, and hone your financial abilities in any way possible. Actively seek out opportunities: the Secured Finance Network offers several online and in-person classes as well as a certification program that employers value.

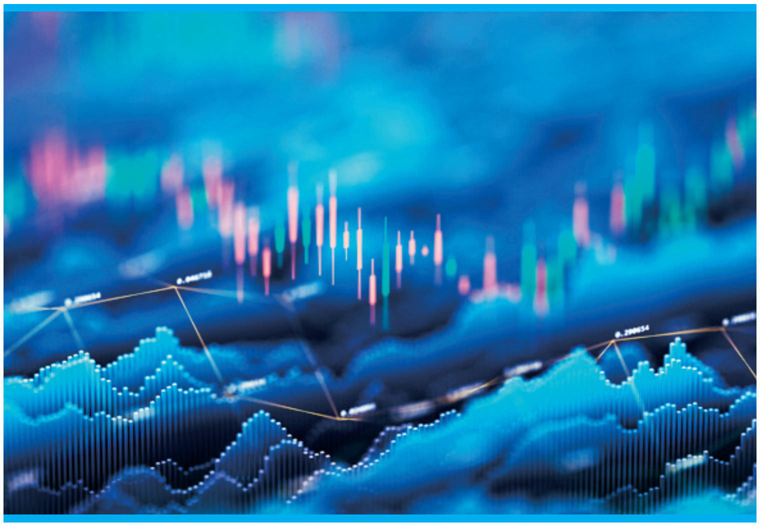
Read business journals to stay sharp. Success in turnaround consulting requires strong business acumen and an ability to understand and absorb risk. It's helpful when our consultants understand the ebb and flow of business cycles, which differ depending on the industry. Review case studies and understand what tactics were used and why. On our company website we offer audio interviews with our Partners and deal leads to explain how they navigate cases. Hearing it from them - how they felt and reacted in the moment - is invaluable background.

My partners and I always stress that words matter and ensure that listening is our team's shared approach no matter the client. Working with distressed businesses means understanding sensitivities and acting diplomatically and empathetically. Witnessing family businesses wind down instilled in me a deep degree of humility. I make sure that my team and I always deliver our recommendations with honesty and grace. It's not just what you say - it's how you deliver the message. Can you put yourself in your client's shoes?

Lastly, how do you react to change? Do you like things slow and steady or are you prepared to pivot…constantly? Working through a crisis means long hours, taking calls from clients at any time, and being prepared to question any and all recommendations. It's about working with new clients and in different industries and cities constantly; early in my career I was sometimes in two to three cities within a week. If you are the kind of person who enjoys the shifts, consider pursuing turnaround consulting.

Final Remarks

I have dedicated my career to helping organizations navigate critical periods of crisis and uncertainty. Though this field may not be for everyone, if you think it is for you I urge you to pursue it. The industry needs qualified candidates with a passion for helping distressed businesses and making a critical, lasting, and meaningful impact.



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For Sandeep Gupta, it's about process and patience. After three decades of experience in turnarounds, restructuring, financial advisory, and operational improvement, he's honed an impactful approach to drive financial performance. Sandeep serves as managing partner of Novo Advisors, a firm he founded in 2012. His work spans a diverse range of industries including technology, specialty finance, healthcare, agriculture, automotive, energy, food manufacturing, and media. Sandeep has taken on notable interim management roles for several high-profile projects and has helped boost sales, enhance operating performance, and preserve tens of thousands of jobs. Sandeep honed his financial and turnaround skills at three leading firms: FTI Consulting, Silverman Consulting, and Arthur D. Little. He is a member of the Chicago chapter of the Turnaround Management Association (TMA) and the Secured Finance Network (SFNet) and serves on several boards.