

Advisors in times of *change*



Firm Overview

Beechwood Advisors LLC

We provide independent counsel, a disciplined approach to understanding and framing the key issues and hands-on support in developing and executing action plans. Since 1997, we have worked with CEOs and leadership teams in a variety of industries including retailing, restaurants, financial services, manufacturing and information technology.

Advising clients in times of change helping them gain a **fresh perspective** and create the **right environment** for action

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This Saul Steinberg New Yorker cover reflects an attitude and a world view, and may be the best known rendering of a frame of reference.

Developing a frame of reference

Companies are driven *forward* by major decisions. But those decisions will be executed in the context of *past* choices, leadership styles, relationships and reputation. These intangibles can easily become barriers to seizing new opportunities.

We assist leadership teams in understanding and addressing these often invisible obstructions.

Our engagements typically focus in four areas:

1. Developing and communicating a **vision** of the future;
2. Testing the validity of the vision by seeking new and useful **perspectives** on issues and opportunities;
3. Taking a variety of perspectives into account in building a **framework** for unified action;
4. Focusing **implementation** within the desired framework.

In sum, we help clients develop the right frame of reference to guide future decisions and day-to-day execution.

Independent, practical advice

Our principals have each been part of, or advisors to, a number of leadership teams, and have had the opportunity to learn first hand the dynamics of making decisions, and the consequences of implementing them. For better or worse, we have been through considerable adversity, and, as a result, have acquired good instincts for anticipating trouble.

We have been together for over 20 years -- as co-workers, as client and consultant, and now as business partners. Our backgrounds and talents are complementary, allowing us to look at any given issue from all sides.

Throughout that time, we have felt the need for independent advice on practical, day-to-day approaches to improving execution of business strategies. We believe that leaders need a bridge between the abstract concept of a business idea and the complicated world of action where those ideas are made tangible.

To put it another way, strategy is conceived in one kind of environment, but implemented in another.



Strategy is often conceived in one environment...



...and implemented in another.

“You can’t lead the revolution from the splendid isolation of corporate headquarters. You can’t simply give a couple of speeches or write a new credo for the company and declare the new culture has taken hold...What you can do is create the conditions for transformation. You can provide the incentives. You can define the marketplace realities and goals. But then you have to trust. In fact, in the end, management doesn’t change culture. Management invites the workforce itself to change the culture.”

Louis V. Gerstner, Jr.

Help in critical transitions

We are often engaged by clients who are undergoing some form of *transition* -- recovering from a crisis, managing high growth, going public, new leadership, a merger or acquisition, a financial restructuring and the like. These are inflection points in the lives of companies where the risks are greatest. Actions taken during these times seem to have a disproportionate impact on the future performance and reputation of a company. They determine how things will be done for years to come.

Indeed, we view our work as a form of risk management. We try to help clients understand a variety of risks -- most of which are difficult to quantify-- and to develop ways to mitigate them. Some of these are the risks of:

- The leadership team not being on the same page;
- A failure to articulate strategic priorities;
- Unclear direction to or poor engagement of field management;
- Ineffective integration of an acquisition;
- Overlooking, or not seeking out, critical information;
- Alienating key constituents;
- Moving too fast, or too slowly;
- Not consulting with the right people;
- Getting out of sync with their customers (or with their Board).

The marketplace supplies enough risks as it is, most beyond the control of any individual company. We simply try to help clients avoid creating *additional* risks and problems for themselves. In our view, great companies earn their reputations in large part for the things that *don't* happen.

Managing success

It is often said that growth covers up a lot of mistakes. We have found that it covers up a lot of opportunities, as well.

Managing success can be as challenging as dealing with adversity. For one thing, it is difficult to get people to change — or see the need for change — when times are good.

At the same time, it is far too easy to filter out data and insights that indicate the current strategy or business model has some critical flaws.

Every company stumbles sooner or later, unless it adjusts its strategy to changing conditions. We think of ourselves as people who can help good companies make the most of the opportunities they have by anticipating, and avoiding, the risks of hubris and organizational blind spots.

“Men occasionally stumble over the truth, but most of them pick themselves up and hurry off as if nothing ever happened.”

Sir Winston Churchill



In-depth, one-on-one conversations, particularly at the senior leadership level, help assure that a variety of perspectives and ideas are heard. These views are then used to define key issues and begin to address them.

Our work: how we get started

Our initial contact is generally with a CEO or CFO. These are the positions where the wires come together – governance, strategy and operations. We like working with the people who have to worry about what could go wrong.

We begin by defining the company's major challenges from the leader's point of view.

Through subsequent interviews, we get a variety of perspectives from the rest of the leadership team, board members, investors, suppliers, customers and any others who are in a position to know the company first hand. Most of these interviews are conducted one on one, to make sure each person has a good opportunity to express themselves and to discuss ideas and observations that they would not otherwise bring to the table. At this stage we also review any relevant materials, reports, financials, and so forth. In this phase, we look for differing or conflicting points of view on the company's performance and direction.

The next step is to consolidate the information and insights gained thus far into an issues briefing for the client. This briefing covers significant issues to be addressed in reaching the company's goals and objectives. It is a means to achieving consensus on what the issues are. We have seen too many companies where there is no such consensus, and thus no focus to their efforts.

Our work: developing an action plan

Once this briefing is presented to the client and discussed thoroughly, we develop an action plan that includes some combination of the following:

- Articulation of the company's **vision** and strategy;
- Identifying additional **perspectives**, ideas and information that are needed;
- Recommending ways to **validate** the business strategy, or its critical elements;
- Determining how to **organize** the effort -- people to involve, timing, communication strategy, etc.;
- Clarifying the company's **aspirations** and definition of success;
- Integrating the issues into the company's planning process to establish **priorities** and programs;
- Improving **execution** by Identifying changes to be made in the company's belief, boundary and control systems;

After the action plan has been agreed upon, we will assist the client in executing it to the extent desired

“Strategy can be changed relatively quickly...Organizations, however, show a lot of inertia, in two distinct senses. First, successful organizations tend to persist, becoming long-lived assets in which the firm’s strategic capabilities are embedded. Thus, the existing organization shapes the opportunities for future strategic choice and for responding to environmental change. Second organizations cannot be changed as surely and as quickly as strategy...it takes real time to change the set of people in the firm and the networks among them, to redefine the fundamental beliefs they share, and to induce new behavioral norms. Yet these may be the most important elements to the realization of the strategy.”

John Roberts
The Modern Firm



“Long-range planning does not deal with future decisions, but with the future of present decisions.”

Peter Drucker

Big issues, critical decisions

Our ability to advise clients on the risks they face is based on our deep experience with companies wrestling with big issues.

Examples of cases where we have had significant involvement include:

- Advising a 600-store retail chain on how to implement an effective strategic planning process.
- Working with a retailer on the development of a new, “big box” growth concept;
- Assisting in the leveraged buyout of a diversified operator of restaurant chains;
- Developing an exit strategy for a successful privately-owned retailing company, including review of an IPO and buyout opportunities;
- Helping manage the sale of a tri-channel retailer selling through a catalog, the internet and 125 retail stores;
- Assisting a major restaurant chain address a highly-publicized racial discrimination crisis;
- Advising on building the infrastructure for an early stage software development and technology consulting company;
- Participating in selection and implementation of major systems.
- Development of a turnaround plan for a 500-store retail chain;
- Planning a successful emergence from bankruptcy of \$100 million food service company.

Asking the right questions

After years of experience working with companies at critical junctures such as these, we know how important it is to treat each situation as a unique set of circumstances – history, leaders, past decisions and future opportunities. At the same time, though, we have learned to ask the right questions – questions that only an objective outsider might think of. New perspectives, coupled with existing views, can help a leadership team anticipate issues and opportunities.

Along with bringing a fresh perspective to each engagement, our work is founded on a strong belief in the following notions:

- Planning is a *discipline* and a thought process, not pages in a binder;
- Successful companies may not be the ones with the slickest plan, but those who have developed an ability to adapt to new information and challenges;
- Leaders cannot control implementation; they influence it by the environment they create;
- Sound strategy often evolves and emerges from effective implementation.

“The voyage of discovery is not in seeking new landscapes, but in having new eyes.”

Marcel Proust



"The wind and the waves are always on the side of the ablest navigators."

Edward Gibbon

Reducing the risks

Putting it all together, we like to think of ourselves as experienced navigators who may not pick the destination, but know where to look for the rocks and dangerous currents. We know it is possible to reduce many of the risks of moving a new direction, risks that flow from the actions, or inaction, of the company's leaders.

The marketplace presents enough hazards and surprises, many of them below the surface. It's in the fine-tuning and the course corrections that successful companies are made. It's leadership through those critical transitions. It's acquiring the habit as *an organization* of being alert and willing to act.



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