

Turning a negative into a positive

A disaster provides a chance to do things better, writes **Mark Fenton-Jones**.

Michael Fingland, who has helped many businesses navigate a crisis as managing director of national business turnaround specialist Vantage Performance, takes a sanguine view of the impact of the recent floods on small to medium-sized businesses.

"Any crisis is an opportunity to improve the business," says Fingland, who was forced to relocate his Brisbane office for three weeks and when interviewed last Thursday was in the midst of moving back.

In the intervening weeks he held brainstorming sessions with two clients dealing with flood affects. While the sessions dealt with the impact on the business, they were also used to improve operations. One client, for example, had a major supermarket client that had to shut down for a time.

Initially the client had to identify and gauge the affect the loss of temporary custom would have on the business, but the analysis revealed the weakness of being too dependent on a major customer, exposing the inadequacy of the existing back-up plan.

"In any crisis, there is always an opportunity, whether to improve operations or gain market share," Fingland says. "You can use the process to look at all the opportunities as well as recovering from the floods.

"It's about turning a negative



Vantage Performance's Michael Fingland says you can come out of a disaster better than you went in.

Photo: GLEN HUNT

into a positive. You can come out of it better than when you went in."

While a disaster can be an opportunity to change the way things have been done in the past, if a business was not performing well before the disaster it could be the right time to take more radical action.

CAD Partners, a national group of franchisees are in a better position than lone traders because they are

part of a network. But at the Franchise Relationships Institute (FRI), a team of psychologists has warned that the water may have receded and debris been cleaned away, but the physical clean-up is only the first step in a long process to rebuild franchisee confidence and financial stability.

"There's a temptation for franchisors to think once the mess has been cleaned up, that's the end

of the story. That's a big trap," said FRI managing director Greg Nathan, a registered psychologist.

Mr Nathan said a common mistake was to check the business was operational only, and assume the franchisee had the wherewithal to get the business up and running. "It's not enough to just provide details of services to contact and assume the franchisee will access the help they need," he said.

At a time when some franchisees could be reconsidering their commercial future, he said the first priority should be to ensure the franchisee's immediate needs are met; that they are safe, have somewhere to stay and money for essentials such as food.

Daily contact is recommended in the coming weeks and a close eye over the next six months, to ensure franchisees are motivated, focused, and have the ability to run their businesses.

While franchisors shouldn't try to be lay psychologists, they can provide support at a practical level by negotiating with insurers and suppliers. Franchisors should also look at resetting all targets, budgets and breakevens. Mr Nathan knows of one dispirited franchisee who, facing a \$250,000 fit-out bill, was about to walk away from the business. But when the franchisor offered support in the form of different financing options and sympathetic suppliers, the newly enthused franchisee was delighted about re-opening.

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