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An Empirical Investigation of Successful, High Performing Turnaround Professionals: Application of the Dynamic Capabilities Theory

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An Empirical Investigation of Successful, High Performing Turnaround Professionals:

Application of the Dynamic Capabilities Theory

BY

Scott R. Baird

A Dissertation Submitted in Partial Fulfillment of the Requirements for the Degree

Of

Executive Doctorate in Business

In the Robinson College of Business

Of

Georgia State University

GEORGIA STATE UNIVERSITY
ROBINSON COLLEGE OF BUSINESS
2014

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ACCEPTANCE

This dissertation was prepared under the direction of Scott R. Baird's Dissertation Committee. It has been approved and accepted by all members of that committee, and it has been accepted in partial fulfillment of the requirements for the degree of Executive Doctorate in Business in the J. Mack Robinson College of Business of Georgia State University.

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LIST OF ABBREVIATIONS

CEO - Chief Executive Officer
CTP - Certified Turnaround Professional
EMV - Expected Monetary Value
FS - Financial Sponsors
LVP - Least Valuable Player
MVP - Most Valuable Player
OLC - Organizational Life Cycles
PS - Probability of Success
PXT – Profile XT
RBV - Resource-Based View
TMA - Turnaround Management Association
TMP - Turnaround Management Professional
TOP - Turnaround Organization President
VA - Value of the Asset

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ABSTRACT

An Empirical Investigation of Successful, High Performing Turnaround Professionals:

Application of the Dynamic Capabilities Theory

BY

Scott R. Baird

2014

Committee Chair: Wesley J. Johnston, Ph.D.
Major Academic Unit: Marketing

This research is about identifying the characteristics or success profiles of professionals working in the turnaround industry. The turnaround industry possesses a number of dynamic capabilities in processes, positions, resources and paths that are unique to its industry. The firms that compete in the turnaround industry serve their clients, the dying organizations, by using a mix of these dynamic capabilities. While these dynamic capabilities are seen as the turnaround firms' "secrets of success," they have over time evolved into "best practices." This commoditization of best practices in the turnaround industry has created a need for turnaround firms to search for a competitive advantage. Specifically, this advantage is identified in the literature as the skills, knowledge, and experience of the turnaround professional. These unique characteristics of the turnaround management professional (TMP), see appendix C for a complete definitions of terms, have been accounted for in the Turnaround Management Association (TMA) certification process called the Certified Turnaround Professional, or CTP. One of the TMA's goals is to establish professional work standards and guidelines and to regulate the industry. While a noble effort, this focus takes the "competitive advantage" away from the turnaround organization and standardizes it into the "best practices" arena via

“certified” professionals leaving these organizations to compete on size and location alone. Evidence from a focus group, case research interviews, and two different surveys, suggests that there is a profound difference in the effectiveness of TMPs beyond the knowledge, skill, and experience levels identified as one of the core components of dynamic capabilities theory.

This evidence led to the investigation of psychometric profiling as a method to measure the distinct success profiles of these “highly successful” TMPs, or Most Valuable players (MVP). Measuring the thinking style (cognitive reasoning ability), work motivation, personality behaviors, and occupational interests of MVP s, has led to the discovery of a success composite. The findings of this research suggest that MVP s score higher on this composite than do other TMPs who were identified as “low performers”, or Least Valuable Players (LVP), as well as non-turnaround managers, executives, and business professionals in general. It is postulated that by using this composite score in hiring, training, and promoting turnaround professionals, a turnaround firm will obtain a competitive advantage in their industry and generate higher success for all stakeholders.

Resultantly, the researchers have uncovered a critical gap in the dynamic capability theory surrounding the construct of human capital. Evidence suggests that psychometric profiling is an acceptable and, indeed, important measure of the value of human capital.

I INTRODUCTION

Many of us have taken for granted the notion that all things are born and all things must die. This seems to be true in nature, with human life (Bogin & Smith, 1996; Erikson & Erikson, 1998), with products and services (Utterback & Abernathy, 1975) and with organizations (Quin & Cameron, 1983). In the last 25 years, an industry has evolved to challenge this fundamental principle of organizational life. It is called the turnaround industry. This industry is motivated by the desire to bring dying organizations back to life and give them renewed benefits for all of their stakeholders (Pretorius, 2009). Key components to the success of this industry are the individuals that provide the know-how, possess the tools and resources, and have the skills of organizational resurrection (Nikolaou, Gouras, Vakola, & Bourantas, 2007). These resurrection artists or Turnaround Management Professionals (TMPs) are the keys to success and provide competitive advantages in this industry. The purpose of this research is to define what makes these individuals uniquely qualified to provide such a valuable service to organizational life. It is about identifying the characteristics or success profile of professionals working in the turnaround industry.

I.1 Purpose of This Research

This research is titled: An Empirical Investigation of Successful, High Performing Turnaround Professionals: Application of the Dynamic Capabilities Theory. In this chapter an overview of the research is presented. The Research Domain subsection outlines the arena where the research problem lives, the players or stakeholders involved and their relationships to each other. In addition, the research question is introduced. A challenge in the Turnaround Industry subsection introduces a description of the area of concern, the real world problem and potential

contribution from this research. The subsection Research Prospective begins with a theoretical premise that dynamic capabilities theory, as seen from its initial inspection through several updates to the present time, identifies competitive advantage in the turnaround industry. That by identifying the dynamic capabilities of the top turnaround companies and implementing them, any organization in this sector could then become successful. In addition, it incorporates theoretical insights of life cycle theory, stakeholder theory and item response theory to address the challenges of progressive coherence, undeveloped and inadequate streams of thought and mere lacuna. The Research Approach section present the methodology used to research the problem. Drawing on the insights gleaned from the research cycle, a series of variables or characterizes are presented that better identify success or dynamic capability and sheds light that those currently represented in the literature are best practices.. The Structure of This Report presents the flow of this document (Mathiassen 2012)

I.2 Research Domain

Turnaround Management Organizations consist of a very small population of consultants who have a highly specialized skill set, knowledge base, and experience level. These TMPs, when successful at their craft, are able to save hundreds of millions of dollars of assets, thousands of jobs, and create dramatic increases in top line revenue growth and bottom line profitability.

This turnaround service is provided to organizations that have reached their effective usefulness and are at the tail end of their life cycle. Often times, this means that the corporation is on the verge of bankruptcy, closure, or assets being sold. In providing these services, there is tremendous variability in the results that TMPs and their consulting organizations are able to produce for their client companies in distress (Bibeault, 1982). This leaves their stakeholders

(financial sponsors, equity partners, management, employees, and the community) with the questions: “how do I know I am hiring the turnaround professional who will be most effective at fixing our failing business?”, “is there a way to differentiate one firm from another on performance?” and “are there competitive advantages between firms?”

Figure 1 shows the working relationship between the turnaround organization and the distressed or dying organization. The turnaround firm is hired by the stockholders of the dying organization to apply their turnaround strategies to bring the dying organization back to life or rebirth.

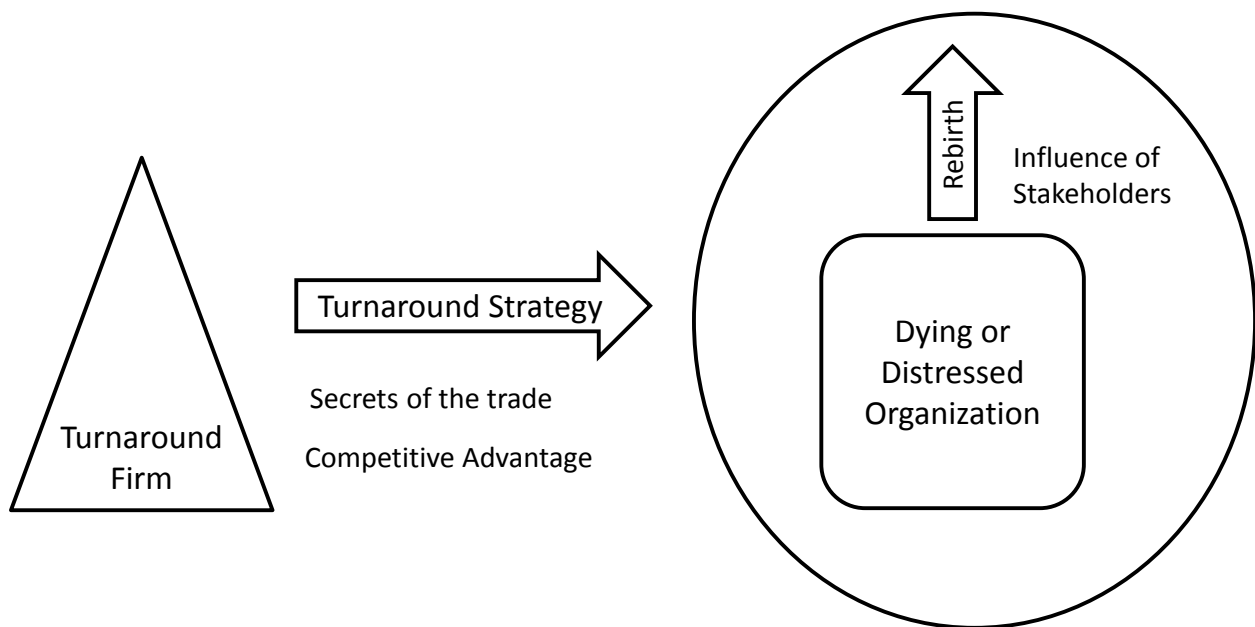


Figure 1: Relationship between Turnaround Firm and Dying Organization

In the world of turnaround consulting, mystery often shrouds the use of tools, systems, processes, and even the professionals who seek to apply their profession to the turnaround of dying organizations. These “secrets” of success are considered a competitive advantage and, as a result, turnaround professionals are reluctant to share them.

As we look at the dynamic capabilities of turnaround organizations for a competitive advantage and a definition of organizational success, we see that most of these organizations have adopted a series of “best practices” for their industry in their processes, positions, resources and paths and thus provide no real distinct advantage one from another (Eisenhart & Martin, 2000). The human capital component of dynamic capabilities theory is the only area where advantage appears to be had. This component of dynamic capabilities theory suggests that skills, education, experience, and knowledge define the uniqueness of individuals leading and working in organizations (Mahoney & Pandian, 1992; Schendel, 1994). The turnaround industry has postulated that knowledge in the areas of accounting, finance, legal, and business acumen, coupled with experience, are likewise the characteristics of successful turnaround practitioners (TMA, 2012). However, there is no formal research that has been completed to support either of these two claims. Consequently in this research the question is raised: *Are there a set of characteristics that uniquely define a successful and high performing TMP? If so, does this success component lead to organizational success and provide a competitive advantage in the turnaround industry?*

I.3 Challenges in the Turnaround Industry

The problem with the turnaround industry is that, at present, there are no accepted tools, systems, or processes to predict the success of a TMP. Interestingly, there are several stakeholders who have an acute need to identify, recruit, and select TMPs.

First, financial sponsors (FS) need to select a TMP from the limited pool of available TMPs, who maximize the probability of success of the turnaround project. The existing method that a FS uses to select a TMP relies heavily on the examination of the TMP’s past experience in turnarounds and workouts as communicated by word of mouth. Or, they rely simply on previous

relationships with TMPs they've used before. Unfortunately, this "old school" method does not always lead to success and the decision is often influenced by other "non-turnaround success" motivations. This is a problem that has the potential to suppress the results of the turnaround consulting assignment and perpetuate the decline of the organization.

Secondly, owners of turnaround consulting firms (stakeholders) and hiring managers have no systematic, empirical method of making a hiring decision for a TMP. Similar to financial sponsors, these owners and hiring managers simply use past history, resumes, and reference checking to decide which TMP to hire. Again, this method misses the full, rich composite of each TMP and often leads to expensive miss-hires.

Third, a problem exists with the current industry recognized certification of TMPs. The most widely recognized certification for TMPs, called Certified Turnaround Practitioner (CTP). To acquire the designation of Certified Turnaround Professional (CTP) one must have a minimum of five years of senior management experience, three of which are in turnarounds, and provide a number of professional references and confidential client confirmations. Moreover, the CTP candidate must pass a rigorous three-part exam to demonstrate a working knowledge of management, accounting and law. Support and adherence to the Turnaround Professions Code of Ethics is also mandatory. While the CTP asserts to measure a TMP's technical and operational knowledge, there is no empirically tested evidence that shows that relying on those that possess this certification will in fact provide the success leadership and direction the failing organization needs.

Currently, the existing literature on the turnaround industry is skewed. The topics of literary focus are oriented on the types, processes, activities, and frameworks to diagnose and

implement a successful turnaround of a distressed firm. The literature is largely silent on the psychometric profile of a successful turnaround practitioner. The psychometric content that does exist in the literature concerning turnaround management practitioners is vague and untested.

Reducing the risk in choosing the turnaround firm with the highest probability of success can translate to tremendous financial benefit. For the sake of providing an appropriate lens through which to monetize the benefits of a TMP, the probability of a turnaround firm's success correlates to a higher expected monetary value (EMV) of a distressed business. EMV is defined as probability of success (PS) multiplied by value of the asset (VA). In the case of a distressed business turnaround, the higher the probability of success of the turnaround firm, the higher the EMV for the financial sponsor.

$$EMV = (PS) \times (VA)$$

Creating the success profile of a TMP will reduce the systematic risk of selecting the wrong turnaround professional; enhance wealth creation for financial sponsors; save more jobs for communities that contain distressed businesses; and lower professional turnover while enhancing results for turnaround consulting firms.

I.4 Research Prospective

In this research the theoretical approach of dynamic capability theory is used as a framework to examine the missing link in the human component of success characteristics, as seen through the lens of the turnaround industry. Dynamic capability theory has its roots in the resource-based view (RBV) of the firm (Mahoney & Pandian, 1992; Schendel, 1994). This theoretical approach looks at the resources possessed, developed, and deployed by an

organization that are unique to it and which allow it to have a competitive advantage over others. These resources can be physical or capital resources, human capital, or organizational processes (Barney, 1991; Eisenhart & Martin, 2000). These resources coupled with the knowledge of the relationship they have to performance, competitiveness, and value-creating strategies create the true competitive advantage over their competitors.

While resource-based value takes into consideration the human element, it appears knowledge, skill, and experiences are the key ingredients that this theory addresses (Mahoney & Pandian, 1992; Schendel, 1994). Unfortunately, these capabilities are becoming the standard of the industry, not the exception.

I.5 Research Methods

This research is a mixed methods approach combining both qualitative (Eisenhardt, 1989; Van de Ven, 2007, p. 196-197; Yin, 2009) and quantitative (Miles & Huberman, 1994) approaches of data gathering and analysis. The central focus of this research will be to flesh out the success characteristics used by decision makers in identifying individuals to be used in a turnaround intervention. To improve its relevance to practice, this research will utilize the pluralistic methodology of engaged scholarship (Van de Ven 2007; Van de Ven and Poole 1995) as a participative approach involving the perspectives of various stakeholders in order to understand complex problems (Van de Ven, 2007, p. 9). Although the researcher will remain in control and direct all research activities, advice and feedback will be solicited from various key stakeholders and informants such as owners of turnaround organizations, turnaround professionals, industry experts, TMA chapter presidents, consultants to the turnaround profession, trade journal editors and writers and clients of turnaround in each step of the research

process: research design, theory building, problem solving, and problem formulation (Van de Ven, 2007 p. 26-29).

In the first phase of this research, a focus group consisting of interviews and questionnaires provided insight on the industry as a whole and the players that constitute the activity within the industry. Major issues and concerns, attitudes, driving forces, and fears were all brought to the surface as a result of this phase of research. Different research techniques, content, assumptions, language, and approaches were tested and fine-tuned for implementation for the final methodological approach. Information gathered in interviews was key in developing antecedents and a construct for the research model. As a result, a psychometric profile questionnaire was identified and used to identify the effectiveness of MVPs.

I.6 The Structure of This Report

This dissertation proposal consists of seven chapters that are overviewed below:

Chapter I: Introduction. The introduction provides background and a summary of previous research, the research problem and objectives, and the proposed research approach and methods.

Chapter II: Literature Review. A comprehensive review of the literature on dynamic capabilities theory is overviewed revealing a missing link in the component of human capital and its impact on competitive advantage. Literature on organizational life cycles is used to better understand the components of dying organizations, the realm that TMPs apply their profession. With the literature providing no clear definition for organizational success, stakeholder theory will be presented to establish a working definition for this research. Existing literature and research on the turnaround industry will be reviewed particularly around “best practices” and their impact on competitive advantage. Item response theory will be reviewed and presented as a

tested process for evaluating the performance success of individuals, highlighting the notion of a success profile for turnaround professional.

Chapter III: Research Model. This chapter focuses on the different antecedents and their interrelationships on the proposed construct. This research provides a model showing how the independent variables potentially influence the dependent variable. A moderating variable is also introduced and its influence on the outcome is suggested. Definitions of each of these constructs are also proposed.

Chapter IV: Research Methodology. In this chapter the research approach, design, and methods of this research will be presented. The use of a qualitative and quantitative process with an underlying realist philosophy utilizing an engaged scholarship approach looking at different stakeholders are presented. Four different phases of research and their contribution to the final research plan are overviewed.

Chapter V: Findings. This chapter presents an analysis of the data from both a qualitative and quantitative perspective.

Chapter VI: Contributions. Thoughts about contribution to theory, the turnaround industry, and stakeholders of dying organizations are presented in this chapter. In addition, this chapter presents some of the limitations to this research as well as possible topics for future research.

II LITERATURE REVIEW

In this research, the author delves into the subject of understanding how to define the effectiveness of TMPs. Specifically, literature streams of organizational life cycles, shareholder theory, and item response theory are all explored under the umbrella of dynamic capabilities theory to help identify the need for and a working definition of a TMP's effectiveness as a means of adding competitive advantage and success to the turnaround organization.

After presenting an overview of dynamic capabilities theory, the area of concern, this research will attempt to create a logical flow of reasoning as it looks towards the dying organization as the problem situation. A new way to look at the evolution of the business life cycle model will be suggested in an attempt to create clarity and enhance the definition of the problem. A new stage called rebirth, or organizational resurrection, will be presented in an attempt to address the lacunae of this theory.

Operating from this new stage, organizational or business success will be defined utilizing shareholder theory as a guiding principle and framing it in the prospective of turnaround management practices. This new definition of organizational success will then be enhanced by the application of the human component of dynamic capabilities theory as we look for differentiating capabilities that lead to organizational success in the turnaround industry. A missing link to the theory of dynamic capabilities will be introduced as a framework for looking at the characteristics of successful turnaround professionals through the measurements of psychometric profiling.

II.1 Dynamic Capabilities Theory

Dynamic capability is defined by Teece et al. (1997) as "the firm's ability to integrate, build, and reconfigure internal and external competences to address rapidly changing

environments". The term dynamic capabilities was first introduced in 1989, by Gary Hamel's multinational strategy research leading to core competences of the corporation and has its roots in the resource-based view (RBV) of the firm (Mahoney & Pandian, 1992; Schendel, 1994).

Looking at competitive advantage from a firm level, RBV looks at the resources possessed, developed, and deployed by an organization that are unique to it and which allow it to have a competitive advantage over others. Eisenhardt and Martin, (2000) argue that dynamic capabilities are a set of specific and identifiable processes such as product development, strategic decision making, and alliancing.

The concept of dynamic capabilities arose from a number of shortcomings of the resource-based view of the firm. Considerations such as how resources are developed, how they are integrated within the firm and how they are released have been under-explored in the original theory. Dynamic capabilities theory makes an attempt to bridge these gaps by adopting more of a process approach. It acts as an interpreter between a firm's resources and how it provides services or goods to the customers in a volatile and changing business environment. Dynamic resources help a firm adjust its resource mix and thereby maintain the sustainability of the firm's competitive advantage, which otherwise might be quickly eroded. So, while the RBV emphasizes resource choice or the selecting of appropriate resources, dynamic capabilities emphasize resource development and renewal.

Dynamic capabilities theory suggests that these resources can be physical or capital resources, human capital, or organizational resources (Barney, 1991; Eisenhart & Martin, 2000). These resources coupled with the knowledge of the relationship they have to performance, competitiveness, and value-creating strategies create the true competitive advantage over their competitors.

Building on the initial work of a resource based view, dynamic capabilities theory was enhanced to include timely responsiveness, rapid and flexible product innovation, coupled with management capabilities to effectively coordinate and redeploy internal and external capabilities (Teece, Pisano, & Shuen, 1997). Teece et al. further explained that to be dynamic an organization must have the ability to renew their unique competencies in order to keep up with changes in the business environment.

Figure 2 illustrates the interrelationship of the antecedents for this theory. We can see that the role of management is to adopt, integrate, and reconfigure internal and external organizational skills, resources, and competencies with the changes that occur in the business environment thus creating routines to learn routines. These unique and idiosyncratic processes emerge from path-dependent histories of individual firms that may be seen as competitive advantages (Eisenhart & Martin, 2000).

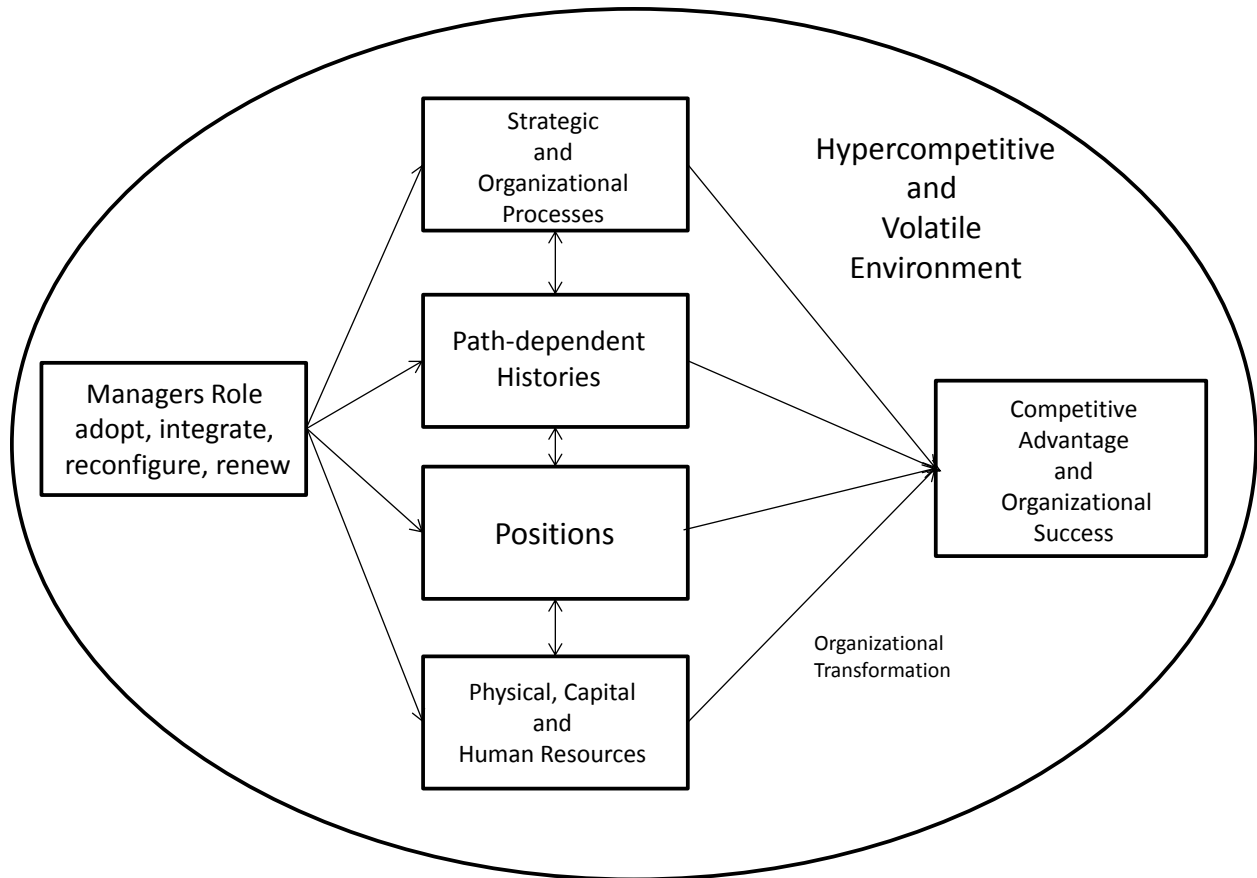


Figure 2: Dynamic Capabilities Model (adapted from Teece et al 1997)

In other words, capabilities refer to a firm's capacity to deploy resources in the creation of internal processes developed over time; for example, trustworthiness, organization flexibility, rapid response to customer needs continuous assessment, learning, and transformation (Barney & Hansen, 1994). These antecedent organizational and strategic routines are used by managers to alter their resources to integrate them together to generate new value-added strategies. Resource-based or non-knowledge based assets have their strength in relatively stable environments (Barney, 1997). In times of rapid change, these assets may even become core rigidities (Miller & Shamsie, 1996), whereas the current view of dynamic capabilities allows for knowledge-based resources to assist a firm in unstable and unpredictable environments. To

further add to this theory, Eisenhart and Martin (2000) suggested that dynamic capabilities should be defined as strategic and organizational processes. These processes include product development, management of alliances, and strategic decision making. It is the manipulating of resources into value creating strategies that create the real power behind dynamic capabilities.

The real competitive advantage of dynamic capabilities comes from using these capabilities sooner, more astutely, or more fortuitously than the competition to create resource configuration (Eisenhart & Martin, 2000).

Pavlou and El Sawy (2011) created a framework for a proposed model of dynamic capabilities. According to the framework, the firm (1) uses its sensing capabilities to spot, interpret, and pursue opportunities that it perceives from internal and external stimuli; (2) uses its learning capabilities to determine what organizational capabilities must be revamped, rebuilt, or reconfigured into new knowledge; (3) uses its integrating capabilities to collectively understand and to make the necessary changes to its operational capabilities; (4) uses its coordination capabilities to implement and use the reconfigured operational capabilities; and (5) continues to scan external and internal stimuli (Ettlie & Pavlou, 2006; Pavlou & El Sawy, 2006).

II.2 Problem Setting and Organizational Life Cycles

Organizational life cycle theory provides a lens for the reader to better understand the setting, of the dying organization, in which the problem resides. Academic literature is full of research that documents the stages of life that we as humans go through from birth to death. Excluding the two extremes of birth and death, these human life cycles are best described by five stages: infant, child, juvenile, adolescent, and adult (Bogin & Smith, 1996).

Each of these stages of development has a variety of exclusive behaviors attitudes, strengths, and weaknesses associated with it (Erikson & Erikson, 1998). As humans, we enter and leave each discrete stage at different times in our lives (Erikson & Erikson, 1998).

Like humans, organizations go through similar stages in their struggle from birth to death. These stages are called the organizational life cycles (OLCs). While a number of business and management theorists alluded to these developmental stages in the early to mid-1900s, Mason Haire (1959) was generally recognized as one of the first theorists to use a biological model for organizational growth in comparing it to that of the human life cycle. Chandler (2003) built on the ideas of Haire and influenced the OLC research based on a research of four large U.S. firms. He argued that as a firm's strategy changes over time, therefore, there must also be associated changes in the firm's structure. Today the OLC concept is well-established as a key component of overall organizational growth.

Figure 3 shows the relationships between each of the organizational life cycles along with their revenue and profit curves.

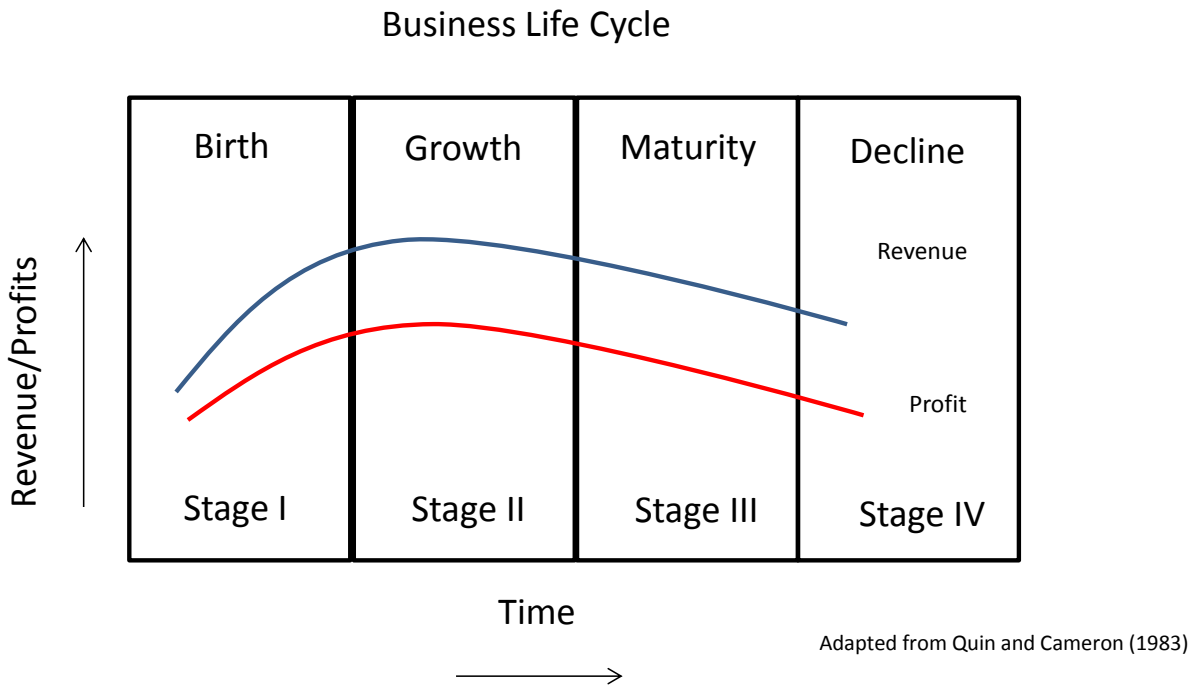


Figure 3: Life Cycle of Dying Organization

Quin and Cameron (1983) suggested these stages are considered developmental in the life of the firm, much like the biological model. They suggested that these phases are sequential, cumulative, imminent, not easily reversed, and involve a broad range of activities and structures. Once a stage reaches maturity, the stages can become circular from maturity to revival and possibly to decline. This is caused by three influences in an organization's life. First, administration of the organization becomes more complex as the size increases and more stakeholders become involved. Second, this increased complexity dictates the increased usage of more sophisticated organizational structures, information processing capabilities, and decision-making styles. Lastly, companies alternate between innovative phases and conservative ones—between stages that establish or renew organizational competences and those that exploit them through efficiencies (Quin & Cameron, 1983).

While much can be said about each of these stages, this research focuses on the last or declining stage. An organization is in decline when its performance worsens (decreasing resource slack) over consecutive periods and it experiences distress in continuing operations (Pretorius, 2008). Decline is a condition on the road to organizational death. As in human life, everything eventually dies. Only 20% of companies live past five years while only 6% of companies live past their tenth birthday (Holmes, 2009). If a company last more than 100 years, it is deemed to be an outlier. Moreover, decline is natural, normal, and inevitable. Decline implies operating under distress which, if the causes are corrected, leads to continued operation, and if not corrected, will lead to eventual failure and death.

There are many signs or red flags that indicate that an organization is entering into decline. Sheldon (1994) and Scherrer (2003) gave us some clues about the early signs of decline. They suggested that cash shortage, liquidity strain, decrease in working capital, return on investment decreasing 20-30 percent, late financial information, overdue accounts receivable, stretched accounts payables, increase in customer complaints, and flat sales are good indicators that an organization is in stress.

Table 1 provides a sampling of red flags or signs an organization is moving towards decline and eventual death, categorized by shareholder. These signs are followed up by deficient financial analysis, out-of-control accounts receivable, declining profit margins, large increases in debt, inadequate management of capital requirements, underutilization of assets, selling below established price, carrying excessive inventory, and spending on non-value-added items (Sheldon, 1994).

Table 1: Red Flags to Organizational Decline and Death

Financial	Customer	Human Recourses	Management	Suppliers	Environment
Cash shortage, liquidity strain, decreases in working capital, return on investment decreasing 20-30 percent, late financial information, stretched accounts payables, increase in bank advances, reporting and relying on unreliable financial information, banks covering payroll, deficient financial analysis, out-of-control accounts receivable, declining profit margins, large increases in debt, inadequate management of capital requirements, underutilization of assets, selling below established price, carrying excessive inventory, spending on non-value-added items (Sheldon 1994) and Scherrer (2003)	Increase in customer Complaints (Sheldon (1994); erosion of customer confidence (Scherrer 2003)	Hasty staff cutbacks, increasing in employee turnover, management conflict with company goals (Scherrer 2003); secrecy and denial, blame and scorn, avoidance and turf protection, passivity and helpless, pluralistic Ignorance (Kanter (2003)	Increasing in management turnover, management conflict with company goals (Scherrer 2003)	Cutting off of supplies (Scherrer 2003)	Cost conscious, turbulent, and highly volatile (Teece et al., 1997)

In addition to these signs, Scherrer (2003) suggested that increases in bank advances, reporting and relying on unreliable financial information, banks covering payroll, erosion of customer confidence, overdrafts made at bank, hasty staff cutbacks, increases in management and employee turnover, management conflict with company goals, and the eventual cut off of supplies are additional signs of organizational decline. Kanter (2003) added secrecy and denial, blame and scorn, avoidance and turf protection, passivity and helplessness, and pluralistic ignorance—collectively ignoring what individually we know—as additional indicators of organizational decline.

There are a number of components or characteristics of firms that are prime candidates for turnaround strategies. Some of these are categorized as industry characteristics such as lower levels of concentration, lower barriers to entry, and greater likelihood of operating in high growth industries with substantial investments. Another category of firm characteristics includes firms that have lower market share or recent growth in market share, firms that are smaller and less diversified (Pant, 1991), and organizations that are data-rich with scale advantages or

bandwidth (Carlson 2010). This cost conscious, turbulent, and highly volatile environment makes the turnaround industry ideal for the analysis of firm-level strategies for sustaining and safeguarding extant competitive advantages (Teece et al., 1997).

II.3 A Definition of Organizational Success

Pickle and Friedlander (1967) suggested that defining organizational success is like defining the proverbial elephant. The definition is dependent on who you talk to and which part of the elephant they are looking at.

Over the years an industry has evolved and challenged the idea that organizations must die. In fact, its very existence suggests that there can be a resurrection to life or re-birth once the organization has entered into the decline phase. This phase is referred to as a turnaround and the organizations that drive organizational rebirth are called turnaround organizations. These highly specialized firms utilize unique dynamic capabilities above and beyond what traditional organization might employ to affect their change processes. Figure 4 depicts the addition of the new rebirth or resurrection stage with the corresponding upswing in revenues and profits.

Business Life Cycle

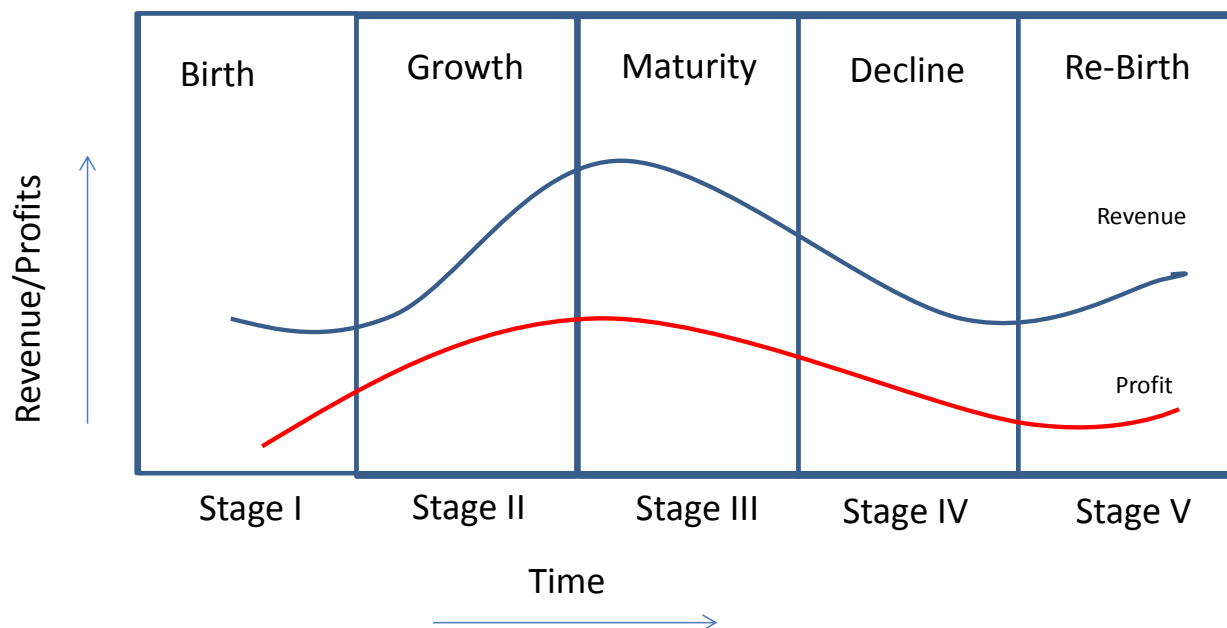


Figure 4: New Life Cycle Stage V, Re-Birth (adapted from Quin and Cameron 1963)

Pretorius (2009) stated that a venture has been turned around (reborn) when it has recovered from a decline that threatened its very existence to operate under normal conditions and has achieved performance acceptable to its stakeholders. Hidden in this definition lies one of the great challenges of the turnaround industry: How do you define “normal conditions” or organizational success, and when is organizational performance acceptable to its stakeholders?

In our quest to define organizational success we turn first to the dictionary. The Oxford Dictionary defines success as the accomplishment of an aim or purpose (Success, n.d.). Webster Dictionary states that success is achieving a favorable or desired result (Success, n.d.). Since the literature is relatively silent on a good definition of organizational success, we will build from the definition of success a working definition of organizational success as the achieving of organizational goals and objectives as defined by its varied stakeholders. Figure 5 shows how each shareholder relates to organizational success which in stage 5 is called organizational resurrection or rebirth.

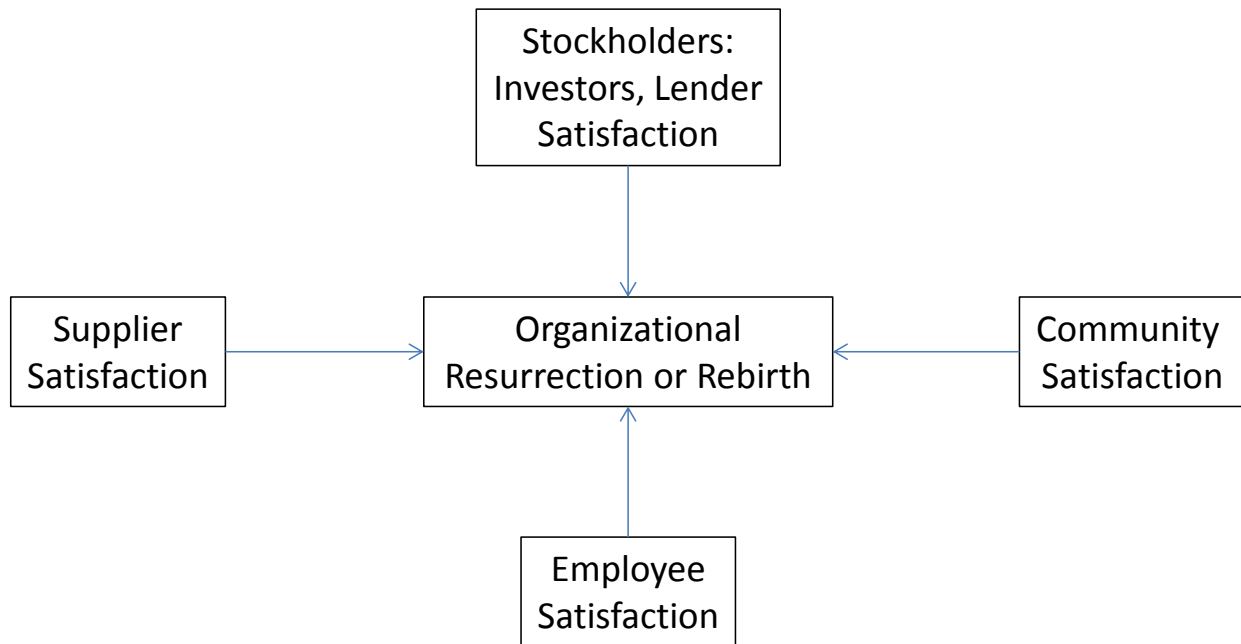


Figure 5: Stakeholder of Dying Organizations

Seeking a clearer standard upon which to judge organizational success, we turn to the country's most known standard for rating organizations - the Fortune 500 list. This list includes both public and private organizations and is widely considered to be a mark of prestige for a company. The companies that appear on this list are ranked by 12 indices, among them include the following:

- revenues;
- profits;
- assets;
- stockholders' equity;
- market value;
- profits as a percentage of revenues,
- assets, and stockholders' equity;

- earnings per share
- growth over a 10-year span;
- total return to investors in the year;
- 10-year annual rate of total return to investors (Swartz 2013).

The problem with relying on just these indices to define organizational success is they only measure the size of revenues which may or may not make it the best evaluation of all business success.

To enhance its definition, in 2006, Fortune decided to publish another list and titled it “America’s Most Admired Companies”. To be on this list organizations were evaluated by eight different indices including:

- innovation
- people management
- use of assets
- social responsibility
- management quality
- financial soundness
- long term investment
- product quality
- global competitiveness

(Money Magazine, 2012).

This abstract elusive concept of organizational success is best defined by those who interact with the organization or the stakeholders of the business. Stakeholder refers to “any group or individual who can affect or is affected by the achievement of the organization’s

objectives’’ (Freeman, 1984, p. 46). In the turnaround industry, stakeholders would be defined as the investor/lender or owner (stockholders), the community where the dying organization resides, employees, customers and suppliers of the dying organization. In this light, organizational success is not best viewed by financial terms or admiration factors alone but by the degree to which all stakeholders’ needs are met. Katzell (1957) suggested that looking at satisfaction levels of stakeholders is the best measure of performance and organizational success. Stakeholder theory sheds light on how the relative importance of different stakeholder groups varies contemporaneously and over time. Introduced by Freeman (1984), stakeholder theory suggests that every stakeholder has their own needs, objectives, and satisfaction criteria. Table 2 summarizes the different satisfaction criteria for these stakeholders.

Table 2: Comparative View of Organizational Success based on Stakeholders Perception

Stockholders	Customers	Employees
<ul style="list-style-type: none"> - Effective investment analysis - Ease of the transaction process - Effective information management - Timely risk management (Nishat 2009) - Low default rates (less than 1%) - Honest personal relationship building - Seeing clients succeed - Strong collateral and cash flow - Maintaining a A+ rating - Meeting the financial institute goals (Smarts and Savvy 2011). 	<ul style="list-style-type: none"> - Meeting expectations with specific transaction (Oladele, Olajide, Niyi 2012) - When image, service quality, perceived value are obtained (Devasagayam, Stark, Valestin 2013) - When the quality of the offer, safety, convenience and comparison are delivered consistent with the advertising message (Andezej 2012) 	<ul style="list-style-type: none"> - Having positive physical and psychological feelings about their working situation - Having pleasant and positive emotional state from work experience - Having a happy emotional state produced by adding value - Having positive job evaluation. (Hsieh 2012) - Extent to which employees like their work and their job and environment - Fulfills personal needs, values or personal characteristics. (Abraham 2012)
Suppliers	Community Leaders	
<ul style="list-style-type: none"> - Having fact-based profitability agreements - Early involvement in contract processes - Business continuity - Strong forecasting/planning opportunities - Openness and trust - Constructive feedback - Having an affinity to the buying company's values. (Maunu 2003) - Having reward-mediated and non-mediated power sources - The nature of the buyer–supplier relationship. (Benton and Maloni 2005) 	<ul style="list-style-type: none"> - Capture economic efficiencies - Increased social equity - Build the common good of the region (LeRoux and Pandey 2011) - Establishment and maintenance of their fundamental values - Enhance their ability to form, lead or dictate the temper of the times - To embrace international, multicultural or polyethnic features - Control demographic density - Generate mass enthusiasm, admiration or reverence (Savitch 2009). 	

Chen (2009) hypothesized that the relative impact on future revenues of stakeholder satisfaction varies with the power of each stakeholder group. Power has been broadly defined as the ability of one social actor (stakeholder) to get another social actor (the dying organization) to do something that they would not otherwise do (Dahl, 1957; Pfeiffer, 1981; Weber, 1947). In particular, stakeholder power increases as an organization's dependence on the stakeholder increases (Jawahar & McLaughlin, 2001; Mitchell et al., 1997).

Integrating organizational life-cycle research with stakeholder theory, Jawahar and McLaughlin (2001) showed that at any given organizational life-cycle stage certain stakeholders, because of their potential to satisfy critical organizational needs, will be more important than others. Specifically, they predicted that during the early stage of an organization's life cycle, customers will be the most powerful because they have the most potential to influence organizational survival. In contrast, in the more mature stage of an organization's life cycle, suppliers gain more power because demand usually exceeds supply in this stage, such that it is important for the organization to proactively address the needs of suppliers to ensure its long-term survival and growth (Chen, 2009).

II.3.1 Strategies for Turnaround Success.

To ascertain which stakeholder holds the power in the rebirth or resurrection stage and then use their satisfaction expectations as our definition of organizational success in the turnaround industry, we first look at the strategies used by turnaround professionals to bring these dying organizations back to life.

The research has postulated a number of different strategies to deal with organizational decline and its unique issues. The most obvious strategy is to "bite the bullet" and let the company die. Another strategy that many researchers suggest is equivalent to letting the company die is called retrenchment (Rasheed, 2005). Retrenchment is generally seen as the actions or processes necessary to achieve cost reduction and asset reconfiguration to improve efficiencies and margins (Pierce & Robbins, 1994), and it involves slimming overheads to align them with volume (Sudarsanam & Lai, 2001). Many would see these processes as a positive starting point to creating stability in the organization (Barker & Mone, 1994) and perhaps helpful

for short-term results (Rasheed, 2005). In referring to organizations that use retrenchment as a long-term strategy, Sudarsanam and Lai (2001) suggested that non-recovery firms (firms that die using this strategy) are more internally focused on operational and financial restructuring and seem far less effective in strategy implementation than their recovery counterparts.

Furthermore, Barker and Mone (1994) argued that retrenchment is not a cause of turnaround performance success, but rather a consequence of a steep performance decline during which a firm's financial performance is extremely poor. As such, the performance increases or gains achieved by retrenching, relative to non-retrenching activity, may not represent more successful turnaround attempts in terms of the actual level of financial performance attained. Retrenchment is seen as a “firefighting” activity and, at best, a short-term defensive strategy, as opposed to an effective long-term positive offensive strategy that would lead to the resurrections of the organization. These types of strategies don't seem to meet any of the stakeholders satisfaction needs, and while they may put the company out of its misery or prolong it as the case may be, they do not do much for any of the stakeholders and therefore would not enter into a definition of success.

‘Offensive’ market based strategies are things like new product launch, product mix change, and price increases. According to Abebe (2010), offensive strategies are far more effective than defensive strategies and they “debunk the common myth that retrenchment is the cornerstone of a successful recovery practice.” Arogyaswamy, Barker, and Yasai-Arnevani (1995) argued that success requires managers to go beyond retrenchment or focusing on financial issues to include effective management of a firm's external stakeholders, internal climate, and decision processes.

In looking at turnaround organizations that are successful, Armenakis and Fredenberger (1997) suggested that organizations that are “ready” for a turnaround strategy are those that have earned the employees' confidence that the change agent (TMP) has the expertise and tools to manage the change; a belief that change is, indeed, necessary, and there is a shared sense of urgency (i.e. knowledge of the financial condition of the company, knowledge of environmental conditions, and an estimate of the time frame to improve company performance, and the extent to which the employees feel they are capable of turning around the company (efficacy).

All of these components lead to a culture of change readiness and confidence that the “turnaround professional” will bring “best practices” to the table that will in fact coordinate and integrate the activities of gathering and processing information, acquiring additional funding or financing, linking customer experiences with change, building a new corporate culture around knowledge acquisition, and replacing current processes with ones that will be effective in the current volatile environment.

Growth or offensive strategies seem to be the most preferred long-term strategy and generally lead to effective recovery and renewed profitability (Chowdhury & Lang, 1994; O'Neil, 1986; Rasheed, 2005; Sudarsanam & Lai, 2001). Growth strategies are primarily made up of investment and acquisition actions such as investments in new products, services, customer segments, and geographic markets including international expansion and joint ventures. These can be either vertical, when a firm takes over a function previously provided by a supplier or a distributor, or horizontal, when the firm expands products into new geographic areas or increases the range of products and services in current markets (Kierulff, 2003; Rasheed, 2005). Table 3 shows the various retrenchment strategies as well as the offensive, growth and proactive turnaround strategies and interventions.

Table 3: Turnaround Strategies and Interventions

Retrenchment Strategies	Bite the bullet and let the company die.
	Cost reduction
	Asset reconfiguration
	Slimming overheads to align them with volume
	Internally focused on operational and financial restructuring
Offensive, growth or proactive strategies	New product launch
	Create a shared vision and establish benchmarks towards its accomplishment
	Product mix change
	Price increases
	Management external stakeholders, internal climate, and decision processes
	Earn employees' confidence in change agent (TMP) has the expertise and tools to manage the change
	Establish a belief that change is, indeed, necessary, and there is a shared sense of urgency (i.e. knowledge of the financial condition of the company, knowledge of environmental conditions, and an estimate of the time frame to improve company performance, and the extent to which the employees feel they are capable of turning around the company)
	Gathering and processing information and be transparent through the organization
	Creatively acquiring additional funding or financing
	Link customer experiences with change and get them involved in creating solutions
	Enlist all stakeholder in finding a solution including cutting back and sacrifice
	Build a new corporate culture around knowledge acquisition
	Replace current processes with ones that will be effective in the current volatile environment
	Investments in new products, services, customer segments, and geographic markets
	International expansion
	Establish joint ventures.
	Expands products into new geographic areas
	Increase the range of products and services in current markets
	Rapidly analyze and treat business problems. Don't ignore or hide them
	Restore profitability
Produce and widely distribute accurate data about the current performance of the company	
Utilize a rolling cash flow projection tool	

II.3.2 Stockholders and Organizational Success.

Of all the stakeholders with an interest in the turnaround of the organization, the lenders/stockholders hold the most power and virtually always make the decision on whether to employ a TMP or put the organization on a fast track to closure and death (Chen, 2009). At times, however, there can be a potential conflict of interest between the owners of a company (shareholders) and the people that lend money to it (bankers, private investors, etc.). In the

turnaround process, shareholders have the chance to get an upside on their investment, while the lenders “only” get the interest, but nevertheless suffer the risk of losing (part of) their money if the company can’t reimburse them in the end. Shareholders have a definite interest in taking risk while the lenders have very little. This conflict is generally resolved by having the investor’s pay for the employment of the turnaround management professional, or TMP. This puts the risk of delaying the closure of the company on the investor and provides the lender more opportunity to get interest payments and potential payback on their loans. Therefore the expectations, needs, and deliverables of the investors take center stage for the work of the TMP. The achievement of these stakeholder imperatives become the standard for measuring performance and therefore become our definition for success (Chen, 2009).

For the purposes of this research, success has been defined as when a dying venture has recovered from a decline that threatened its very existence to operate under normal conditions and achieves performance acceptable to its stakeholders particularly the stockholders of the organization.

While all stakeholders thrive on these types of actions, the stockholders and employees seem to have the most to gain from these proactive interventions and thus seem to hold the power in this stage of organizational life. Therefore, a definition of organizational success in the turnaround industry must include these two stakeholder satisfaction needs.

II.3.3 Organizational Success and Competitive Advantage.

Dynamic capabilities theory suggests that there are four areas in which to look for organizational competitive advantage. They are: processes, positions, paths and resources.

Processes. Looking towards a more complete definition of organizational success or competitive advantage, the literature suggests that processes, or the way things get routinely done in the organization, are a key element to effective turnarounds and long-term success (Teece et al., 1997). This includes the coordination and integration of activities, the way the organization gathers information and learns and the way the organizations then reconfigures and transforms that learning into new processes and procedures. These different types of processes are summarized in Table 4.

Table 4: Turnaround Process Capabilities

Process Capabilities (Adapted from Teece et al 1997)		
Key Categories	Key Components	Key Activities
Processes or the way things get done in the organization	Coordination and integration or activities	Gathering and processing information
		Linking customer experiences with change
		Rationality, coherence and corporate culture
		Process and incentives
	Learning	Organization and individual skills
		New patterns of activities or logic or organization
	Reconfiguration and transformation	Adopts best practices

Positions. Looking at the role positions play in the success of the turnaround, one is expected to look towards the technology, intellectual property, customer base, and relationships with suppliers and customers (competency and capability) for differential capabilities. Ownership, protection, and utilization of some technology assets, cash position, or the ability to

obtain cash and leverage it, reputation, the ability to be creative and innovate, the ability to break down institutional rules and norms (internal laws of governance), current product market positions, and organizational boundaries are all key dynamic capabilities of successful organizations.

Table 5 summarizes the dynamic capabilities of positions. The first two columns came from the literature review and summarize the key components and activities that organizations use to differentiate their outputs.

Table 5: Turnaround Position Capabilities

Positions Capabilities (Adapted from Teece et al 1997)	
Key Categories	Key Components
Positions or the technology, intellectual property, customer base and relationships with suppliers and customers (competency and capability)	Ownership, protection and utilization of technology assets
	Cash position and degree of leverage
	Reputation
	Formal and informal structural and their external linkages with regard to rate and direction of innovation
	Institutional (internal laws of governance)
	Product market positions
	Organizational boundaries

Paths. Finally the paths or the strategic alternatives, including constraints of the past and technology opportunities, come into play as both positive and negative influencers of success in turnaround interventions. While most TMPs would suggest that each turnaround strategy is significantly different, the paths that lead organizations to near extinction are almost always the same. It generally comes from the management team's reluctance to change the way the business

operates, sells, and interacts with stakeholders in the external environment (Sudarsanam & Lai, 2001). Table 6 summarizes the key components of paths.

Table 6: Turnaround Path Capabilities

Path Capabilities (Adapted from Teece et al 1997)	
Key Categories	Key Components
Paths or the strategic alternatives	Constraints of the past
	Technology opportunities

II.3.4 Best Practices vs. Competitive Advantage.

While insiders to the turnaround organization might see these dynamic capabilities as a competitive advantage and therefore have a desire to keep them “secret,” the literature indicates that most turnaround firms use the same capabilities as their competitors. This suggests that these “secrets” are not a competitive advantage, but perhaps have evolved into industry best practices (Eisenhart & Martin, 2000).

II.4 Human Capital and Competitive Advantage

Undaunted by the apparent lack of competitive advantage in the turnaround industry, the researchers attempted a closer look at the very foundation of this industry and the possibility of expanding on the current view of dynamic capabilities theory.

Table 7 summarizes key resources held by a turnaround organization.

Table 7: Turnaround Key Resources

Key Resources (Adapted from Teece et al 1997)
Key Categories
Physical or capital resources (specialized equipment, geographic location, financial or technology assets).
Human Capital (expertise in a technology or other area of knowledge, managerial skills)
Organizational (superior sales force, reputation or culture)

This component of dynamic capabilities theory suggests that physical, human, and organizational capital are key components to competitive advantage within the organization. A summary of research suggests that there are virtually no physical or capital resources that would differentiate one turnaround firm from another, other than the mere size of the organization or its geographic location, size being defined as the number of turnaround professionals in the organization. Size and location would give a turnaround firm the ability to work with more dying companies but does not define success of the turnaround project or create differentiation with the customer. In the same vein, organizational resources, such as superior sales force or culture of the turnaround firm, do not seem to have any bearing on success either. Reputation does, however, become a key ingredient in obtaining the initial contract but says nothing about the success of the intervention.

On the other hand, when one delves into the human capital of turnaround firms, a competitive advantage appears to potentially exist. Human capital can be seen as the knowledge, skills, and experience of individuals that work within the organization. In evaluating this component of competitive advantage, the management team and leadership of the dying

organization, outside consultants that may be brought in to help save the day, and TMPs will be considered.

II.4.1 Leadership Characteristics.

If so much is known about what leads to successful organization regeneration, why do so many companies still struggle with ineffective retrenchment strategies that don't prevent death once the decline stage sets in and fail to embrace the more effective growth strategies that potentially could prolong or rejuvenate their life? Does the answer to this question lie within the dying organization or is it a dynamic capability held within the turnaround industry?

Some would suggest that this dilemma lies at the heart of the existing management or leadership team. As a result, many argue that you must change the entire top management team in order to overcome the inertia of getting out of the death spiral (Barker & Duhaime, 1997). It is often the management team or organizational leaders' past success practices that drive the organization over the edge and into decline. These practices, while successful in other stages of the organizational life cycle, are not effective in these later stages (Rasheed, 2005).

Most existing managers are incapable of changing their processes, procedures, and systems (Arogyaswamy et al., 1995; Barker & Duhaime, 1997; Boyd, 2011; Hedge, 1982; Sudarsanam & Lai, 2001), cultural biases and behaviors (Pretorius & Holtzhauzen, 2008), or relationships and trust with stakeholders (Boyd 2011; Pretorius & Holtzhauzen, 2008; Sheldon, 1994). Most cannot negotiate temporary reprieve from lenders, customers, and employees (Hedge, 1982). Managers also find it very difficult to make the tough decisions that were not being made that lead the company into ruin (Sheldon, 1994), like replacing bad employees (Boyd, 2011), or changing or restoring the ethical values that may have deteriorated within an

organization's operating practices (Puffer & McCarthy, 2008). Replacing the management team seems to have the greatest impact on employee stakeholders, particularly if you are on the management team.

Eliminating these stakeholders frees their replacement to act without past constraints so the power position of employees has a lesser impact at this stage. Hage (1965) and Prien (1966) demonstrated that an effective manager at one point in time may be quite ineffective at a later date as the organization copes with the changing environment in which it exists.

As a result, one strategy to drive the "absolutely essential" change is to bring in a new leader/CEO or a turnaround professional from outside the organization to replace the existing leader. Franz (2009) found that CEOs or turnaround professionals leading successful turnarounds were more likely to have external (e.g. legal, finance, or general administration) functional backgrounds and come to the party with "fresh eyes," or the ability to see the issues and problems that may have been blind spots to the existing management team. Many of these leaders had success traits, which included practicing participatory leadership, having a positive track record and the ability to report, discussing key metrics of the business with everyone in the business (Boyd, 2011), relentlessly over-communicating the need for change, their vision, and a plan for change with all stakeholders (O'Kane, 2012; Victor, 2006), and motivating the existing staff of the organization by giving them challenging tasks (Hedge, 1982; Heifetz, 1994).

In support of this notion, Burns (1978) developed the concept of the transformational leader, which has little to do with position or title in the company. The concept was first introduced in 1978 in his book entitled *Leadership*. In his theory he established two concepts of leadership: transforming and transactional. He explained that transforming leadership occurs

when leaders and followers help each other to advance to a higher level of morale and motivation. He suggested that it creates significant change in the lives of people and organizations and that it “recognizes and exploits an existing need or demand of a potential follower... [and] looks for potential motives in followers, in other words, seeks to satisfy higher needs (Burns, 1978, p.207-218).

Burns (1978) went on to suggest that transforming leadership “redesigns perceptions and values and changes expectations and aspirations of employees by utilizing personality, traits, and ability to make a change through example or by articulation of an energizing vision and challenging goal” (p. 207-218.). He also suggested that transactional leadership was based on a "give and take" relationship and it approached followers with an eye to exchanging one thing for another.

Studies by Hatara, Bass, Waldman, Bass, and Einsten (1995) concluded that there is a positive correlation between transformational leaders and performance. Waldman, Bass, and Yammarino (1993) saw similar correlations with transformational leadership and recommendations for promotions, Howell and Avolio (1993) saw similar correlation with project team innovations effectiveness in stressful work situations. In addition, Keller (2006) saw it with the achievement of financial goals.

In a different meta-analysis conducted by Lowe, Kroeck, and Sivasubramaniam (1996), a positive relationship between transformational leaders and performance was reported in their overview of the literature. Geyer and Steyer (1998) reported a strong relationship between transformational leaders and a more inspired, committed, and cohesive culture. The findings of Bass (1978) suggested that transformational leadership skills and experience, key components of

a turnaround professional, are predictive of unit performance and are correlated positively with ratings of unit potency and cohesion. Both transformational and transactional leadership similarly predicted unit performance, and leadership style exhibited predicted both direct and indirect relationships with organizational performance. This suggests that it takes both active transactional and transformational leadership skills to be successful in performance improvement, and that being a passive leader (waiting for problems to arise and then correcting them) is counterproductive in terms of predicting unit performance, a typical behavior of existing management teams in dying organizations. Table 8 provides a listing of both the transactional and transformational characteristics of successful leaders.

Table 8: Summary of Leadership characteristics as postulated by Bass (1985)

Transactional (Bass)	Transformational (Bass)
Recognizes and exploits an existing need or demand of a potential follower... (and) looks for potential motives in followers, seeks to satisfy higher needs, and engages the full person of the follower	The leader who recognizes the transactional needs in potential followers "but tends to go further, seeking to arouse and satisfy higher needs, to engage the full person of the follower ... To a higher level of need according to Maslow's hierarchy of needs"
Followers are motivated through a system of rewards and punishment, relationship is one of quid pro quo - or this for that, If the follower does something good, then they will be rewarded, If the follower does something wrong, then they will be punished.	Also use their authority and power to radically reshape through coercive means the social and physical environment, thus destroying the old way of life and making way for a new one
	Individualized Consideration
	Intellectual Stimulation
	Inspirational Motivation
	Idealized Influence

Heifetz, in his book *Leadership without Easy Answers* (1994), argued that leadership with authority is most effective in adaptive situations where the leader can identify the adaptive challenge, provide diagnosis of conditions, and produce questions about problems, definitions, and solutions, including delousing external threats, disorienting current roles, resisting pressures

to orient people in new roles too quickly, exposing conflict, letting conflict emerge, and challenging norms. These findings would seem to support the notion that the human component, skills, experience, and knowledge possessed by a transformational leader, is the competitive advantage, a key dynamic capability of successful organizations and a key ingredient to the success of organizations in decline.

As the research suggests, replacing the old management team with a transformational leader is the key to organizational resurrection in the decline stage. So why do not more stockholders insist on this strategy to save their organizations? First, finding individuals who could be classified as possessing a transformational profile is not an easy or inexpensive task. Second, many of these transformational characteristics are hard to identify in traditional interviewing processes. And finally, regardless of the cost and initial effectiveness, even replacing old CEOs with new CEOs, who were experienced with accumulated substantial company and industry knowledge and who initially provided key insights into prevailing market conditions, also become “stale in the saddle” over time (Lohrke, Bedeian, & Palmer, 2004). So while these transformational characteristics may be a key to an effective change agent, finding them in a leader and appointing that person as head of the dying organization may not be optimal or lead to complete advantage in all cases.

II.4.2 Characteristics of Change Agents or Consultants

Many have argued that whether they use existing managers or replace managers with an outside consultant, the success of a turnaround project must include specifically trained and skilled outside consultants or change agents that possess operational knowledge, experience, and skills to deal with the specific issues that confound the declining organizations (Nikolaou,

Gouras, Vakola, & Bourantas, 2007). Characteristics of change agents are summarized in Table 9.

Table 9: Characteristics of Effective Change Agents or Consultants

Traits	Skills	Education	Experience
Self Identification	Negotiation	Level of formal education of TMT: Education: More years of education is good because it generally signals an openness and creativity in problem solving	The more diverse the better the performance because the better information they have and the better they are at making decisions with that information
Courage	Conflict resolution		
Outspokenness	Team building		
Opening to lifelong learning	Leadership skills		
Ability to deal with complexity	Project management		
Personal drive			
Desire to lead			
Honesty			
Cognitive ability			
Self confidence			
Authors: Nikolaou, Gouras, Vakota and Bourgntas	Authors: Nikolaou, Gouras, Vakota and Bourgntas	Authors: Michale A. Abebe	Authors: Michale A. Abebe

While change agents or consultants have proven to be effective in many situations, they, like their transformational leader counterparts, can be very expensive and are typically experienced in only a specific function or activity like accounting, cost management, negotiations, or time management. Like specialized physicians, while they may fix the heart, the circulatory or sensory condition, other ailments in the body may still cause death. Change agents come to the party and work to fix one area of the organization. Once completing their operation, they move on to other patients leaving the organization leadership to manage the skill transfer themselves. Extrapolating the learned skills to new or different conditions that may come up are

left to the employees themselves and, more often than not, these attempts are unsuccessful (Abebe, 2009; Nikolaou et al., 2007).

In addition, while the industry is quick to postulate on the success characteristics or profile of the effective change agent or consultant, the literature is relatively silent on the ties between these characteristics with performance effectiveness, particularly in the turnaround industry. It appears that there is some merit to the notion that operational knowledge, process, positions, paths and resources found in the turnaround profession are the best source of success for the dying organization.

II.4.3 Characteristics of Turnaround Professional

To offset these drawbacks of change agents, a relatively new industry has emerged touting a unique change agent called a turnaround management professional (TMP). It is reported that these unique brand of consultants focus on rapidly analyzing and treating business problems, restoring profitability, producing and widely distributing accurate data about the current performance of the company, and utilizing rolling cash flow projection tools (Brownstein, 2002), and they possess the ability to inspire, empower, and restore people's confidence in themselves and in one another (Kanter, 2003).

In a study conducted by Nikolaou et al. (2007) it was postulated that self-efficacy and the focus of control of the people involved in the turnaround (middle managers and top management team) had positive attitudes regarding change and team performance in a change management situation and that they were open to having interaction with these TMPs.

Yet in spite of those who speculate and use “common sense” to identify the success profile of the TMP, there is still no clear evidence or scientific research measuring the effectiveness of these individuals on the actual results of their work. This common sense profile of TMPs is summarized in Table 10.

Table 10: Characteristics of a Turnaround Professional

Traits	Traits	Skills	Education	Experience
Ability to inspire, empower and restore peoples confidence in themselves and in one another (Kantar 2009)	Self awareness, tough minded, objective orientation, biases for action, drive,	Problem solving. Entrepreneurial, negotiations, interview, ability to set high expectations, ability to attract good people who have a high loyalty to work (O'Kane, Lovas; Bibeault)	understand the difference between cash flow and income and be able to manage cash properly, be objective about the problem, set clear goals, conduct turnaround planning (Kieruiff, Paversion)	History of successful workouts (O'Kane, Lovas; Bibeault)
Produce and widely distribute accurate data about the current performance of the company, excellent communication skills, accounting and finance knowledge, focus on desired outcomes, detailed oriented, familiarity with industry, common sense, realizable, self-confident, broad business experience. analytical ability, creative, decisive, achievement oriented, perfectionist. and disciplinarian (O'Kane, Lovas; Bibeault)	intellectual ability, self starter, social ability, flexibility, competitive, enjoys a fight, unemotional, intestinal fortitude to withstand a short term massacre of people (O'Kane, Lovas; Bibeault)			

The research uncovered a strongly held belief among the industry, yet never empirically tested, that the knowledge (accounting and finance, legal and business acumen) and experience (5-25 years) of a turnaround professional make them more apt to succeed than those who do not hold this knowledge or experience. These findings would suggest that it is the technical, operational, and industry knowledge, skill, and experience held by a TMP that create the real

competitive advantage in the industry firm (Mahoney & Pandian, 1992; Schendel, 1994). In support of this theory, an industry specific affinity group known as the Turnaround Management Association (TMA) is making an attempt to regulate and set standards for the turnaround industry and in particular the TMPs that work within it. They have initiated a certification process to distinguish those individuals who have proven their “effectiveness” by demonstrating their knowledge through a series of tests and then meeting standards for experience and education. - See Appendix A.

The premise, as stated in their own recruiting documents (TMA, 2012), is that a Certified Turnaround Practitioner (CTP) is better qualified and able to provide a set of skills, experiences, and operational knowledge that is more effective in turning the declining organization into a revitalized organization. These requirements are summarized in Table 11.

Table 11: Turnaround Management Association Certification Criteria (CTP)

Experience	Management skills	Management Knowledge	Accounting and Finance Skills	Accounting and Finance Knowledge	Law Skills	Law knowledge
-5 yrs. of executive management, senior management, business consulting or loan workout experience - 3 yrs. as a turnaround or restructuring consulting, or turnaround interim management - C-level experience as a (CFO, COO or CRO) leading the turnaround of companies suffering financial distress or in a financial crisis	- Management Change - Situation Analysis - Emergency action - Business restructuring - Design and selection of a turnaround strategy - Return to normal - Strategic evaluation and planning - Crisis management - Business reconfiguration or liquidation - Managing cash in crisis situations - Negotiating with creditors and vendors	- Causes of business failure - Early warning signs of decline/failure	-Valuation of business - Capital structure - Sources of capital - Cost analysis - Profit planning and budgetary control - Performance measurement - Shareholder value	- Understanding financial statements - Financial markets - Cost of capital - Worker Adjustment and retraining notification Act (WARN) - Consolidated omnibus budget reconciliation act (COBRA) - Comprehensive environmental response - Compensation and liability Act (GERCLA) - Age discrimination in employment act of 1967 - Tax awareness - Implementing out of court reorganization	Commercial and business law - Secured transaction - Employment issues - Environmental Issues - General contract issues - Payment systems - Judicial debt collection - Bankruptcy - Types of bankruptcy relief - Bankruptcy case commencement - Debtor in possession - Use, sale, and lease of property estate - Trustee's avoiding powers - Executor contracts - Claims & interest - Chapter 11 plan	- What types of enterprises can be debtors under bankruptcy code - Effect of bankruptcy filing - Parties in Chapter 11 proceedings - Bankruptcy courts and jurisdiction
Public Comment Phase		60 day				
Learning Resources		Body of Knowledge - Law, Accounting/Finance and Management				
Experience		5 and 25 yr. distinction				

The organizations that possess a greater number of CTPs will have a competitive advantage over their competitors in meeting the needs of distressed organizations.

Having said this, Eisenhart and Martin (2000) postulated that this capability is being diluted by the movement of the TMA's efforts to certify all TMPs around a precise base of knowledge, skill, and experience. They suggested that while the early adoption of capabilities will result in competitive advantages, the capabilities, over time, become industry best practices that all effective firms in the industry adopt to survive as opposed to utilizing them as competitive advantages. So while these characteristics, knowledge base, skill level, and experience may lead to the success of a TMP and utilization of the turnaround profession's "best practices," it may not necessarily lead to a competitive advantage of the organization.

II.5 The Missing Link: Psychometric Behavior and Traits

Boyd (2011) stated that for some high performing TMPs, (MVPs), many had success traits that were not present in other professional consultants or even other TMPs. Hunter and Hunter (1984) suggested that cognitive abilities are a key predictor of success in occupational pursuits. Holland's (1985) person-environment typology theory suggested that one's motivation for work can be associated with various interest categories and hold a person's desire to perform more effectively on the job. Tett, Jackson, Rothstein, and Reddon (1991); Barrick & Mount, (2005); Ones & Viswesvaran, (1996); Stewart, (1999) present the psychological premise that observable behavior is a reflection of cognitive states, that there is a relationship between personality and behavior, and that personality is a key factor in performance and success on the job.

This raises the question of: could a TMP's psychometric profile, or the innate personality, cognitive reasoning ability, motivation, and behavior traits be differential in TMPs and potentially be the real "competitive advantage" of one firm over another within the turnaround industry?

This opens the door to the discovery of a potential new element to dynamic capabilities theory. Is there a unique blend or total composite of a TMP's personality, reasoning ability, motivation, and interests (psychometric profile) that, coupled with technical, operational, and industrial knowledge, skills, experience, and education, would differentiate a TMP's success rate in bringing dying organizations back to life? And if such a composite could be identified and used to screen, hire, and train potential TMPs, would that composite in TMPs lead to "competitive advantage" and increased revenue for the firm?

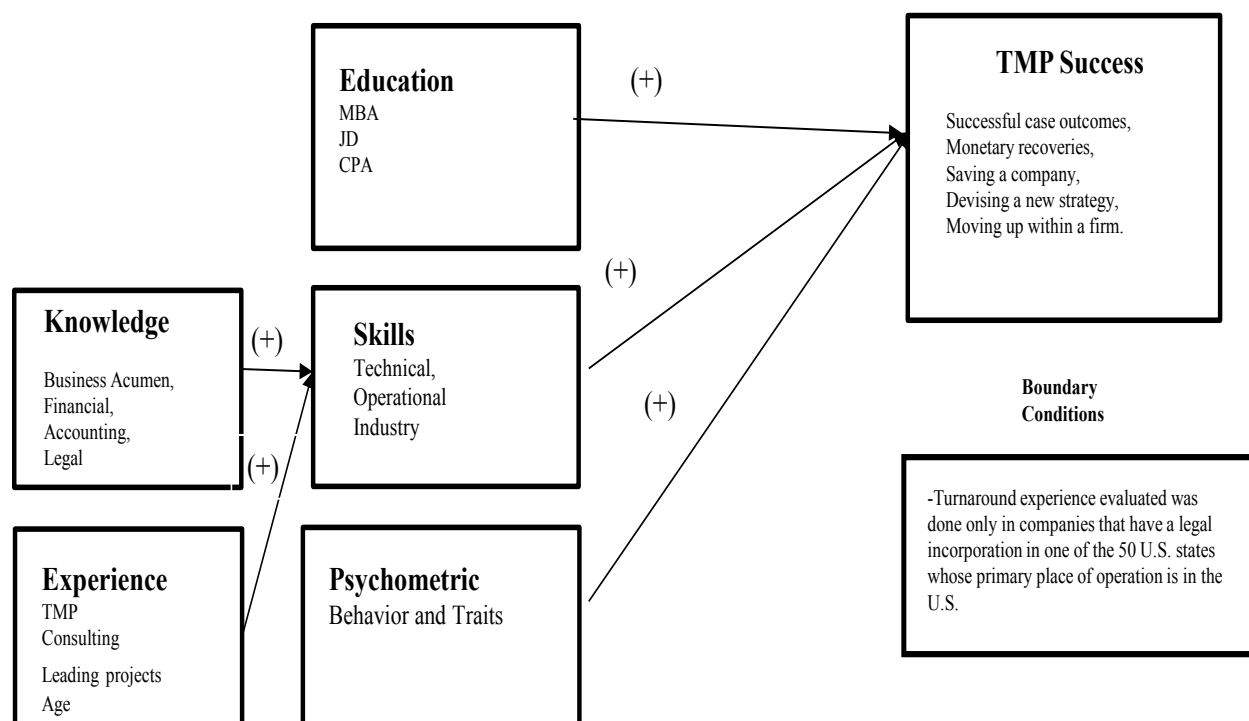
II.6 Literature Review Summary

The literature has carefully presented a picture that focuses this research in a new realm of the organizational life cycle that has been identified as the rebirth or resurrection stage. With this stage as the backdrop of this research, a definition of organizational success was established to set a formative construct to measure the desired outcome. This definition evolved based on stakeholder theory and suggests that the stockholders would be the key components to the definition of organizational success particularly since these stakeholders seem to hold the greatest power in the rebirth stage of organizational life. With these foundation elements in place, the antecedents or elements of the research model were identified. This leads to the discovery of a number of best practices or dynamic capabilities held by organizations in the turnaround industry. A missing link in dynamic capability theory, namely psychometric behaviors and traits was identified as a way to obtain competitive advantage and as a key to MVPs' success coupled with knowledge, experience, skills, and experience.

III Research Model and Hypothesis

Because of the mixed nature of this research project, utilizing a research model and testing it with regression analysis, an enhanced knowledge of the psychometrical profile of a TMP compared to the “classic” measurements of education level, skill, and experience should be obtained. The research model is built with several antecedents or independent variables. The research model is pictured in Figure 6.

Figure 6: Research Model



When studying this model, there are several items to consider. First, the dependent variable on the right side of the equation must be continuous data. The archival data collected categorical data on measures of effectiveness, which is the dependent formative construct in this variance model. That categorical data was transformed to ordinal data when the survey respondents ranked the twelve measures of effectiveness discovered during the focus group. The

researcher combined the elopements of success identified by the nomination process for the top TMPs conducted by *Turnaround and Workout Magazine*. The most common method for defining expertise is relying on peer judgment (Kahneman & Klein, 2009). If the performance of different professionals can be compared, the best practitioners define the standard. As Shanteau (1992) suggested, “Experts are operationally defined as those who have been recognized within their profession as having the necessary skills and abilities to perform at the highest levels” (p. 225). Edwards & Bagozzi (2000), Jarvis, Mackenzie, and Podsakoff (2003), and Diamantopoulos, Riefler, & Roth (2008) suggested utilizing formative measures, where measures determine the construct in empirical studies, while scarce, have been used for over 40 years. Diamantopoulos and Winklhofer (2001) noted, “a formative perspective (though not explicitly acknowledged as such) characterizes several composite measures used in the economics literature” (p. 269-277) such as the human development index and sustainable economic welfare.

The phase IV surveys and questionnaires and archival information collected data for the independent variables on the left side of the equation to include knowledge obtained, whether or not the person was a CTP, education level, years of experience, technical and psychometric behavior and traits with a potential moderating variable of organizational culture.

III.1 Antecedents to TMP Success

The existing literature suggested that the key determinates to a TMPs success is knowledge, skill, and experience. In this section these and other antecedents are explored and presented as key elements to the construct of successful TMPs.

III.1.1 Technical, Operational, and Industry Knowledge.

The big challenge of this research is to empirically test the success characteristics of a TMP. Data gathered through each phase of the research, coupled with the literature review, has been instrumental in identifying the antecedents and variables for the development of the formative construct used in this research. The literature suggested that skill, knowledge and experience are the most influential factors in differentiating between individual successes (Hambrick & Mason, 1984); Hitt & Barr, 1989; Hitt & Tyler, 1991). The criteria of financial, legal, and business acumen knowledge presented by the TMA were the starting point in measuring a TMP's success on the job. In the phase I interviews with TOPs, this assumption was reinforced by each person interviewed. Having said this, there is a significant difference in the application of this knowledge. TMA stated this knowledge is a determination of success and a determinate of competitive advantage, where TOPs and MVPs suggested it was a prerequisite to employment and that everyone in the industry possess it or they fail. The TOPs and MVPs again agreed that it is the appropriate application (skill) of this knowledge that makes a difference in success and competitive advantage. Therefore, the model suggests that technical, operational, and industry knowledge, financial, accounting, legal, and business acumen knowledge and experience are the foundation elements to skill attainment and that skill becomes an independent variable influencing a TMPs success. Therefore hypothesis one is proposed as:

HP1: The more technical, operational and industry knowledge obtained, the more successful a TMP.

III.1.2 Education as an Antecedent to TMP Success.

Hambrick and Mason (1984), Hitt and Barr (1989), and Hitt and Tyler (1991) found that an executive's educational background provides an indication of their skills and knowledge. The

type and amount of education are relevant in decision making, innovation, and company performance. They postulated that “as educational levels increase, training, experience, and paradigmatic perspectives become more specialized and focused, thereby creating more conformity in cognitive models” (Hitt & Tyler, 1991, p. 333).

In the same light, dynamic capability theory states that knowledge, education, experience and the skills of an individual make them unique as well as their ability to influence an organization’s success (Teece et al., 1997). This mindset is shared by the TMA as identified by the key components of their certification process (2012). Informants across all groups, TOPs, MVPs and other TMPs all seem to share this belief. They categorize these elements of success as technical, operational, and industry knowledge, experience and skill.

Technical knowledge is defined by informants as the basic understanding of accounting, financial management, and legal practices, particularly around bankruptcy and business acumen. This knowledge is obtained with an advanced degree (MBA, CPA, or JD) from an accredited university. Hambrick and Mason (1984) suggested that individuals in different functional groups such as legal, accounting, and human resources develop a different orientation to the organization and its environment and culture. This functional knowledge has an impact on models and processes utilized by managers and thus their strategic decisions and performance levels. The need for technical knowledge is reinforced by the words of a number of informants. TOPs expressed that education in general, especially certain degrees like an MBA, CPA, JD, along with specific schools attended, also had a profound effect on the success of a TMP. As a result, education is also identified as an independent variable leading to TMPs’ success. This results in the next set of hypotheses:

HP2: A graduate degree in Business (MBA), Accounting/Finance (CPA), or legal (JD) is necessary to be a successful and high performing TMP.

HP3: A graduate degree from a top100 ranked university versus a ranking outside the top 100 is differential in the success and performance of a TMP.

III.1.3 Psychometric Skill Attainment as an Antecedent to TMP Success.

When asked specifically what constituted an effective and successful TMP, again TOPs and MVPs cited psychometric skills as the “DNA” to success in the turnaround industry.

Psychometric Skills are a better indicator of the “it” or “art” of successful implementation than knowledge, education, and technical skills, and the possession of specific psychometric skills is the best indicator of a successful TMP. These psychometric variables or characteristics influenced the researcher to add a psychometric component to the mix and place it as an independent variable as well. The next set of hypotheses will test psychometric skills.

HP4: The higher the PXT overall percent match score, the more successful and high performing the TMP.

HP5: A MVP will have a higher PXT overall percent match score than a TMP or other consultants.

HP6: PXT overall percent match score is a better indicator of a successful and high performing TMP than experience, knowledge, and skill.

HP7: The stronger the thinking style percentage score is, the more successful and high performing the TMP.

HP8: The stronger the behavioral percentage score the more successful and high performing the TMP.

HP9: The stronger match with occupational interests benchmark the more successful and high performing the TMP

III.1.4 Experience as an Antecedent to TMP Success.

Frederickson (1985), Hitt and Barr (1989) and Hitt and Tyler (1991) found that the amount and type of work experience that managers obtained affected their strategic choices and the models/processes used in making decisions. Experience allows managers to fine tune their decisions and work with models that they have tested over time. This “knowledge based on outcomes” provides a benefit and advantage over less experienced managers. Hitt, Ireland and Palia (1985), Hitt Ireland and Stadter (1985), Hitt and Stadter (1985, 1986) and White (1987), found that there was significant relationships between the importance managers placed on certain functions, distinctive competencies, strategy and performance. Thus, knowledge and experience may be related to executive choices of strategy and the resulting performance.

Experience or time on the job came up repeatedly in the literature as well as the interviews and surveys conducted, identifying experience as a key component of both technical and psychometric behavior and trait development. Experience of fifteen years or more teaches and imbeds the TMP with the “art of implementation or success”. As such, experience was added as a variable leading to the acquisition of skill. The researched hypothesis utilized to measure this variable is as follows:

HP10: The more operational and industry experience obtained the more successful and high performing a TMP.

III.1.5 CTP as an Antecedent to TMP Success.

Lastly the literature identification of satisfaction criteria of stockholders and employees reinforced the information generated from TOPs thus strengthening the constructs. Wanting to test the notion that CTPs are more successful than non - CTPs, as postulated by the TMA, a hypothesis was added to verify this assumption.

HP11: CTPs will be more successful and high performing than a TMP.

Table 12 summarizes all of the hypotheses in this research.

Table 12: Research Model and Hypothesis

Antecedent to TMP Success	Hypothesis
Knowledge	HP1: The more technical, operational and industry knowledge obtained, the more successful a TMP.
Education	HP2: A graduate degree in Business (MBA), Accounting/Finance (CPA), or legal (JD) is necessary to be a successful and high performing TMP.
	HP3: A graduate degree from a top 100 ranked university versus a ranking outside the top 100 is differential in the success and performance of a TMP.
Psychometric Behavior	HP4: The higher the PXT overall percent match score, the more successful and high performing the TMP.
	HP5: A MVP will have a higher PXT overall percent match score than a TMP or other consultants.
	HP6: PXT overall percent match score is a better indicator of a successful and high performing TMP than experience, knowledge, and skill.
	HP7: The stronger the thinking style percentage score is, the more successful and high performing the TMP.
	HP8: The stronger the behavioral percentage score the more successful and high performing the TMP.
	HP9: The stronger match with occupational interests benchmark the more successful and high performing the TMP
Experience	HP10: The more operational and industry experience obtained the more successful and high performing a TMP.
CTP	HP11: CTPs will be more successful and high performing than a TMP.

III.1.6 Definitions of the Constructs and Measures.

Research design begins with developing a strategy for research including defining the components and categories which will be part of that research. This becomes the blueprint or

format for the research (Babbie, 2007; Malhotra, 2007). The following categories have been identified as the criteria for our research model:

- 1) Unit of analysis is the what/who is being studied (Van de Ven 2009; Yin 2007): TMP
- 2) Units of observation are the specific who's that are being analyzed (Van de Ven 2009; Yin 2007):
 - a) TOP's from selected successful turnaround organization with offices across the U.S. with a strong reputation as being one of the best in the turnaround industry.
 - b) TMP's identified by TOP's as the most successful TMP's in the industry (MVPs)
 - c) TMP's identified by *Turnaround and Workouts Magazine* as the Top 10 TMP's in the industry for the last 3 years
 - d) TMPs that hold the CTP distinction
 - e) Random sampling of TMPs with membership in the TMA from across the U.S.
 - f) Other business professionals
- 3) Unit of Measurement are the variables, antecedents and constructs that address hypothesis (Van de Ven 2009; Yin 2007):
 - a) The formative construct or dependent variable: TMP Success and Performance. Criteria used by *Turnaround and Workouts Magazine* namely: A formative construct consisting of successful case outcomes, monetary recoveries, saving a company, devising a new strategy, moving up within a firm
 - b) The antecedents or independent variables include: technical, operational and industrial knowledge, experience, skill, psychometric behaviors, and education.

The following definitions are being utilized to add clarity to each of the antecedents:

Skill: the ability to use one's technical, operational and industry knowledge effectively and readily in execution of performance.

Experience: participation in events or in a particular activity such as accounting, finance, legal, business and/or management.

Education: the level of degree obtained by the TMP, i.e. MBA, CPA or JD. In addition, the ranking of the school attended based on The American College and university rankings compiled by U.S. News & World Report, which widely regarded as the most influential of all college rankings (Luca & Smith, 2011).

Psychometric behavior: as measured by:

- a) Logical reasoning measured by verbal skill, verbal reasoning, numerical ability, and numeric reasoning (Hunter & Hunter, 1984).
- b) Individual's interest in six major occupational themes: enterprising (Holland, 1985), financial/administrative, people, service, technical, mechanical, and creative.
- c) Behavioral traits consisting of energy level, assertiveness, sociability, manageability, attitude, decisiveness, accommodation, independence, and objective judgment (Tett et al., 1991).

Table 13 summarizes the key elements of the research model.

Table 13: Variable Analysis and Definition

Variable Name	Measurement of Construct and Antecedents	Index for variable
Skill	Self disclosure of technical, operational and industry knowledge and experience	Skills (Finance = 0, Accounting = 1, Legal = 2, Business = 3, Other = 4)
Knowledge	Self description of career area of focus in the areas of Finance, legal and business acumen.	Finance = 0, Accounting = 1, Legal = 2, Business = 3, Other = 4)
Experience	Total yrs. work experience; total yrs. as a consultant; total yrs. as TMP; total yrs. leading a project & age	Age (Range) 0-30 = 0, 31- 40 = 1, 41-50 =2, 51-60 = 3, over 61 = 4; Total yrs. (1-5 = 0, 6-10 = 1, 11-15 = 2, 16-20 = 3, 21-25 = 4 Over 26 = 5); yrs. Consultant (1-5 = 0, 6-10 = 1, 11-15 = 2, 16-20 = 3, 21-25 = 4 Over 26 = 5); yrs. as TMP (1-5 = 0, 6-10 = 1, 11-15 = 2, 16-20 = 3, 21-25 = 4 Over 26 = 5); yrs. leading projects (1-5 = 0, 6-10 = 1, 11-15 = 2, 16-20 = 3, 21-25 = 4 Over 26 = 5)
Psychometric Profile Characteristic	PXT benchmark match score, learning index percentage score, the behavioral percentage score, the occupational interest match to benchmark	PXT overall percent match to benchmark, learning index match to benchmark, behavioral percentage match to benchmark and occupational interest match to benchmark vs. MVP and TMP.
Education	Level of degree, (MBA, CPA, JD, Other); Name of university then associate it with ranking	Education (no advanced degree = 0, MBA = 1, CPA =2, JD =3, other = 4; School ranking (greater than 100 = 6, 1-10 = 1, 11-25 = 2, 26-50 = 3, 50-75 = 4, 76-100 = 5
Certified Turnaround PR actioner?	Yes/No if they have received CTP designation	CTP (0 = no, 1 = yes)
TMP Success	A formative construct consisting of successful case outcomes, monetary recoveries, saving a company, devising a new strategy, moving up within a firm identified by Turnaround and Workouts Journal; Designation as MVP TMP by TOPs. All as identified as MVP TMP designation	MVP (0 = no, 1 = yes)

IV Research Methodologies

This research seeks to answer the question: *What are the characteristics of successful, high performing turnaround professionals (MVPs)?* This research follows a mixed methods approach utilizing a combination of qualitative and quantitative research methods to achieve the advantages of each and mitigate their weaknesses. Venkatesh et al (2013) suggested that using a mixed methods approach could provide rich insights into various phenomena of interest that cannot be fully understood using only quantitative or a qualitative methods. The strategy used for analyzing data was to conduct analysis within each case, and then analyze across cases.

Qualitative research excels at telling a story from the participants' viewpoint, providing the rich, descriptive detail that sets it into the human context. Quantitative research excels at summarizing large amounts of data and making generalizations based on statistical estimations (Richard & Cook, 1979). This approach allows the researcher to study the opinions of multiple people across different organizations and discover patterns and trends that may apply in many different situations (Myers, 2009; Trochim & Donnelly, 2008). This inextricably intertwined methodology allows the researcher to see and understand the context within which actions and decisions take place. It is the context that helps to "explain" why someone said something or acted the way they did. Also by talking to people, we can understand what they are or were thinking, what is happening, how it has come to happen this way, and when it happened. Mixed method research allows scholarship and practice to come together, to study real situations, and engage with people in real organizations (Myers, 2009; Yin, 2009).

This qualitative and quantitative design linkage "allows alternating two kinds of data collection, beginning with exploratory fieldwork, leading to the development of quantitative instruments, such as questionnaires and surveys. Questionnaire findings can be explored further

and deeper and then tested systematically with another round of qualitative work” (Miles & Huberman, 1994, p. 41). Table 14 illustrates the linkage between Quantitative and Qualitative methods.

Table 14: Illustrative Design Linking Quantitate and Qualitative Methods

Qual \longrightarrow	Quant \longrightarrow	Qual \longrightarrow
Interviews	Questionnaires	Deepened Test Findings

The researcher’s philosophical assumptions can be seen in an interpretative approach to research. In this vein, theories are reconstructions of the facts, and the criterion of a good theory is an understanding of meaning and intentions rather than deductive explanation. Meanings are what constitute facts, for data consists of documents, intentional behavior (action), social rules, culture, etc., and these are inseparable from their meanings for individuals. The hermeneutic circle explains that parts cannot be understood without the whole, data and concepts cannot be understood without theory, and context becomes key in understanding the data (Myers, 2009).

For the most part, inductive reasoning (as opposed to deductive reasoning) was employed by the researcher. This type of reasoning seeks to supply premises with strong evidence or probable truth for, but not absolute proof of, the truth of the conclusion. This form of reasoning is unlike deduction in that in deductive reasoning, the conclusion is supposed to be certain and the premises provide evidence to the conclusion that cannot be denied (Copi, Cohen, & Flage, 2007; Van de Ven, 2007).

The acceptance of both types of reasoning is evident in scientific literature. Glaser and Strauss (1967) maintained that inductively developed, theory is improved over other methodologies in the ability to develop theory that is formulated by logical deduction from prior

theory. Strauss (1987) suggested that in practice it is challenging to ignore the theory accumulated in one's mind before beginning the research process. Thus, beginning the research process without prior assumptions is neither practical nor preferred. Richards (1993) reaffirmed that it is improbable for a researcher to separate the two approaches because they both are always involved, often simultaneously, and it is impossible to go theory-free into any research.

This research adopted a discovery-oriented approach (Menon, Bharadwaj, Adidam & Edison, 1999) where the current insights of the literature and field findings are tested with an empirical model.

IV.1 The Context and Participants of this Research

For the most part, the population for this research were the individuals and organizations associated with the turnaround industry. There are approximately 315 Certified Turnaround Practitioners (CTPs) in the world. There are approximately 9,000 members of the Turnaround Management Association (TMA) spread across 47 active chapters. 32 of those chapters are in North America.

In this research the participants consisted of the turnaround organizations president/owner or managing director (TOP) and the TMP's, the consultants doing the actual turnaround work for the dying organization who are housed within the turnaround organizations. A member of the focus group describes these individuals in the following way:

“This is a very closed and highly intellectually group that uses their secrets of success and networks to literally saves the dying organization and those who work within it. TMP's are confident in their skills such that they appear cocky, arrogant, aloof and at times condescending. They are very busy working twelve to fourteen hour days, seven days a week in high stress and volatile environments. They get paid outrageous sums of money for what they do and work in very tight time frames so they have little time for small talk or activities that do not lead to resolution of the turnarounds they are involved with at the time. They are very protective of their clients, resources and personal time. It

is going to be very difficult if not impossible for you to get them to take the time to participate with you in this research.”

As a result of the predominate culture in this industry, the researcher had to be very creative in obtaining access to individuals and organizations, and then gaining their trust to entice them to risk getting involved. Many were very wary of the research and how it would be used. Some did not want their words to be recorded and many wanted to see the transcripts of recordings before giving their approval for them to be used. Being the owner of a boutique turnaround organization, having experience in the industry, and being able to “talk the talk” helped the researcher establish a beach head for trust development. The researcher was seen by most as an “insider” which had “earned the right to hear their messages of success and failure.”

As a side note, it is understood that as an insider, a certain level of bias is to be expected. Throughout the research project, the researcher worked to minimize such biases through reliance on collected data and reporting informants’ actual words as opposed to his own personal thoughts and feelings for the issues.

Gaining the support of and working with the Turnaround Management Association (TMA), see description in Appendix A, of which all informants belonged, added to their receptive nature. For example, after several failed attempts to illicit participants via e-mails and phone calls, the e-mail request was altered to reference an article the researcher has published in the turnaround management association’s journal (Baird 2013). This small change generated hundreds of request for more information and led to the identification of the informants that were finally used. For others, appealing to their sense of obligation as being identified by *Turnaround and Workouts Magazine* as one of the top TMP’s in the field endeared them to participate.

IV.2 The Researcher-Client Agreement

As the project initiated, a formal researcher-client agreement (Davison et al. 2004; Susman & Evered, 1978) was attempted with the TMA. Contact was made with the national headquarters located in Chicago, Illinois. Several individuals were contacted including the Chief Learning & Certification Officer and the Senior Manager of Communications / Editor for the *Journal of Corporate Renewal*. While the national association was very interested, they recommended working with the regional chapter presidents, and informed the researcher that regional presidents would be the conduit to the national office. At the same time they encouraged the researcher to join the association as a “good will gesture,” which was done. The national office was motivated to support the research from several different perspectives. First, the industry is experiencing a natural decline in effective professionals as the current experienced TMP’s are reaching retirement and few young people are joining the association to replace them. Identifying success characteristics intrigued the TMA, in that they hoped the researcher would eventually develop a tool and/or process, based upon the research that would measure aptitude for success in the turnaround industry. This tool or process could then be used in recruiting visits to attract young college graduates to the industry.

Next, they expressed apprehension of the possibility that the research might discover their Certification Process (CTP) might not be a valid indicator of success. Since this is a lucrative money maker for the association, they discouraged making such a finding.

Finally, they encouraged and requested a series of articles from the research that could be published in their monthly journal. No formal contract was agreed to with the TMA, but an informal blessing was given to do the research.

The formal representation of the association came from two different chapter presidents. One president came from the South Eastern Region and the other was from the Central Region. See Appendix F for invitation letter. Both chapter presidents became highly involved in the process by sponsoring lunches for focus groups, allowing the use of their personal and the associations' names in the correspondence (see appendix F). In addition, they both personally suggested firms and individuals that met the criteria for participation and they wrote letters of introduction and support. One local chapter paid for lunch, for the focus group. For the researcher's part, the informal contract included identification of responsibilities of the different players, a proposed timeline, and a promise to keep them in the loop and share findings when completed. (Mathiassen 2002).

IV.3 Research Process

The research process occurred over a one year period and employed a number of different data collection techniques including focus groups, e-mail campaigns, semi-structured telephone interviews, online surveys, and the acquisition of archival data. Myers (2009) suggested that using two or more techniques to gather data, or triangulation, would provide a richer understanding of the world in which research was being conducted. Yin (2009) maintained that multiple sources allow the researcher to look at the same topic but from different angles and to speak to a wider range of attitudinal, historical, and behavioral topics. The focus group was utilized to set the stage and provide direction for the research plan. It was assumed that most of the data, which proved to be correct, would come from the interviews. Follow-up surveys were utilized to capture data that was missed in the initial interview. The ProfileXT (PXT), questionnaire was the primary source of psychometric data both from the turnaround informants and from other professionals who had taken the questionnaire in the past. A select group of

questions from the Organization Culture Inventory (OCI) was used to measure culture, and archival data was collected from resumes, vitas, organizational publications, and internet searches.

IV.3.1 Phased Research.

The term “pilot studies” refers to mini versions of a full-scale research (also called “feasibility” studies), as well as to the specific pre-testing of a particular research instrument such as a questionnaire or interview schedule. Pilot studies are a crucial element of a good research design (Yin, 2009).

Conducting a pilot study does not guarantee success in the main research, but it does increase the likelihood. Pilot studies fulfill a range of important functions and can provide valuable insights for other researchers (Van Teijlingen & Hundley, 2001). It is a form of a dress rehearsal. It can assume the role of a laboratory and is much broader and less focused than the ultimate data collection plan (Yin, 2009).

In this study the researcher utilized several phases, including a pilot, to enhance the viability and reliability of the research. Phase I consisted of preparation of a research plan through literature review, data gathering, analysis of data, and development of lessons learned from the focus group. Phase II consisted of identification, buy-in, interviews with TOP’s of turnaround organizations across the U.S., analysis of interviews, follow-up surveys, analysis of surveys and recording of findings.

Phase III encompassed identification, buy-in, interviews, analysis, follow-up surveys, and recording of findings with MVPs and LVPs identified by TOP’s. These three phases constituted the pilot study. Results from these three phases were published in the TMA’s *Journal of*

Corporate Renewal (Baird 2013). In addition findings were presented as a poster at the 2nd International Conference on Engaged Management Scholarship in England in 2013 and as part of the doctoral consortium and poster at the 3rd International Conference on Engaged Management Scholarship held in Atlanta Georgia in 2014. Feedback received at these conferences influenced an enhancement to the research plan, a redefinition of success and a desire to gather more data utilizing the new definitions.

Phase IV of the research implemented this new design including the identification and interviews of *Turnaround and Workouts Magazines*' top 10 TMP'S from 2010 to 2013, other TMPs from the industry, administration of the PXT and OCI questionnaire, and collection of archival data. . Data obtained from Phase IV was analyzed with findings recorded. Comparisons of findings from all three phases were then completed. After each phase, lesson learned were captured and adjustments were made to enhance the effectiveness of data gathering and analysis.

Quantitative analysis was also conducted in this phase. Inferential statistical patterns, from the sample data, was used to draw inferences about the population represented, accounting for randomness. These inferences were represented in the form of: answering yes/no questions about the data (hypothesis testing), describing associations within the data (correlation) and modeling relationships within the data using regression analysis (Neyman 1934). The Statistical Package for the Social Sciences (SPSS) was used for statistical analysis. Wellman (1998) was used for most of the analysis. Results were recorded for presentation.

IV.3.2 Focus Groups

One of the key questions the researcher had after the literature review was completed was, “What makes up competitive advantage in the turnaround industry?” As ancillaries to this question came the notions of the following:

- How do you define success of a turnaround firm or a TMP?
- Is there a difference in performance levels in turnaround organizations and TMP’s?
- Is this difference recognized in the industry and/or by clients who need turnaround services?
- Do clients cluster to those firms that give them greater performance?
- What are the “secrets to success” of these turnaround firms or TMP’s? Are they differential in their process, positions, assets, etc.? Do these difference lead to competitive advantage within the industry?
- Are the knowledge, education, skill and experience these held by these TMP’s, the differential factors as the literature would suggest. Do these antecedents really differentiate between MVPs and LVPs as well as other consultants and professionals? Do they really define and make up the “it “or the “art” of implementation success or are there other things that constitute this difference?
- If so, how do you measure or train these antecedents in experienced TMP’s and young college graduates to make them effective and a competitive advantage to the firm?

To gain insight beyond that which was provided in the review of the literature, a group of the most recognized TMPs, TOPs and other consultants to the industry from the southeast chapter in the U.S. were assembled in the form of a focus group.

Most qualitative interviews are one-on-one, but group interviews can be used as well. The purpose of a focus group interview is to get collective views on a certain defined topics of interest like formation about attitudes, opinions, and preferences from a group of people who are

known to have had certain experiences. Focus groups enable a researcher to elicit opinions, attitudes, and beliefs held by the members of a group. They are also useful as a first stage in development of a survey through the identification of potential items relevant to a topic (Myers, 2009; Trochim & Donnelly, 2008).

The TMA was solicited for help in finding TMPs to participate in a focus group. After cold calling the national headquarters of the TMA, the researcher was referred to a chapter of the TMA in the southeastern U.S. A one-page executive summary was sent to the chapter president.

After a thirty-minute phone call, the chapter president agreed that this research was very valuable to the turnaround industry. As such, he agreed to assemble a focus group in which he invited the most influential members of this chapter to attend. Appendix F presents a copy of the invitation to participate in this research that was sent to members of the focus group. This focus group was the mechanism the researcher used to:

- generate the initial contact list of the first group of interview subjects,
- test the acceptance level for the research,
- begin to establish a definition of success for turnaround professionals and turnaround organizations,
- generate buy-in and identify a potential organization to do the actual research, and
- establish a series of questions and processes to measure potential antecedents and constructs.

A group of 15 individuals were invited to a lunch by the regional chapter president. The researcher, a colleague, and faculty advisor presented an overview slide show of the research proposal. Questions were encouraged and facilitated during the presentation. A recording of comments was elicited but not agreed to by the group. However, written notes of comments, suggestions, warnings, and ideas were captured as the meeting progressed. Semi-structured

interview question were asked (see Appendix B) and each person in the group took turns responding. Banter and cross comments were modeled, encouraged and captured. The researcher posed each solution provided as “truthful facts” by an informant back to the group for clarification and agreement. At the end of the meeting several individuals expressed interest in further participation for their organizations and/or themselves personally.

Lessons learned from this meeting served to redirect or answer many assumption initially made by the researcher. Interview and survey questions, the process to involve and gain support from informants, specific people to contact, and alterations to the research plan were all taken into consideration in developing a new research strategy.

IV.3.3 Interviews

Myers (2009) suggested that interviews are one of the most important data gathering techniques for qualitative researchers. Interviews allow researchers to gather rich data from people in various roles and situations. A good interview helps one to focus on the subject’s world. An effective form of interviewing is the telephone interview. Mann and Stewart (2000) suggested that the advantages of telephone interviews include the following:

- It allows wide geographical access.
- It helps the researcher get hard to reach populations.
- It is a possible means of access to people on sites which have closed or limited access.

It was the intention of the researcher to use interviews to get at specific information that addressed questions such as:

- 1) How do you define success of a TMP?
- 2) What are the characteristics of successful TMPs?

- 3) The literature suggests that psychometric skills add a differentiating component of performance success? If so, do they play a part in MVP success? And if this is true, which of these skills are the most differentiating for the TMP?

For a full summary of the interview questions see Appendix B. Interview questions were initially developed from suggestions by the focus group. These questions were then presented to colleagues of the researcher from the DBA program at Georgia State University to test understanding. These edited questions were then presented to several faculty members, the researcher's dissertation committee, at Georgia State University. Each question was tested for face validity and understanding (Glaser & Strauss 1967).

The research strategy constituted obtaining information from two different groups of individuals that work within the turnaround industry, The Turnaround Organization President (TOP) and the Most Valuable Player (MVP).

Each TOP was first contacted and introduced to the project by e-mail from the chapter president of the southeastern region, see Appendix G. The researcher followed-up with e-mails and telephone calls. While many individuals responded at the first phone call, most required up to four different e-mails and up to six phone calls before agreement to participate was solicited. This process was facilitated by an on-line training session in which six individuals participated. The training was conducted via GoToMeetings and consisted of an overview of the research, how it would be conducted, how privacy would be protected, and the benefits they would receive. Each TOP interview consisted of a 45 to 60 minute interview. An interview script was used to cover the minimum basic questions. In the spirit of interpretive research, the interviewer occasionally deviated from the script where the need arose to delve into key nuances that presented themselves during the interview (Glaser & Strauss 1967). Each interview began with

questions covering general topics to set the stage and help informants feel comfortable with the process Spradley (1979). The interviews were conducted via phone over a three week period of time. The interviews for each turnaround consulting firm are sequential. During the interview, the TOP was asked to identify the top two “Most Valuable Players (MVP)” and the bottom two “Least Valuable Players (LVP)” in their consulting firms. This was done by asking the TOP to confidentially rank order all of his/her employees in terms of effectiveness, using their previously obtained personal definition of effectiveness.

Finally, the TOPs were asked to refer other TOPs who would be a good fit for this research. This referral strategy “snowball” (Goodman 1961) was used to increase the likelihood of a TOP participating in this research, thus reducing the amount of time soliciting participants.

As expected, the interview protocol evolved as the research progressed. The researcher continued enlisting informants until additional interviews failed to reveal new or dispute given facts, in other words the researcher achieved theoretical saturation (Corbin & Strauss 1990). All interviews were electronically recorded and transcribed verbatim to ensure reliability (Eisenhardt & Bourgeois III 1988), when given permission. In some cases the transcription was e-mailed back to the informant for approval. Transcribed data was then entered in NVIVO for analysis. As promised to the informants, all recordings were erased after transcription.

To complete the study, the researcher sought to enhance the identification of MVPs by seeking the input of others who may have already made such a distinction. Several associations in the industry had done such a thing and published their results in newsletters and association journal's i.e. *Global M&A Network and Turnarounds & Workouts Magazine*. It was discovered that *Turnaround and Workouts Magazine* generated a yearly list of the top turnaround

organizations and TMPs in the U.S. every year. A cold call contact was made to the editors of *Turnaround and Workouts Magazine* published by the researcher. Several interviews were held with the chief editor and the individual responsible for identification of this list. Information was provided on the top TMPs in the industry for the last three years. This list of individuals is known as the “people to watch list.” Every year in February, the *Turnaround and Workouts Magazine* sends out a call for nomination (see Appendix D) for the most successful TMP in the industry. Individual writers for the magazine, the top turnaround firms, past recipients, client organizations and others that are influential in the industry are asked to submit a nomination for this award. No specific criterion is provided leaving it open to the nominator. These nominations are sent to New York where three individuals, the two owners, editors of the journal, and a turnaround expert hired by the journal, review each nomination in a three day marathon session. A process of categorization is used to filter nomination until consensus is reached on the top ten. Award winners receive a letter of congratulation, theirs and the names of their organizations are published in a special edition of the journal and a banquet is held in New York to honor them.

The researcher found that most recipients held this honor in high regard. All informants identified it on their vitas and their organizations publish recipients of this award in their organization newsletters, company websites and other correspondence.

All of the thirty potential winners were contacted first via e-mail and then with follow-up phone calls and asked to participate in a telephone interview. Ten individuals actually participated in the interviews. These interviews included question regarding their skill mix, education, methods for success, culture etc. Once again, the researcher continued enlisting informants until theoretical saturation was achieved.

IV.3.4 Surveys and Questionnaires

This methodology is a theory testing approach. Surveys are typically derived from a review of the literature, interviews with informants in the identified area of research and/or the analysis or archival data. There are a number of different ways to administer surveys including in person, either individually or in groups, via mail, or e-mail (Anderson et. al. 2002). Research conducted by Stanton (1998) suggested that there is no real difference in data collected whether using e-mail via the internet or in person paper-and-pencil survey.

Advantages of online surveys include access to individuals in distant locations, the ability to reach difficult to contact participants, and the convenience of having automated data collection, which reduces researcher time and effort. Disadvantages of online survey research include uncertainty over the validity of the data and sampling issues and concerns surrounding the design, implementation, and evaluation of an online survey (Wright, 2006). The researcher utilized several questionnaires and surveys to get at the heart of the following questions:

1. What characteristics do you possess and how important are they to your success?
2. Are these characteristics different for successful TMPs and other professionals such as attorneys, CPA's or consultants?
3. Is success defined outside the individual like organizational culture?
4. Does one type of culture have a greater influence on the success of TMPs, or are TMPs successful regardless of the culture?

Several different surveys were administered over the course of this research. The first was administered to each TOP that was interviewed. This was a short fifteen minute web-based survey developed by the researcher with feedback from peers and faculty advisors (see Appendix E for questions). The main purpose of this survey was to have the TOPs rank the measures of effectiveness of the turnaround professionals who were identified in the focus group conducted

with the TMA. This survey used Likert scale questions that provided a rating system for twelve separate measures of success to include, but not limited to, the amount of financial performance improvement, ability to negotiate with creditors, ability to communicate effectively with all stakeholders, and the ability to make quick decisions given limited information. Based upon the recommendations of the TOPs, their MVPs were contacted via email under the signature of the TOP and asked to participate in the research. Appendix H presents the letter of invitation presented to MVPs and LVPs. Those that agreed to participate were sent a copy of the PXT, an online survey that measures psychometric behavior and traits.

Utilizing Item Response Theory. If TMP success is based on innate, psychological characteristics, then one could use psychometric profiling tools to assess and measure those characteristics. Interestingly, Item Response Theory, or IRT, provides a method to measure this “new element” of dynamic capabilities (Bernstein & Nunnally, 1994). IRT provides the theoretical basis to use psychometric profiling to predict human behavior.

IRT shows us that if we can define a meaningful measurement system for identifiable traits of humans, then we can classify humans into different groups based upon an assumed correlation between outcomes that are linked to their observable behaviors (Bernstein & Nunnally, 1994).

Pickle and Friedlander (1967) demonstrated that using standard measurement instruments like Watson Glaser Critical Thinking Appraisal, Test 1 of the Employee Aptitude Survey, the Gordon Personal Profile, and the Gordon Personal Inventory do effectively measure psychometric characteristics.

The PXT Questionnaire of Psychometric Behavior. The PXT is a questionnaire developed by Profiles international that measures psychometric behavior and traits and combines

the evaluation of three proven performance technologies: thinking style, occupational interests, and behavioral traits. The PXT was chosen because of the strong correlation between what it measured and what was identified by TOPs and MVPs as the most important characteristics of MVPs. This tool has a development history extending more than 25 years and over 600,000 cross-sectional participants and provides a psychometric profile that is both reliable and valid in measuring effective performance and effectiveness on the job.

The PXT starts by examining the score patterns of those who are most successful within a position (Most Valuable Player MVP) and those who seem to be overly challenged by the position (Least Valuable Player LVP). From this information, a pattern of scores across various dimensions is developed to serve as the initial success profile, or performance model, upon which the success characteristics will be based. The PXT utilizes three different areas of evaluation: thinking style, occupational interests and behavioral traits.

The Thinking Style Section - The learning index score in the thinking style section is a composite of four sub-scales: verbal skill, verbal reasoning, numerical ability, and numeric reasoning. This represents an index of expected learning, reasoning, and problem solving ability. In terms of reliability, the average coefficient alpha for the four thinking style scales is .81. Excellent test-retest reliability has been demonstrated as well across all scales of the thinking style section. For validity verification, the relationship between the thinking style section scores and job performance criteria has been demonstrated across a variety of positions in different industries. In the development of the PXT, a sample of 3,260 individuals was evaluated in 52 studies examining 110 job titles in 15 industries. The results support the effectiveness of scores on the thinking style section in predicting job performance.

The Occupational Interests Section - This section of the PXT was specifically developed to measure an individual's interest in six major occupational themes: enterprising, financial/administrative, people, service, technical, mechanical, and creative. This section contains 86 activities in 43 paired sets where the assessment-taker selects one activity from each pair to express their level of personal interest. In testing for reliability, the average coefficient alpha for the six interest scales is .78. Excellent test-retest reliability has also been demonstrated across all the scales for the interests section. In terms of validity tests, the scales are internally consistent with and independent from each other. It has been shown to categorize, or classify, job applicants and employed individuals in ways consistent with the scale meanings. Its high point scale patterns have been shown to be significantly related to specific occupational groups. And it has been shown to predict statistically significant differences in average scale scores for diverse occupational groups and for work outcome measures.

The Behavioral Traits Section - The behavioral traits section consists of nine behavioral trait scales and a distortion scale. The nine scales are energy level, assertiveness, sociability, manageability, attitude, decisiveness, accommodation, independence, and objective judgment. The research for this section spans more than 17 years. Between 1992 and 2009 more than 600,000 job applicants and incumbents were administered the behavioral traits scales. Validity correlations between behavioral traits scale scores and measures of sales success, management performance, customer service, conscientiousness, turnover, and organizational status were consistently strong (correlation coefficients in the middle .40's). Construct validity studies report good congruence with other measures of behavioral traits such as the California Psychological Inventory, the Guilford-Zimmerman Reliability Temperament Survey, and the Gordon Personal Profile-Inventory. High positive correlation between related scales, negative correlation between

polar opposite scales, insignificant correlation between unrelated scales, and good correlation between scale scores and measures of job performance have also been indicated. Test for reliability found the coefficient alpha reliabilities for the nine behavioral traits scales for this sample averaged .79. This would indicate that the nine behavioral traits scales are reliable and produce consistent results. Excellent test-retest reliability has also been demonstrated across all scales of the behavioral traits section.

The Distortion Scale - Scores on the PXT distortion scale provide a method for determining an assessment taker's level of disclosure and the veracity of his or her overall scale scores. Analysis consists of reviewing individual item response rates for the entire population to show that the majority of subjects respond to an item in a specific way, thereby making the alternative responses highly uncommon. If the assessment-taker's responses on this scale are atypical, this unusual response style may be present throughout the assessment. (Profiles International Technical Manual, 2012). Table 15 provides a summary of the psychometric characteristic measured in the PXT profile.

Table 15: Psychometric Profile Characteristics of the PXT

Learning Index	Individuals who assimilate information within expected norms and can appreciate more complex information processing.
Verbal Skill	Individuals who communicate effectively in a variety of settings and can assimilate complex instructions easily.
Verbal Reasoning	Individuals who can easily analyze complex verbal information and make reliable interpretations.
Numerical Ability	Individuals who utilize routine numerical information in their work and who may occasionally be required to perform more complex calculations.
Numeric Reasoning	Individuals who are reasonably efficient about utilizing numerical data in decision-making and who require little assistance in processing graphic representations of this data.
Enterprising	Individuals who are highly motivated by the competitive, entrepreneurial world of sales and management.
Financial/Admin	Individuals who are highly motivated by administrative duties or financial information processing.
People Service	Individuals who are motivated by helping others, yet also possess less service-oriented interests.
Technical	Individuals who are motivated by the opportunity to analyze technical data and process information of a technical nature
Mechanical	Individuals who are interested in working with tools, equipment and machinery.
Creative	Individuals that prefers activities using imagination, creativity and original ideas
Energy Level	Individuals who respond well to demands on their time and generally work at a brisk pace.
Assertiveness	Individuals who take on leadership roles comfortably but are still capable of following when necessary.
Sociability	Individuals who are moderately social, motivated by the opportunity to present their ideas and suggestions and are encouraged by the opportunity to work in a team environment.
Manageability	Individuals who respond well to a structured environment and are willing to accept the leadership of others.
Attitude	Individuals who demonstrate a positive attitude, yet are not required to resist the expression of frustration in order to achieve success in their work.

As a follow-up to the PXT questionnaire, a follow-up online survey was administered to informants. This survey was developed by the researcher and asked for demographic data which included education, certifications, years' experience, and salary range. The online survey tool used to aggregate all survey responses was Survey Gizmo, a robust back-end reporting system.

In addition to the MVPs, a random sampling of the 900 other TMPs associated with TMA from across the country were also contacted about participating in the research. Thirty responded with a desire to help and were forwarded the PXT questionnaire to fill out. Three completed the questionnaire.

Finally, a random sampling of forty-six other professionals (attorneys, accountants, chief executive officers, and business consultants) from across the country were selected from the PXT data base to be used as a benchmark and comparison to the TMP evaluations.

IV.4 Secondary Data Collected

The researcher utilized archival data to enhance the research. Resumes, bios, company correspondence, marketing slicks, and the Internet was used to glean relevant data that would help answer questions such as:

- What are the skill levels of TMPs and how were these skills obtained?
- Where did knowledge to be successful come from including formal education and where was that education obtained?
- What kind of experience, projects worked on, dollar value of that work, positions held and organizations worked for have been obtained by TMPs?

In addition, the researcher was allowed to view most of the written nominations of *Turnaround and Workouts Magazine* award winners for the past three years and many of the nominations of those who were not identified as winners. A generalization of this formative information was used to define the success construct for both the quantitative and qualitative analysis.

IV.5 Data Analysis Strategy

This research followed the data analysis procedures suggested by Miles and Huberman (1994) and Glaser and Strauss (1967). Continuous and systematic comparisons of both qualitative and quantitative data coupled with findings from existing literature aided in the identification and development of antecedents and the various variables that created a formative measure of a cohesive construct and an integrative, theoretical framework.

Miles and Huberman (1994) suggested that the bias associated with qualitative research can be overcome through data triangulation. Therefore, data, methodological, and interdisciplinary triangulation were utilized for this purpose. Reviewing the literature, gathering data from different means, analyzing the data, and gathering more data, followed by more analysis to double and triple check the data, are essential in the triangulation process (Denzin 1978, Yin 2009). The Miles and Huberman (1994) model suggests that good data analysis should consist of three concurrent flows of activity including data reduction, data display, and conclusion drawing and verification.

IV.5.1 Data Reduction

The beginning of data analysis is a continuous process of selecting, focusing, simplifying, abstracting, and transforming data that is collected from field notes, interview, and questionnaires. It is described as a systemic and continuous process of analyzing a large amount of data into detailed result findings. This includes the reduction of the researchers' views, writing summaries, coding, teasing out themes, making clusters, and writing memos. It is viewed as part of the analysis as opposed to a separate step from analysis. The researcher constantly sharpens sorts, focuses, discards, and organizes data up to the final conclusions.

Table 16: Phase I Research

Phase of Research	Technique	Purpose of method	Informant(S)	Place, date and duration of interview
Phase I - consisted of preparation of a research plan through literature review, data gathering, analysis of data, development of lessons learned from the focus group.	Phone Interviews and E-mails	To elicit support for research, possible funding and acquire a data population	Turnaround Management Association	4/2/12 first round of phone interviews and e-mails to TMA
	Phone Interviews and E-mails	To obtain feedback on desertion proposal including data gathering plan and elicit financial and influence support	TMA Chapter President of South Eastern Chapter	5/6/12 e-mails for invitation
	Focus Group	To obtain feedback on desertion proposal including data gathering plan. To collaborate lit review findings, to test survey questions, to obtain possible data gathering organizations and individuals, administer survey, and elicit influence support	TMA Chapter President, Owner or Managing Director of top 15 Turnaround organization in major southeastern region	Major city in southeastern U.S., 6/23/12, 3 hours

This process began with the identification of broad categories identified in the review of the literature. With these categories identified, a framework was developed and presented in Phase I of data collection with the focus group. A review of the notes, verbatim scripts, and survey questions, lead to the identification of informants and a revision of survey question to get to a deeper meaning of assumptions, understandings and findings. See table 16

After Phase II interviews and surveys were completed, the data was analyzed looking for patterns, themes and new revelations as compared to Phase I analysis. See table 17 for phase II research activity.

Table 17: Phase II Research

Phase of Research	Technique	Purpose of method	Informant(s)	Place, date and duration of interview	
Phase II - consisted of identification, buy-in, interviews with TOP's of turnaround organization across the U.S., analysis of interviews, follow up surveys, analysis of surveys and recording of findings.	E-mail campaign	To elicit support for research and to obtain names of MVP's and companies to do research	Every TMA Chapter President in U.S (50 part)	7/2/12 Across U.S.	
	Follow-up phone interviews			7/2/2012; sent 3 different version of e-mail	
	Training			7/20/2012 over a two week period	
	Identification of participants			7/20/2012 - gathered names over a two week period	
	Phone interviews	To gather data on turnaround organizations, confirm Lit review and focus group findings, to identify potential MVP and LVP for further research and illicit buy-in and support	6 owners/managing directors of turnaround companies across the U.S.	Beginning 8/2/12; Across the U.S.; 2 month period; each interview was about 90 min.	
	Follow-up survey	Changes were made and additional question raised as each interview progressed. The survey was to add clarification and additional information			8/15/12 developed; Each owner responded
	E-mail campaign	To gain buy-in and support to participate in survey, set up PXT survey and elicit support	9 MVP and LVP in 9 different companies across the U.S.		
	PXT survey	Data gathering			8/23/12; 2 month period, each survey was about 90 min.
	Follow-up survey	To add clarification and add additional information			8/25/12 developed and collect after each interview
	PXT survey	Gather data for control group of non TMA's	Random list of 44 professionals from across the country, in different industries and different professions.	9/5/2012	
	International Conference on Engaged Management Scholarship	To gather feedback on research design, process and preliminary findings	Conference participants (EDB students from around the world and U.S)	6/2/12 Canfield, England, 3 day conference	
	TMA journal publication	To elicit participation, feedback and establish credibility	TMA members	12/13 Across U.S;	

In the categorizing of data, the researcher applied techniques advocated by Van Maanen (1979). Conceptual coding of interview notes utilizing NVIVO software and conducting statistical analysis in SPSS provided the initial insights into the emerging framework and the identification of the first level themes and patterns and provided clarification of antecedents and constructs of interest. In Phases II and III, additional insights were obtained and greater clarification of antecedents and constructs were discovered. As specified in the inductive process, the researcher must allow concepts and relationships to emerge from the data, rather than being guided by a priori hypotheses (Corbin & Strauss, 1990). Categories and themes were labeled and classified into dimensions of success, for example: operational knowledge and skills,

education, psychometric skills, performance measures, etc. Comparisons of the data, specifically between the interviews, questionnaires, and survey instruments, were utilized to arrive at operational definitions. See table 18 for phase III research activities

Table 18: Phase IV Research

Phase of Research	Technique	Purpose of method	Informant(S)	Place, date and duration of interview
Phase III - encompassed identification, buy in, interviews, analysis, follow-up surveys, and recording of findings with MVP and LVP identified by TOP's	Phone Interviews	To acquire data population of MVP TMA's and the magazine's screening process	Owners and head writer of top 10 lists for turnaround magazine	1/23/14, over a 3 month period
	E-mail campaign	To elicit support for participation in interviews	Each recipients of top 10 award for last 3 years (30 participants)	2/2/14, over a 3 month period; Across U.S.
	Phone follow-ups	To elicit support for participation in interviews		2/2/14, over a 3 month period; Across U.S.
	Phone interviews	Gather Data	9 of 30 precipitants of award	2/2/14, over a 3 month period; Across U.S.
	International Conference on Engaged Management Scholarship	To gather feedback on research design, process and preliminary findings	Conference participants (EDB students from around the world and U.S)	2/23/14 Atlanta Georgia, 3 day conference
	E-mail campaign	To elicit support for participation in PXT survey from non award winners	Invitation to every member of TMA. 10 individuals volunteered	3/4/14 over 2 months
	Phone interviews	N/A	Collected 133 responses from all participants in each phase of research	2/2/14, over a 3 month period; Across U.S.
	PXT Survey	Data gathering	Received data from 12 candidates	2/2/14, over a 3 month period; Across U.S.

Finally, in Phase IV analysis, see table 19, evidence from across all interviews and surveys was sought for alignment-adaptability tension descriptors. Areas of interest were solidified and saturation of information was obtained. Qualitative data from focus groups, interviews, and correspondences was recorded and transcribed and entered into NVIVO software for coding. Coding was used to facilitate interpretation, noting patterns and themes.

Table 19: Phase IV Research

Phase of Research	Technique	Purpose of method	Informant(s)	Place, date and duration of interview
Phase IV - implementation of new research design; interviews of top 10 TMP'S from 2010 - 2013, other TMPs from the industry; administration of the PXT and OCI questionnaire; collection of archival data.	New Research model	Based upon initial interviews, analysis and feedback a new research model was developed	N/A	1/2/2014
	Identification of MVP TMPs	Utilized Turnaround and Workout top 10 list	visited with journal publishers and award coordinator	2/23/14, 2 initial interviews with 2 follow-ups, about 20 min each
	Phone interviews	To gather interview questions	interviewed 12 of 30	2/2/14, over a 3 month period; Across U.S. Each interview was 25 minutes
	Administration of PXT and OCI	Gather part of this information in MVP TMP interviews, some via phone survey	Interviewed 12 of 30 MVPs; 5 TMPs	2/2/14, over a 3 month period; Across U.S. Each interview was 25 minutes
	Analysis of data	To make sense of interviews, questionnaires, surveys, and archival data.		3/15/14 over a 3 week period of time
	Dissertation write up	To present findings in dissertation format for graduation guidelines	N/A	1/23/11 - 3/17/14

The researcher used both descriptive and inferential codes (see Appendix I) guided by the constructs of the research model, including technical and psychometric skills, knowledge, experience, performance, and education. These initial pattern codes used in Phases I and IV were revised and enhanced in the ongoing process to develop the most appropriate set of codes for the research. Utilizing the same processes in the interview, survey, and focus group data, the researcher assessed the reliability of each dimension by coding data responses twice to insure intra-coding reliability. An independent third party coded interviews that were previously coded by the researcher. He was provided with the interview transcript, the interview protocol, the code list, and the expanded code definitions. When disagreements were found, discussion with third party advisors, committee members, and/or colleagues was utilized. Construction of theoretical frameworks as they related to the identification of the antecedents and a formative construct of success in the turnaround industry was decided upon. Glaser (1978) pointed out that the fit between theory and reality is vital. Data should not be forced to match preconceived or preexistent categories, but the categories are to be developed from data.

This research adopted the use of formative measures to define the construct of success of turnaround professionals, TMP success. While rarely used in empirical studies, the effectiveness

of utilizing this approach has been shown to be sound and offers value particularly for evaluating human development (Edwards & Bagozzi, 2000; Jarvis, Mackenzie, & Podsakoff, 2003).

IV.5.2 Data Display.

Data display is the next step of data analysis recommended by Miles and Huberman (1994). It is generally seen as organizing or compressing information into many types of matrices, graphs, charts, and networks. This process allows the researcher to more easily understand what is happening and then take action, allowing a process so that “on the go” adjustments to be made. The researcher utilized the development of graphs and charts in a continuous process throughout the different phases of data collection and analysis. These displays are found throughout the body of this report and in the Appendices.

IV.5.3 Conclusions, Drawing and Verification.

The third and final step in the data analysis process, as defined by Miles and Huberman (1994), has been identified as conclusion drawing and verification. This is a process that begins at the very beginning of the analysis and consists of noting regularities, patterns, explanations, possible configurations, and causal flows from available data. “These conclusions will be held lightly in the beginning but become increasingly explicit and grounded throughout the process” (Miles & Huberman, 1994, p. 11). Conclusions are verified as the analysis proceeds until meanings emerge from the data. They are then tested for plausibility or validity.

Throughout, and particularly at the end of each phase of the research, conclusions were drawn and tested both formally and informally. These conclusions were tested first by each individual and then across all individuals, within a specific category and then across all

categories. Triangulation was sought for by looking at data obtained via interviews, questionnaires, surveys, focus groups, and archival data collection. Continuous reduction of data was obtained as conclusions were sought. Quantitative analysis was utilized to support and fine tune assumptions and hypotheses. Once conclusions were developed, face validity was sought by reviewing them with TOPs and TMA chapter presidents.

V Results and Findings

As a reminder, the purpose of this research is to identify the success characteristics of high performing turnaround professionals. This section is divided between surveys, questionnaires and secondary data or quantitative findings and interviews or qualitative findings. Within each of these subsections, arguments for each antecedent, hypothesis, and construct will be presented according to the type of data reviewed and its accompanying analysis. The final subsection will attempt to bring together both research methodologies and analysis into a presentation of complementary findings.

V.1 Surveys and Questionnaires: Quantitative Findings

Results from the two telephone surveys associated with initial interviews, PXT, and archival data were analyzed using basic statistical analysis including Chi squared, Pearson R, Spearman's correlation, and ANOVA.

Of the 131 people who participated in this research, 52 were MVPs, 33 were TMPs, and 46 were other professionals. The average age was between 41- 60 years. 29 females participated. See Table 20 for other demographic data.

Table 20: Descriptive Statistics

		MVPs	TMPs not MVPs	Consultants	TOPs
# of participants		52	33	46	15
# of women		9	6	12	2
# interviewed		17	5	2	15
# PXT		17	3	46	0
# OCI		9	2	0	0
Average age		41-50	51-60	51-60	51-60
Degree	MBA	20	12	9	No data
	CPA	8	8	1	No data
	JD	10	9	0	No data
# TMAs		100%	100%	0	100%
# CTPs		19%	24%	0	20%
Total yrs. experience		16-20 yrs.	21-25 yrs.	21-25 yrs.	25 +
Total yrs. consulting		16-20 yrs.	21-25 yrs.	16-20 yrs.	25+
Total yrs. as a TMP		11-15 yrs.	16-20 yrs.	0	25+
Avg. dollar amount of turnaround project		100-500 M	0-100M	0	N/A

V.1.1 An Analysis of the Research Model.

The research model includes one construct with formative measures (successful case outcomes, monetary recoveries, saving a company, devising a new strategy, moving up within a firm) identified by the ranking as a MVP.

V.2 Dollar Size of Successful Turnaround Projects

The literature suggested that creating a position of financial profitability and moving an organization back to growth and viability was an essential factor of a TMPs success (Scherrer, 2003). In the initial survey of TMP's, it was suggested that the top measure of effectiveness of TMPs is the amount of EBITDA (Earnings Before Interest, Taxes, Depreciation, and

Amortization) improvement of their turnaround clients' business. This is proxy for the amount of increase of profitability of the firm before and after the turnaround consulting project.

In the first survey conducted with TOPs, they identified effective cash management and EBITDA as the most important measures of success. Subsequently TMPs rated cash management and EBITDA performance as the most important item as well. See Table 20.

Table 21: Survey 1 Results; Most important TMP Measures of Success

Success measures as Identified by TOPs	Percent of Respondents of TMPs who answered "Strongly Agree" as being a top three measure of success
Level of ability to communicate transparently and quickly with all stakeholders	66.70%
Ability to implement effective cash management strategies	66.70%
Amount of increase of EBITDA achieved	58.30%
Speed at which desirable results are achieved	41.70%

Since no specific EBITDA numbers were available from clients, MVPs were asked to identify the dollar amount of their largest turnaround project. It was desired to see if there was a correlation between the dollar size of successful turnaround projects with each of the professional categories of MVP, TMA and Consultant.

The Pearson's R test showed that the dollar size of the largest project and being an MVP had a negative correlation at -0.261, and was not significant at a $p < 0.05$, identifying it at .076. In like manner, this negative correlation may be explained by the small number of informants that responded to this question on the questionnaire. Also some confusion was had in the

interpretation of the question. Some informants thought this question meant the size of the company they worked with as opposed to the size of the turnaround. This issue was addressed and clarified in subsequent interviews and is shared latter in this report.

V.2.1 Knowledge and Education.

Knowledge as measured by education level, coupled with experience, leads to skills development (Hambrick & Mason, 1984; Hitt & Barr, 1989; Hitt & Tyler, 1991). It is the position of this research that the knowledge and experience antecedents are key components to skill development, important and essential factor for the success of a TMP, but not differential between the success of MVPs, TMPs or Consultants.

Knowledge as measured by education, compared to the type of professional was seen as significant at a $p < 0.05$ level with a result of .000 and an explained variance of 16%. It was also interesting that the ranking of a school in the top 100 compared with professional level was also significant at a $p < 0.05$ and a score of .000 with an explained variance of 10%. This supports HP1, the more knowledge obtained, the more successful a TMP; HP2, a graduate degree in Business (MBA), Accounting/Finance (CPA), legal (JD) are necessary to be a successful TMP; and HP3, a graduate degree from a higher ranked university vs a ranking outside the top 100 is differential in the success of a TMP. but no support of HP4, MVPs have a greater degree of knowledge than TMPs and other Professionals.

A one-way ANOVA (analysis of variance) between groups was conducted to explore the impact of all the antecedents compared to the type of professionals (MVP, TMP and other consultants). ANOVA provides a statistical test of whether or not the means of several groups are equal, and therefore generalizes the t-test to more than two groups (Gelman, 2005). Subjects

were divided into three groups according to their profession: group 1 MVP, group 2 TMP, and group 3 consultants. There was a statistically significant difference at the $p < 0.05$ level in years as a TMP, skills, education, age, school ranking, CTP, PXT learning Index, PXT Verbal reasoning, PXT numerical ability and PXT numerical reasoning. For example, school ranking $F(2,101) = 7.231$, $p = 0.001$. This supports HP5 and HP12. Utilizing Tukey's HSD - post hoc comparison it was seen that the actual difference between groups MVP and consultant was significant (means 3.255, Sd. 1.87 and 4.7 respectively) and the other groups did not differ significantly. Tukey's test of additivity, is an approach used in two-way ANOVA (regression analysis involving two qualitative factors) to assess whether the factor variables are additively related to the expected value of the response variable (Tukey, 1949). These findings support HP6 only between the groups of MVP and consultant. See Table 22 for summary of results.

Table 22: NOVA Test of Significant Antecedents

		Sum of Squares	Df	Mean of Squares	F	Sig
Years as a TMP	Between Groups	158.134	2	70.067	9.445	0.000
Skills	Between Groups	31.588	2	15.794	8.737	0.000
Education	Between Groups	25.306	2	12.653	8.916	0.000
Age	Between Groups	8.649	2	4.324	3.355	0.039
School Ranking	Between Groups	50.081	2	25.041	7.231	0.001
CTP	Between Groups	1.333	2	0.667	6.089	0.003
PXT Learning Index	Between Groups	26.765	2	13.383	5.306	0.008
PXT Verbal Reasoning	Between Groups	23.859	2	11.929	3.466	0.038
PXT Numerical Ability	Between Groups	47.101	2	23.55	4.381	0.017
PXT Numerical Reasoning	Between Groups	67.586	2	33.793	4.302	0.018

V.3 Experience

Hitt, Ireland and Palia (1985), Hitt Ireland and Stadter (1985), Hitt and Stadter (1985, 1986), and White (1987), demonstrated that experience is a key factor in the development of skills. Experience was measured by looking at age, the number of years working, number of years as a consultant, number of years as a TMP and number of years leading projects. The analysis suggested that years' experience as a TMP and the type of professional was significant at a $p < 0.05$ level with a score of 0.000 with an explained variance of 10%. In addition, years leading a project was also seen as significant at a $p < 0.05$ level with a score 0.000 level, but years consulting was not supported at a $p < 0.05$ level of significance.

Another way of looking at experience is via age. When the type of professional was compared to age, it was significant at a $p < 0.05$ level with a score of .000, with an explained variance at 4.8%.

These findings support HP13, the more experience obtained, the more successful a TMP, but does not support HP14, which stated MVPs will have more experience than TMPs.

As stated earlier, knowledge and experience lead to skill development. Skills compared to the different professions, also showed significance at a .05 level with an explained variance at 14% suggesting that skills obtained do in fact affect a TMPs success.

Pearson Chi-squared also known as the chi-squared goodness-of-fit test, or chi-squared test for independence, reveals that the sampling distribution (if the null hypothesis is true) can be made to approximate a chi-squared distribution as closely as desired by making the sample size large enough. In other words, it suggests a goodness of fit between observed values and those expected theoretically (Pearson, 1900). It should also be noted that age, years consulting, years as a TMP, and education do not meet the standard for homogeneity and thus it is concluded that there is a difference between the variances in the population. Therefore, we cannot assume homogeneity, and thus this test cannot be used for the above mentioned variables. It is believed that this too was a result of the small sample size.

V.4 Psychometric Behaviors

In measuring psychometric behaviors, the researcher used the PXT questionnaire. The meaningfulness of the PXT depends on its inferences to predict which individuals will perform well in a given job. The PXT distinguishes between those who are high performers from those

who are not. In this research TOPs were asked to identify top (MVPs) and bottom performers (LVPs) and then compare their PXT results (Job Match Percent's) to actual performance measures. In addition, the top 10 rating identified by Turnaround and Workouts magazine were used and classified as MVPs.

The output of the PXT questionnaire is a job match score. The job match percent is derived by matching the informants score on each scale to a performance model or benchmark derived from MVPs scores. If the informants' scores fall outside of the benchmark or model for a scale, the effect lowers his/her job match percent. The farther the score falls outside of the model, the greater the negative affect on the job match percent. This applies equally if they score above or below the model. Thus, those informants with scores that closely match the model of scores defined for the position possess a higher percent match than those whose scores fall outside of the model. The job match score, which is produced by a proprietary algorithm by Profiles International, is treated as the dependent variable.

V.4.1 Predictive Validity of the PXT Job Match Percent

Meta-analytic Research. A meta-analysis is a procedure for synthesizing the findings of multiple research projects on the same topic (Vogt, 2005). This technique is useful when calculating outcomes for small sample sizes that lack the statistical power to produce significant findings. The samples are pooled thus creating a larger sample. The larger the sample, the greater the confidence is in the results.

The data for the meta-analysis were case studies provided by the Profiles International, Inc. Client Services Division (Profiles International Technical Manual, 2012). Studies were selected for inclusion if the data were sufficient to calculate an effect size. In each of these case studies the participants' performance was rated by the client and they were administered the PXT

questionnaire. An individual model for each job position was built using actual performance results and relevant job performance measures. The correlation between the Overall Job Match Percent's of the MVPs and LVPs, and their performance rating, was then calculated. Using the Hunter and Schmidt Method (Hunter and Schmidt, 2004), the correlations of each individual study were weighted by the sample size, summed, and then divided by the number of participants across all samples. Results for each study, derived by Profiles international and duplicated here, in the meta-analysis are contained in Table 24.

Table 23: Meta - Analysis and Job Match

Study	N	r	N x r
Study 1	11	0.522	5.742
Study 2	8	0.267	2.136
Study 3	5	1	5
Study 4	34	0.532	18.292
Study 5	10	0.62	6.2
Study 6	19	0.307	5.833
Study 7	16	0.425	6.8
Study 8	11	0.652	7.172
Study 9	19	0.297	5.643
Study 10	19	0.194	3.686
Study 11	7	0.759	5.313
Study 12	7	0.405	2.835
Study 13	64	0.413	26.432
Study 14	35	0.402	14.07
Study 15	43	0.4	17.2
Study 16	48	0.401	19.248
Total	356		151.602

Dividing the summed, weighted value (151.602) by the total sample size (N=356) quotient reveals a 0.426 correlation coefficient. This value indicates a positive, moderately strong relationship between the measured Overall Job Match Percent and the Performance rating assigned by the candidate's organization.

The next step is to calculate credibility intervals by adding or subtracting the square root of the estimated population variance multiplied by 1.96 (to provide a 95% interval) from the true study effect of .426.

- 95% Credibility Interval upper = .535
- 95% Credibility Interval lower = .377

Based on this analysis, the Overall Job Match percent's acquired from this sample of 16 studies and 356 job candidates indicate good predictive utility of the PXT in identifying individuals who excel according to the client's performance criteria (Profiles International Technical Manual, 2012) .

Meta-analysis of the relationship between job performance and Job Match Percent for each individual domain in these studies showed similar results. Table 25 shows the correlation coefficient for each of the three PXT domains based on the above information.

Table 24: Meta - Analysis by Domain

PXT Domain	r	r ²
Behavior	0.466	0.217
Interest	0.365	0.133
Cognitive	0.535	0.286

These results demonstrate the meaningfulness of inferences drawn from PXT's test scores. Using the PXT match score, the average overall match that turnaround MVPs had with the success benchmark was 82%. The conventional wisdom suggests that scores over 70% are a good match, but the higher the score the greater the match, thus the more successful. Scores below 70 will not perform effectively in this position. The PXT job match score average for TMPs was 77% and for consultants it was 65%. This shows a significant difference between MVPs, TMPs, and consultants in terms of their overall match with the success benchmark. These results support HP4: The higher the PXT overall percent match score, the more successful and

high performing the TMP, HP5: A MVP will have a higher PXT overall percent match score than a TMP or other consultants, and HP6: PXT overall percent match score is a better indicator of a successful and high performing TMP than experience, knowledge, and skill. Table 25 shows the success benchmark for a MVP.

Table 25: PXT Summary Graph Benchmark for an MVP

Thinking Style										
Learning Index	1	2	3	4	5	6	7	8	9	10
Verbal Skill	1	2	3	4	5	6	7	8	9	10
Verbal Reasoning	1	2	3	4	5	6	7	8	9	10
Numerical Ability	1	2	3	4	5	6	7	8	9	10
Numeric Reasoning	1	2	3	4	5	6	7	8	9	10
Behavioral Traits										
Energy Level	1	2	3	4	5	6	7	8	9	10
Assertiveness	1	2	3	4	5	6	7	8	9	10
Sociability	1	2	3	4	5	6	7	8	9	10
Manageability	1	2	3	4	5	6	7	8	9	10
Attitude	1	2	3	4	5	6	7	8	9	10
Decisiveness	1	2	3	4	5	6	7	8	9	10
Accommodating	1	2	3	4	5	6	7	8	9	10
Independence	1	2	3	4	5	6	7	8	9	10
Objective Judgment	1	2	3	4	5	6	7	8	9	10
Interests										
These are the top three interests for this Performance Model.										
Enterprising										
Financial/Administrative										
People Service										

The highlighted numbers on each scale represent the ideal performance model or benchmark of a MVP. Low and High Scorers are provided to demonstrate the range of the

characteristic measured. An ideal match to this profile would fall within the identified range of highlighted numbers.

Thinking Style Scales is made up of 4 different variables; learning index of verbal skills, verbal reasoning, numeric ability and numeric reasoning. This scale is also considered a measure of cognitive reasoning ability.

The Learning Index is an index of expected learning, reasoning, and problem solving potential. It describes the ability to learn quickly and understand complex information without difficulty (see Table 23). Low Scorers reflect individuals who can be effective in training with repetition and hands-on learning. They typically achieve best through learning that is specific to the job. High Scorers, reflected by MVPs, indicate a strong capacity to adapt quickly in a learning situation. These individuals typically find it easy to learn the requirements of a new job situation.

Table 26: PXT Learning Index Benchmark for an MVP

Learning Index										
Employee Description - Employees who can learn quickly and understand complex information without difficulty.										
	1	2	3	4	5	6	7	8	9	10
Low Scorers					High Scorers					
Repetition and hands-on learning can be effective in training. Achieves best through learning that is specific to the job					Strong capacity to adapt quickly in a learning situation. Typically finds it easy to learn the requirements of a new job situation					
Scale Description										
An index of expected learning, reasoning, and problem solving potential.										

Verbal Skill is a measure of verbal skill through vocabulary. It describes employees who communicate effectively in a variety of settings and can assimilate complex instructions easily (see Table 24). Low Scorers indicate individuals that can be slow and deliberate in communicating ideas where most communications are concrete and straightforward. High

Scorers reflected by MVPs, identify an individual who is capable of precise communication, even under strict time constraints. They are typically competent in making analyses involving written and verbal data.

Table 27: PXT Verbal Skills Benchmark for an MVP

Verbal Skill										
Employee Description - Employees who communicate effectively in a variety of settings and can assimilate complex instructions easily.										
	1	2	3	4	5	6	7	8	9	10
Low Scorers					High Scorers					
Can be slow and deliberate in communicating ideas. Most communications are concrete and straightforward					Capable of precise communication, even under strict time constraints. Competent in making analyses involving written and verbal data					
Scale Description										
A measure of verbal skill through vocabulary.										

Verbal Reasoning is a measure that uses words as a basis in reasoning and problem solving. It describes employees who can easily analyze complex verbal information and make reliable interpretations (see Table 24). Low Scorers indicate individuals that may require more time to assimilate new information of a verbal or written nature. In addition, they may be less proficient in information gathering techniques. High Scorers reflected by MVPs describe an individual with strong information gathering ability. Individuals that can assimilate verbal information rapidly and can abstract conclusions from verbal information more proficiently than others.

Table 28: PXT Verbal Reasoning Benchmark for an MVP

Verbal Reasoning										
Employee Description - Employees who can easily analyze complex verbal information and make reliable interpretations.										
	1	2	3	4	5	6	7	8	9	10
Low Scorers					High Scorers					
May require more time to assimilate new information of a verbal or written nature. May be less proficient in information gathering techniques					Strong information gathering ability. Assimilates verbal information rapidly. Can abstract conclusions from verbal information more proficiently than others.					
Scale Description										
Using words as a basis in reasoning and problem solving.										

Numerical Ability is a measure of numeric calculation ability. It measures the ability of those who perform complex calculations on a regular basis and who are comfortable communicating complex data to others (see Table 26). Low Scorers signify individuals whose use of mathematics can be challenging and where figuring numerical problems may require the use of a calculator. High Scorers reflected by MVPs describe individuals that are typically quick in mentally determining mathematical solutions to problems and who demonstrates a sound understanding of basic mathematical process.

Table 29: PXT Numerical Ability Score for an MVP

Numerical Ability										
Employee Description - Employees who perform complex calculations on a regular basis and who are comfortable communicating complex data to others.										
	1	2	3	4	5	6	7	8	9	10
Low Scorers					High Scorers					
Using mathematics can be challenging. Figuring numerical problems may require the use of a calculator.					Quick in mentally determining mathematical solutions to problems. Demonstrates a sound understanding of basic mathematical process.					
Scale Description										
A measure of numeric calculation ability.										

Numeric reasoning is using numbers as a basis in reasoning and problem solving. It measures individuals who can efficiently base their decisions on numerical data and who can communicate this data in easily understood formats (see Table 27). Low Scorers may overlook the implications derived from a set of numerical data. In addition they may be comfortable using simple calculations for problem solving. High Scorers, reflected by MVPs, demonstrate individuals with little difficulty in assimilating new information of a numerical nature and can process numerical data to reach conclusions or understand inferences. Table 27 shows the comparative scores of the MVP benchmark around numeric reasoning.

Table 30: PXT Numeric Reasoning Benchmark for a MVP

Numeric Reasoning										
Employee Description - Employees who can efficiently base their decisions on numerical data										
	1	2	3	4	5	6	7	8	9	10
Low Scorers						High Scorers				
May overlook the implications derived from a set of numerical data. May be comfortable using simple calculations for problem solving.						Demonstrates little difficulty in assimilating new information of a numerical nature. Can process numerical data to reach conclusions or understand inferences.				
Scale Description										
Using numbers as a basis in reasoning and problem										

The average score of each professional group shows MVPs score much higher than the other two groups in the thinking styles or cognitive reasoning area.

Cognitive ability tests assess abilities involved in thinking (e.g., reasoning, perception, memory, verbal and mathematical ability, and problem solving). Such tests pose questions designed to estimate applicants' potential to use mental processes to solve work-related problems or to acquire new job knowledge. Traditional cognitive tests are well-standardized, contain items reliably scored, and can be administered to large groups of people at one time (Hunter, 1986; Murphy, 2003; Outtz, 2002)

Tests of general cognitive ability are traditionally the best predictors of job performance and training success for a wide variety of jobs (i.e., they have a high degree of criterion-related validity). The more complex the job or training demands, the better these tests work. Other predictors may add only small amounts of incremental validity over cognitive tests (Hunter, 1986; Murphy, 2003; Outtz, 2002).

Behavioral Traits are a series of measures that identify an individual's energy level, assertiveness, sociability, manageability, attitude, decisiveness, accommodating, independence and objective judgment.

Energy Level measures the tendency to display endurance and capacity at a fast pace. It describes individuals who are active and can focus on several tasks at a time (see Table 28). Low Scorers reflect individuals that are good with methodical processes, and patient with good task focus. High Scorers, reflected by MVPs, are self-starters, multi-taskers, and are self-motivated.

Table 31: PXT Energy Level Benchmark for a MVP

Energy Level											
Employee Description - Employees who are active and can focus on several tasks at a time.											
	1	2	3	4	5	6	7	8	9	10	
Low Scorers					High Scorers						
Good with methodical processes Patient, Good task focus					Self starter, Multi-tasker Self-motivated						
Scale Description											
Tendency to display endurance and capacity for a fast											

Assertiveness is the tendency to take charge of people and situations where an individual leads more than follows (see Table 29). It measures individuals who take on leadership roles comfortably but are still capable of following when necessary. Low scores reflect a willingness to accept a leader and to be diplomatic with a low need to control others. High scorers reflect comfort with self-expression and leadership with an achievement oriented and competitive behavior. The MVPs fit into the mid-range of this scale.

Table 32: PXT Assertiveness Benchmark for a MVP

Assertiveness											
Employee Description - Employees who take on leadership roles comfortably but are still capable of following when necessary.											
	1	2	3	4	5	6	7	8	9	10	
Low Scorers					High Scorers						
Willing to accept a leader, Diplomatic Low need to control others					Comfortable with self expression and leadership Achievement oriented, Competitive						
Scale Description											
Tendency to take charge of people and situations. Leads											

Sociability is the tendency to be outgoing, people-oriented, and willing to participate with others (see Table 30). It describes individuals who are moderately social, motivated by the

opportunity to present their ideas and suggestions and are encouraged by the opportunity to work in a team environment. Low scorers tend to avoid small talk, keeps to one's self, and are less likely to be frustrated by a lack of social contact. High scorers are conversational, people oriented and comfortable working in a group setting. The MVPs score in the mid to high range of this scale.

Table 33: Sociability Benchmark for a MVP

Sociability											
Employee Description - Employees who are moderately social, motivated by the opportunity to present their ideas and suggestions and are encouraged by the opportunity to work in a team environment.											
	1	2	3	4	5	6	7	8	9	10	
Low Scorers					High Scorers						
Avoids small talk, Keeps to one's self Is less likely to be frustrated by a lack of social contact					Conversational, People oriented Comfortable working in a group setting						
Scale Description											
Tendency to be outgoing, people-oriented, and participate											

Manageability is the tendency to follow policies, accept external controls and supervision, and work within the rules (see Table 31). It describes individuals who are effective without direct management, yet welcome some structure and supervision as needed. Low scorers can be cautious with authority figures and tend to defend their point of view. They are willing to question when not in agreement. High Scorers are typically cooperative and agreeable and work within the rules. They are comfortable with authority. The MVPs score in the low to middle range of this scale.

Table 34: PXT Manageability Benchmark for a MVP

Manageability											
Employee Description - Employees who are effective without direct management, yet welcome some structure and supervision as needed.											
	1	2	3	4	5	6	7	8	9	10	
Low Scorers								High Scorers			
Can be cautious with authority figures Tends to defend point of view Willing to question when not in agreement								Cooperative and agreeable Works within the rules Comfortable with authority			
Scale Description											
Tendency to follow policies, accept external controls and											

Attitude describes a tendency to have a positive attitude regarding people and outcomes (see Table 32). It describes an individual who demonstrates a positive attitude, yet is not required to resist the expression of frustration in order to achieve success in their work. Low scorers are sometimes skeptical and can be critical of others. They are often vigilant. High scorers are optimistic, trusting, and have a relaxed social style. MVPs fall into the middle of this category.

Table 35: PXT Attitude Benchmark for a MVP

Attitude											
Employee Description - Employees who demonstrate a positive attitude, yet are not required to resist the expression of frustration in order to achieve success in their work.											
	1	2	3	4	5	6	7	8	9	10	
Low Scorers								High Scorers			
Sometimes skeptical Can be critical of others Often vigilant								Optimistic, Trusting Relaxed social style			
Scale Description											
Tendency to have a positive attitude regarding people and											

Decisiveness describes individuals that use available information to make decisions quickly (see Table 33). These are individuals who consistently respond in a timely fashion and who can make quick decisions under pressure. Low Scorers are not typically impulsive. They prefer a methodical approach and to analyze before making a decision. High scorers, reflected by MVPs, move quickly when making decisions and they typically accept risk in most situations.

Table 36: PXT Decisiveness Benchmark for a MVP

Decisiveness										
Employee Description - Employees who are consistently responsive in a timely fashion and who can make quick decisions under pressure.										
	1	2	3	4	5	6	7	8	9	10
Low Scorers					High Scorers					
Not typically impulsive Prefers a methodical approach Analyzes before making a decision					Moves quickly when making decisions Accepts risk in most situations					
Scale Description										
Uses available information to make decisions quickly.										

Accommodating is the tendency to be friendly, cooperative, agreeable and to be a team person (see Table 34). It describes individuals who tend to respond appropriately to the needs of others but are not required to maintain an expression of accommodation in their routine duties. Low Scorers may be disagreeable on occasion, can seem too firm, and will not typically follow the group just to get along with others. High scorers are cooperative, harmonious, likeable and will go along with the group. MVPs score on the low end of this scale.

Table 37: PXT Accommodating Benchmark for a MVP

Accommodating										
Employee Description - Employees who tend to respond appropriately to the needs of others but are not required to maintain an expression of accommodation in their routine duties.										
	1	2	3	4	5	6	7	8	9	10
Low Scorers					High Scorers					
May be disagreeable on occasion Can seem too firm Will not typically follow the group just to get along with others					Cooperative, Harmonious Likeable, Will go along with the group					
Scale Description										
Tendency to be friendly, cooperative, agreeable. To be a team person.										

Independence is a measure of individuals who have the tendency to be self-reliant, self-directed, able take independent action, and make own decisions (see Table 35). It describes individuals who are moderately independent yet can accept necessary supervision and structure. Low Scorers may seek support are cautious or reserved and accept supervision easily. High

scorers are adventurous, slow to follow and like to set their own direction. MVPs fall into the middle of this scale.

Table 38: PXT Independence Benchmark for a MVP

Independence										
Employee Description -Employees who are moderately independent yet can accept necessary supervision and structure.										
	1	2	3	4	5	6	7	8	9	10
Low Scorers					High Scorers					
May seek support, Cautious or reserved Accepts supervision easily					Adventurous, Slow to follow Likes to set own direction					
Scale Description										
Tendency to be self-reliant, self-directed, to take independent action, and make own decisions.										

Objective Judgment is the ability to think clearly and be objective in decision making (see Table 36). It describes individuals who are most successful when provided ample information to make objective decisions, yet are capable of relying on intuition when necessary. Low scorers are not overly bound by systematic thinking. They are more subjective and will follow a hunch. High Scorers reflect individuals that are comfortable with a logical approach and unemotional in their thinking processes. MVPs fall into the middle of this scale.

Table 39: PXT Objective Judgment Benchmark for a MVP

Objective Judgment										
Employee Description -Employees who are most successful when provided ample information to make objective decisions, yet are capable of relying on intuition when necessary.										
	1	2	3	4	5	6	7	8	9	10
Low Scorers					High Scorers					
Not overly bound by systematic thinking Subjective, Will follow a hunch					Comfortable with a logical approach Unemotional thinking					
Scale Description										
The ability to think clearly and be objective in decisionmaking.										

The **Occupational Interest** section assesses a person's relative concentration between the six interest areas. The top three interests for MVPs in descending order are: Enterprising, Financial/Administrative, and People Service. The other three interests, Technical, Mechanical, and Creative have no impact on this position.

Enterprising individuals are motivated by the competitive, fast-paced world of sales and management. *Financial/Administrative* individuals are motivated by administrative duties or financial information processing. *People Service* individuals are motivated by a position that offers opportunity to help others or provide some facilitative service. This indicates that MVPs should be motivated to attend to the detailed aspects of a position while focusing on profit issues. Their interests help to balance the administrative side of work with the competitive. Their motivation for working with others complements leading or facilitating teams as well as encouraging them. Behavior traits averages shows MVPs and Consultants have very similar personalities. TMPs came in with lower scores. The scores for each professional group were very similar in this category.

Independent t-test was used to find a linear combination of variables which characterizes or separates MVPs and TMPs. In addition, the researcher wanted to create a predictive model to determine which variable(s) would predict TMP success and high performance. Sample size was too small to do a discriminate analysis.

The data used in this analysis comprises eleven MVPs and six TMPs. The variables include fifteen continuous, numeric variables: Learning Index, Verbal Skill, Technical, Verbal Reasoning, Numerical Ability, Numeric Reasoning, Enterprising, Financial Admin, People Service, Mechanical, Creative, Overall Percent Match, Thinking Style Percent Match, Occupational Interest Percent Match, Behavioral Traits Percent Match and two categorical variables: MVPs and TMP. The researcher is interested in the relationship between the fifteen continuous variables and the two categorical variables. Table 40 shows a comparative analysis between MVPs and TMPs.

Table 40: Comparing MVPs and TMPs

Descriptive Statistics				
			Mean	Std. Deviation
Cognatitive Reasoning Ability	Learning Index	MVP	7.5455	0.68755
		TMP	7.3333	1.50555
	Verbal Skills	MVP	7.5455	0.68755
		TMP	7.3333	1.50555
	Verbal	MVP	7.9091	1.30035
		TMP	7.5	0.54772
	Numbers Skill	MVP	8.3636	1.12006
		TMP	7.3333	1.63299
	Numerical Reseaning	MVP	7.8182	2.52262
		TMP	6.6667	2.33809
Occupational Interest	Enterprising	MVP	8.5455	1.21356
		TMP	8	1.89737
	Financial	MVP	6.4118	2.67065
		TMP	6.5714	3.40867
	People	MVP	5.3529	2.66789
		TMP	4	2.51661
	Technical	MVP	5.1765	2.55527
		TMP	5.1429	2.96808
	Mechanical	MVP	3.8824	2.20461
		TMP	5.4286	3.15474
	creative	MVP	4.41176	2.52633
		TMP	6.57143	2.57275
Total Percent Match		MVP	82.9091	9.07143
		TMP	77	4.04969
Total Thinking Style		MVP	90.4545	8.15308
		TMP	86.6667	7.65942
Total Occupational Interest		MVP	80.3636	13.0558
		TMP	80	14.7241
Total Behavioral Match		MVP	76.8182	18.9569
		TMP	65.5	8.75785

From this output, we can see that some of the means differ noticeably from group to group. These differences will allow us to use these predictors to distinguish observations in one job group from observations in another job group.

Table 41 shows the relationship between each component of the PXT questionnaire compared to each professional level. Again it can be seen that the MVP is the closest match with the turnaround benchmark.

Table 41: Comparison of each PXT variable to the Benchmark

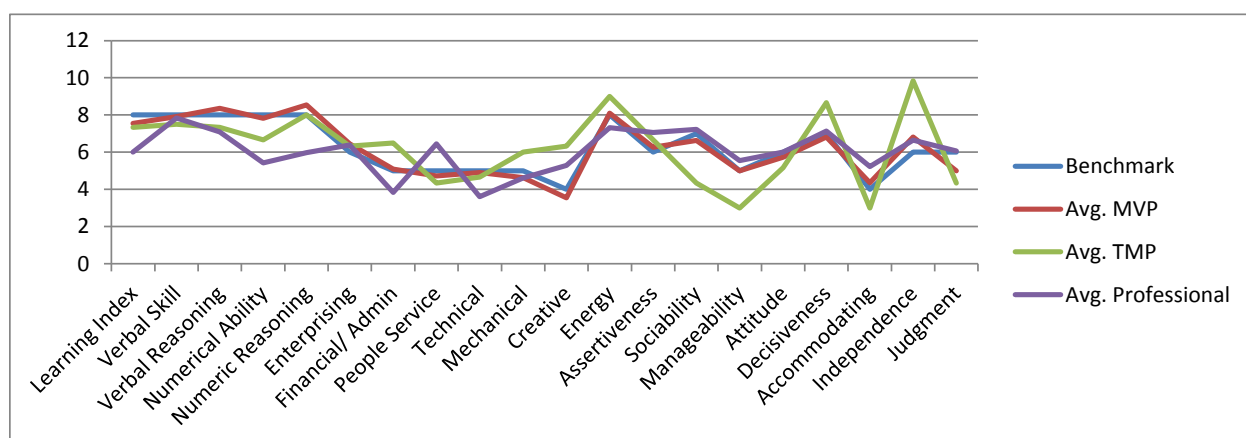
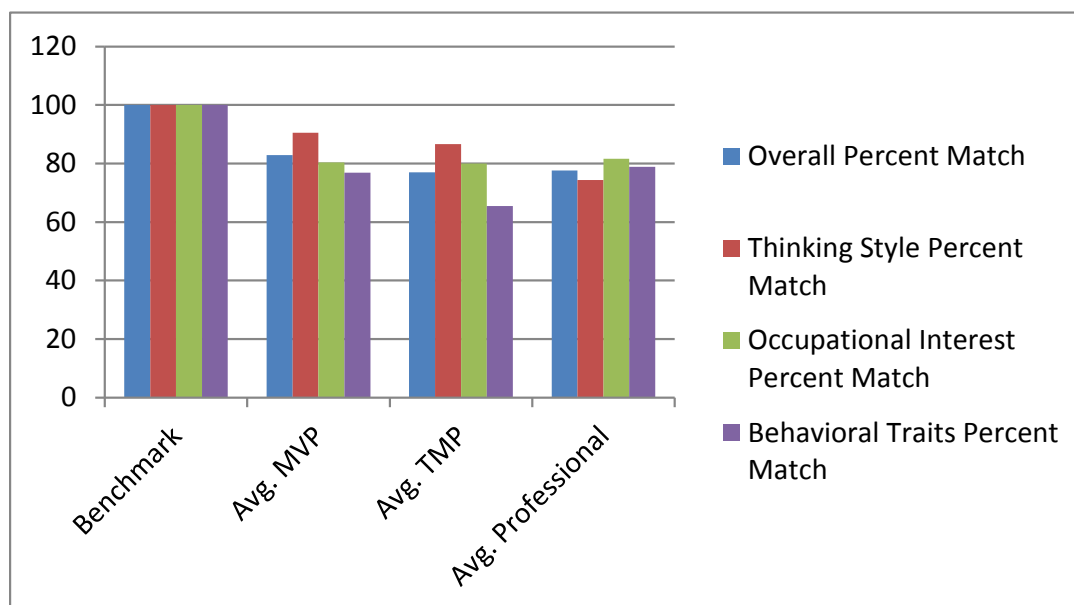


Table 42 shows that the MVP has the closest overall match with the turnaround benchmark.

Table 42: Match to Benchmark by each Professional Group



This analysis would support HP7: The stronger the thinking style percentage score is, the more successful and high performing the TMP, HP8: The stronger the behavioral percentage score the more successful and high performing the TMP, and HP9: The stronger match with occupational interests benchmark the more successful and high performing the TMP.

V.5 CTP and Success.

Much work and expense has gone into the development of a certification process by the TMA for TMPs. The TMA has postulated that those holders of a CTP are more effective and thus will be more successful than non-holders of this certification. This hypothesis showed a significance level at a .05 level with an explained variance of 5%. This affirms HP11: CTPs will be more successful and high performing than a TMP.

V.6 Summary.

The analysis, including direct effect of antecedents to the construct, cross-validated redundancies measures and their significance of the path model can be seen in Figure 10. Finance, accounting, legal and business acumen knowledge and experience as determined by age and years as a TMP all support skill development. Skills, education and school ranking all correlated highly with MVPs psychometric behavior measures and showed a stronger match score with MVPs than TMPs and consultants. CTP correlation with MVP was also strong. Culture could not be measured at this time because of small sample size

V.2 Interviews: Qualitative Findings

Myers (2009) suggested that interviews are one of the most important data gathering techniques for qualitative researchers. Interviews allow researchers to gather rich data from people in various roles and situations. A good interview helps one to focus on the subject's world.

In this research, interviews were conducted with the focus group, TOPs, TMPs, MVPs and other professionals throughout the various stages of data gathering. These interviews provided rich information that added insight to the surveys and questionnaires administered. In this section, highlights of these interviews will be shared verbatim, to illustrate findings of the analysis. In the interviews five major themes came forth as center points of learning, namely Show me the money, Secrets vs. Best Practices, Three Components of Knowledge, Experience: The Rightful Application of Knowledge or the "Art or Magic" of the Turnaround Profession,

Psychometric Behaviors and Traits: or Having “IT”, and Culture as a Moderating Effect on the success of a TMP

V.2.1 Show Me the Money.

It seems everything in the turnaround world revolves around money. Lack of money causes the organization to move into stage IV and eventual death (Pretorius, 2008).

Retrenchment or survival activities involve cutting back on funds and trying to outlast the downturn (Rasheed, 2005). TMPs buy time by acquiring additional funds (Abebe 2010). And TMPs success is also driven by the amount of money returned to the shareholders when the turnaround is completed and the company is back into a normalized growth mode (Chowdhury & Lang, 1994; O'Neil, 1986; Rasheed, 2005; Sudarsanam & Lai, 2001).

When interviewing our TOPs and asking them what are the real keys to success, they ratified the feeling that “cash is king”.

“Show me the money baby...you can't get anything done without cash” (TOP)

“You can introduce new tools, processes and systems. Lay hundreds of people off, and even start whole new line of business, if you don't show a positive EBIDTA at the end of day, you have just wasted everyone's time” (TOP)

“The real successful TMPs are the ones who return the most money to the shareholder. The bigger the return the more successful you are. You do that consistently over time and you get a rep as being the best” (TOP)

100% of the TOPs and 67% of the TMPs suggested that EBIDTA was the most important variable to classifying a turnaround as successful. In looking at the nominations of the MVPs by *Turnaround and Workout Magazine* (2013), the money component seemed to dominate each and every nomination. Here are a few examples:

“Managing director of NY office representing national wind Power Company with \$1.5 billion in assets. Represented 84-unit restaurant franchisee, doubling profitability in six months, allowing for full refinancing of senior debt and 100% recovery to lenders. Other successful representations include sale of armored cash hauling business of national service provider to banks and ATMs.”

“Interim CFO of an REIT that owned 73 hotels, with \$1.4 billion of debt. Helped company successfully complete the sale of its hotels for approximately \$1.2 billion. Interim of the world’s largest plastic bag company with \$600 million of annual revenues, leading the company through a pre-packaged Chapter 11 restructuring”

Both the interviews and the archival data obtained show that EBITDA is a significant key to turnaround success. TMPs that can generate funds and move the dying organization back into a profitable enterprise, as measured by EBITDA, in the least painful and quickest way would be heralded as MVPs.

V.2.2 Secrets vs. Best Practices.

Dynamic capabilities theory suggests that to be competitive in the market, each company must have some competitive advantage (Teece et al, 1997). This theory postulates that processes, paths, positions and resources are the areas to search for and/or develop competitive advantage. Tables 40 through 44 show the dynamic capabilities as presented by Teece et al (1997) augmented by the specific capabilities mentioned in the interviews as “MVPs secrets of success”.

Table 43: Turnaround Process Capabilities

Process Capabilities (Adapted from Teece et al 1997)			
Key Categories	Key Components	Key Activities	Turnaround Capabilities (From interviews)
Processes or the way things get done in the organization	Coordination and integration or activities	Gathering and processing information	Due Diligence assessment, interviews, cost analysis, vision creation
		Linking customer experiences with change	Interviews, market and customer surveys, building trust
		rationality, coherence and corporate culture	Dismissing the old and establishing the new (manager specific), culture of change readiness, shared urgency, practice trustworthiness
		Process and incentives	Rumor busting meetings, information transparency, layoffs, performance and evaluation, hiring and firing, CRM tools, strategic and synergistic decision making
	Learning	Organization and individual skills	Lean management, financial analysis, accounting, components of positive culture, learning organizations, 6-sigma, environmental conditions and impact, timing of change initiatives
		New patterns of activities or logic or organization	Stakeholders feedback/communication loops, zero sum budgets, adaptive leadership
	Reconfiguration and transformation	Adopts best practices	Cost management, due diligence process, obtaining funds and cash management, operational and financial restructuring

Table 44: Turnaround Path Capabilities

Path Capabilities (Adapted from Teece et al 1997)		
Key Categories	Key Components	Turnaround Capabilities (From interviews)
Paths or the strategic alternatives	Constraints of the past	Will hold back change progress unless "killed and buried" along with the "keepers" of the past
	Technology opportunities	Tweaks to established tools

Table 45: Turnaround Position Capabilities

Positions Capabilities (Adapted from Teece et al 1997)		
Key Categories	Key Components	Turnaround Capabilities (From interviews)
Positions or the technology, intellectual property, customer base and relationships with suppliers and customers (competency and capability)	Ownership, protection and utilization of technology assets	Assets evaluation
	Cash position and degree of leverage	Cash management, leverage accounting, Activity based accounting, Debt management
	Reputation	Marketing past performance, One stop shop for all industries and markets, word of mouth
	Formal and informal structural and their external linkages with regard to rate and direction of innovation	Brain storming, Employee feedback and innovation loops and trading, incentive programs, Suggestion boxes, Investment, acquisition, mergers, joint venture strategies
	Institutional (internal laws of governance)	Top down autocratic governance, 6 - sigma/lean operational guidelines. Legal, Cost and Process driven
	Product market positions	Open to both horizontal and vertical integration, Zero sum product mix, product mix changes, price flexible
	Organizational boundaries	

Table 46: Turnaround Key Resources

Key Resources (Adapted from Teece et al 1997)	
Key Categories	Turnaround Resources (From Interviews)
Physical or capital resources (specialized equipment, geographic location, financial or technology assets).	Size - number of employed TMPs
Human Capital (expertise in a technology or other area of knowledge, managerial skills)	CTP - Certified Professionals (finance/accounting, legal, business acumen, experience)
	Alliances - banks, investors
	Transformational leaders skills
Organizational (superior sales force, reputation or culture)	Past performance reputation

Initial interviews with TOPs and MVPs all suggested that the strategies, processes and specialized tools that they use to turnaround organization were their “secrets to success”.

“As TMPs implement their “secret” processes of coordination and integration of activities, learning, reconfiguration, and transformation within the dying organization, it is expected that they will have a competitive advantage in the industry and success in their interventions.”

As a consequence they were reluctant to share these secrets for fear they would be copied and utilized by their competition. As the researcher got more involved into the interview process, it became clear that these “secrets” were in fact shared and used by most everyone in the industry. While it is clear that at one time there may have been competitive advantage in some of these elements, the efforts of the TMA, movement of TMPs throughout the industry, and professional publications, have caused these “secrets” to evolve into “best practices” of the profession. This sediment is expressed in the following quotes from two different informants:

“Typically a turnaround involves a problem with cash flow. It may manifest itself in terms of earnings issues and so forth, but underlying everything is the vitality of the business from a cash flow standpoint. So usually that’s, my first focus is understanding what the conditions of the business are from a cash flow standpoint. While each company

may have their special tools at getting to this information or their own strategy on getting additional cash, when all is said and done, we are all doing the same thing” (TMP)

Knowing, understanding and utilizing these “best practices” has become the base line for survival in the turnaround industry. It is what some informants called “operational” knowledge. After hearing the same processes, positions, paths and resources mentioned over and over by each subsequent interview with TOPS, MVPs, and TMPs it became clear these dynamic capabilities had evolved into best practices.

V.2.3 People Make the True Difference.

It is clear that by looking at the income statements of different turnaround organizations, there is a clear difference in the financial ratios between companies. If competitive advantage is not being generated by the processes, paths and positions; where is this success differential coming from? The clue may be found in another element of dynamic capabilities theory hidden away in the resource capital category, namely the human element. Most all of the informants in this research stated that success in most all turnaround projects is dependent on the TMPs assigned to the project. It is the TMP that “creates and implements plans and strategy”. It’s the TMP that gets “stakeholders on board” and “makes the tough decisions”. It’s the TMP that “holds the company together in a turbulent environment with everyone trying to satisfy their personal needs.” It’s the TMP that applies the “magic that is really the secret behind our profession.”

While the TOPs and MVPs were pretty tight lipped about turnover of TMPs, the really good ones do not seem to move a lot between organizations. This is not necessarily true with LVPs.

All MVPs interviewed made well into the \$500K a year range in base salary, while the TMPs hovered in the \$200K area. A number of the MVPs interviewed had only one job change after entering the profession and that was typically leaving the company that hired them and moving to start their own competing company. For example:

“Our real advantage lies with our people. I only hire and retain those individuals that have a high degree of accounting and financial knowledge and know how to apply that knowledge across a wide array of industries, that only comes from experience.” (TOP)

“A really good turnaround person knows that it’s the people, it’s the human capital that makes the real difference. You deal with a lot of crap in this business...the baggage that the ownership group brings, the personal guarantees, their status within the industry, the community dynamics...those are their issues; those are the issues that you’re kind of fighting when you’re doing a turnaround. It takes people to work with those issues. (MVP TMP)”

In summary, current dynamic capabilities theory give us a good picture of what it takes to compete in the turnaround profession, however, other than the human capital element, no competitive advantage is held by having these capabilities.

V.2.4 Three Types of Knowledge

Hambrick and Mason (1984); Hitt and Barr (1989); and Hitt and Tyler (1991) found that an executive’s educational background provides an indication of their skills and knowledge. The type and amount of education are relevant in decision making, innovation and company performance. They postulated that “as educational levels increase training, experience and paradigmatic perspectives become more specialized and focus, thereby creating more conformity in cognitive models” (Hitt & Tyler, 1991, p. 333).

In the same light, dynamic capability theory suggests that knowledge, education, experience and skills of an individual make them unique in their ability to influence organizational success (Teese et al, 1997). This mindset is shared by the TMA as identified by

the key components of their certification process (TMA, 2014). Lastly, informants across all groups, TOPs, MVPs and other TMPs all seem to share this belief. They categorize these elements of success as technical, operational and industry knowledge, experience and skill.

Technical knowledge is defined by informants as the basic understanding of accounting, financial management, legal practices particularly around bankruptcy, and business acumen. This knowledge is obtained with an advanced degree (MBA, CPA, or JD) from an accredited university. Hambrick and Mason (1984) suggested that individuals in different functional groups such as legal, accounting, and human resources, develop a different orientation to the organization and its environment and culture. This functional or technical knowledge has an impact on models and processes utilized by managers and thus their strategy decisions and performance levels. The need for technical knowledge is reinforced by the words of a number of informants:

“There's an assumption that everyone is technically proficient. You get there by getting an advanced degree. You know, if you're not technically proficient, that's a problem out of the box.” (MVP TMP)

“TMPs have to be extremely thorough and solid in their technical, modeling ability, financial analysis, operational analysis, just core analysis--that's probably the most important at an entry level cause if you have a weak foundation, then the more senior people are acting with flawed input” (MVP TMP)

“I like to have people with real strong technical skills that are evidenced by higher levels of education like an MBA or JD degree from an accredited university. That way I know they have the basics and I can build from that. I don't have the time to teach people stuff they should have learned in school. So I go to schools to recruit that I know teach the silks needed for this type of work.” (MVP TMP).

Operational knowledge has been defined by informants as the knowledge of the turnaround profession, the tools of the turnaround profession. This knowledge comes from starting as an apprentice or junior consultant on a project and then over time, paying your dues,

learning from watching others and proficiently applying your technical knowledge and then moving up in the organization where more operational knowledge is obtained.

“You really have to eat up the information. What I expect is for them to take every piece of data, whether it’s numerical or more qualitative, and to eat that data up, because if they’re going to be a valuable asset to the team, they’re going to be a valuable asset to the more senior members of the team if they know that information, that data, better than anyone else. You know, when you’re the junior member on the team, you’re not going to get invited to the meeting and you’re not going to get to participate in sessions because they want your strategic input; you’re going to get invited because you have the base level knowledge that’s useful to the team.” (MVP TMP)

When competence is demonstrated by a TMP, participation on a more advanced project team, more responsibility and opportunities are provided to learn the tools and practices of the profession. Part of the unwritten process of “*paying your dues*”, comes from the TMPs ability to put themselves in positions to learn and get exposure.

“At the junior level you need really smart, really intelligent, really analytical people who have a desire to know our profession because you really do have to take a lot of data, generally in a short period of time, and figure out what it’s saying. That kind of skill is not taught in graduate school but the school of hard knocks.” (TMP)

“Clear thinking, being able to see the forest for the trees, but you’ve got to be able to see the trees too. This is more important than just the ability to understand how businesses are measured. You have to have the ability to look at a number and know that there’s a story behind each of the numbers... what a particular set of numbers might mean to the business” (TOP)

“I would say having diversity of experience, so not getting caught in doing just chapter 11 work or doing redundant turnaround, being in one industry for five years, not only automotive for five to ten years and getting stuck in an expertise just in one field. So it’s different types of engagements. It could be some chapter 11, operational turnaround, business assessments, crisis management, asset-based lending, cash flow, dealing with equity sponsors, dealing with hedge fund, dealing with banks, dealing with CLOs, so getting diversity of experience from an industry, from a scope, from a client company debtor, and as you continue evolving like that” (MVP TMP)

Industry Knowledge has been defined by informants as having knowledge and work experience in a particular industry. Becoming an industry expert becomes key in being given opportunities to be on turnaround teams, particularly when the intervention is in the industry of

expertise. While most informants suggested this is important, several provided a warning about being pigeon-holed to just one industry. TOPs, MVPs and TMPs would suggest that having the ability to apply technical and operational knowledge to several different industries makes a TMP differential in the turnaround profession. For example:

“The industry expertise is kind of critical for what I do. To be able to converse with my clients about their issues and industry issues in a way that they acknowledge has the most likely chance of helping them, most likely chance of success. For example, I ran the bankruptcy of a public private partnership hotel in New Jersey. We know who all the buyers of those hotels are. We know how to handle all the perorations and how to deal with the collective bargain agreements and how to handle the sale of unopened bottles of liquor which is regulated by states, you know, how to go about transferring your liquor license. So I really feel that industry experience is critical to success. (MVP TMP)

“The industry experience covering an industry the way we do with real in-depth skills and expertise. I find that in other organizations, the definition of an industry expert is somebody who maybe did one or two cases--the philosophy being you did something once, you're an expert. I find that the conversations that I have with clients about industry-related issues of hospitality and gaming just kind of far exceed the detail that they get in to with other people, and I find that that is of significant help to our clients.” (MVP TMP)

“Well I think from technical skills, it requires many disciplines. I am an industry person in the restructuring turnaround space, so I draw upon all the various disciplines that I've learned in the hospitality gaming industries, whether it tends to be operational, real estate related like taxes, labor, construction issues, marketing, and accounting--so all those technical aspects of a particular industry.” (MVP TMP)

Knowledge in the technical, operational and industrial aspect of this business are all keys to TMP success. To a person MVPs have worked in one or two industries exclusively, while TMP seem to wonder around.

V.2.5 Experience: The Rightful Application of Knowledge.

Frederickson (1985), Hitt and Barr (1989) and (Hitt and Tyler 1991) found that the amount and type of work experience that managers obtained affected their strategic choices, and the models/processes used in making decisions. That experience allows managers to fine tune

their decisions and work with models that they have tested over time. This “knowledge is based on outcomes” provides a benefit and advantage over less experienced managers. Hitt, Ireland and Palia (1985), and Hitt, Ireland and Stadter (1985) found that there were significant relationships between the importance managers placed on certain functions, distinctive competencies, strategy and performance. Knowledge and experience may be related to executive choices of strategy and the resulting performance.

Much was said in the interviews about the “art form” of being a TMP. Learning how to apply the knowledge learned in school is said to be a five to twenty five year process of “*paying your dues*”. This means “*sitting on the sidelines assisting, learning and watching the experienced TMPs applying the “magic” of the profession*”. Even the TMA will not grant a certification until a TMP has been in the field for at least 25 years. (A five year certification is granted for the mastery of technical competence.) Several of the MVPs stated that the reason they were chosen in the top ten was because they “*were coming into their own*”, “*starting to gain a reputation*” and “*taking over the lead role in turnaround projects.*” Others suggest:

“It takes more than having the right tool but knowing when to use which tool under a specific circumstance. That kind of knowledge only comes from experience” (MVP TMP)

“I think in this industry we often talk about getting beat up, or been around the block lots of times. We’ve all had lousy experiences that have taught us the hard way, and so when we go into a situation, there isn’t really something new happening. To run a company and fix a company, there are just some basic fundamentals that need to be in place and it starts with cash and good communication and good decision making, but there’s nothing that’s particularly unique from company to company in a lot of respects, in a great deal of respects. I’ve gone into situations where the CEO has told me we’re special, we do things differently here, this is different. And a day or two into it and there’s nothing particularly different, there never really is. And so some companies get in trouble simply because they become enamored with their own story and forget to maintain more objectivity to what they’re doing and how that fits into the world and reality.” (MVP TMP)

Over time experience is obtained as the TMP moves from apprentice or junior consultant into lead roles. With each new intervention or project, the TMP gains experience-both good and bad-based upon working with others and obtaining results. In time, the TMP learns to apply the technical, operational, and industrial knowledge obtained into a “magic or art” form. This ability to utilize this “art” form then becomes part of the classical definition of a MVP.

V.2.6 Psychometric Behaviors and Traits: or Having “IT”.

While education, knowledge, experience, and possessing the “art” of application, are clearly part of the success criteria of TMP, there is still one very crucial element missing from this success mix. Based on the interviews, both TMPs and MVPs seem to have the same technical knowledge with the same educational degrees, work in industry specific areas and get fair amounts of turnaround or operational experience. Yet again some TMPs, as identified by Turnaround and Workouts Magazine (2014), clearly stand out as the most successful. So what is this missing link to becoming an MVP? The focus group of TOPs gave the first insights into this missing link. They stated that the “DNA” to success in the turnaround industry lies in a TMP possessing the following traits:

- Totally truthful
- Results-based (thinking) individual
- doesn’t get lost in the trees
- Gets along with clients
- Prefers to work independently
- Sense of urgency
- Gets things done
- Ability to change gears and direction
- Humility
- A level of confidence under pressure
- Ability to think
- Communicates well

MVPs interviewed identified the following set of attributes as the most important elements and “true secrets” to their success. These elements are listed according to frequency of response by MVPs:

- Strong work ethic
- Integrity, ethical trust and trustworthiness
- Intra personal skills
- Aggressive, and tenacious
- Leadership type traits
- Customer service
- Poise and emotional stability
- An inquisitive mind or a natural curiosity
- Passion
- Good communication skills
- Creative
- Intelligence
- Confidence
- Independent
- Diplomacy
- Salesperson
- Adaptability
- Reputation
- Networking
- Collaborative
- Innate business judgment
- Sound reasoning
- Humility
- Empathy

Both the TOPs and the MVPs identified similar behavioral traits and characteristics, although the MVPs identified a few behaviors that the TOPs did not mention (see Table 46).

Table 47: Traits of a MVP as identified by TOPs and MVPs

TOPs	MVPs
Totally Truthful	Integrity, ethical trust and trustworthiness
Results-based (thinking) Individual	Innate business judgment, Salesperson
Doesn't get lost in the trees	Poise and emotional stability
Gets along with clients	Customer Service, Diplomacy, Positive Reputation Networking, Collaborative
(Prefers to) work independently	Independent
Sense of Urgency	Aggressive, and tenacious, Passionate
They Get Things Done	Strong work ethic
The Ability to Change Gears and Direction	Adaptability
Humility	Humility, Empathy
A level of confidence under pressure	Confidence
The ability to think	Intelligence, An inquisitive mind or a natural curiosity, Creative, Sound reasoning
Communicates well	Good Communication Skills, Intra personal Skills
	Leadership type traits

These skills are considerably different and not part of the list of skills typically identified as technical, operational or industrial. In fact, they are not considered as part of the elements for success identified in dynamic capabilities theory as differential human characteristics. Nor are they seen by the TMA as important or essential in the certification process. However, it is clear from the interviews that both the TOPs and the MVPs consider these “soft skills” or “personality traits” (psychometric behaviors) as an important component of a TMPs success.

When the MVPs were asked in the interview to determine if these psychometric skills were more important, equally important or less important than the technical, operational and/or industrial skills, 50% of the informants stated that the psychometric behaviors were equally important, 49% stated they were more important, and 1% stated they were not as important. The following comments from informants bear this out:

Equally important

“All of the personality traits and soft skills are important, but if you don’t know what you’re doing, having all those traits kind of would make you like a gun with no bullets. It’s like the technical skills like legal and accounting and the turnaround profession skills are like the bullets. The soft skills are the gun. You have to have certain level of these skills in order to be able to be effective, and so I would say that they’re two sides of the same coin. You can’t have one without the other or it’s like an unloaded gun.”

“They go hand in hand. It’s like hard to be confident and a good communicator if you don’t have a grasp of the technical issues.”

More Important

“Producing reports and doing analysis doesn’t always have the crisis nature as the personality stuff. I think the technical skills are a prerequisite to get you--it’s like saying getting into the NBA or NHL, so having those skills in legal, finance, accounting and business. So these are the prerequisites to become a partner in turnaround. Then the differentiating skills are the degree of your business judgment, the degree of your client service, the degree of your multifaceted experience, education, etc. So it’s if you want to accelerate yourself or you want to differentiate yourself and get to the next level, it’s the combination of how those skills fit into your personality”.

“It would be more, it is more about getting the organization to act and to move forward. While the numbers are the basis—that’s how we keep score—the reality is that it’s about the human capital. It’s about the people and getting them motivated, getting them moving forward in the same direction, doing what we need them to do, moving in the direction that kind of makes the most sense.”

Less Important

“I would say that when a person is just starting in this industry, the technical stuff is the most important. Later on when they become a lead or managing director maybe the soft skills become more important.”

Whether most or equally important, the MVPs are clear that these psychometric behaviors and characteristics are part, if not the key component, of the success formula for TMPs.

V.3 Complementary Findings

As Myers (2009) and Yin (2009) pointed out, a research using mixed methods allows the researcher to see beyond the pure numbers and gain an understanding of the context within

which actions and decisions take place. Utilizing a mixed methods approach helps to explain what informants are, or were thinking, what is happening, how it has come to happen this way, and when it happened. The following findings can be seen as complementary to both a quantitative and a qualitative analysis.

V.3.1 Best Practices vs. Competitive Advantage

Competitive advantage, as represented by dynamic capabilities theory, states that organizations utilize processes, paths, positions and/or resources to gain an advantage over their competitors in their market place (Teese et al., 1997). It is clear that TMPs, TOPs, and MVPs believe that to be competitive in the turnaround profession you must be “up to speed” on the best practices of the profession. Turnaround companies go to great lengths to recruit individuals that possess the right technical knowledge from the best universities. They then place these individuals in apprentice or junior consultant roles to gain experience and learn the tools, secrets and magic of the turnaround industry. As they apply their technical skills, they are then asked to participate in project teams where they gain more clout, responsibility and visibility. This 25 year process cumulates into the “art” of the profession. This operational knowledge is, in fact, the “best practices” of the profession. Having a clear understanding of these “best practices” and knowing how to apply this knowledge was seen as essential to the survival of a TMP.

V.3.2 Skill is determined by Knowledge and Experience

As Frederickson (1985), Hitt and Barr (1989) and Hitt and Tyler (1991) pointed out, the amount and type of work experience managers obtain affects their strategic choices, as well as the models/processes used in making decisions. The informants of this research were quick to point out that knowledge should be broken into three separate categories: technical knowledge

(finance/accounting, legal and business acumen), operational knowledge (best practices of processes/paths within the turnaround profession), and industrial knowledge (working in a specific industry like banking, manufacturing or human resources). The findings of this research suggest that knowledge in one or more of the aforementioned areas are differential between MVPs, TMPs, and consultants. But when this knowledge coupled with experience or the “artful application” of the knowledge, which only comes with time, is considered, true differentiation can be seen. The findings of this research demonstrate that when the knowledge and education were analyzed with age, time as a TMP, and the number of projects managed, competitive advantage was seen with the MVPs. This also supports the notion that the human component of dynamic capability theory has application in the turnaround industry, and the TMA is on the right track with the knowledge component of their certification process. These findings also support the work of Hambrick and Mason (1984), Hitt and Barr (1989) and Hitt and Tyler (1991) that suggests executives’ educational background, coupled with experience, provides an indication of their skills and knowledge.

V.3.3 Psychometric Behavior is the Missing Link to Competitive Advantage

All of the TOP, MVP, and TMP informants were very clear that the behaviors that have been labeled as psychometric are keys to the success of the TMP. In addition, it is clear that these behaviors were just as important as, if not more so, than technical, operational and industrial knowledge in contributing to their success. Results measured against the turnaround MVP benchmark, which was created based on MVP answers to the PXT questionnaire, showed a clear distinction between MVPs, TMPs, and other professionals. MVPs obtained the highest match scores to the benchmark, followed by TMPs, with other professionals scoring significantly below an acceptable level for success. An analysis of the thinking skills, behaviors, and interests

demonstrated that MVPs scores are a substantially higher match in the thinking, or cognitive reasoning arena, and their personality traits. A close look at the specific behaviors identified with each dimension of the PXT aligns with the descriptions of MVP behaviors provided in the interviews. It has been demonstrated by both the quantitative and the qualitative analysis that there is a place for considering psychometric behaviors and characteristic as a differentiating component of MVP success. This evidence suggests that identifying individuals with these behaviors, characteristics and traits becomes essential for the turnaround organization. Finding potential TMPs with a good match to the turnaround benchmark, and then building on that potential with knowledge and experience creates a TMP that will be successful in the profession and differential for the turnaround organization.

V.3.4 Antecedents and Differential Components

One of the objectives of this research was to come up with a predictive model, see figure 8, which would help identify success at the TMP level.

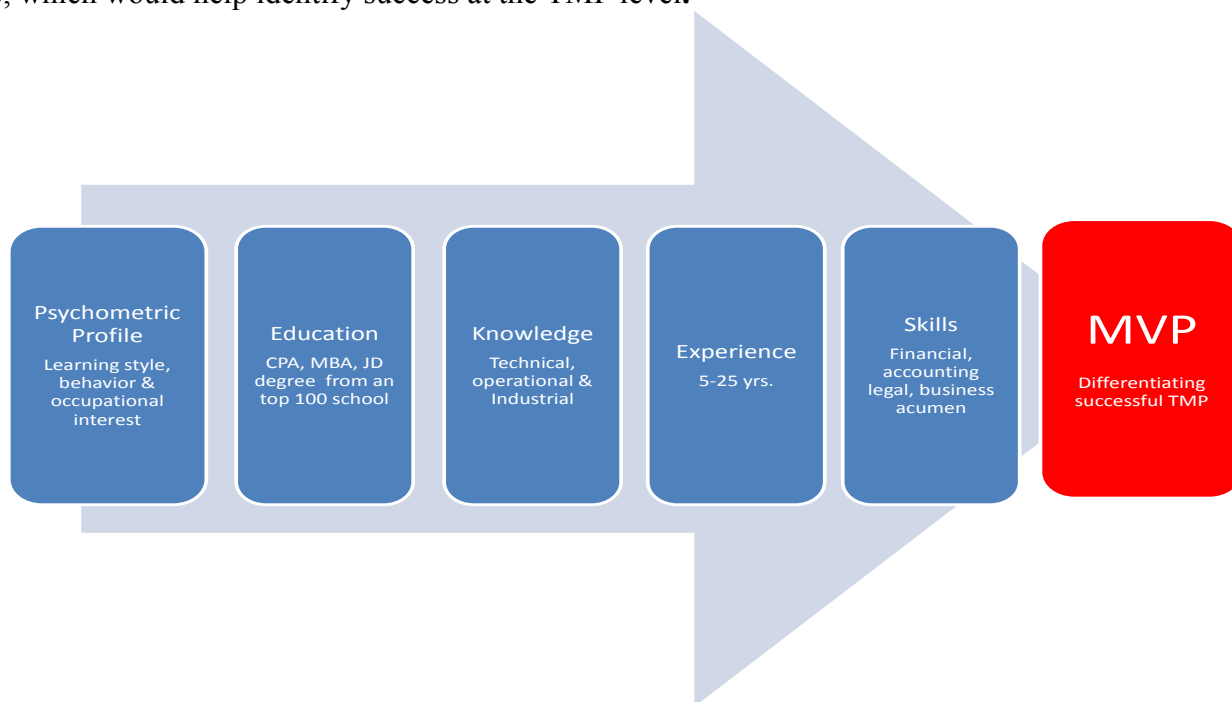


Figure 7: MVP Success and High Performance Model

If we combine all the information provided by informants from interviews, surveys, questionnaires, and archival data, a model could be created that would define an effective TMP or MVP. This model would include the following:

- A strong aptitude for success in this field by generating a strong (above 70) overall “job match” score comprised of thinking style, behavior characteristics and occupational interest when compared to the turnaround benchmark prepared utilizing the PXT questionnaire.
- A strong foundation of technical knowledge in the accounting/finance, legal and business acumen areas. This knowledge would be substantiated by the obtainment of a CPA, JD or MBA from a top 25 school.
- Five to twenty five years of experience working in the turnaround industry as a TMP. First effectively and accurately applying the technical knowledge in data gathering and analysis as the junior member of a team. Then, adding operational knowledge and skill and, constantly watching and learning from the more seasoned members or project leads of their work teams. Finally, taking every opportunity to participate in projects that lend expertise in a specific industry to obtain the knowledge and experience associated with that industry.
- Be willing to stretch beyond the routine engagements and take on projects that will save dying organizations, provide substantial monetary recoveries for those companies, being creative and thinking outside the box, and devising new strategies or approaches, and thus recognized and rewarded with additional responsibility within a firm.
- Demonstrate the knowledge and skill obtained by becoming a CTP accredited by the TMA.

With this combination of psychometric behaviors, knowledge base, experience, skill and certification, the TMP will add significant value to the customer and to the turnaround organization that holds their employment. In addition, they will provide a competitive advantage for their firms and stand out in the turnaround world as a MVP.

VI Contributions

This research focuses on identifying the characteristics or success profiles of professionals working in the turnaround industry. This research began with a theoretical premise that dynamic capabilities identified competitive advantage in the turnaround industry and that by identifying the dynamic capabilities of the top turnaround companies and implementing them, any organization could then become successful. The literature review offers a comprehensive review of dynamic capabilities theory from its initial inception, through several updates, to the present time. In addition, the review incorporates several other theoretical insights of life cycle theory, stakeholder theory and item response theory to address the challenges of progressive coherence, undeveloped and inadequate streams of thought and mere lacuna. Drawing on these insights from the research cycle, the research presents a series of variables or characterizes that better identify success and dynamic capability for this profession. It sheds light that those capabilities that are currently under practice are not differential, but instead are best practices for which any competitor must be savvy in their implementation for survival.

This research confirms a key component of dynamic capabilities theory-human capital. Empirical evidence is presented that affirms the elements of human capital (knowledge, skill, and experience) and suggests that these elements do in fact, make up a differential component in the turnaround profession. New evidence is presented that suggests the psychometric elements of human behavior (cognitive reasoning, personality and occupational interest), up to this point not included in consideration as part of the human capital contribution, should not only be included in the discussion, but, in fact, comprise the most significant differentiating factor in TMP performance and success.

The inference style is hence deductive using the research cycle to argue how psychometric characteristics and behaviors are significant dynamic capabilities in the turnaround industry. The contributions gained from this research can be summarized into two categories: contributions to theory and contributions to practice.

VI.1 Contribution to Theory

The results of this research contribute to the theory in a number of ways. First it invites exploration and development into a new stage of organizational life cycles and challenges the notion that death is a certainty (Quin & Cameron, 1983). This current theory suggests that top management's tendency in stage IV organizations, is to hold off the grim reaper by hunkering down utilizing retrenchment practices (Rasheed, 2005). While this may slow down the death spiral, it falls short of presenting a viable solution or hope for the stakeholders of the firm (Katzell, 1957). Recently a new industry with its own set of processes, paths, positions and resources (Teese et al., 1997) has come into existence that challenges the original premise of life cycle theory and appears to be a contradictory reality to the point that all things must die (Chowdhury & Lang, 1994; O'Neil, 1986; Rasheed, 2005; Sudarsanam & Lai, 2001). The turnaround industry and its success have introduced many alternatives to the death scenario by bringing organization back to life and profitability (Kierulff, 2003; Rasheed, 2005). Whether one chooses to define the interventions of this profession and their accompanying results as an adjustment back to stage IV in the life cycle theory (Quin & Cameron, 1983), thus holding the original theory sound and complete, or as a progression to a new stage V of resurrection or rebirth, thus adding to the model, this distinction lies beyond the scope of this report. It does however present itself as a source of future analysis.

The coupling of shareholder theory (Chen, 2009) to dynamic capabilities theory

(Teese et al., 1997) has provided additional clarity and focus as one seeks for uniformity in meaning, particularly in defining success for the turnaround firm and for the TMP. While success is often written about, organizational success has long been a term assumed to be understood and universally defined by all (Pickle & Friedlander, 1967). For the most part, it has been defined in financial terms as one company being more profitable than another (Swartz, 2013). Others have argued that success should be defined as how an organization treats its employees (Money Magazine, 2012). Teese et al. (1997) suggested that to insure success, you must have more dynamic capabilities than your competitors. Chen (2009) stated in his introduction of stakeholder theory that different stakeholders have different needs and the best way to demonstrate success is to provide for the needs of the stakeholder that carries the most power at a particular time of stage of organizational development. Boyd (2011), Pretorius and Holtzhauzen (2008), and Sheldon (1994) suggested that the most reasonable definition for success in the turnaround industry is the stock holders, because in stage IV the stockholder carries the most power (Chen, 2009). TOPs from the focus group suggested that of all the stakeholders who have an interest in the successful turnaround of the organization, it is *“the lenders/stockholders who hold the most power and virtually always make the decision on whether to employ a TMP or put the organization on a fast track to closure and death.”* The straight-line trajectory of progressive coherence encourages continued development and refinement of understanding in previously outlined theoretical frameworks. The researcher chose to use dynamic capabilities theory as the lens through which to analyzing the success of turnaround firms. The basic premise of this theory is that competitive advantage can be had by possessing specific capabilities (processes, positions, paths and resources) that are unique to the industry and not possessed by the competitors (Teese et al., 1997).

This research provided additional insight into this existing theory by summarizing the processes, positions, paths and resources that are unique to the turnaround industry as identified in the literature. Then, additional components were added that have application from other fields of research and industry practices (Yin, 2009). Finally, relevance was added to the list by inputting interview results from top professional in the profession including TOPs, TMPs, and MVPs. This compilation, while not exhaustive, provides the main tools and practices of the trade and comprises the “*magic*” TMPs utilize for success in their interventions.

The key contribution of this research lies in proposing a new component or “*missing link*” to dynamic capability theory. As stated above Teece et al. (1997) identified the components of dynamic capabilities theory as comprising of process, positions, paths and resources. This research found no competitive advantage in all but one of these capabilities. Instead, the research showed how they had evolved into best practices (Pretorius, 2009). This was seen to be true with each capability discovered with the exception of human capital. Human capital has been found to be a dynamic capability to the success of organizations in a variety of studies (Mahoney & Pandian, 1992; Schendel, 1994). The key premise of the human capital components is that knowledge, skills, and experience possessed by an individual can make them differential in their markets. This research provided empirical evidence that this premise is true in the turnaround industry, an assumption that to date has never been tested. This also added additional insight into the definitions of each of these components. For example, the definition of knowledge has been expanded to include technical, operational, and industrial knowledge. Higher order degrees like MBA, CPA and JD degrees from a top ten university have been shown to have a dramatic impact on MVP success. Skill which has been defined as financial, accounting, legal, and business

acumen and experience, has been clarified to include total years working, years as a consultant, years as a TMP, and years leading projects.

In addition, by applying the framework of item response theory (Bernstein & Nunnally, 1994) a new dimension of human capital was discovered. This component has been labeled as psychometric behavior and traits (Profiles International Technical Manual, 2012) and is comprised by thinking style (cognitive reasoning), personality (behavior) and occupational interest. Hunter (1984), Hollands and Hunter (1985), and Tett, Jackson and Rothstein (1991) suggested that these components of behavior are the most important variables in determining success of an individual on the job. This research confirmed these findings and then demonstrated that these elements are more prevalent in a MVP as opposed to TMPs and other consultants and professionals. Logic suggests that holding a cadre of MVPs would give an organization a competitive advantage over its competition. This profile or benchmark become specific to the TMP working on a turnaround intervention, but does not guarantee success in other work aspects or projects (Hambrick & Mason, 1984; Hitt & Barr, 1989; Hitt & Tyler, 1991).

In addition, this finding builds on and enhances the existing dynamic capabilities theory by tying psychology to quantitative research. It adds another, if not the most significant, variable to the human capital component of dynamic capability theory. Figure 12 show the relationship of each new component added to the existing dynamic capabilities theory. The light boxes reflect the original components of this theory with dark boxes representing the additional contribution from this research.

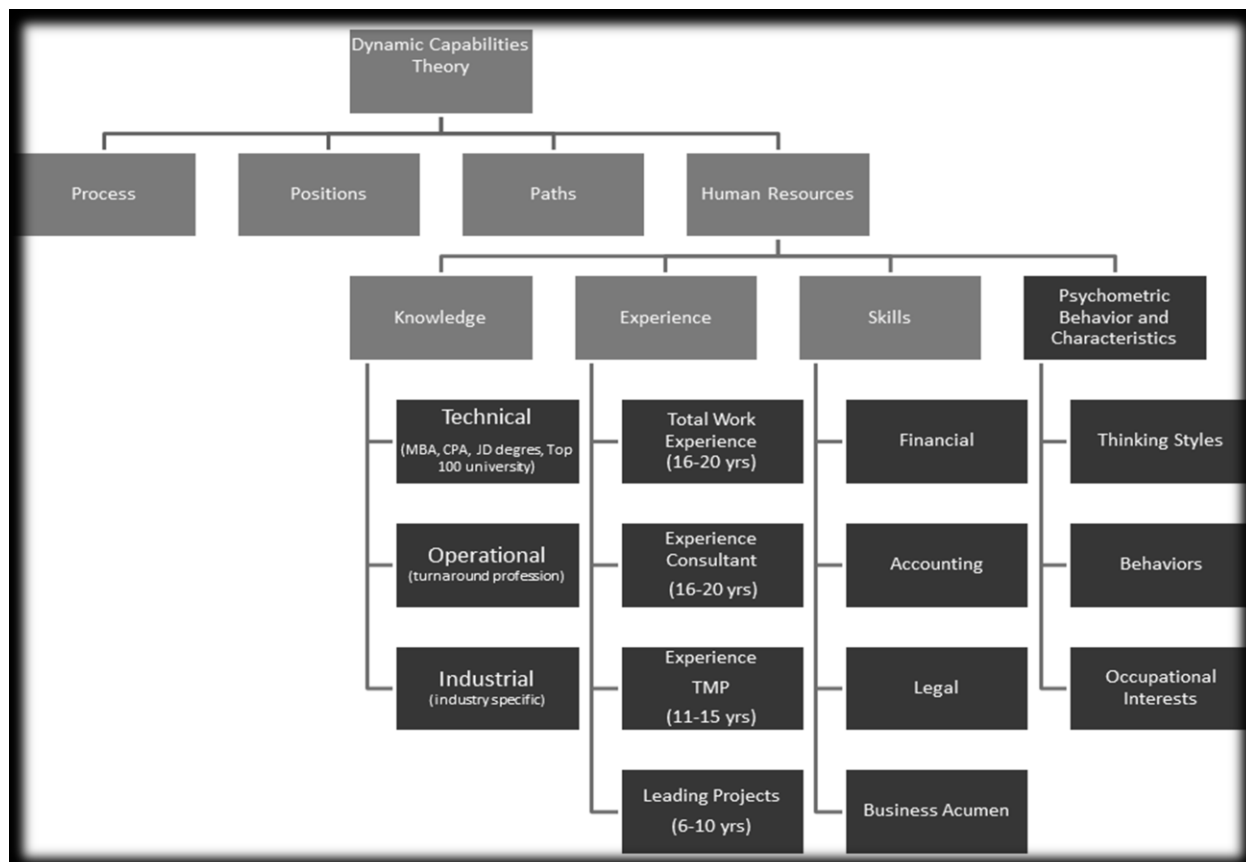


Figure 8: Insights into New Theory

VI.2 Contribution to Practice

As stakeholders look towards the turnaround industry for formulas that will resurrect or bring new life to their dying organization, contribution from this research should be seen as a major contribution. These benefits will be presented in terms of contribution for TMPs, for turnaround consulting firms and their owners, for private equity investors and loan workout officers, for the TMA and for new college graduates who want to break into the turnaround industry.

For TMPs. When TMPs and MVPs were asked to identify what made MVPs and LVPs, they were quick to provide specific behavior and characteristics that demonstrated real

difference. When MVPs were asked why they were identified as one of the top ten in the industry, they were hard pressed to find answer. For the most part they had no idea what made them different from others. This becomes troublesome when trying to mentor or develop junior consultants. Having a success formula provides a standard to judge performance and to create development opportunities. TMPs can be proactive in determining the kinds of education they should pursue, the schools that are best to attend and the kinds of work experience they should seek. Up to this point it has been a guessing process, looking towards others who appear to be successful and mirroring their careers. In addition, they can now take charge of their own development rather than relying on their organization to mentor them. This knowledge gives them power to make informed decisions.

This model for success and high performance for TMPs has been identified and tested (see Figure 12). This model not only provides for the hiring of TMPs, but for the development, training and rewarding of them as well.

For Turnaround Consulting Firms and their Owners - One of the highest sunk costs of doing business is the cost of hiring unproductive workers (Drucker, 1992). Knowing the formula for success, (Figure 8), can not only help the organization from hiring a dud, but can help identify who has the highest likelihood of becoming an “MVP”. It can also provide the turnaround firm owner with developmental and training information to guide them in the continued growth and career development of their TMPs. Having a cadre of MVPs to draw from will provide a greater likelihood for turnaround success resulting in higher profits, an enhanced reputation, and public recognition. It also has the potential for creating a competitive advantage over their competitors allowing them to better pick the jobs and interventions that meet their organizational goals and are consistent with their organizational values (Stout, 2012).

An additional finding of this research provided insight into the belief that each TMP had a “*magical*” formula for success and that their organizations’ dynamic capabilities made them unique, competitive, differential, and attractive to potential clients. Unfortunately, these findings suggest that these “*magical*” formulas are not differential but, in fact, are best practices (Teese et al., 1997). The necessity to possess these best practices is still critical for survival, but they are in essence a “starting point” of knowledge and practice that essentially gives the organization “*permission to be considered in the conversation,*” but does not identify their firm as having something special to offer. All firms in the turnaround industry must “*get on board*” with the “best practices” identified to remain relevant and competitive as service providers in the industry (Eisenhart & Martin, 2000).

Finally, adding the psychometric dimensions to the human capital component of dynamic capabilities moves the discussion of competitive practices of a firm back into the lime light and away from a “best practices” world of commonality.

For private equity investors and loan workout officers. Before choosing any turnaround practitioner or firm for a corporate rescue project, investors must do extensive due diligence on the firm and the TMPs that will be assigned to do the turnaround. Current practice of identifying MVPs has been based upon “checking the reputation of the organization and the TMPs working there,” “identify the level of their industry knowledge and experience,” trying to quantify the success rate of past interventions,” “checking the resumes and reputations of the TMPS that would be assigned to work their turnaround.” Having a success formula and model based on education, knowledge, experience (CTP), and the turnaround benchmark will assure better results from those charged with doing the actual work. Using these results to inform a

decision of which turnaround practitioner is the best match for a project will provide for better success from the stakeholder perspective.

For the TMA - The implications of this research project are extensive. First, this research has confirmed that the components of the CTP process, (skill, knowledge and experience) are consistent with success as identified in the literature (Frederickson, 1985; Hitt & Barr, 1989; Hitt & Tyler, 1991; Hitt, Ireland & Palia, 1985; Hitt, Ireland & Stadter, 1985) and as borne out by the findings of this research.

Next, there is the revelation of the impact that psychometric behavior has on potential success, which necessitates adding it to the certification process. In addition, all turnaround firms should seek or encourage all TMPs within their employ to complete the CTP process. This insures an adequate level of skill, knowledge, and experience, which has become a best practice. With the success profile identified for TMPs, the PXT psychometric assessment tool can now be added to the certification process and used throughout the industry as a measure for potential success.

Additional benefits of this success profile could evolve into a standard of excellence in the turnaround industry, an evaluation tool for performance effectiveness, training, and development, and a process for on-going career development and placement. Finally, utilizing this formula, particularly the PXT benchmark for an MVP, for success in the recruiting process can insure a pool of high potential candidates. With this pool, recommendations for education, schools to attend, and experiences to have can position those with potential, as identified by the benchmark, to consider and pursue a career in this profession.

For new college graduates who want to break into the turnaround industry. In order to increase their marketability and perceived value to a potential turnaround industry employer (workout loan office, private equity firm, turnaround consulting firm, etc.), having a favorable benchmark match and providing it in a resume and/or cover letter, may grab the attention of potential hiring organizations when soliciting job leads.

VI.3 Limitations

With any research, there are always anticipated limitations that may offer opportunities for future studies (Yin, 1999). First, since this research involves a small sample of TMAs and MVPs, there may be a limit to the generalizability of the research from sample to population. Future research should be conducted with a larger sample size to validate the psychometric PXT findings. In addition, this would allow the dependent variable antecedents defined in this research to be integrated into the psychometric instrument results. Assuming a large enough sample size of TMPs, this would allow a researcher to test the research model more accurately. As such, changes in the findings may occur in studies involving turnaround organizations that differ in size and location.

Utilizing the PXT questionnaire, while reliable, was cumbersome. The cognitive reasoning or thinking styles section is difficult to get through and as a result discourages many from completing the survey. Almost three-quarters of the informants solicited got to this section and quit. In addition, asking TMPs who work ten hours a days, seven days a week to take time off to do a ninety minute survey, also limited the participation in the research. A shorter version of the questionnaire should be sought and tested for future research.

Next, interviews based upon past events and in a competitive industry by a researcher who is from the industry of research, may bias a study. The researcher made an effort to mitigate this bias through triangulation and verification using multiple data sources. This bias was greatly outweighed by the willingness informants had to share information after learning the researcher was a “member of the profession.”

Problems in use of the Internet for data collection can be classified into three related areas: sampling problems, response consistency problems, and participant motivation problems. The researcher has attempted to control, to various degrees, these problems by utilizing various data collection techniques. For example, responses solicited from individuals with targeted e-mail messages. Stanton (1998) suggested that the response rate when using email in conjunction with incentives and follow-ups is comparable to traditional paper mail methods frequently used in survey research. Another disadvantage of this strategy lies in the return of respondents' email addresses to researchers: respondents' anonymity. Involving the TMA in the identification of participants has helped greatly in diffusing this problem.

One of the challenges of analysis comes when one begins to compile information especially if it comes from multiple sources and forms. Condensing, ordering, making sense of, and writing up findings necessitate the use of codes or labels that categorize data received. Some of the problems associated with coding are definitional clarity and reliability. Check-coding was used to increase the dependability and reliability of the analysis. In addition, codes have been identified prior to field work and tested in the focus group and phase I of the research. They have been defined operationally and semantically to fit into a specific structure (Miles & Huberman, 1994).

VI.4 Avenues for Future Research

Due to the scope of the research project, the researcher was unable to fully explore all the tributaries of thought that came up during the process. As such several different streams of research could be explored by future researchers. One of these streams could be associated with organizational life cycle theory. Knowing the impact of interventions such as organizational rebirth and turnarounds could provide strategies for product and/or services rebirth. Such a research could also generate specific rebirth strategies and tools for specific industries.

Testing the success model, presented herein, in different industries and for different professional service providers could enhance the viability of the model in whole or provide specific benchmarks to guide individual professions.

Developing a new tool to measure psychometric elements with the power and reliability of the PXT questionnaire without its time constraints and frustration and then testing it against the PXT would benefit the industry in measuring potential and development needs without the time commitment. Capturing other psychometric behavior and characteristics specific to a given industry would lend credibility to the application across industries and professions.

Finally integrating the characteristics of transformational and transactional leaders (Burns, 1978; Heifetz, 1994) to the requirements of project leads as an additional standalone component or as part of the psychometric characteristics would bind the extensive research on leadership to dynamic capability theory and potentially increase the power of the success model for TMPs and other professionals.

Appendix A: The Turnaround Management Association (TMA)

The Turnaround Management Association (TMA) is the only international non-profit association dedicated to corporate renewal and turnaround management. It was established in 1988 and has more than 9,300 members in 49 chapters, including 31 in North America and one each in Australia, Brazil, the Czech Republic, Finland, France, Germany, Hong Kong, Ireland, Italy, Japan, the Netherlands, Romania, Singapore, Southern Africa, Spain, Sweden, Taiwan, and the United Kingdom.

TMA members are a professional community of turnaround and corporate renewal professionals who share a common interest in strengthening the economy through the restoration of corporate value. They include:

- 43% - Turnaround practitioners who consult with or participate in helping troubled companies in the recovery process, including interim corporate managers, financial and operating advisors, accountants
- 20% - Attorneys
- 14% - Lenders and bankers/workout officers
- 3% - Investors, including equity investors, investment bankers, venture capitalists
- 20% - Other related professionals, including receivers, appraisers, trustees, auctioneers/liquidators, factors, academics/students, government/judges, and recruiters

All TMA members are expected to sign a Code of Ethics each year specifying high standards of professionalism, integrity, and competence. The TMA Certification Program recognizes professional excellence and provides an objective measure of expertise related to workouts, restructurings and corporate renewal. Applicants for certification must meet stringent standards of education, experience and professional conduct, pass a comprehensive examination and maintain the credential through continuing education credits.

Publications include:

- Journal of Corporate Renewal
- TMA Weekly Report
- Conferences & Events

(The preceding information has been taken from the TMA website <https://www.turnaround.org/About/Facts.aspx>)

Appendix B: Interview Questions

B.1 Owners/Principles of Turnaround Consulting Firms - Phase I

Ice breaker or introductory questions:

1. Could you please state your name and the name of your firm?
2. How long have you worked for this organization?
3. What position or title do you hold in this organization?
4. How long have you been in this role?
5. What are your primary tasks or responsibilities?

Company Output measure questions:

1. Does your organization have a particular industry focus?
2. What are your company's major goals?
3. How do you measure success for your company?
 - a. \$, growth, innovation, Market share
4. What are the key factors that makes a turnaround company successful?
 - a. Consultants
 - b. Tools, processes, systems
 - c. Relationships with banks or other lenders
5. What criteria do you use in identifying a company to consult with?
6. What are your expected returns from the companies you work with?
7. What is your success rate in turning these companies around?
8. What tools, processes or systems do you use?
9. Are any of these proprietary to your company?
10. What differentiates your company from other turnaround organizations?

Hiring Practices questions:

1. Where do you find your consultants?
2. What is your screening process? What do you look for in that person?
 - a. Experience
 - b. Knowledge/education
 - c. Skill/expertise
 - d. Commitment to the job/motivation
3. Do you hire Certified Turnaround Practitioners (CTPs)? Why/Why not?
4. How do you verify check on this information?
5. How do you contract them?
6. If you could change anything about your hiring process, what would it be?

Individual Performance Questions:

1. What are the characteristics of a successful consultant?
2. How do you define success?
3. Tell me a story about a consultant that was successful?
4. How do you measure success of your consultants?
5. Can you identify your top two performing consultants?
6. Why did you identify them as your top performers?
7. What are the characteristics of a poor performing consultant?

8. Tell me a story about a consultant that performed poorly?
9. Can you identify your two worst performing consultants?
10. Why did you identify them as your poorest performers?
11. What do you do to improve the effectiveness of your consultants?
 - a. Training
 - b. Certification
 - c. Education
 - d. Shadowing

B.2 Interview Questions for MVPs - Phase IV

Name

Name of your company

Current Title

Secrets to be successful

1. What does it take to be successful in the turnaround profession?
2. What differentiates a good turnaround professional from a bad one?
3. If you were putting a team together to work on a tough project what would you look for in the different team members from top to bottom?
4. If you had to prioritize the most important skill, trait, attribute of a member of your team what would be the top five in order of best to least?
5. Why do you think people are chosen to be put on this magazine's list of people to watch?
6. If you were giving advice to a young person just starting out in this industry, what would you tell them?
7. What is your secret to success?

Psychometric Skills

8. On a scale of 1-10, 10 being your greatest strength. Rate yourself in your strength in Tendency to display endurance, fast pace & quick starts. (Focus) Is this one of the most important attributes of a successful TMP High, med or low?
9. Tendency to take charge of people & situations. Is this one of the most important attributes of a successful TMP?

10. Tendency to be outgoing, people-oriented and extroverted. Is this one of the most important attributes of a successful TMP?
11. Tendency to follow rules, practices, and accept the status quo. Is this one of the most important attributes of a successful TMP?
12. Tendency to be accepting, trusting & optimistic towards people & outcomes. Is this one of the most important attributes of a successful TMP?
13. Tendency to make decisions quickly. Is this one of the most important attributes of a successful TMP?
14. Tendency to be a team player (friendly, cooperative & agreeable). Is this one of the most important attributes of a successful TMP?
15. Tendency to be self-directed, self-reliant, and decide for themselves. Is this one of the most important attributes of a successful TMP?
16. Tendency to use facts, logic & objectivity in making decisions. Is this one of the most important attributes of a successful TMP?
17. Tendency to be “totally truthful” Is this one of the most important attributes of a successful TMP
18. Tendency to be a “results based (thinking) individual. Is this one of the most important attributes of a successful TMP?
19. Tendency to be being able to not “getting lost in the trees” Is this one of the most important attributes of a successful TMP
20. Tendency to be being able to “get along with clients” Is this one of the most important attributes of a successful TMP
21. Tendency to be able to “change gears and direction” Is this one of the most important attributes of a successful TMP
22. Tendency to be “humble, Is this one of the most important attributes of a successful TMP
23. Tendency to be confidence under pressure, Is this one of the most important attributes of a successful TMP
24. Tendency to be ability to think rationally” Is this one of the most important attributes of a successful TMP
25. Tendency to be communicate well” Is this one of the most important attributes of a successful TMP

26. Can you think of other attribute that would be more important than any of the skills or attributes we have asked you about today?
27. Would you say that these attributes are: More important, equally as important, as or less important than the skills of accounting, finance, legal, business acumen and business management?
28. Would you say that it is the culture of the TMPs home organization that differentiates between successful and less successful TMPS?

Interest

29. Do you Prefer activities associated with persuading others and presenting plans.
30. DO you Prefer activities like organizing information or business procedures?
31. Do you Prefer activities such as helping people & promoting their welfare.
32. Do you have Interest in scientific activities, technical data and research?
33. Do you have Interested in working with tools, equipment and machinery.
34. Do you Prefer activities using imagination, creativity and original ideas.

Compensation

71. What is your current base compensation?

Between 0 and 60K

61-100K

101-300K

Above 301K

72. **Age**

20-30

31-40

41-50

51-60

Over 61

Appendix C: Definitions to Know for this Research

Turnaround Management Practitioner (TMP): Any consultant or business executive who has been assigned the responsibility for achieving profitability or enhanced operating results of at least one distressed firm.

Turnaround Service Provider (TSP): A consulting firm that specifically offers turnaround consulting services such as cost reduction, asset restructuring, profitability enhancement, bankruptcy, or workouts.

Turnaround Firm Owner (TFO): The owner or principle of TSP. This person may also be a TMP and employ TMPs in their firm.

Financial Sponsor (FS): The firm or individual that has purchased the services from at least one TSP. Examples of financial sponsors are Private Equity firms that purchase distressed businesses, owners of privately held businesses in distress, workout loan officers who represent the debtor to a distressed business.

Certified Turnaround Practitioner (CTP): The turnaround industry certification offered by the Turnaround Management Association, an industry leading non-profit whose membership is comprised of TMP, TSP, workout loan officers, and bankruptcy lawyers. There are only about 400 persons in the world who possess this certification. The certification has both a turnaround experience requirement, and 3 separate tests concerning finance, bankruptcy law, and management.

Workouts: A situation in which a borrower of a commercial loan fails to conform to the terms and conditions of repayment of their loan to the debtor, creates a credit risk, and increases the probability that the lender may lose some or all of their loan principle value.

Turnaround Management Association (TMA): A leading non-profit whose members are a professional community of turnaround and corporate renewal professionals who share a common interest in strengthening the economy through the restoration of corporate value.

ProfileXT: A psychometric instrument that is more than 25 years old which has been developed by using more than 200,000 people. The assessment tool investigates several areas as a part of evaluating how an individual fits into a particular job. It assesses three key areas that are most predictive of workplace success:

1. Behavioral Traits: Uses the psychological premises of Adler, Beck, and Ellis – that observable behavior is a reflection of cognitive states
2. Occupational Interests: Uses Holland's person-environment typology theory – that one's motivation for work can be associated with various categories
3. Thinking Style: Uses Cognitive Learning Theory – that cognitive processes are reflected in one's style of learning.

Psychometric Profile: One of the four categories of assessment for TMP. This is the output of the ProfileXT assessment tool that uses behavior traits, occupational interests, and thinking style to provide a unique psychological and behavioral 'fingerprint' of the person being assessed. Each TMP who takes the Profiles XT assessment will generate a psychometric profile.

Educational Experience: One of the four categories of assessment for TMP. It is a measure of the TMP formal education. It is comprised of three components: (1) the number of years spent in formal education after high school; (2) the specific type of degrees attained (i.e. MBA, Ph.D., M.S.), (3) all formal professional continuing education, and (4) All formal certifications earned to include the Certified Turnaround Practitioner (CTP), Professional Project Manager (PMP), etc.

Business Acumen: One of the four categories of assessment for TMP. It refers to the tactical, specific business skills needed to be successful in a turnaround project. This includes topics such as legal topics (bankruptcy law, etc.), accounting (cash flow analysis, budgeting), and management (leadership, project management, etc.).

Practitioner Experience: One of the four categories of assessment for TMP. It refers to the work experience that a TMP has acquired. This is comprised of three components: 1. Number of year of work experience, 2. Number of months experience directly attributable only to turnaround projects, 3. Title and position over past five years, 4. Number of turnaround projects personally led by practitioner, and 4. Identification if they acted in a “C suite” role such as CEO, CFO, COO, etc.

Total Success Profile (TSP): The total composite of each Turnaround Management Professional that articulates their unique skills, abilities, and tendencies. The TSP consists of the four main key areas of: 1. Psychometric Profile, 2. Educational Experience, 3. Business Acumen, and 4. Practitioner Experience.

Practitioner Success Rate (PSR): This is defined by several measures to include: 1. the percent of turnaround consulting engagements that were deemed successful. This is a ratio calculated by placing the number of successful engagements as the lead consultant in the numerator, and the total number of engagements as the lead consultant that the practitioner has participate in during their entire career. 2. Financial improvement from beginning of turnaround consulting engagement to end of engagement in terms of revenue growth (absolute and percent increase), and profitability growth (absolute and percent increase), 3. Operational improvement metrics from beginning of consulting engagement to end of consulting engagement to be determined by each firm, and 4. Full time equivalent headcount change from beginning of 5. and book value of assets from beginning of consulting engagement to end of consulting engagement.

Appendix D: Turnarounds and Workouts People to Watch Nomination Request

Turnarounds & Workouts is now accepting nominations for its annual report on People to Watch – 2014, Business Professionals Making Their Mark. The deadline for nominations is Wednesday, March 12, 2013. Please submit all nominations with the information below to david@beard.com.

T&W's People to Watch recognizes achievements of business professionals in the restructuring field in 2013 and 2014, but who have not heretofore received a great deal of recognition. Examples of achievements include successful case outcomes, monetary recoveries, saving a company, devising a new strategy, moving up within a firm, etc.

Information to be submitted for all nominations:

- Your Contact Information:
- Name:
- Firm:
- Email Address:
- Phone No.:

Nominee Information:

- Name:
- Firm:
- Firm Location (City, State):
- Email address:
- Outstanding Achievements (no word limit, but will be edited to 50-60 words in final report):

Appendix E: Phase I Follow-up Online Survey

Web Based Survey for Turnaround Consulting Firm Owner/Managing Directors/Principles

This survey is designed for Presidents, Managing Directors, and CEOs of Turnaround Consulting Firms. This survey is part of the doctorate research project conducted through Georgia State University by Scott Baird (sbaird2@student.gsu.edu) and Mike Lorence (mlorence1@student.gsu.edu).

The purpose of this short survey is to understand how you judge effectiveness of turnaround professionals. Simply select your answer for each question. Answer the questions to the best of your ability. Do not skip any question. If you are not sure of the answer, take your best guess. Then submit your response.

This survey should take 10-15 minutes.

Thank you for your participation in this research.

Sincerely,
Scott Baird and Mike Lorence

1. What is the most prevalent type of turnaround consulting engagement that your firm participates in (choose only one).

Bankruptcy
Asset Liquidation
Strategic Business Unit (SBU) Divestiture
Merger
Performance Improvement
Other 1
Other 2
Other 3
Other 4

In the following questions, you will be asked about how you measure effectiveness of your turnaround professionals. When you answer those questions, use your answer to question #1 above as your benchmark for judging effectiveness. In other words, if your firm engages mostly in asset liquidations, all of your answers for effectiveness listed below should reflect proper measures of effectiveness only in asset liquidation engagements. If your firm engages mostly in Bankruptcy work, your answers below should reflect measures of effectiveness only in bankruptcy engagements.

2. In your firm, (1) of the top (3) measures of effectiveness of turnaround professionals is how fast you deliver the results desired by the client.

1-strongly disagree, 2-disagree, 3-neutral, 4-agree, 5-strongly agree

strongly disagree

disagree

neutral

agree

strongly agree

3. In your firm, (1) of the top (3) measures of effectiveness of turnaround professionals is how much you improve the financial performance of the firm (grow EBITDA, etc.).

1-strongly disagree, 2-disagree, 3-neutral, 4-agree, 5-strongly agree

4. In your firm, (1) of the top (3) measures of effectiveness of turnaround professionals is how many jobs you save at your client's organization.

1-strongly disagree, 2-disagree, 3-neutral, 4-agree, 5-strongly agree

5. In your firm, (1) of the top (3) measures of effectiveness of turnaround professionals is how quickly you conduct a proper diagnostic of the situation.

1-strongly disagree, 2-disagree, 3-neutral, 4-agree, 5-strongly agree

6. In your firm, (1) of the top (3) measures of effectiveness of turnaround professionals is your ability to make the right decisions quickly given limited information and resources.

1-strongly disagree, 2-disagree, 3-neutral, 4-agree, 5-strongly agree

7. In your firm, (1) of the top (3) measures of effectiveness of turnaround professionals is your ability to negotiate the better terms from debtors (i.e. reduce the amount of debt the company owes, defer payments, lower interest rate, reduce restrictive covenants, etc.).

1-strongly disagree, 2-disagree, 3-neutral, 4-agree, 5-strongly agree

8. In your firm, (1) of the top (3) measures of effectiveness of turnaround professionals is to maximize the value of the company at some liquidation event, either now or in the future (full or partial sale or (1) or more business units, asset liquidation, etc.).

1-strongly disagree, 2-disagree, 3-neutral, 4-agree, 5-strongly agree

9. In your firm, (1) of the top (3) measures of effectiveness of turnaround professionals is that you are able to communicate effectively (i.e. talk about decisions, progress, status, wins/failures, etc.) with all stakeholders (the board, the management team, shareholders, etc.)).

1-strongly disagree, 2-disagree, 3-neutral, 4-agree, 5-strongly agree

10. In your firm, (1) of the top (3) measures of effectiveness of turnaround professionals is that you fire the bad performers and hire good performers when necessary.

1-strongly disagree, 2-disagree, 3-neutral, 4-agree, 5-strongly agree

11. In your firm, (1) of the top (3) measures of effectiveness of turnaround professionals is that you properly conduct a rolling cash flow projection and rigorously implement cash management strategies.

1-strongly disagree, 2-disagree, 3-neutral, 4-agree, 5-strongly agree

12. In your firm, (1) of the top (3) measures of effectiveness of turnaround professionals is that you are able to exploit new products and/or markets (i.e. introduce a new product or enter a new market).

1-strongly disagree, 2-disagree, 3-neutral, 4-agree, 5-strongly agree

13. In your firm, (1) of the top (3) measures of effectiveness of turnaround professionals is that you are able to prune unprofitable and/or troublesome products/service offerings quickly.

1-strongly disagree, 2-disagree, 3-neutral, 4-agree, 5-strongly agree

What other possible effectiveness measures should we consider but didn't list in any of the previous questions? Please list them here.

Each of the measurements of effectiveness that you were asked about in the previous questions is listed below. Now we'd like you to rank order your top three most important effectiveness measures from all of the previous questions.

To do this, please use the drop down box next to each measure of effectiveness listed.

Specifically, select "1" next to the most important effectiveness measure. Select a "2" next to the for the second most important effectiveness measure. Finally, select a "3" for the third most important effectiveness measure.

Leave all of the others drop down boxes blank for those effectiveness measures that did not make your top 3.

- Speed to deliver results clients wants
- Amount that you increase financials (i.e. grow EBITDA)
- Number of jobs saved
- Quickly conducting a proper diagnostic of client's company
- Making right decisions quickly with limited information & resources
- Negotiate with creditors to reduce debt or get better terms
- Maximize the value of a liquidation event, now or in the future
- Effectively communicate to all stakeholders
- Fire bad performers and hire good performers
- Rigorous cash management
- Exploit new products or new markets
- Prune unprofitable products/services
- Other 1
- Other 2
- Other 3

Appendix F: Letter of Introduction for Focus Groups

Dear William,

Greetings from Atlanta! I hope your Chapter is doing well and off to a great start this year.

The Atlanta Chapter has been approached by two full time doctorate students at Georgia State University (GSU) about the idea of collaborating on a doctorate research project that is aimed directly at the turnaround industry.

The students, Mike Lorence (LA Chapter) and Scott Baird (Rocky Mtn. Chapter), have structured a rigorous research that is designed to create a psychometric profiling tool for measuring the success characteristics of a turnaround professional. Basically, they are going to assess the behavioral profile (i.e. how individuals think, what motivates them, and their personality) coupled with skill, education, knowledge and experience, of the most successful turnaround professionals. From this they will attempt to create a systematic way to assess others against that psychometric profile. It is a “research” and will likely have iterations throughout its development.

They have outlined a few ways this may impact the industry:

For Turnaround Consulting Firm Principles/HR executives: use this profiling tool as a guide in making hiring, developmental and career decisions for any turnaround professional by removing some of the guess work from talent acquisition and retention decisions.

For new college graduates and NextGen folks who want to break into the turnaround industry: Offer this tool at college job fairs and career development offices inside universities. Provide on-the-spot psychometric assessment to those college kids and recent grads. For kids that present the best scores, our members could get access to those names early in the talent acquisition process.

On Friday April 27, the Atlanta Chapter hosted a Focus Group with a broad mix of our practicing members. We had 12 members that represented national and regional firms, sole practitioners and financial restructuring firms. Scott and Mike, along with their faculty advisor Dr. Wes Johnston, presented their concept and solicited feedback over a luncheon in a very informal, interactive, open dialog setting. As a result of our Focus Group, Scott and Mike have the first slate of companies that have opted-in to participate in the research. They need several more. Rudi Mueller, a board member at the Florida TMA Chapter, attended our Focus Group and has invited them to present the project to their chapter.

The results of that Focus Group highlighted that this project warrants merit and could be very interesting to the turnaround profession. I thought it would be a good idea to introduce Scott and Mike for consideration to present to other chapters as they broaden their base.

They are offering a free trial of the tool (upon completion) for the first (25) turnaround consulting firms who opt-in to participate in the research. There is not much time commitment required aside from a few interviews and a survey.

I've encouraged Scott and Mike to follow up with you and you should hear from them shortly. Also, my chapter is considering financial support of this project. I'm sure any help from your chapter would also be appreciated. If you have any ideas on how to make that happen, I'd love to hear your thoughts.

David Bell
david.bell@baml.com
President, TMA Atlanta

Appendix G: Invitation from TMA Chapter Presidents to TOPs to Participate in the Research

Greetings from XXXXXX! I hope your organization is doing well and off to a great start this year.

The XXXXXX Chapter has been approached by two full time doctorate students at Georgia State University (GSU) about the idea of collaborating on a doctorate research project that is aimed directly at the turnaround industry.

The students, Mike Lorence (LA Chapter) and Scott Baird (Rocky Mtn. Chapter), have structured a rigorous research that is designed to create a psychometric profiling tool for measuring the success characteristics of a turnaround professional. Basically, they are going to assess the behavioral profile (i.e. how individuals think, what motivates them, and their personality) coupled with skill, education, knowledge and experience, of the most successful turnaround professionals. From this they will attempt to create a systematic way to assess others against that psychometric profile. It is a “research” and will likely have iterations throughout its development.

They are looking for about 20 companies to participate in the research. The time commitment is for only 1 hour in an interview, with the president of the organization, either in person or over the phone or via Skype. In addition, at least two professional in you firm will be asked to take an online survey. Unless otherwise desired, individual or company results will be held strictly confidential. Your individual and organizations data will be summarized together with others before results are shared.

They have outlined a few ways this may impact the industry:

- For Turnaround Consulting Firm Principles/HR executives: use this profiling tool as a guide in making hiring, developmental and career decisions for any turnaround professional by removing some of the guess work from talent acquisition and retention decisions.
- For new college graduates and NextGen folks who want to break into the turnaround industry: Offer this tool at college job fairs and career development offices inside universities. Provide on-the-spot psychometric assessment to those college kids and recent grads. For kids that present the best scores, our members could get access to those names early in the talent acquisition process.

They are offering a free trial of the tool (upon completion) for the first (25) turnaround consulting firms who opt-in to participate in the research. There is not much time commitment required aside from a few interviews and a survey.

I've encouraged Scott and Mike to follow up with you and you should hear from them shortly. If you have any ideas on how to make that happen, I'd love to hear your thoughts.

Your name
 You're Chapter
 Your e-mail and phone number

Appendix H: TOP's Invitation Letter to MVPs and LVPs

Greetings from XXXXXX! I hope you are doing well and off to a great start this year.

The XXXXXX Chapter has been approached by two full time doctorate students at Georgia State University (GSU) about the idea of collaborating on a doctorate research project that is aimed directly at the turnaround industry.

The students, Mike Lorence (LA Chapter) and Scott Baird (Rocky Mtn. Chapter), have structured a rigorous research that is designed to create a psychometric profiling tool for measuring the success characteristics of a turnaround professional. Basically, they are going to assess the behavioral profile (i.e. how individuals think, what motivates them, and their personality) coupled with skill, education, knowledge and experience, of successful turnaround professionals. From this they will attempt to create a systematic way to assess others against that psychometric benchmark.

They are looking for about 40 individuals to participate in the research. The commitment for you would be to take a 90 minute online survey called the PXT. Unless otherwise desired, individual or company results will be held strictly confidential. Your individual and organizations data will be summarized together with others before results are shared.

They have outlined a few ways this may impact the industry:

- For Turnaround Consulting Firm Principals/HR executives: use this profiling tool as a guide in making hiring, developmental and career decisions for any turnaround professional by removing some of the guess work from talent acquisition and retention decisions.
- For new college graduates and NextGen folks who want to break into the turnaround industry: Offer this tool at college job fairs and career development offices inside universities. Provide on-the-spot psychometric assessment to those college kids and recent grads. For kids that present the best scores, our members could get access to those names early in the talent acquisition process.

They are offering a free trial of the tool (upon completion) for the first (25) turnaround consulting firms who opt-in to participate in the research. There is not much time commitment required aside from a few interviews and a survey.

I've encouraged Scott and Mike to follow up with you and you should hear from them shortly. If you have any ideas on how to make that happen, I'd love to hear your thoughts.

Your name
 You're Chapter
 Your e-mail and phone number

Appendix I: Coding Structure

Question	Parent Node Name (Level 1)	Child Node (Level 2)	Child Node (Level 3)	
Your Name	Demographic	Consultant Name		
Your Firm Name		Firm Name		
Length of employment		Employment duration		
Position/title		Position/title		
Length in this role		Length in role		
Primary tasks/responsibilities		Tasks/Responsibilities		
# of turnaround professionals: part time		Number of Full Time		
# of turnaround professionals: full time		Number of Part Time		
industry focus	Measures	Industry focus		
your company goals		Company Goals		
your company values		Company Value		
success measures (all measures)		Success Measures		
key factors of success (all measures)		Success Factors		
criteria to identify companies to work with(prospects/clients)		Prospective Clients		Company Profile
have you ever turned down a client?				Rejections
If you have turned down a client, why?				Rejections-Reasons
Expected returns from your consulting projects		Performance Returns		
Success rate in turnaround projects		Success Rate		
Tools/processes/systems/etc you use		Methodology of Turnaround Execution		Tools
				Processes
				Systems
				Other
proprietary tools/process/systems/ you use			Proprietary	
Differentiation from competitors		Differentiation in marketplace		competitor differentiation
What makes you unique			uniqueness	
How long do your turnaround projects take	Project Duration			
Where do you find your consultants	Hiring practices	Practitioner Sourcing		
What screen process do you use		Practitioner Screening Processes		
What characteristics do you look for in a prospective hire		Practitioner Characteristics		
Do you hire CTPs		CTP Acquisition		Hire CTPs (Y/N)
Why do you hire CTPs				Reasons to hire CTPs
How do you verify/check this information		Practitioner Screening Processes (SAME AS NODE 3 ROWS ABOVE)		
How do you contract with employees		Practitioner Contracts		
Changes your hiring practice		Practitioner Hiring Practices		Changes To Make
How successful in hiring practices				Success Measure
Characteristics of successful consultants		Individual performance	Practitioner Success Characteristics	
Define success	Practitioner Success Definition			
how do you formally measure success of consultant	Practitioner Success Measures			
do you have a formal performance appraisal process	Performance Appraisal			Do you one (Y/N)
if you have a formal performance appraisal process, what is it				Process Description
can you identify specific individuals who are models of top performers	Successful Practitioners			Identified Person
what makes this person a top performer				Top Performer Characteristics
can you identify specific individuals who are non-performers	Unsuccessful Practitioners			Identified Person
what makes this person a poor performer				Bottom Performer Characteristics
what do you do to improve effectiveness of consultants	Performance Improvement			
what should I ask you that I am not	Misc Discovery			

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