



Notes to Friends of the Firm
2007 – 11

A concise case study:

Success, Succession and Renewal

“We acquired our aerospace products business in 1995. We survived 9/11 to recover our performance and accelerate our growth. We now need to change.” -- Chairman Stanley Richards, The Richards Corporation

Success. In 1995, The Richards Corporation acquired TIA Products, a designer and maker of aerospace galley equipment, to add to its business of providing surveillance products to the US intelligence community. This privately held Corporation took its solid new business and elevated its performance by developing the right new products and cultivating relationships with customers, suppliers and employees. The organization put itself on a solid growth path as a design and service leader for the corporate and regional jet markets and as a developer of proprietary designs for commercial aircraft.

On 9/11, the cruel blows that were dealt to the airline and aircraft industries didn't miss TIA Products. With presence of mind and absence of panic, Richards maintained its critical relationships and responsive service. They held on to employees while carefully addressing costs and prudently investing for a rebound.

In the past six years, the Richards Corporation has recovered its business and the investments it made in response to 9/11. It has elevated its performance to what is now an impressive growth rate – and cultivated a new problem.

Succession. Mr. Richards recognized that “success brought us to a critical junction. We were managing a larger more complex enterprise than we ever expected. As we stretched to hurdle the obstacles, we were also on a collision course with the planned retirements of our principals.” The urgent needs to transform a leadership team and to implement executive succession are a double barreled business threat.

Acknowledging that a *good* leadership team is no longer the *right* team is painful when you've built a business and a close-knit staff. The Richards Corporation needed to plan and quickly implement leadership succession. While engaging essential new executives, they had to retain a cadre of great employees and those leaders who would remain important for the long term.

The Corporation has now added new talent, and some leaders were replaced – including Mr. Richards. “It was important for me to deal with my real value in this changing enterprise – as

non-executive Chairman. Going forward, I am not the right guy to be CEO. Sure, it would have been easier to stay the course with all the people we knew in their roles. But playing the right game with the wrong team would have eventually forced us to these same decisions, but on someone else's terms.”

Renewal. “We proactively developed a strategic approach to transform our business. We examined our financials, our operations, our markets and our competitors. Whatever was right or wrong would be addressed by proper governance and the right leadership. To date we've engaged a CEO (to replace me), and a new VP of Operations. We'll soon have a new VP for Sales and Marketing. We've also retained the key talent we had. By combining new leaders with our tenured talent, we now have the right team to lead our business and accelerate our growth.”



This is not the concise case study of turning around a nonperforming asset. In the midst of success, The Richards Corporation foresaw strategic opportunity. It also saw the risks of indecision. Richards recognized that momentum and optimism alone would not sustain their performance and that investors, creditors or customers might eventually step in – and so might competitors. Mr. Richards concludes that “We had sound financials, the right technology and a solid market position. The prime constraints for us, as for any business facing change, were the right plan and the quick deployment of the right leadership for the times. We were facing unaccustomed obstacles – and we weren't about to squander our successes.”

As in the case of the Richards Corporation, TowerHunter works closely with clients to find great leaders and build great organizations to meet unique business challenges.

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