

If relationship problems become business problems, enlist outside help

When business partners are also partners in life, it can create serious trouble at work. Seeking the advice of objective observers can be an effective way to work through these types of business issues.

“We have no axe to grind,” Commercial Recovery Associates Partner Alan Friedman says. “We’re the honest arbiters in the situation.”

Commercial Recovery Associates helped one couple keep their marital problems from destroying their business by providing candid feedback and instituting good business procedures. The couple, who were divorcing, owned an entertainment venue in the Chicago area. During the divorce, the couple attempted to put a value on the business, and each side’s lawyer recommended appointing a receiver to help sort things out.

Commercial Recovery Associates was chosen in court to act as the receiver, and the firm found that the couple’s inability to agree on basic business decisions was crippling the club’s potential for success. The husband and wife had overlapping authority on booking the premises, and would often double-book dates without consulting each other. Issues with the bar staff caused tension between the couple, and those tensions spilled over into their dealings with their employees. The club also did not keep accounting records, making it nearly impossible to assess its financial situation.

“We could see there was a real business there, but it clearly would not have lasted that long without serious changes,” Commercial Recovery Associates Managing Partner Robert Handler says.

Commercial Recovery Associates established cash reporting procedures immediately to account for the club’s income and expenses. Friedman and Handler replaced the bartending staff, alleviating much of the tension among employees. They introduced an Internet calendaring system to eliminate booking issues, and even assisted with other tasks like restocking the bar. As a result of the changes, the club began running more smoothly and continues to operate today.

“We took on more than what was called for,” Handler says. “The idea was to preserve the business.”

The successful turnaround is one of several that Commercial Recovery Associates has handled for businesses run by married couples or relatives. While it can be difficult for partners to see the toll their personal relationship is taking on their business, a turnaround management firm can improve the business’ performance by moderating sensitive issues and providing objective expertise on finances and operations.

“Whether it’s between a husband and wife, siblings, or parents and children, we can help with any partnership dispute,” Friedman says.