

The magazine cover features a black and white portrait of Luis Arias, a man with dark, wavy hair, resting his chin on his hand. He is wearing a dark suit jacket and a watch. The background is dark with some blurred office equipment like a coffee maker.

SMART BUSINESS

INSIGHT. A

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Dialed IN

HOW LUIS ARIAS KEEPS BLACKSTONE CALLING CARD CONSISTENTLY GROWING BY GETTING EVERYONE TO WORK TOGETHER

SMART LEADERS
Shutts & Bowen's Bowman Brown on how liking and respecting your employees will help them thrive

FAST LANE
Pacer Health's Rainier 'Ray' Gonzalez on why there's nothing in business that can't wait an hour

Fast Lane

Rainier 'Ray' Gonzalez, founder and CEO, Pacer Health Corp.

Flip this business

HOW TO BECOME A TURNAROUND PRO

BY ABBY CYMERMAN

Some people rescue puppies. Rainier "Ray" Gonzalez rescues businesses.

It's something he has a lot of experience at as founder, co-owner, chairman and CEO of Pacer Health Corp., which acquires financially distressed businesses and turns them around. And it's something he's good at, as Pacer posted 2007 revenue of \$30 million, more than double 2006 revenue of \$14.8 million.

"When you buy something very low, you only have one way to go (which is) up," says Gonzalez, who leads 650 employees.

Smart Business spoke with Gonzalez about how to assess a business deal and determine whether it's worth the investment.

Q. What steps can a CEO take to manage a turnaround?

The first thing is to evaluate whether it's a transaction you want to be involved in. There are a lot of potential business acquisitions you can get into, whether it's a turnaround or not.

The decision to pull the trigger is on you, and you can't delegate that decision. Once you've made that decision, you should be part of the preliminary evaluation of what the game plan is to execute the turnaround.

Next, you should delegate the operational implementation to a certain extent, the day-to-day changes to that decision-making process. If you chart a course, you might not be able to be there every time the winds move, so you might have to delegate that.

Q. What is the executive's financial responsibility during this process?

You should be involved in the ultimate decision on anything that has serious money consequences. In business, the financial implications are what you're using to create your success or not. You can have a CFO evaluate the processes, but I wouldn't delegate to my CFO any decision that's going to affect the bottom line, plus or negative.

If the business doesn't make money or if a large financial decision affects the implementation, execution or success of the turnaround, the responsibility is not on the CFO — it's on the CEO.

The last thing is that I like to approve all early turnaround personnel decisions. If, for example, I'm taking over a company and deciding what people I want to keep, I like to be involved in that process because it's as if I'm picking my team.

If you pick your team, even if it's a team that you've acquired, you always feel more comfortable working with them.

Q. How can that strengthen a company?

It's like picking your friends. If you go out with a group of people who are acquaintances and they bring somebody else in who you don't know, you're not going to have the same comfort level as the friends that you do know.

It's the same thing in business. If someone else brought some-

one to your team, even though as professionals you should all work the same, it's a little different than if you were part of the process that brought that person to your team.

It also forces you to know your employees. Sometimes when you pick up an acquisition, it comes over with all these employees and you might not know who they are. With larger companies, there's a certain point where you can't know all your employees, but at least when you're doing the

osmosis, you start learning the names, the people and the tasks associated with them.

You might never interact with that employee on a day-to-day basis, but if you see them down the line, there's a certain comfort level that you know their name and know what they do. Then you can start having some good dialogue with that individual. The only time you have that ability to evaluate all the employees is when you first do the acquisition, so that's why I want to be part of that process.

Q. What advice can you share about managing a turnaround?

Don't make judgments too quickly. When an emergency situation or a distress situation occurs, we have a tendency to try to make a decision right away. In business, there is nothing that can't wait an hour.

You have to be very careful not to rush your decisions because they are more critical in a turnaround situation. In a smooth-running business, if you make a bad decision, you can recoup. In a turnaround, there's no margin for failure. If a business owner is facing a distress situation or a turnaround situation, you have to be very diligent, careful and pensive about your decisions.

Indecision is the worst thing you can do. If you're waiting just because you're not sure what to do, that's a problem. In certain scenarios, the circumstances around you are forcing you to make a decision, so if you don't make a decision, it's worse than a bad decision. <<



"In business, there is nothing that can't wait an hour."

acquisition, if you are involved in the HR process — not necessarily interviewing everybody but involved in some of the decision-making — through

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