

# CORPORATE UNDERTAKER

BUSINESS LESSONS FROM THE DEAD AND DYING

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# INTRODUCTION

*There are 28 million small businesses in America.  
50% of them will fail in their first five years.  
70% will fail in the first 10 years.*

**W**hether you are self-employed or have a hundred employees, owning a business is difficult. Every day is filled with adversity. Either you get things right or you struggle to pay the bills. Sometimes, even when you get everything right, you still struggle to pay the bills.

From the moment you wake up there are challenges to overcome and there is a constant stream of worry and doubt. *Are my supplies getting delivered? Will they get the shipment correct? Are my customers going to make their appointments? Do I have enough money to buy new equipment? Is my website good enough? Did I log all of my accounting properly?* The list of questions never ends for a business owner, and the list usually grows longer throughout the day, every day.

Alongside the business concerns are your personal concerns. Very few people have the luxury of leaving their personal lives at the door. In most cases, your personal life gets woven into the business. Whether it's your health, your lifestyle, or your family, all of it comes to work with you.

Your spouse, kids, parents, in-laws, neighbors, friends, and all of the bills that surround your home all start to melt into one pile of never-ending responsibility. As an owner, an entrepreneur, and a leader, your job is to manage all of this every day. You have to keep everyone in your life—the entire extended sphere of your business and personal life—happy. You have to keep them employed, productive, and moving forward. Most of the time, you pull off this incredible act of strength and balance.

But then, one day, something slips through the cracks. Something doesn't get done. Something doesn't get paid. A vendor cuts off your credit. An important customer finds someone else. Something breaks. A key employee finds a new job. A family member is diagnosed with a terrible illness or something happens to you personally. You get sick, have an accident, or get divorced. Maybe you discover that you've been cheated, someone stole from you, lied to you, or stole from others.

Perhaps all of this happens at the same time. One challenge turns into another and then all of a sudden it is a pile of seemingly insurmountable problems. Adversity becomes crisis. You're out of time, you're out of money, you're overwhelmed, and you're not sure which way to turn.

Where do you go for help? There is no "oh shit" store. If you are religious, you can pray, and if you are spiritual, you can meditate. If you're neither, you can sit and stare into space. But then what? Who can help you through all of this? Who can help you avoid losing your business, losing your home, or losing your mind? Where do you turn? Can you turn to your lawyer, your accountant, or your best friend? They may be kind and they may be reliable, but none of them will have the right answers. They will give you the

best answers from their own experiences. In general, they too have had several crises in their lives that they will relate to you for context. Even if they are good examples, you still have to get up every morning and work through what will now become an ever-growing list of adversity. Complaints will become lawsuits and lawsuits will require more energy, time, and money. The lawsuits become judgments and the judgments lead to bankruptcy. Years of striving and building are gone. Then more problems come. Where do you go from here? How do you pick up the pieces of your personal life? Regardless of what many would have you believe, business is personal.

The vast majority of small business owners never went to business school. They never studied accounting, marketing, or even social media. Most small business owners start a business in something they like or excel at. They cook, they weld, they clean; they are doctors, barbers, or bakers. They make, they sell. They are also very busy. Every day they have a long list of everything they need to be concerned with, and in general the least enjoyable part of their business is the *business* part. When times are good, they don't have to think about it so much. When times are bad, however, life becomes a miserable grind. The last thing they want to do is read a business book. Once in a while they come across very uplifting books that talk about concepts such as "The Seven Things," "The Five Things," or "The One Thing." They read the list, smile, and then compare it to their own list. Then they put the book down, thinking, "If life were only that easy."

*Corporate Undertaker* is not a book about easy things. It is about the countless personal and professional hardships that many of us in business face, day after day.

For more than 25 years I have been an entrepreneur and

crisis manager. In this period of time, I have covered a lot of ground. More than most business managers or owners will ever experience. I have travelled to 43 states in the US and done business with 60 different countries around the world. I worked with hundreds of small and mid-level sized companies as an operational manager, advisor, and investment banker. I have directly managed thousands of employees and advised on tens of thousands more. I have overseen the management of several billion in revenue and helped refinance an even greater amount of debt for struggling companies. Unfortunately, along this extensive journey, most of the time I was the last resort before these companies were liquidated.

The first question everyone asks me is, "What's the number one reason businesses fail?" My answer is always the same: a company never fails because of one mistake. A crisis in a company is not like a car accident; it doesn't just happen. It doesn't just show up out of nowhere and it's usually not one person's fault.

When a company is in deep trouble it's generally because they've made many mistakes over a long period of time and, usually, there is a group of people who have participated in its demise. In these situations, key managers and advisors have made bad decisions and then those bad decisions affect others outside of the company. Suppliers ship products even though they're having a tough time getting paid. Bankers renew credit lines despite the fact that they see declining metrics. Lawyers and accountants ease up on critical advice because they don't want to lose their client. Senior managers convince themselves that things will be better next quarter, mid-level managers stop complaining because they don't want to lose their jobs, and customers get frustrated but are



happy to take discounts from a troubled company. All along the way, everyone is profiting in some manner. Improved margins, bonuses, benefits, job security—there's always some benefit to turning a blind eye to trouble.

Then one day, small problems become big problems, big problems spiral out of control, and everyone becomes fearful. That fear will manifest in different ways: greed, denial, panic, blame, anger, rage. All those people who cut corners, remained silent, and took bonuses are now responsible. They know it, but their insecurities and fears take over. They either grab what they can to solidify their position or they try to hide.

By the time I show up to a troubled company, the situation I find can be anything from a fever-pitched brawl over shrinking assets to a stale pile of waste that died a long time ago. Either I am thrown into a fire or I am corporate hospice. In either scenario, fear dominates. Everyone is upset, and they are trying to protect themselves. Everyone tied to the company has an opinion and has a competing interest. The owner, banker, suppliers, employees, and all of their respective lawyers are in a fight. It starts out quietly but then escalates as the company weakens. At the outset, they are arguing about money; they don't want to lose a penny. But in reality, they don't want to lose their jobs, their reputations, or their public standing. They screwed up and now they have to find a way out of this even if they have to lie, cheat, berate, cajole, manipulate, and abuse anyone and everyone, including me.

My job is to find an answer to all of their mistakes, fix the company, save jobs, get everyone back their money, and make sure that they don't kill each other—or me—in the process, and I have to do this before time runs out. The

clock is ticking every hour of every day. A severely troubled company loses money every hour. At some point, time, credit, patience, and emotional stability will all run out. In short, my job is to buy time, find money, and create calm.

If I can't fix the company—if the mistakes are too great and the cash burn and debt burden are too far beyond reach—my job is to minimize the loss. In my world, this is the harsh reality; I am always called in too late.

I work in teams with very talented, hard-working, and conscientious professionals. They are experts in finance, operations, sales, law, and human psychology. We don't linger in conference rooms. We don't write fancy theoretical reports. We grind it out on the front lines with employees, suppliers, creditors, and customers, shoulder to shoulder, eyeball to eyeball. We work very fast, we rarely sleep, and we fight for every possible sign of survival. When you work with me, the message is clear: "never give up." However, despite our best efforts, 80% of our clients die. Consequently, while working in these dire conditions for many years, we've learned to make the absolute most out of the remains. If there is a flicker of light somewhere in the company, we will make it generate cash. In the end, the goal is to get as much money as possible paid back to suppliers and creditors to help preserve jobs at those companies.

Why do I do this work? Because I have lived through every stage of prosperity and adversity in a business myself. I do it because I know how hard it is to start and manage a business when it's successful and when, unfortunately, everything is going wrong. I do it because I want to help others in business avoid unnecessary suffering and unnecessary death.

I started in the business world as an optimistic, driven entrepreneur. I fought and educated myself out from a life of

being poor and ignorant. Like many small business owners, my goal was simple: to be rich and free. But, like many, I soon discovered that all of the planning, faith, and optimism were no match for life. Despite my best efforts, I faced a never-ending stream of challenges, both personally and professionally. My journey in the business world became darker, uglier, and more complicated than I ever could have imagined or planned for. No business book ever prepared me for going to work with police escorts, firing thousands of people, and being witness to some of the worst behavior of the biggest banks and corporations in America. No MBA program could have prepared me for the physical and mental abuse on my body and being. It was a path filled with abuse of power, deceit, corruption, and death threats, all in the name of business. After years of fighting for life—the life of a business and the lives of employees—I changed in every way possible. I was no longer a businessman; I was an advocate.

In this book, I am going to take you on a journey that spans the first 25 years of my life in business. It reads like a highly charged, dramatic, and compelling entrepreneurial thriller. It's a race to the sun. Toward the fire. At times it is graceful but mostly it's exhausting, frustrating, and ugly. However, despite this unrelenting terrain, I endured and I survived. I took a lot of abuse and I often lost but I never stopped. I picked myself up each time and went on to the next fight. I didn't ask to be a hero but I felt a tremendous amount of responsibility to never stop looking for solutions. I would rather die than give up searching and exploring ways to save jobs, companies—lives, including my own.

What did I bring back with me from this long, winding, and grueling trip? Knowledge and wisdom. Lessons for an

entire lifetime in business. I am a virtual library of commerce for all things bad and destructive. I am also a reservoir of creativity, dreams, and inspiration. To survive any journey you need to understand all of the dangers in the road, but you also have to maintain a strong sense of optimism. There is a lot that I learned from the dead and dying—and, now I want to share it with you.

I will take you through the timeline continuum of critical points in business: life, adversity, crisis, death, and rebirth. I will share with you my life experience in becoming an entrepreneur as well as stories from my work as a crisis manager. It is anything but the typical path in the corporate world.

I'm going to share with you stories of chaos, confusion, desperation, and loss. Some are extremely violent and menacing. However, I will also include stories of hope, reinvention, and regrowth. It will be the complete path of what many of us experience in our own lives.

Through each stage, I will give you lessons and tools that help you with crisis: either avoiding it, managing through it, or recovering from it. In the end, I hope to give you skills and tools to avoid unnecessary suffering and unnecessary death.

The biggest lesson I have learned from the dead and dying: be brave in the face of adversity. When you are brave, you have taken the first step toward joy—you are telling the world, "I may lose this fight but you're going to see the best of me."

Now, take a deep breath and let's begin this walk through my corporate cemetery.

# PREFACE

*I wasn't sure who I was or what I had become.*

*I was tired.*

*I was in pain.*

*Those were the only two certainties in my life at age 45.*

I wasn't in a combat sport, but it certainly felt like it. The sheer intensity of my work and lifestyle had taken a brutal toll on me.

Two molars had just been pulled from my mouth. My dentist wondered openly why I had so much stress in my life. Like others, he tried to counsel me on how to relax. And, like others, he was just an apparition to me. I could barely hear what he was saying. We then discussed treating the other four teeth I had apparently crushed from the constant gnawing and grinding.

Each night, the strain of looking at thousands of numbers throughout the day stressed the muscles around my eyes to the point where they were swollen. On most days, it felt as if someone had been repeatedly punching me in the head. I routinely packed a bag with ice and covered my face with it just to stop the throbbing.

I barely slept but when I did manage to sleep, I slept on

the floor. Initially, I would try to sleep on a bed however, after 15 minutes of lying on the bed, a searing hot bolt of pain would shoot through my lower back. I knew it was coming each time, but I still wanted 15 minutes on a bed so I could feel some semblance of not being lost and homeless. If I stayed one minute longer, the pain would shoot up to my head. Frustrated and not wanting any more shock therapy, I'd gather the sheets and spread them out on the floor and pass out. I would wake up, usually four or five hours later, in the middle of the night; the first thing I did was smell my hands. I was exhausted and disoriented. The smell of soap on my hands would tell me what hotel I was in. I travelled so much, I would often forget where I was. In the dark, on a cold cement floor, the scent of soap was the only reliable compass: floral=Westin, pine=Marriott, slight musk=Hilton. Today, it was Hilton.

Once a week, in search of more energy, I would visit a naturopathic doctor, implausibly named Dr. Nirvana. She was petite, stunning, and eternally blissful. Every week she would give me an intravenous injection filled with a cocktail of vitamins, and every week she would look at me quizzically and ask, "Why do you work so hard? I don't understand why anyone would want to do your job. Do you not like yourself?"

I actually wasn't sure of the answer. I knew that I used to like myself. I used to like a lot of things, but now I wasn't sure. I was in the 15<sup>th</sup> month of an assignment that was only supposed to have lasted six months. This project was on the West Coast and I lived on the East Coast. I was too tired from work and flying to other cities to make the flight home every weekend, so, often, I just stayed at the hotel. After more than eight months of doing this, I decided to move out of my apartment in New York City. I put everything

into storage and made the hotel my official address. At the same time, I decided to leave my consulting firm. I gave up my partnership and was now employed as an independent contractor. I made up my mind that I was done with the business world. This would be my last client. I would finish up here and then I would go somewhere else. I wasn't sure where, but I knew it would be somewhere far away from human beings. I had spent decades learning to salvage and repair many things. I knew very well that there were limits to everything, including time, energy, and emotions. I also knew that things break, including people and souls, and I knew that I was broken—probably for longer than I cared to admit.

But at this moment, none of that mattered—I still had responsibilities. As a consultant, a little more than a year earlier, I was appointed interim COO of this client's company, a struggling, \$135M multi-national apparel manufacturer. I knew that I had to finish turning this company around. I knew that if I failed, this company would eventually fall, and with it, a cascade of people would be affected. Four hundred employees within the actual company could lose their jobs. Suppliers that didn't get paid by us would certainly have to fire some of their own employees. The bank that extended \$30 million of credit would also incur a loss. So, at this moment in time, my pain and fatigue were irrelevant when I thought about all of those people and their families. It was my job to never lose hope, to always find a way out of trouble, and to bring clarity and certainty, regardless of the level of crisis.

When my partner and I first started at the company, it was burning more than a million a month in cash. Now, it was break-even. By most standards it was a successful

turnaround, but by my standards it still needed to improve or it would eventually be back in financial trouble. It still did not have all of the proper pieces or strategy in place. We knew what needed to be put in place to ensure its future success, but our client, the owner, refused to make those final, important changes. Despite more than a year of kindly, cautiously, respectfully, and even rudely telling him that he was the biggest problem with the business, he refused to change his managerial style or his views on strategy.

The owner saw himself as prodigy of business, so he dragged out decision-making on all of our plans. He dug in his heels, complained, winced, pounded the table, yelled, and even shed tears whenever we suggested major changes to his company. He claimed that he had a vision of greatness and world domination that needed to happen. He had been a great success. He had multiple homes and boats and his face had graced the cover of magazines. He had built a library for his accomplishments in apparel. He firmly believed that he was a genius in the design of clothing. He also saw himself as a revolutionary. He planted trees for the community and gave eloquent speeches on conservation and saving the planet. He was certain that he was right. He was a dragon slayer. A mythical god in the making. In his mind he was all of these things; however, he just couldn't accept the fact that his company had lost more than 40% market share and had not made a profit in more than four years. He also seemed oblivious to the fact that he had personally lost more than \$30M in the past six years financing the losses of this company. In his mind, he was always right. Gods never make mistakes. And to prove it, he had three public relations firms on retainer telling the world that he was a genius, so how could he be wrong? When he finally did concede to a



change, it was because he had rationalized a way to blame someone else for the shortcoming.

When we started on this project, we found countless “yes” men and women at the company. In one of the operational files, there was a memo from the previous COO that read, “The CEO doesn't like to hear the word ‘no’. He also doesn't like confrontation. So, please avoid these two things with him at all costs.” It was an absolute Never Never Land, staffed with Peter Pan and the Lost Boys and Girls.

Dozens of employees were on the payroll who didn't actually do any constructive work. They were busy but they weren't helpful to the company. They surfed, got high, and hung out. Many of their bosses weren't much better. Some meant well but they too were misfits and curious wanderers. There were a lot of people filling desks and offices but nothing ever seemed to change or improve. They tried but they had little guidance from above. Most of the executive management had no formal business education or outside managerial experience. They had risen through the ranks, with many starting in sales or the warehouse. Some worked hard, but much of the management style was ad hoc and from “the gut.” However, even when someone had good experience and skills, they weren't able to do their jobs effectively because of the obstacles put in front of them by the owner. It was a company filled with indifference and denial.

The owner refused to show anyone complete financial statements; instead, he showed them sales and gross margins. He never revealed the true picture. People knew that sales were sliding but as far as they knew, the company was profitable. In a desperate attempt to keep up appearances, the owner paid out \$800k in bonuses a month before we

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