

# Insights



## Why Emotional Intelligence is a Non-negotiable in Turnaround Leadership

In turnaround and restructuring, speed is everything. Cash flow must be stabilised, operations rationalised, and hard decisions made under extreme time and creditor pressure. Yet in the urgency of triage, too many turnaround leaders still dismiss emotional intelligence as a soft distraction from the hard realities of insolvency. That mindset is not only outdated; it is damaging.

In today's polycrisis – defined by geopolitical instability, technological disruption, climate stress and multi-generational workplace shifts – turnarounds fail when leaders treat businesses as balance sheets alone. Financial capital buys time. Emotional intelligence buys trust. Without both, no recovery is sustainable.

## The human signals of distress

When a company hits crisis, hidden fractures surface: mistrust, blame, fear-based decisions, personality clashes, opaque information. These are not background noise – they are the cultural barriers that stall consensus, delay execution, and erode stakeholder confidence. A turnaround leader who ‘reads the room’ as carefully as the balance sheet is better equipped to stabilise both operations and culture. Ignoring the human signals is malpractice; they are as material as liquidity forecasts.



## Listening as a strategic asset



Listening is the most undervalued turnaround tool. We need to listen not only to dominant stakeholders or the loudest voices, but across the organisation.

When it is done early enough, authentic listening exposes hidden risks – informal power structures, operational blind spots, conflicting interests – and reveals latent strengths: unrecognised talent, collaborative potential, institutional memory.

In distressed contexts, listening is not indulgence; it is accelerated due diligence. A single overlooked grievance or mistrusted voice can derail execution more effectively than a covenant breach.

## Authentic communication in uncertainty

Stakeholders will forgive bad news sooner than silence. Transparency, visibility, and the humility to admit when answers are not yet known are not weaknesses; they are leadership signals of respect.

As Peter Cuneo, former Marvel CEO, has remarked:

“Human beings would rather hear bad news than no news.’ In turnaround, direct and consistent communication shortens the distance between mistrust and buy-in. It is the difference between dragging a company through change and bringing people with you.





## Empathy beyond rhetoric

Empathy, when genuine, is not sentimental. It is a diagnostic skill. It reveals motivations, vulnerabilities and negotiation levers otherwise hidden. When decisions carry painful human consequences, such as redundancies, wage reductions and closures, empathy does not erase the impact, but it enables people to process change with dignity. This makes reintegration, recovery and future resilience possible.

Tick-box empathy, however, backfires. In a crisis, insincerity is quickly detected and breeds cynicism. Empathy must be modelled authentically by the turnaround leader from day one.

## Guardianship, not exploitation

Turnaround professionals are temporary custodians of businesses at their most fragile. We enter at moments of acute distress, often with limited time and mandate. Yet our responsibility extends beyond immediate survival.

The true measure of success is not only stabilisation of financial capital, but regeneration of human capital. A business that emerges fitter in trust, culture and leadership is better positioned to withstand the next crisis. To ignore that is to guarantee fragility.

## From soft skill to strategic imperative

It is time to abandon the false dichotomy between financial rigour and emotional intelligence. In turnaround leadership, both are essential currencies. Cash stabilises the present; trust sustains the future.

Boards, lenders and investors should expect their turnaround leaders to demonstrate as much emotional acuity as financial acumen. Anything less is short-termism.

## The provocation

In a world where polycrisis is the new operating environment, turnarounds without emotional intelligence will not endure. The best leaders already know this. The rest must catch up.

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At BM&T, we bring this philosophy to life through hands-on company-side experience. Our team acts as CROs and Crisis Managers — operators who value human capital as much as financial capital. We combine financial expertise and operational excellence with empathy. Experience. Integrity. Tenacity.

BM&T European Restructuring Solutions Ltd, founded in 2008, is one of the most respected names in middle market corporate turnaround and restructuring.