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It would be hard to imagine a better time to publish a special issue on turnarounds. Everywhere we look for the past several months, goals, plans, and projections have come unwound. In our 2007 turnaround issue, we mentioned that American automaker Chrysler was a good candidate to be taken over by a private equity firm to enable its turnaround. How odd that the Chrysler saga has come full circle so that the private equity firm that now owns Chrysler is trying to find an escape from its ownership position. Not only are the "Detroit Three" automakers in trouble, right behind them is a vast sea of parts makers as well. It would be easy if economic woes were limited to just a single sector of the economy, but few areas appear untouched. The selection of articles for this special issue takes you right inside the best thinking on turnarounds at a point in time when the need is real.

The topics are divided among three broad categories: overview articles about general and economic topics; a series of cases; and techniques.

As much as we all may want to dismiss the "dismal science" as being just too obtuse to be useful, none of us can escape the effects of economics. This journal's lead article, by James F. Smith, takes you through a series of important numbers, both past and present, and to everyone's great surprise, has an uplifting message. The author strongly recommends those who want to learn more read the classic text, "Manias, Panics, and Crashes," and I heartily agree with this endorsement.

Next up is Hugh Larratt-Smith with a discussion of the deep freeze on the credit markets and the multiple impacts that has had and will continue to have in the coming year. The final article in the overview section, by Hass and Pryor, takes an entirely different tack, and in some detail reviews the essence of what private equity companies do to deliver outsized gains.

We present three case studies, the first written by Ball, Miller, and Stenger about the large-scale turnaround of automotive giant Dana Corporation. At one time this company was one of the true stars of the heavy industry sector, showing that no success lasts long without constant attention to changing markets and technologies. Next up is the story of the turnaround of a steel mill in Pennsylvania as told by Bellardini and Newcomb. Our final case is the turnaround of a wholesale distributor of giftware and collectibles located in Bloomingdale, Illinois, as written by David Bagley.

Our lengthy technique section is led off by Thomas M. Kim's piece on understanding why private equity groups are wise to consider hiring professional turnaround managers for their troubled portfolio companies. Rather than just a sales talk, Kim presents three brief case studies and a series of lessons, each of which will be valuable if you find yourself involved with the idea of bringing professional turnaround help into private equity funds.

The next two technique articles stay with "big picture" ideas, starting with Lowell Wallace on the customers' role in turning around a business and why it is often forgotten. Baker A. Smith provides a sobering view of the role of the inflation that many pundits are saying will be caused by the current economic policies.

We have selected two technique articles on banking. One, by Robert D. Katz, is on how to find financing in today's radically changed world. David L. Johnson builds on this theme in his discussion of the fundamentally altered distressed financing market.

We think about our customers, our lenders, and the economic environment—but in no way can we forget our employees. David L. Auchterlonie covers the role of team-based incentive compensation and how this approach can have a significantly positive effect on the culture of a company in the midst of a wrenching turnaround.

Ignore the legal environment at your peril. We present four pieces regarding various parts of the legal puzzle in which we all operate. Joseph D. Kenyon writes about the importance of fraud prevention in any turnaround company; Diane M. Pfadenhauer tackles the legal and practical issues of layoffs; Steven J. Weisz writes about cross-border guarantees; and Theys and Paget discuss the methods by which new money creditors may obtain priority ranking.

Taken as a package, these articles present a picture of the current state of the professional turnaround practice. We are grateful to members of the Turnaround Management Association for contributing to this special issue of JPE and especially Cecilia Green of TMA for her wise advice and counsel.

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Chicago, Illinois
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