

# Swift

*The Online Turnaround Times*



**IFT Academy 2022  
Gets Started!**



**Navigating The Data  
Landscape In A  
Turnaround**



**HMRC Business  
Period Reform**



**Building Resilience**

# CONTENTS

	Page
<b>CEO MESSAGE</b>	<b>3</b>
<b>IFT NEWS</b>	<b>4</b>
<b>IFT EVENTS</b>	<b>6</b>
<b>IFT NEXT</b>	<b>7</b>
<b>CORPORATE PARTNER NEWS</b>	<b>8</b>
<b>CHANGING HOW BUSINESS PROFITS ARE TAXED FROM 2023/24 – BASIS PERIOD REFORM</b>	<b>10</b>
<b>BUILDING RESILIENCE</b>	<b>12</b>
<b>NAVIGATING THE DATA LANDSCAPE IN A TURNAROUND SITUATION</b>	<b>14</b>
<b>THE VALUE OF A BRAND</b>	<b>18</b>
<b>ACADEMY</b>	<b>20</b>
<b>IFT RENT ARBITRATION ARTICLE BY RUTH RANTON AND JAMES DAVISON, DLA PIPER</b>	<b>21</b>

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## CEO MESSAGE

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Dear Members,

Welcome to our first edition of Swift in 2022.

This issue is set against a backdrop of unwelcome change in Ukraine. We've been heartened to see IFT members and partners responding quickly to make impressive national and global corporate efforts to ameliorate and show solidarity. The situation poses an incredible challenge to UK businesses, already operating in a challenging post-pandemic environment. The turnaround community faces a busy year and the work of our members and corporate partners will be vital during this period and beyond.



March brings International Women's Day, hence why I have taken over this section normally penned by Andy Leaser. It has also been the right time to launch the IFT's new women's network – Women in Turnaround (WiT) generously supported by Teneo. Thanks to the women who joined this inaugural event, which was generously supported by Teneo. You can learn more about the network later on in this edition.

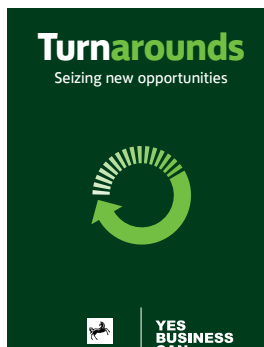
In keeping with our strategic priority of regional development for the IFT, we are enjoying IFT Next launches across the regions and are looking forward to regional conferences in Manchester and Birmingham in March and April respectively.

Recruitment has got off to a strong start this year, with the number of corporate partner members increasing as well as good engagement from independent candidates. I'd also like to take this opportunity to extend a warm welcome to Credibt, our newest partner. Credibt was established by Glen Morgan in 2009 and has developed into one of the leading providers of receivables management services in the UK. Glen and the team are looking forward to meeting many more IFT members at events throughout the year and will be speaking at our Midlands and West and Wales Conference in Birmingham.

As we look to the future, I am pleased to announce our continued promotion for IFT Next, our initiative to support the next generation of turnaround talent. In addition to networking and learning, we will be working with the IFT Next Committee on some future-gazing work following on from last year's joint report with Korn Ferry. This new project will focus on the professionals within the IFT Next cohort and look at new challenges in business and turnaround. This work will be led by Ed Hinman who has recently joined us Communications and Public Affairs Executive. Ed has a strong record in PR and has a particular interest in policy, innovation and influencing. We're delighted to welcome him and look forward to working with Ed on a range of influencing and thought leadership projects.

As ever, we look forward to seeing you in person at our events, and our door is always open in the City of London.

**Milly Camley, IFT CEO**



### IFT CONTRIBUTES TO NEW TURNAROUND GUIDE FOR SMES

We were delighted to contribute expertise for a new guide published by Lloyds Bank for Business. Turnaround – Seizing New Opportunities is a free book designed for SMEs to boost stabilisation and growth after two difficult years and can be accessed [here](#).

Our chapter outlines the key components of a successful turnaround and provides advice on how to secure proven external expertise through the recovery and growth journey. The guide offers a wealth of practical advice from business experts.

*“Turning a business around from a crisis, whether it’s one caused by internal factors or external events such as the pandemic, is an enormous challenge. But, as many businesses have found, it’s also an opportunity to pivot, learn and grow. Our free book, Turnarounds: Seizing new opportunities, brings together expertise and guidance on business turnarounds from a range of contributors – our thanks to Milly and the IFT for their ‘Change Becomes the Norm’ contribution. There’s practical tools and checklists to support turnaround strategies, from stabilising businesses in the initial days of a crisis to taking longer-term actions, seizing opportunities and getting back to growth in the book.....so do feel free to share it around your network.”*  
*Nick Laird, Managing Director, Business Support Unit & Recoveries*

Institute for Turnaround accredited members and partners have worked hard to help businesses navigate the immediate financial and operational difficulties arising from the pandemic. IFT independent turnaround directors and corporate partners helped companies save over 200,000 jobs in 2020. However, the proportion of distressed companies seeking turnaround management services remains very low. If just 4.5% more distressed firms sought our members’ support, we estimate that jobs saved could be 10 times higher.

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### TURNAROUND IN THE LEGAL SECTOR

Last year we started to convene a series of round table meetings to look at stress and distress amongst law firms. The IFT boasts a number of independent members who are expert in supporting law firms, as well as advisory firms and lenders that have been active in the sector. The meetings have also involved the Solicitor’s Regulation Authority as the key regulator. Thus far the group has looked at a range of issues facing the sector, from long standing concerns, such as succession planning, to immediate term challenges. We have recently looked at the basis for accounting for LLPs, and this is explored in more detail by BDO on page 10. If this is a sector of focus for you and you would like to learn more or get involved, please get in touch.



### WE ARE DELIGHTED TO WELCOME JOHN PLAYFAIR AS A NEW IFT FELLOW

Following a career in financial and general management within large corporates, John founded Playfair Partnerships in 1992 and is now a senior partner. With an emphasis on providing cost-effective business turnaround and strategic financial management services to the SME sector, John has wide-ranging industry experience and a strong track record in turning around businesses in financial difficulty. John was part of the team that won SME turnaround of the year at the 2021 IFT Awards and contributes to the IFT through a range of events and corporate partnership.





## IFT NEWS

### WOMEN IN TURNAROUND

We are delighted to have launched the IFT's new women's network, Women in Turnaround. This month we enjoyed a fantastic evening with brilliant women from across the turnaround, transformation and restructuring community to celebrate the launch of our women's network. We were joined by [Dr Heather Melville, OBE CCMI of Ridgeway](#), who provided energising, witty, and motivational insights, sharing her thoughts and stories on *How Being Different can Make a Real Difference*.

[Kelly Jones](#), lead for Women in Turnaround, set out the objectives to connect senior women that are active in restructuring, providing them with a trusted community for peer engagement, as part of our commitment as a membership organisation to be more inclusive. Women in Turnaround is also looking forward to engaging with the range of women's networks with whom we share common values, interests and stakeholders. The core network will be engaging one and all who are committed to these aims within turnaround and restructuring through open events so watch this space! Thanks to Teneo for generously supporting the event and to all the attendees for their engagement and energy.

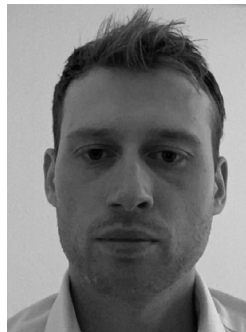


### NEW MEMBERS OF THE IFT EXECUTIVE



**Claire Lewis** joined us at the start of the year as our **Professional Development and Events Executive**. Claire joins us from the IoD, where she delivered a range of virtual programmes, having previously worked within the IoD's examinations team, and prior to that in retail management.

Claire leads on our events programme, working closely with our regions on member events as well as on our regional conference and national event offering. In addition, she is the executive lead for the IFT Academy and IFT Next, as well as collaborating with the CEO and Board on the IFT's approach to inclusion and diversity.



**Ed Hinman** has recently joined us as **Communications and Public Affairs Executive**. Ed has a very strong track record in PR through agency and freelance roles and has a particular interest in policy, innovation and influencing. We're looking forward to working with Ed on a range of influencing and thought leadership projects.



## IFT EVENTS

We're thrilled that we are able to bring together the turnaround community at our in-person events again! We will of course be continuing with a blend of virtual and face to face events and will be working with our wonderful committees to collect ideas and plan a fantastic year of exciting events. If you are interested in attending any of these events, please contact [events@the-ift.com](mailto:events@the-ift.com)

**BOOK NOW**

**IFT MIDLANDS, WEST AND WALES  
REGIONAL CONFERENCE  
5TH APRIL 2022, BIRMINGHAM**

*The IFT's Midlands, West and Wales Conference, in partnership with Gateley will take place on 5th April at The Studio, Birmingham. This half day conference will draw on speakers across the turnaround, lending and investor landscape, providing market, sector and thematic updates, as well as the opportunity to network in person.*

**State of the Market Update** - Andrew Burn - Interpath  
**Pensions Update** - Richard Far & Dan Mindell - Cardano  
**Small Businesses** - Julia Bennett - Independent Member, Ian O'Donnell - FSB, Mike Conroy - UK Finance, John Playfair - Playfair Partnerships  
**Lending** - Brian Sweeney, James Friar, Andrew Thomson  
**Investment Landscape** - Jon Whibread - Heligan Group, Tom Horton - BGF, Gavin George - Alteri Investors  
**Legislation Update** - Dan French - Gateley, Benji Gyman - Teneo  
**Care Homes** - Hilary Pascoe - Leonard Curtin, Lucy Corner - Cornerstone

The sessions and Q&A will be followed by networking and refreshments, provided by Valtus

In Partnership with



Places are limited. This event is free for IFT Midlands, West & Wales Members. Please email [info@the-ift.com](mailto:info@the-ift.com) to reserve your place.



**IFT NATIONAL CONFERENCE 2022  
21ST JUNE**




The key conference in the turnaround, transformation and restructuring calendar is back in person, at **No.11 Cavendish Square, London**. The conference will bring together industry leading speakers for an exciting day of insights in developments, challenges and case studies.

**Tickets are now on sale:**  
Members - £295  
Fellows - £225  
Non-Members - £400  
Bring a Friend/Associates - £350 (exl VAT)

Places are limited. Please email [info@the-ift.com](mailto:info@the-ift.com) to buy your ticket.

## IFT AWARDS DINNER

**2022**

**Save the date!**

The IFT Annual Awards Dinner will take place on **November 24th** at **Rosewood London**. We will be calling for nomination submissions from June, which is also when tickets will go on sale.

We look forward to celebrating the best in the business at our infamous yearly event, with members, partners and stakeholders from across the UK for an evening of commendation and networking.

If you are interested in attending any of these events, please contact [events@the-ift.com](mailto:events@the-ift.com).





## IFT NEXT

IFT Next is a professional network that brings together leading advisory, banking, legal and investment professionals active in the marketplace. It provides a platform for you to build your own profile and network as you progress both in your career and your relationship with the IFT.

IFT Next is aimed at professionals who have identified turnaround and business support as their long-term career pathway. Typically, these professionals will have established themselves at a management level within turnaround and restructuring and are now looking to build upon their profile and network. The IFT Next events and network is typically suitable for those with the following titles:

- Manager, Senior Manager, Director
- Senior Solicitor/Relationship Manager/Director, Business Support Manager
- IFT Next is also suitable for those taking their first step into independent advisory.

### INTRODUCING OUR IFT NEXT LEADS



**Ali White** is one of our co-leads for 'IFT Next' nationally and is an Associate Director at Kingsgate, one of our corporate partners. Kingsgate deliver hands-on operational turnaround and transformation

projects for businesses in all phases. Ali is an experienced project manager with exceptional analytical and change management skills. She has 10 years-experience working with and advising local and international clients across healthcare, industry, professional services, and education.



**Paris Clark-Roden** is a Senior Manager in PwC's Business Restructuring Practice based in London, with award-winning experience supporting large cost-based transformation and

turnaround programmes across manufacturing, logistics, retail, financial services, travel and energy sectors in EU and US. Paris is a co-lead of IFT Next and completed The IFT Academy programme in 2019.

### IFT NEXT EVENTS

We held a fabulous IFT Next launch event in Leeds last month which was well received by our north east Next community! We also held a London networking drinks event sponsored by FRP, which proved the benefits of face-to-face networking.

Our priorities for the remainder of the year are to host a blend of virtual and in person events which offer invaluable exposure to the turnaround community. These events provide an opportunity to hear from experienced professionals from a range of firms to assist Next members on their professional development and career journey.

Our next event will be in Manchester on **25th April**, followed by events in the Midlands and Bristol in May. We will also be hosting a range of lunchtime learning virtual events in the coming months, so keep your eyes peeled!



**IFT Next NE launch, DLA Piper Leeds February 2022**

*Save the date!*

**Manchester – 25th April at Kroll Manchester**  
**Birmingham – 16th May in partnership with Kroll**  
**Bristol – 25th May, supported by PwC**

IFT Next events and network is typically suitable for managers, senior manager, directors, senior solicitors/relationship managers/directors and business support managers.

Please email [info@the-ift.com](mailto:info@the-ift.com) to book your place.

## CORPORATE PARTNER NEWS

### GRANT THORNTON APPOINTS NEW HEAD OF LONDON RESTRUCTURING



Grant Thornton's UK Restructuring team continues to grow with the appointment of **Kevin Coates as Partner and Head of London Restructuring**. In his new role, Kevin will evolve and grow the team's position as a leading advisor to UK mid-market

companies, global multinationals, bank lenders and special situation and debt funds.

Kevin is an experienced and respected financial advisor and insolvency practitioner, who brings a wealth of experience with over 25 years in the industry. He has extensive insolvency credentials including Thomas Cook, Clinton Cards, Austin Reed, DWS Bodyworks, Habitat UK and Findus UK.

On an international level, Kevin has served as a restructuring advisor to several multinational companies, including ED&F Man and Stemcor, and advised global corporations based in Europe, the Middle East and Asia.

Commenting on the appointment, **Shaun O'Callaghan, Head of Restructuring and Debt Advisory at Grant Thornton UK LLP**, said:

*"We are delighted to welcome Kevin to our teams in the UK of over 60 partners and directors in restructuring, insolvency and asset recovery. Leading our London Restructuring team, Kevin will operate on a national and international level, leveraging our network of over 1,000 insolvency and restructuring professionals across the world."*

Kevin added:

*"I am thrilled to be joining Grant Thornton's market-leading team and I am looking forward to working with such talented professionals. In these times of increasing uncertainty, it's great to be part of one of the UK's largest multi-service advisory firms, to support and guide clients through complex challenges across both the UK and international markets."*

Grant Thornton UK LLP's restructuring and insolvency teams are a multi-disciplinary group of over 60 partners and directors in the UK providing restructuring, debt, insolvency, asset recovery, tax and pensions restructuring advice to clients. The teams operate across the firm's dedicated sector focuses, including automotive and industrials, business services, consumer markets, energy and natural resources, financial services, not-for-profit, public sector, private sector healthcare, technology, media and telecoms and real estate.

For more information please contact:

[Emma.Jack@uk.gt.com](mailto:Emma.Jack@uk.gt.com)

### ABOUT GRANT THORNTON UK LLP

Grant Thornton is one of the world's leading organisations of independent assurance, tax and advisory firms. We are an adviser that delivers technical expertise and a personal, proactive and agile service that goes beyond.

The UK member firm is part of a global network that employs 58,000 people in 135 countries. We combine global scale with local insight and understanding to build relationships and deliver the services you need to realise your ambitions.

The UK Grant Thornton member firm is led by 190 partners and employs over 4,500 of the profession's brightest minds. We are a business adviser that celebrates fresh thinking and diverse perspectives to bring you proactive insights and a service you can trust.

Find out more at [www.grantthornton.co.uk](http://www.grantthornton.co.uk)  
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Grant Thornton



## CORPORATE PARTNER NEWS

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### KROLL BECOMES OFFICIAL TEAM PARTNER OF THE MERCEDES-EQ FORMULA E TEAM

Kroll, the leading provider of data, technology and insights related to risk, governance and growth, recently announced that it has joined the Mercedes-EQ Formula E Team as an Official Team Partner for the ABB FIA Formula E World Championship season. The Kroll logo and lens will be featured on the team's cars and uniforms this season. This partnership follows Kroll's recent announcement on the unification of the brand last month. Learn more about Kroll by visiting [www.kroll.com/uk-restructuring-advisory](http://www.kroll.com/uk-restructuring-advisory).

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### PROMOTIONS AT CARDANO ADVISORY

Cardano Advisory, part of Cardano, the specialist advisory and investment management firm focused on pensions and sustainability, earlier this year announced six promotions across its team. Emily Goodridge has been promoted to Managing Director, Nick Agius, Felix Mantz and Lara Rutty to Director and Qiongzhi Hu and Stephen Ronald to Associate Director.

**Emily Goodridge** joined the firm as an Associate Director in January 2017 from AlixPartners. She leads Cardano's covenant assessment offering within their trustee services business.

**Nick Agius** joined in September 2019 as an Associate Director from Deloitte and has financial advisory experience, advising stakeholders on corporate transactions and restructurings. **Felix Mantz** has been at the firm since June 2016 and joined as an Analyst. He joined from WTW and since then, has focused on providing specialist credit risk advice, particularly on Integrated Risk Management (IRM) and corporate transactions. **Lara Rutty** joined from PwC and has also been at Cardano Advisory for over five years, joining in September 2016 as an Analyst. She is a key member of the specialist sustainability advisory services team, providing support to both pension schemes and corporate sponsors. Associate

**Qiongzhi Hu** also joined from PwC and has been with the firm for two years. She focuses on providing covenant advice on the impact of corporate transactions and restructuring activity. **Stephen Ronald** joined from EY's Bank Restructuring team and has also been with the firm for over two years, specialising in corporate activity, including restructuring.

**Darren Redmayne, Chief Executive Officer, Cardano Advisory, comments:**

*"We are delighted to announce several well deserved promotions. We are experiencing increasing demand from both trustees and corporates for big picture thinking and specialist advice on covenant assessment, sustainability issues and corporate activity, including restructuring. We are fortunate to have an extraordinary team and it is rewarding to see talented colleagues thrive through supporting clients achieve great outcomes."*

*L-R Nick Agius, Darren Redmayne, Lara Rutty, Emily Goodridge, Stephen Ronald and Qiongzhi Hu*



# CHANGING HOW BUSINESS PROFITS ARE TAXED FROM 2023/24 – BASIS PERIOD REFORM



**Frances Edwards** of BDO examines the challenges facing sole traders and partnerships with the introduction of basis period reform.

From talking to many businesses recently, it has become clear that while they are aware of last summer's announcement by HMRC that profit basis periods are going to change (affecting sole traders and partnerships that don't use 31 March as their year-end date), they might not yet have considered the full impact on their cashflow.

With the uncertainty of current times and rising costs, the acceleration of tax liabilities resulting from the changes could have a significant impact on many businesses.

Fortunately, the Government delayed the original 2022/23 start date of the change by one year such that the transitional year will now be 2023/24, with the new tax year basis of assessment applying from 2024/25 onwards. While this helpfully gives more time for businesses to get their calculators out to assess the cashflow impact and prepare for it, there are many issues to consider.

The key reforms involve moving from the 'current year' basis to a 'tax year' basis, meaning that business profits will be calculated for the tax year rather than for the period of account (ie the accounting year) ending in the tax year. From 2024/25, businesses with periods of account that do not align with the tax year will be required to apportion profits or losses across periods of account to adjust their results to the tax year basis. For any periods where accounts are not yet finalised, this apportionment will require estimation and subsequent finalisation, although the detailed guidance on this particular aspect is yet to be announced.

Where businesses retain tax to use as working capital, this will be reduced going forward as the change moves the tax payment closer to the date the profits are accrued. Many businesses are currently considering how to fund the change in cash position. Of course, the long-term implications of the change (and the possible move to a new accounting date which many firms are considering) are far more diverse, depending on the firm's circumstances and future plans.



## TRANSITIONAL YEAR

Generally speaking, in the transitional year sole traders and partners will be taxed on the following:

- The 12-month accounting year ending in 2023/24, plus
- The period from the accounting year end to the end of the tax year, less
- The overlap relief brought forward from prior years.

As overlap relief was created in the opening years of the business or when the individual became a partner, in many cases it will be less than the additional profits being brought in. The additional taxable amount will automatically be spread over five years unless an election is made for it all to be taxed in 2023/24. Even so, it is expected that this change will result in many having an increased tax bill in January 2025.



# CHANGING HOW BUSINESS PROFITS ARE TAXED FROM 2023/24 – BASIS PERIOD REFORM

## COMMON CONCERNS

**Overlap profits** - Sticking with the immediate financial impact, tax positions can be very different for one individual to the next – even for partners of the same partnership. For example, some individuals with low profit shares in the year but high overlap profits may be tripped into creating losses for the year (on which only low rates of tax relief are effectively given).

Individuals with very low overlap profits may wish to take a sabbatical or scale back their work in 2023 and 2024 to reduce their income and minimise the catch-up profit. In practice, partnerships will have a diverse range of partners with very different overlap profits profiles, resulting in significantly different cash outcomes for 2023/24 – managing all their needs equitably may be challenging.

**Profit spreading** - Whether to allow profit spreading to go ahead, or to opt for an accelerated tax charge in 2023/24, is worrying many businesses as they look into their crystal ball for an indication of tax rates in later years. One ray of hope here is that it is not necessary to make an acceleration election until 31 January 2026 – so there is time to see how the numbers fall before making a final decision.

As profit spreading ceases on retirement from a partnership, it will be interesting to see how this affects the movement of partners between firms: triggering a big tax charge on exit may be nothing new, but it could have an impact on the perceptions of some individuals.

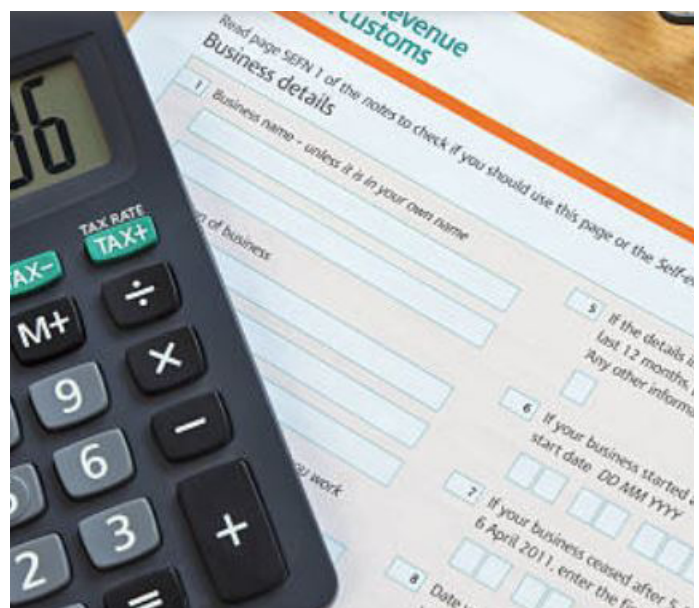
**Administration burden** - Managing the administrative burden of creating estimates to facilitate the ‘tax year’ basis apportionment and then amending all returns once the following accounting profit is finalised is going to be a time-consuming headache. Therefore, many would welcome the suggestion from HMRC that it may not require such retrospective adjustments where the estimates used are reasonable. While this might prove complicated to legislate for, fortunately, HMRC is open to considering administrative easements and it seems likely that some will be put in place before April 2024.

## OTHER THINGS TO CONSIDER

The ‘small’ matter of potentially changing year end is also high on many firms’ agendas, with initial enthusiasm for moving to a 31 March year end often waning when businesses start to consider all the practical side effects. For example, if a firm is linked to an overseas partnership with a 31 December year end, the attractions of the accounting dates remaining aligned might outweigh the benefits of moving to 31 March – despite the fact that estimates will still be needed.

Once firms have made some ballpark financial projections, many are wisely taking a close look at their banking covenants and expected working capital requirements. One wonders how many expansion projects or other commercial transactions will have to be put on hold while firms deal with the disruption of this change to their financial models - planning ahead is going to be that much more complicated, but more important than ever.

Learn more at Basis period reform: [Changing how business profits are taxed from 2023/24](#)



# Building Resilience

*In this article, **IFT Associate Susan Blum**, who offers coaching, mediation and consulting services, offers a route to help fill our individual 'tanks' of resilience in times of crisis and to refuel in any circumstance. The approach to building resilience posited in this article is underpinned by understanding and knowing our individual needs and the needs of others', recognising the losses of familiar routines, physical connections and presence and the uncertainties that can be caused by a crisis and addressing uncertainties by taking control.*



## The 5 As

To meet the challenge of crisis we need to react appropriately, thinking about the short-term requirements as well as the long-term implications. We often need to act fast. Our personality preferences may require differing amounts of encouragement, engagement, reflection time, planning time, research into options available, inclusion, affection, control. Such requirements may be diagonally opposed to those closest to or working with us, causing friction, and discomfort.

*My model of the 5 'A's was designed to be a framework to help us think about how to build inner strength through resilience. It is most usefully addressed in a linear, iterative fashion. However, it can also help in different orders.*

### 1. Acknowledge...

- *The reality of the situation facing you: It is not a mirage; it is reality*
- *Your feelings: They are real too; they are deep; they need to be listened to*
- *Any echoes of past experiences: You may have felt out of control; this could impact how you might respond now if not acknowledged now*

### 2. Accept...

- *That change is needed: It may be uncomfortable; it may get in the way of plans and hopes; it may feel frightening*
- *That the challenges facing you are not in your control; your response to them is*

### 3. Acclimatise...

- *That change is needed: It may be uncomfortable; it may get in the way of plans and hopes; it may feel frightening*
- *That the challenges facing you are not in your control; your response to them is*

### 4. Align...

- *Your needs and thoughts with the reality of the situation: Can you do what you want to do or do you need to adjust your thoughts? Can you remove any blocks to new behaviours, activities or approaches which might get in the way?*

### 5. Act...

- *Put into action what it is in your gift to do: What you have control over; what you can influence; what gives you energy; what supports you*
- *Create an environment at home or work or in society in which you can be productive*

**R E S I L I E N C E**

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### What lies behind the 5 As?

Psychological resilience has been defined as 'the ability to mentally or emotionally cope with a crisis' and is seen to exist 'when the person uses mental processes and behaviours to protect the self from the potential negative effects of stressors'. [www.accph.org.uk/articles/resilience](http://www.accph.org.uk/articles/resilience)

Key to the usage of the 5 'A's as a route to building resilience is an awareness that previous ways of behaving and reacting in 'normal' times may need to be unlearned and/or adapted. The 5 'A's is an ongoing framework against which to continually refresh and refine approaches to change, including when there is a long-term crisis lasting more than a few months, such as the coronavirus pandemic. I call these the 5 're-A's.

#### 1. reAcknowledge...

Your reaction to the challenge: Feelings, worries, past successes in resilience-building

#### 2. reAccept

The shift in mindset that is needed to meet the challenge(s)

#### 3. reAcclimatise:

To the ongoing changes you need to make to the way you live and work

#### 4. reAlign:

How you have adapted to past challenges and what you need to keep doing or adapt

#### 5. reAct

Put in place new, amended or previous actions



Susan Blum has 35 years of working experience within the Human Rights field (UNHCR and The British Refugee Council), as a management consultant focusing on organisation behaviours, culture and change (Coopers and Lybrand Deloitte, PricewaterhouseCoopers and IBM) and as an accredited Executive and Team Coach, Civil and Workplace Mediator.

If you wish to discuss the subject of this paper or specific issues raised by it please do not hesitate to contact Susan at [susan@smblumltd.com](mailto:susan@smblumltd.com) or on her mobile: 07391 748182.



## Navigating the data landscape in a turnaround situation



In this article, **independent IFT Member Mary Frawley** looks at IT trends, their impact on business costs and risks, and matters for consideration in a turnaround context. She will introduce Project Clarity, a member driven initiative to understand how data can be used effectively in turnaround situations to drive better outcomes.

### ***Escalating size and complexity of IT estates***

COVID-19 has acted as an accelerator for the hybrid home working model across industries and sectors which in turn has further compounded the size and complexity of business IT estates.

In October 2021, during their IT Symposium, Gartner forecasted that worldwide IT spending would exceed \$4 trillion in 2022.

*"Enterprises will increasingly build new technologies and software, rather than buy and implement them, leading to overall slower spending levels in 2022 compared to 2021,"* said John-David Lovelock,

Research Vice President and Distinguished Analyst at Gartner.

*"However, digital tech initiatives remain a top strategic business priority for companies as they continue to reinvent the future of work, focusing spending on making their infrastructure bulletproof and accommodating increasingly complex hybrid work for employees going into 2022."*

Given the sheer scale and pace of this increase in both size and complexity, navigating the data landscape is now front and centre of the turnaround agenda.





	2020 Spending	2020 Growth %	2021 Spending	2021 Growth %	2022 Spending	2022 Growth %
Data Centre Systems	178,836	2.5	196,142	9.7	207,440	5.8
Enterprise Software	529,028	9.1	600,895	13.6	669,819	11.5
Devices	696,990	-1.5	801,970	15.1	820,756	2.3
IT Services	1,071,281	1.7	1,191,347	11.2	1,293,857	8.6
Communications Services	1,396,334	-1.5	1,451,284	3.9	1,482,324	2.1
Overall IT	3,872,470	0.9	4,241,638	9.5	4,474,197	5.5

**Table 1. Worldwide IT Spending Forecast (Millions of U.S. Dollars) Source: Gartner (October 2021)**

### **Lack of centralised understanding / visibility of IT estates**

As a turnaround practitioner, it is common to enter a business and ask for an IT systems diagram (for those of us still motivated to ask), but often the reply is the same, that this fabled document either does not exist, has not been updated or it is still a work in progress.

Oversight of the applications, decision-making and negotiating power tends to be disbursed, meaning that many businesses don't have centralised oversight of their data, how it is used, who has access to this, what security or back-up arrangements are in place and what the total costs are of managing this.

Total IT spend generally hides in plain sight, analysed within the accounts as 'HR', 'Marketing', 'Telecommunications' or similar but taken in aggregate, IT costs today, can be the single largest overhead.

The IT estate has not been a huge challenge in the past, but because of the increased usage and soaring costs linked to software as a service (SaaS) and platforms as a service (PaaS), familiarisation with the IT estate needs to be an area we as turnaround practitioners are comfortable to quickly untangle.





***Project Clarity aims to establish quick wins & related tips and tricks to control the IT estate & reduce related costs within a turnaround context***

We would like to introduce “Project Clarity”, an IFT member driven initiative whose objective is to understand how data could be used more effectively within each stage of a turnaround to deliver better outcomes for our clients. Our aim is that through working collectively, IFT members will have future access to tools, techniques, tip and tricks to understand, share and pool knowledge about data, and specifically how to best navigate through this vast topic in the context of a turnaround.

An overview of where we are is shown in the table below, but we would like your help to further develop this.

Turnaround stage	Name of turnaround stage	How we will apply Project Clarity research
Stage 1	Financial restructuring / stabilisation	<p>We think the key here is to be able to have instant access to factual and relevant data to inform decision-making at speed.</p> <p>Driving cost savings from a review of the total IT estate will be our starting point.</p>
Stage 2	Discovery of reasons for failure	<p>We think the key here is to be able to correctly interpret what the data is telling us about the ‘as is’ position, so we can identify what the true root cause issues are.</p> <p>To fulfil the above, we will explore data analytics tools, and / or ways to avoid data bias.</p>
Stage 3	Future state operating model development	<p>We think the key here is that as a community, we strive to be better informed and potentially share / pool our knowledge to be able to think outside our current ‘data knowledge’ box.</p> <p>To fulfil the above, we will explore financial modelling and AI developments and technologies which address emerging tastes and preferences (e.g. the growth of ESG and need for data transparency; adopting effective pro-active cyber security management when operating a hybrid working model).</p>
Stage 4	Transformation and future operations monitoring	<p>We think the key here is to ensure that there is a single source of data truth and that the KPIs and metrics derived from that source are routinely subject to appropriate Board challenge.</p> <p>To fulfil the above, we will aim to:</p> <ul style="list-style-type: none"> <li>• learn about data management platforms and the good versus the bad ways of deploying these within a business</li> <li>• Increase our own data literacy to develop better skills to be able to understand what it is we are being presented with and where gaps might be.</li> </ul>



## Next steps - webinar event on IT estate management

In the coming weeks we will be announcing the details of a webinar where we will introduce a specialist service provider who is an expert in driving IT cost savings, negotiating software licencing agreements, and reducing the size of the IT estate supply tail.

The supplier we will introduce has a pricing model that can be neatly applied to the various stages of turnaround, meaning that when we are fighting distress, they will support us at terms that will not put a business into further distress.

STEERCO MEMBERS		
<b>Ian Gray</b>	<b>Member</b>	Ian is a Fellow of the IFT. He operates as Chairman / CEO / Non-Executive level and has extensive hands-on international experience spanning several sectors.
<b>James Hayward</b>	<b>Chair</b>	James is an IFT member. His focus is on transformation, carve-outs, change, turnaround and he is restructuring specialist with 25+ years operational and strategic experience.
<b>Kelly Jones</b>	<b>Member</b>	Kelly an IFT member, is Transformation Director and Head of the Private Sector at Kingsgate. She focuses primarily on corporate turnarounds within the manufacturing sector.
<b>Milly Camley</b>	<b>Member</b>	Milly is the CEO at the IFT. Milly has experienced bench-marking clubs in action and thinks that this concept is something that the IFT, using anonymous data, may be able to facilitate with member co-operation.
<b>Mary Frawley</b>	<b>Founder</b>	Mary, an IFT member, leads a turnaround consultancy in Jersey, Channel Islands. She focuses on regulatory lead corporate turnarounds, data protection advisory and on distressed project turnarounds primarily within financial services.
PROJECT TEAM MEMBERS		
<b>Ali White</b>	<b>Project Team</b>	Ali is the Co-Lead of the IFT Next Generation Programme. She is a graduate of the IFT Academy and is an Associate Director in Kingsgate.
<b>Natasha Proctor</b>	<b>Project Team</b>	Natasha manages Corporate Partners within the IFT. In the past she used to work with data in the context of marketing and podcast delivery.

## Call to action for members so we can work together to pool knowledge

If you would like to contribute to the project, please contact [info@the-ift.com](mailto:info@the-ift.com) in the first instance with an e-mail titled 'Project Clarity', with details of how you would like to contribute.

# THE VALUE OF A BRAND

Earlier this year members were invited to attend an event hosted by **Steve Rutherford** and **Nicolette Ford** (Valtus UK) to discuss 'Building A Personal Brand In Interim Management'. They were joined by independent IFT members **Ian Parker** and **Xavier Delhaise** who shared insights for members who are currently, or are considering a career as interim managers.

The discussion centred around the importance of personal brand, how to build one and top tips on which behaviours and activities to avoid.

**IFT Fellow Ian Parker** - Ian is a highly experienced Chief Executive/Managing Director/Transformation Leader with a successful background leading a variety of engineering SMEs through growth, change and simplification for family, corporate and private equity owners. He shares his thoughts on brand value:

community all had websites offering clients routes to finding the "perfect candidate" and most buyers of our services wanted to know more about the process "magic" being offered.

It was against this background that I developed my Verve4growth brand, positioning and website.

When I first became an independent Director back in 2005, the route to work was via the Banks or the interim brokerage community. In those days one's name was one's "brand" and most independents work via PSCs generally incorporating their name. Mine was Ian Parker Associates Limited!

The starting point was to determine what I did and how I delivered that service. My "4" steps approach was a means of communicating simply what all independents deliver for their clients: an assessment of the situation, taking early action to gain control, determining the longer-term solution and making it happen.

When I returned to the market in 2012 after 4 years out leading an MBO, I found that the market had become more sophisticated. Banks were no longer the major providers of work, the brokerage

Having honed my skills as a marketer in my early career, I wordsmithed phrases to come up with catch lines that for me best defined these steps:

## Growth, change and improvement



### 1. clear-eyed assessment

focus on financial, commercial, operational and strategic health



How we do things around here:

- 1-2-1s
- sense and feel: people, processes, KPIs & teams
- reaction to challenges
- how we problem solve
- Go see: Gemba, offices & meetings

### 2. energise for action

focus on short term performance improvements



Change the pace:

- look for opportunities to do things differently
- shake things up
- challenge teams and people in their thinking
- quick wins, breakdown the walls and barriers
- long days with lots of homework (do the hard yards)

### 4. score the goals

focus on delivering the plan



Make it happen:

- lead change, embrace teams: winning is a team game
- reset expectations of "good performance"
- empower management, teams & operators to improve every aspect of their function (continuous improvement)
- take the hard decisions: people, processes, customers, products
- go visual: simple SOPs, KPI displays in all areas

### 3. outline business plan

focus on the growth trajectory



Set the longer-term goals for the business:

- 3 – 5 year strategic plan: product market reviews & analysis (competitors, Porter 5 forces, Ansoff matrix, Marimekko charts)
- 1 – 2 year functional team SMART objectives
- on the ground tactics
- investment needs: people, capex, working capital
- outputs: growth in sales, CM%, EBITDA, cash



**Growth is the objective • Profit is the measure • Security is the result!**

WORK SAFE • RESPECT: PRODUCT, PROCESS, PEOPLE • RIGHT FIRST TIME • 100% ON TIME IN FULL



**Ian Parker**



**Steve Rutherford**



**Nicolette Ford**



**Xavier Delhaise**

Recognising that no one invites you willingly into their Board room I focused on “growth, change and improvement” rather than “turnaround” or “transformation”; 4growth and ultimately Verve4growth was born.

But a name was just the start. A logo and website followed and then I began posting and blogging...

It was surprisingly hard to get started. But once I had developed my “voice” and focus I found it a great means of keeping in contact with former clients, the brokerage and wider restructuring community.

My advice to anyone starting out as an independent today is to take time to determine what you do, who you are going to do it for and how you are going to do it.

Develop your “voice” and use all the tools of the modern age – LinkedIn, Mail Chimp, websites etc, to position your offering. The messaging has to be authentic and relate to you as both an individual and as a professional.

A CV today is not by itself today sufficiently distinctive.

A professionally presented website and some thoughtful blog posts can tell prospective clients much more about you, your capabilities and work approach.

Since 2012 I am pleased to see many more IFT members have their own websites, brands and regularly post on LinkedIn.

For those who have not yet invested, my advice is just “go do it”!

Your website should become your most important marketing tool.

Few of us have the skills to create our own. And professional design and copywriting can make all the difference to making your brand memorable and distinctive.

#### **Do's:**

- Do show what your strengths are by marketing these through LinkedIn, your website, and regular networking.
- Do put some energy into your network, meet for coffee, on Teams.
- Do be helpful to others.

#### **Dont's:**

- Don't continuously contact recruiters asking for work.
- Don't forget to keep marketing activity up while on assignment.
- Don't imagine that your network and word of mouth is enough to keep you busy.

**VALTUS**

MOVING BUSINESS FORWARD. FAST!



## THE IFT ACADEMY 2022 PROGRAMME GETS STARTED

The IFT Academy completed its first module in London kindly hosted by FTI Consulting and Sullivan & Cromwell.

The programme, led by **Shaun O’Callaghan, UK Head of Restructuring and Debt Advisory at Grant Thornton and IFT Fellow**, in conjunction with **Andrew Dixon**, an experienced independent IFT Member, is a 10-month modular programme designed for the next generation of leaders, in the turnaround, transformation and restructuring community. The IFT Academy is open to professionals with a working knowledge of turnaround and transformation. It gives participants a structured grounding and insight into organisational restructuring, drawing on practical engagement with businesses, case studies and accredited IFT members. The programme offers site visits and hands-on learning from practitioners.



### MODULE 1: THE TURNAROUND PLATFORM - BUSINESS, LEARNING & LEADERSHIP

The first module on the programme gives participants a thorough introduction to how businesses make sustainable cash profits and create value. The causes of decline and the principles of turnaround are also covered. We introduce the Business Insight Framework, which is used throughout the programme. The Business Insight Framework is based on the principle that, in order to make the best leadership decisions, it is necessary to consider the factors facing a business from multiple viewpoints. In addition, it is imperative to understand how these multiple views interact with each other. If multiple viewpoints of a business and market can be held simultaneously, the possibility of generating more innovative and deliverable actions is opened.

On day 1 at FTI Consulting in Central East London, we introduced The IFT Academy, followed by an ice-breaking exercise and a business anthropology mission during lunch. During the day we looked at the starting point of a turnaround situation and examined the concept of complexity using case

studies. We had speakers join us from FTI and FRP, who gave wonderful insight into their knowledge and experiences.

Day 2 at Sullivan & Cromwell covered leadership in a turnaround situation and the role of discretionary effort, with bestselling author Emmanuel Gobillot. We looked at the concept of Growth Mindset and learning styles and were then joined by experienced turnaround leaders who shared their experiences in the industry. We were joined by **Scott Millar of Ankura** and **Phil Emmerson of RCapital** who spoke about transformation and growth.



## IFT Rent Arbitration article by Ruth Ranton and James Davison, DLA Piper

The Commercial Rent (Coronavirus) Bill provides for the ringfencing of rent debt built up by businesses forced to close during the Coronavirus pandemic and establishes a binding arbitration scheme to determine what happens to that ringfenced (or “protected”) debt.

At the time of writing, the Bill is at the Report stage in the House of Lords and appears to be on course for Royal Assent before 25 March 2022.

The Government has recently published draft guidance to arbitrators in relation to the Bill. Whilst it does provide some clarity on certain elements, there are some continuing areas of uncertainty, which are likely to evolve as the Arbitration Scheme begins to be used.

### 1. Determining whether a tenant is viable

The viability of the tenant is a key “gating requirement” for a tenant to be eligible for rent concessions using the Arbitration Scheme.

A tenant whose business would be viable with the benefit of a rent reduction is likely to achieve an award whereas a tenant whose business is not viable (even with a rent reduction) is not entitled to access the Scheme.

There is no specific definition of “viability” in the draft legislation. The guidance to arbitrators suggests that viability is not specifically defined due to the vast array of tenants which could be involved in the process, with business models differing across sectors. It does however state that the arbitrator must have regard to the following factors:

- the assets and liabilities of the tenant;
- the previous rental payments made under the relevant tenancy;
- the impact of the pandemic on the tenant’s business; and
- any other information on the financial position of the tenant that the arbitrator may deem appropriate.

The guidance also includes a non-exhaustive list of information that may be requested from the tenant to determine viability including commercially sensitive information such as profit margins, dividend payments, bank account information and any creditor demands.

It will be interesting to see whether arbitrators will be prepared to refuse tenants’ access to the Scheme based on an assessment that they are not ‘viable’ even where the tenant itself concludes that it would be viable with a rent reduction. Also relevant will be the question of how arbitrators address viability in the case of a tenant with a large number of leases with different landlords (where viability potentially depends on the outcome of multiple arbitration awards).

The guidance specifically states that the test of viability is distinct from an assessment as to whether the business is solvent. However, it would arguably make it more difficult for a board of directors to decide to continue trading where an independent arbitrator has concluded that the business is not viable.

### 2. Who will act as arbitrator and for what fee?

As noted above, a tenant will be required to produce a significant amount of financial information to assist the arbitrator in determining viability and, ultimately, the level of any award. Any arbitrator will therefore need a degree of financial expertise in addition to a working knowledge of property and, ideally, an element of legal experience, in order to reach a written decision in a quasi-judicial role.

It is uncertain whether there are a sufficient number of professionals with these multi faceted skills and if not, whether having arbitrators with differing experience levels will lead to inconsistent outcomes.

It appears from the draft Bill that there will be no limit on the arbitrator’s fees, it will be left to the arbitration bodies to set the fee levels and the Government will monitor the situation. The Insolvency Service has offered the view that arbitration costs in comparable procedures are in the region of £1,250 per application so the arbitrator’s fee may be at this level, with a higher fee payable if the fact pattern is complex and/or a hearing is required. Will such a level of fee be an adequate incentive for potential arbitrators to take on the role?







### 3. The impact on guarantors

The Bill (as currently drafted) would have the following impact on guarantors of rental arrears falling under the scheme:

- The protection from winding up petitions and debt claims by the landlord is extended to guarantors of the relevant rent arrears as well as tenants. A moratorium on such actions will continue until:
  - settlement has been reached or an arbitration award made and the time to appeal has expired; or
  - the six month window for referral to arbitration has expired.
- An award is to be taken as altering the terms of the tenancy in relation to the unpaid rent arrears for the ringfenced period. Accordingly, it is anticipated that any reduction in liability for payment of rent will extend to guarantors as well.

If the Bill is passed including these provisions, it could have a significant impact on landlords as they would no longer be able to pursue guarantors for any shortfall between the contractual rent and any reduced amount which the arbitrator directs to be paid.

The fact that an award under the Scheme would compromise a guarantor's liability for rent arrears would put the guarantor in a better position than could be achieved by the tenant through other restructuring tools (a CVA of the tenant, for example, would only compromise the tenant's liabilities, not the guarantor's). Accordingly, where there is a concern as to the solvency of a guarantor (for example in a group scenario) and/or the reduction of rent arrears (rather than a reduction in rent going forward) is crucial to viability, the Scheme could provide a quicker and cheaper solution than a formal restructuring.

### 4. Is the process user friendly enough to be accessed?

The arbitration process is likely to require considerable administrative and management time for both landlords and tenants, notwithstanding the Government's intention that the arbitration process will be "simple and streamlined". It may be that a positive consequence of the introduction of the Bill is that it encourages landlords and tenants to engage proactively to avoid an uncertain decision and the cost and time cost consequences that will result from a referral to arbitration.

It is clear from the above that there are several ambiguities in the Bill and wider issues which will only become clearer from the operation of the Scheme in practice. Time will tell how popular the Scheme becomes and whether it is actually instigated or instead is used by parties as a negotiating tool, in particular in the context of wider restructurings of a tenant's lease portfolio.



**James Davidson**  
*Partner, DLA Piper*



**Ruth Ranton**  
*Solicitor, DLA Piper*





MARCH 2022

# Swift



SPRING EDITION

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