

CONFERENCE EDITION

NOVEMBER 2022

Swift

The Online Turnaround Times

the ift

THE INSTITUTE FOR
TURNAROUND



NATIONAL CONFERENCE 2022 SPECIAL EDITION



**Angel Investing &
Turnaround Skills**



**2022 Conference
Round Up**



**IFT Women's Network
Meets in Birmingham**



**2022 Annual Awards
Shortlist Announced**

Swift

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PROFESSIONAL

MESSAGE FROM THE CEO

Welcome to our special National Conference edition of Swift.

Heading into winter months provides an opportunity to look back on what has been an interesting year. Most recently, we held our National Conference on the 9th September at No. 11 Cavendish Square and we were especially pleased to see so many of you face-to-face, after previous conferences were held virtually as a result of the pandemic. In this edition you can find overviews and articles on the excellent presentations and panel discussions we enjoyed on the day.



Having launched our Women in Turnaround network back in March, we recently hosted our second core network dinner in Birmingham, supported by PWC. The network is keen to hear different leadership perspectives, so we were really pleased that Julia Marshall of PwC spoke about her experiences in leveraging her network and turnaround skills to assist her family in Ukraine to get to safety. You can find out more in the article on page 19.

In addition to connecting senior women in turnaround, a key objective of the network is to encourage productive conversations around leadership and all aspects of diversity open to all. We therefore enjoyed an in person panel discussion looking at diversity in the workplace, hosted by FTI earlier this month. The network also promoted our recent Angel Investing webinar detailed on page 17 and you can look forward to WiT sponsored events open to all members and partners, including the forthcoming webinar on inclusive leadership with t-three; please see page 15 for details of our upcoming events.

We were very sad to learn of the passing of a well liked and admired member of the network, Fiona Jane Macgregor. Her colleagues and friends have been kind enough to provide their reflections on FJ and her life on page 13 – in fact we could have taken up many pages covering her contribution to turnaround.

IFT Next has continued to be very active, with both face to face events and webinars relating to professional development and emerging areas of excellent practice such as the recent presentation on restructuring plans with Teneo.

We're also working with the IFT Next committee which will examine the traits and drivers of a new generation of turnaround leaders and how these map against the challenges for business now and in the future.

We now look forward to our Annual Awards where we will continue to celebrate the very best of turnaround excellence at the Rosewood London, on the 24th November.

We're delighted to announce that the shortlist for our Annual Awards. You can find the shortlist on page 16. The quality of submissions set a very high bar and testing day of deliberations for our talented and experienced judging panel. We are therefore grateful to our judges for their diligent work, as well as to Credebt our Annual Awards partner. All that remains for me to say is good luck to everybody shortlisted - we're looking forward to celebrating with you.

Looking ahead, we have engaged specialist expertise to consider the IFT brand, an especially important piece of work in changing times. As a membership organisation our brand is your brand, so we will be engaging widely with members, partners and stakeholders – you can learn more on page 12 – please do get involved.

Milly Camley

IFT CEO

2022 National Conference Overview

Our 2022 IFT National Conference was held on the 9th September 2022 at No. 11 Cavendish Square, London.



After holding virtual conferences as a result of the pandemic, it was fantastic to be back in person and hear from first-rate speakers and commentators addressing the most salient topics in turnaround and beyond.



We were delighted that just shy of 100 members, corporate partners and stakeholders were able to attend the event. Everyone was very pleased to get back to in person networking, with the conference providing a great meeting place for the turnaround advisory, legal, lending and investing community - we enjoyed seeing you all.



It was a resounding success, and we count ourselves very fortunate to have such engaged members and corporate partners, including speakers from Teneo, Macfarlanes, HSBC, Grant Thornton, Sullivan & Cromwell, Cardano and NatWest, without whom holding a conference like this would not be possible.



From market and sector overviews to a powerful articulation of leadership in times of change with Donald Muir, we've received very positive feedback on speakers and panel discussions alike.



We would also like to take the opportunity to thank FTI Consulting for kindly sponsoring the drinks reception that followed.



We look forward to seeing you next year!

Setting the Scene - The Geopolitical & Economic Outlook

We were delighted to be joined by Wolfango Piccoli, Co-President, Political Risk Advisory with Teneo, our first speaker.

Wolfango kicked off proceedings at the conference with an analysis of the current geopolitical issues and a future outlook, beginning with the ongoing Russia-Ukraine war, including the potential future direction of the conflict and the ramifications of the weaponisation of energy.

Wolfango also discussed the inflation and energy crises and associated actions EU and other leaders may take, including national windfall taxes, as well as the impact of Nord Stream 1 deliveries being put on hold for longer.



The recent election of Georgia Meloni in Italy added further colour to the emerging global situation.

An insightful, sobering and ideal scene setter for an agenda looking at complex change.



Our next speaker was Mark Berrisford-Smith, Head of Economics for HSBC Commercial Banking.

At the top of the agenda was the Ukraine-Russia conflict, discussing the potential for governments in the UK and elsewhere to place populations on a war-time footing.

This would serve the dual purpose of keeping bills in check, as well to frustrate Russia's efforts to starve Europe of gas.

Market uncertainty was next on the agenda, driven by the impending three-day shutdown of the Nordstream 1 (NS1) pipeline.

Mark discussed how markets hate uncertainty more than anything else, and as a result, a potential course of action would be to publicly stop gas flowing along the pipeline in order to grant the certainty they crave.

Mark then turned to the current inflationary pressures and the resulting higher interest rates. While these pressures can be attributed to food and energy, Mark discussed how services inflation is largely thanks to the chronic shortage in the labour market.

Mark also addressed was the way in which wholesale energy markets work. While acknowledging they are very complicated structures, which is a problem in itself, Mark said measures must be considered now in order to grasp the nettle.

Combined with Mark's dry wit, including his tips on managing the energy usage of teenagers, this session provided a fantastic overview of the turbulent economic situation.

Funding Landscape

Jat Baines, Head of the Restructuring and Insolvency Group at Macfarlanes chaired our first panel focussed on the funding landscape.

At the Annual Conference, it was my pleasure to chair the Funding Panel with panel members Josie Richardson of RCapital, Steve Morris of Beechbrook Capital and Jon Norton of Crestline.

The panel began by inviting the audience to contribute to a 'word cloud' in response to the question: What are the key challenges you are facing/seeing currently when seeking 3rd party finance/investment? The most common response was "Uncertainty" and that was reflected in the discussion that followed.

The panel initially reflected briefly on the recent past, where Steve observed that many business were able to 'get by' through Covid and lockdowns with the benefit of government intervention, market liquidity and sponsor support.

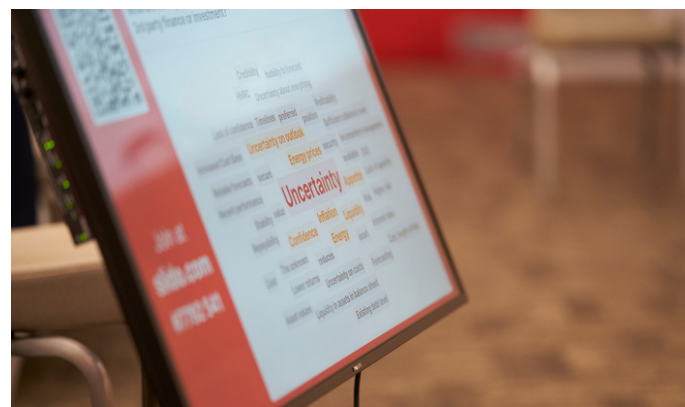


Turning to the present day, the Funding Panel considered the impact of a barrage of issues upon businesses: rising inflation, rising energy prices, a slower supply chain, the war in Ukraine and the increased cost of living generally affecting consumer spending habits.

Josie observed that, from the perspective of a specialist turnaround investor, 2022 has seen a lower hit-rate due to uncertainty in the market and more broken sale processes.

There are concerns around the lasting effect that an insolvency can have on a business if a deal is being done via a pre-pack. Corporate carve outs are much more attractive to an investor like RCapital, but there have been fewer of those types of deal in the market.

Jon also discussed how, despite the apparent broader scope for a special opportunities investor like Crestline, many deals were only available via an accelerated M&A process and that was a turn-off to an investor like them, given the very short time lines to conduct appropriate diligence and negotiate a sensible deal.



Consequently, from a senior secured lender perspective, Beechbrook had focussed on being supportive where possible.

Josie and Jon spoke about investment opportunities, this included sectors where mainstream lenders were unable to get comfortable with a proposed investment, and also where the 'fatigue' of owner-managed businesses meant that a sale was required.

Rounding up, the panel considered which trends would have the biggest impact on the funding market looking forward.

"The general consensus was that the ESG agenda was top of the list."

Steve observed how there are certain sectors which investors in his fund now require them to avoid. However, he also described how there can be an opportunity for positive engagement around ESG when Beechbrook Capital are originating a financing. Josie also encouraged equity funders to be more bold about forcing change as part of formulating an investment strategy.

Jon spoke about the “G” of ESG and how important good governance is to decision-making from an investor perspective, which is something that a lot of the independent members of the IFT could certainly help to engender.



MACFARLANES

Chair: Jat Bains
Head of the Restructuring and
Insolvency Group



Josie Richardson
Investments

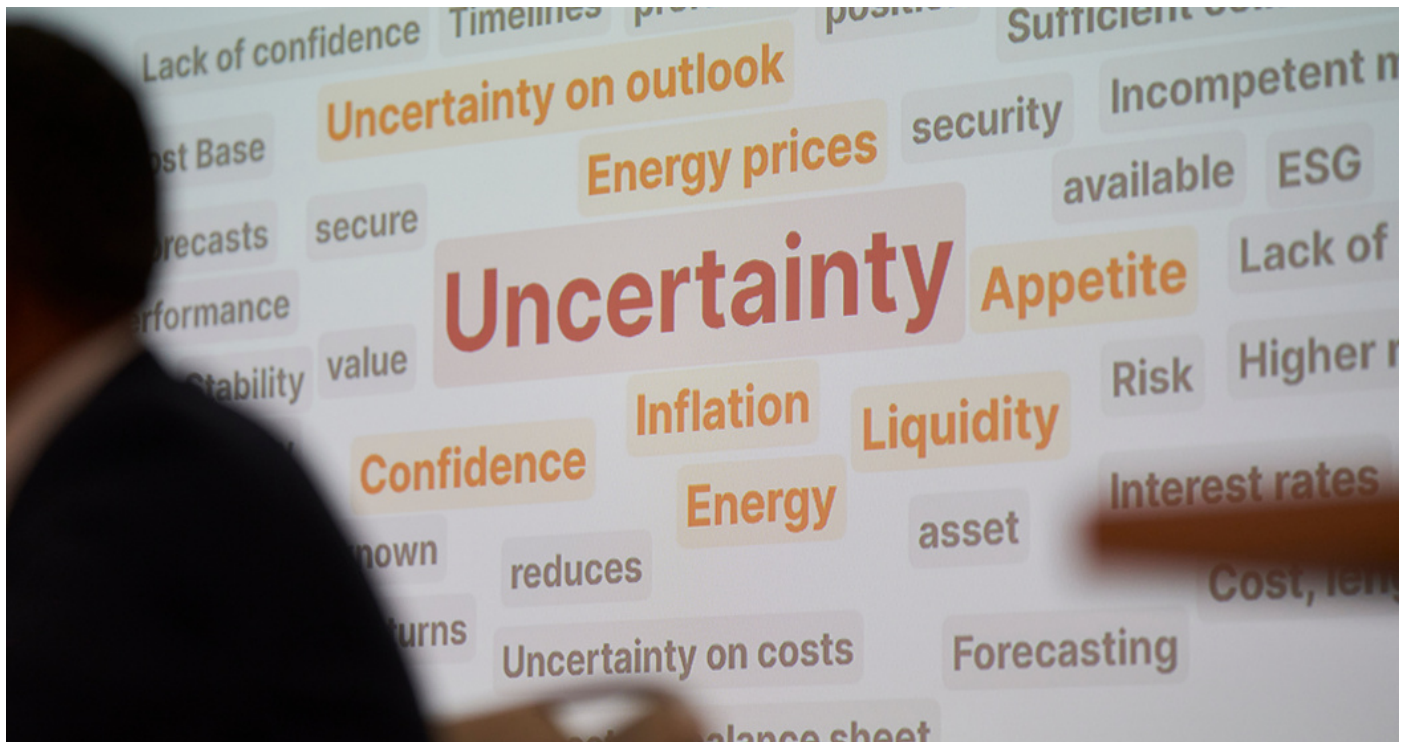


Jon Norton
Managing Director



BEECHBROOKcapital

Steve Morris
Partner



Sen Alagar, Partner, Restructuring and Debt Advisory at Grant Thornton chaired the market overview session, focussing on market activity during the year and beyond.

At the Annual IFT Conference this year, it was my pleasure to chair the market panel discussion with an esteemed panel of experts: Hannah Gray (UKGI), Dan Mindel (Cardano) and Presley Warner (Sullivan & Cromwell).

We had a very interesting and enjoyable discussion covering the panel's observations on market activity during the year and looking ahead to the drivers of distress in the short to medium-term future, as well as, the implications of the next cycle for IFT members.

As part of our discussion, we also surveyed the conference delegates on their views. Our survey of conference delegates found that most people considered the next peak in restructuring activity would be in H2 2023.

Delegates were also in agreement with our panel that a combination of inflationary pressures, the energy crisis and squeeze in consumer spending would be the key issues causing financial distress to businesses and driving restructuring activity.

The panel considered the restructuring tools which would be relevant for the upcoming cycle. The panel viewed that the UK's new Restructuring Plan could be an important tool in the next cycle, and the panel considered that it was likely to be a more cost-efficient tool than the US chapter 11 process.

Our discussion also concluded that with the changes made to the pensions regulations will mean that stakeholders and advisers would need to be mindful of the new statutory requirements and how this is likely to influence restructuring transactions.



"In this next cycle, our panel concluded that credit funds are likely to be a fruitful source of role opportunities for independent CROs and Turnaround Directors."

It will be fascinating to see how the next twelve months unfold and how the market develops.



Grant Thornton

Chair: Sen Alagar

Partner, Restructuring and Debt Advisory



UK Government Investments

Hannah Gray

Director - Special Situations Group



SULLIVAN & CROMWELL LLP

Presley L. Warner

Partner



cardano

Dan Mindel

Managing Director

Rebecca Leaser, Associate Director with Teneo chaired the retail session, focussing on the outlook for UK retailers and the implications for the turnaround community.

It's been well documented that retailers in the UK have been exposed to a number of headwinds since the last financial crisis from the structural changes in bricks and mortar retail, to the supply chain implications of Brexit and of course the impact of the enforced closures during the pandemic.

The sector is now facing a new set of challenges, from rising inflation, the continued depreciation of sterling and the cost of living crisis. These challenges combined have the potential to suppress consumer demand as well as increasing operating costs for retailers, hitting retailers top and bottom lines.

Against this backdrop, we had an interesting discussion with Will Crumbie (CEO FatFace), Ian Gray (turnaround specialist) and Lizzy Wood (Shoosmiths) on the outlook for UK retailers over the next two years and the implication for the turnaround community.

Key points discussed included:

- The shift from e-commerce back to physical stores post-COVID potentially only being a 12 month phenomenon, despite some retailers reacting to it by seeking longer term leases (i.e. 5-10 years).
- The mindset of the consumers, particularly the rise of cash budgeting by consumers in reaction to the cost of living crisis and rising interest rates and the implications for retailers store estates.
- The interplay between consumers feeling the squeeze and the ESG agenda, particularly if consumers will be willing to pay for environmentally conscious goods.
- How retailers will respond to increasing costs and manage the balance between price and quality with their consumers.



- The CVA and pre-pack continuing to be the 'go-to' restructuring tool for retailers and the expected increase in insolvencies for those retailers being unable to adapt.



Teneo

Chair - Rebecca Leaser
Associate Director, Restructuring and Debt Advisory



FATFACE

Will Crumbie
Chief Executive Officer



SHOOSMITHS

Lizzie Wood
Principal Associate



Ian Gray
Turnaround Specialist -
Chairman/CEO/NED

Victoria Kerton, Head of Corporate and Commercial Restructuring with NatWest Group, persuasively put the case for female turnaround leaders and what this means in a turnaround context. At the conference Victoria provided an overview of recent advances and the need to continue to push forward.

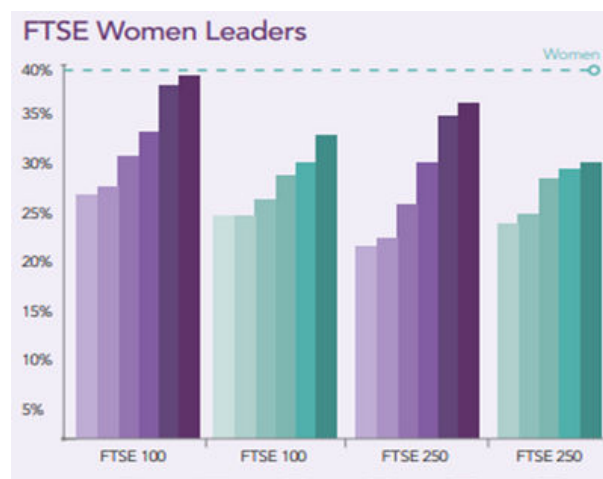


The past few years have heralded a lot of focus across UK enterprise with regard to Social measures of operating performance and business effectiveness achieved through diversity, and the embedding of inclusive cultures as the framework to harnessing the full potential of the workforce. This has driven change in the profile of UK business from SMEs through to large corporates – with a changing profile of founders, of leaders and in many cases different drivers of management. It has also forced various studies on the potential for inherent bias in decision making and the benefits which Diversity brings.

But what exactly is Diversity - in simple terms “Diversity” is any dimension that can be used to differentiate groups and people from one another; and in business it is about empowering people by respecting and appreciating what makes them different – it isn’t about being “blind” to this difference. This difference can be gender, ethnicity, ability, age, sexual orientation, social background and more – and harnessing diversity can be a tool to support growth and enterprise but there are barriers which often need intervention. In recent years, government led taskforces and leaders of UK industry have sought to break through these barriers and have driven real change to the gender balance represented across UK economy.

The Rose Review into Female Entrepreneurship commissioned in 2019 estimated the value creation to the UK economy if women started and scaled their business at the same rate as men to be in the region of £250bn.

This triggered far reaching changes now apparent in the funding landscape supporting UK female enterprise - with NatWest alone dedicating £1bn funding to support female-led business, alongside 134 different financial organisations across major banks, institutional investors and venture capital SME Growth capital provides committing to the Investing in Women Code.



Over 140,000 all female founded companies were incorporated last year in the UK and this figure is growing by a third each year.

It means that a total of 20% of new firms are now led by women – a record high.

What is also really important to reflect is the percentage of women in senior board roles continues to increase - with almost half of all boards with women in either chair, senior independent director roles and the number of tokenistic "one and done" boards reducing sharply to only 6. Since the initial Taskforce, this has been achieved via a voluntary business-led approach with the target again upwardly increased to achieve 40% gender balance by 2025.

Going forward this will also include the UK's top 50 largest private companies in this measure - including PE owned companies, family owned companies and owner-managed business.



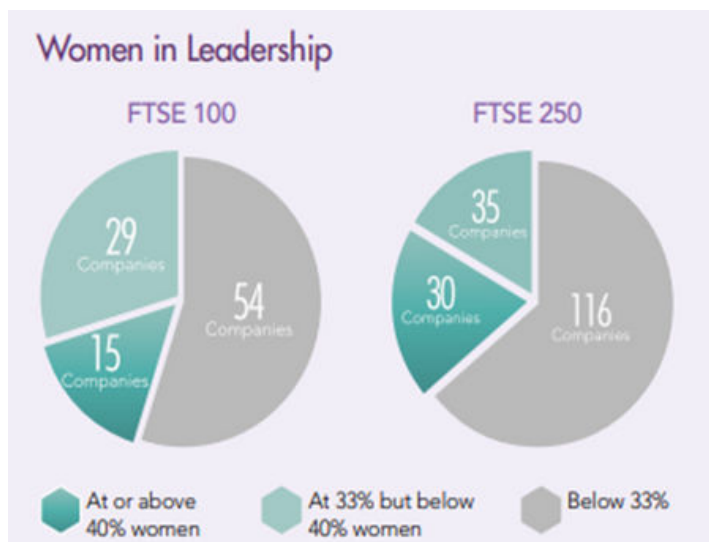
These outputs have been corroborated through multiple studies and taskforces in recent years, with powerful outputs from a London Business School - Leadership Institute study published in 2021 which quantified a 5% positive outperformance of FTSE350 companies with Board gender diversity over a sustained period (2001-2019). This provides compelling argument for why gender matters in business, and why Diversity is a business must-have.

Few can argue the great strides achieved through proactive and positive action to address diversity in business and strive for inclusive cultures is without merit - but in times of crisis, turnaround and restructure, how do we balance this with critical aspects of business needs for survival? Critical needs such as: (1) Stabilisation, (2) Stakeholder and Shareholder engagement, (3) Improvements to the business and (4) Suitable go-forward capital structures?

So why is business striving to address diversity and why is the "S" in ESG so important even in times of financial crisis? In summary, business has recognised the effects diversity can deliver:

- Boardroom culture becomes more collaborative
- Better future financial performance, especially after three years
- Higher stock returns especially when diversity is well managed
- Boards are less likely to experience shareholder dissent

But without considering the benefits of diversity in our leadership and management we expose businesses to risks of underperformance across financial and cultural measures, and therefore we must bring diversity onto the agenda even in the early stages of Turnaround.



Business Benefits of Diversity

Stabilisation...

Robust, balanced and considered risk evaluation, risk decisioning, risk oversight

Talk to stakeholders and get their support

Meeting and surpassing stakeholder expectations

Improvements to the business

Attracting customers and buyers and understanding customers and buying decisions!

Enabling a business to participate in supply chains, circular economies, ecosystems and procurement frameworks demonstrating and measuring their "S" in the ESG

Suitable go forward capital structure

Attracting future investment

Attracting future employees and retaining talent

Gender diversity is an important social responsibility dimension on which a business will be evaluated



It stands hugely important for advisors and professionals supporting Turnaround and Transformation to reflect on the incredibly unique opportunity we have - working as specialists supporting businesses in their financial and operational turnaround.

And whilst we are experts in supporting businesses in distress – we need to know and understand the changing UK enterprise landscape and to consider the changing expectations and drivers for sustainable company performance.

We need to harness our diversity to attain different perspectives, lived experience and support more informed decision making.

Above all – we need to know and understand our clients as well as, if not better than they do, and to recognise the impact this makes on company performance and their future sustainability.

This is why Diversity matters, especially in challenging times.

The percentage of women serving on FTSE 100 Boards increased from 12% in 2011 to 39% 2022

The percentage of women serving on FTSE 250 Boards increased to 36.8%

The percentage of FTSE 100 with women in Executive Leadership increased to 32.5% 2022

Source: FTSE Women Leaders Review 2022

Our final speaker, IFT independent member Donald Muir provided a compelling presentation on leadership through change, drawing from his most recent experience at Travelex.

The challenges facing Travelex were immense: COVID-19 had substantially impacted the closed travel market with a succession of lockdowns and global restrictions and a 2019 cyber attack drove a significant period of disruption for the business.

Donald spoke of the impact of both the pandemic and cyber attack on Group revenues, and the subsequent, significantly complex restructuring exercise put in place to put the Group back on track.



As a result, Travelex is on the road to a healthy recovery, and a new CEO has been announced to usher in the next phase.

This was a leadership tour de force and a outstanding illustration of the power of turnaround.

The IFT Next Panel

Khalil Malik, Manager with Teneo and IFT Next Co-Lead chaired our final panel session covering future turnaround leaders and ESG.

This year at our National Conference, the IFT Next provided a thought-provoking panel discussion covering Future Turnaround Leaders and ESG. Our audience enjoyed listening to our panel members' insight on the skillset needed to become an effective leader in the current market and how this will evolve for future leaders as ESG continues to integrate within the industry.

It was interesting to hear how turnaround leaders are change agents, who can quickly adapt in the evolving economic landscape. We would like to thank our panel members (Hayley O'Driscoll - NatWest; Tom Horton - Thincats; and Sandy Duncan - Teneo) and Khalil Malik (Teneo and Co-Lead IFT Next Committee) for chairing this discussion. We are also excited to announce The IFT Next are currently working on Transform 2050 which will further explore the required skills for future turnaround leaders.



Teneo

Chair - Khalil Malik
Manager



NatWest

Hayley O'Driscoll
Associate Director



Teneo

Sandy Duncan
Senior Managing Director



THINCATS

Tom Horton
Director

The IFT welcomes Jamie White and Philip Watkins as Fellows

The IFT is delighted to welcome Jamie White of Arrow Professional Services and Philip Watkins of FRP Advisory as Fellows.



Jamie White

Head of Restructuring & Insolvency
Arrow Professional Services

Jamie has spent 20 years of his professional career working on turnaround assignments, in both advisory roles as the Head of Restructuring at Pinsent Masons LLP and then as a principal as the founder and CEO of Thorburn Consulting Ltd. Jamie founded the STP in Manchester in 2003 and became the North-West Chairman of the IFT until 2009 when he moved to London. Jamie joined Arrow Global Plc in 2020 and is now the Head of Restructuring.



Philip Watkins

Partner
FRP Advisory

Philip has worked in the financial and operational turnaround community since 2006. Philip's work at FRP Advisory typically ranges from dealing with companies with revenues of between £5m to £100m and mostly encompasses working with owner managed businesses. Philip has worked over a wide range of sectors, including, heavy and light manufacturing, logistics, technology, wholesale, healthcare, professional practices, print, retail, hospitality and leisure and casual dining. Philip has also been a member of the London Regional Committee of the IFT since November 2016.

Societal Impact Report 2022

We will be publishing our Societal Impact Report later this year, having completed the data fieldwork stage.

The report highlights the huge contribution IFT members and the value they create for society and the economy.

Our report last year estimated that IFT independent turnaround directors and partners helped save over 200,000 jobs and almost £3bn in shareholder value. Our thanks go to those who have already contributed to our data gathering and research.



IFT Brand Engagement

Engaging with members, partners and with stakeholders across the market has told us that the timing is right to ensure that our brand reflects the breadth and variety of work undertaken by IFT members. With this in mind, we will be launching an extensive engagement process with the help of brand experts over the autumn and beyond. Over Q4 we will therefore be exploring this in more detail with you.

Our thanks go to those who have already contributed, and we look forward to working with the wider membership on this exciting area of work.

Fiona-Jane MacGregor

It was with great sadness that we learnt of the recent passing of Fiona-Jane Macgregor, a huge talent and popular figure in the turnaround community.



Fiona-Jane Macgregor (FJ to everyone that knew her) joined Beechbrook Capital in January 2018 to establish the portfolio team within the organisation. Prior to that she had enjoyed a long and successful career within the Royal Bank of Scotland culminating in her heading up the Strategic Investment Group and latterly at UK Government Investments as the Chief Operating Officer and later the Head of Special Situations.

In her time at Beechbrook she established a portfolio team which operates seamlessly alongside the other functions of the organisation and is an integral cog to the success of Beechbrook. However her legacy here is so much more than this. She was first and foremost a friend to all of us before being a work colleague. She treated everyone the same, no matter their level and always had time to lend an ear and provide guidance and support to the rest of us. When colleagues were struggling, she was always at the front of the queue to pick them up and dust them down with her familiar soft Scottish lilt. People actively sought her out for her counsel and wise words of wisdom. She had warmth, kindness and humility in spades.

She had an innate sense to know exactly how to connect with people and especially management teams. She could be soft and she could be tough when the situation demanded it but her overriding sense of fairness was ever present throughout.

It was these interactions with management teams that she loved the most. She got a real thrill out of seeing management teams grow and develop.

The well wishes and comments we have received from management teams at Beechbrook investments and the professional community are testament to the high regard that she was held within. Phrases such as,

"a wonderful person who was always so engaging and fun to be around"

"a positive and energising professional"

"her passion for the work she was doing shone through"

"dealings with FJ were such fun. She fizzed. Literally. I loved her energy"

"not just a very able person but a nice person who was easy to get on with"

"a force of nature who will be very much missed"

Fiona-Jane Macgregor

At Beechbrook we mourn her loss and will miss her greatly. However we will equally cherish the 4 years and 9 months we had with her. She touched all our hearts and leaves us with so many wonderful memories to remember her fondly by over a large glass of her favourite Sauvignon Blanc.

"FJ was a tough, skilled, and effective finance professional. She was also great fun to be with. I will miss her deeply"

Andy Leeser, IFT Chairman

"I first met FJ in 2012 where she was leading a distressed case for RBS in Bulgaria, and I was an NED on the Company side.

FJ was extremely personable, forthright and a very astute business person. She provided some very valuable advice on how to successfully negotiate the business environment in Bulgaria which resulted in a positive outcome for all stakeholders, and we became good friends.

In the succeeding years we met regularly during her time at Shareholder Executive and Beechbrook Capital sharing insights and war stories from her side and my varied restructuring experiences.

She was a big football fan and we remained firm friends despite her unwillingness to take my advice on swapping her Glasgow allegiance!

FJ will be sorely missed as a business colleague and a great friend"

Donald Muir, Turnaround Specialist

"FJ was an experienced and highly respected professional who was a great practitioner of business turnaround. FJ was a dear friend to so many and her early passing is a very sad loss. She will be missed by all of us and always fondly remembered."

Shaun Holmes, Managing Director, Stephens Inc.

"FJ was an experienced and highly respected professional who was a great practitioner of business turnaround. FJ was a dear friend to so many and her early passing is a very sad loss. She will be missed by all of us and always fondly remembered."

Shaun Holmes, Managing Director, Stephens Inc.

I was lucky enough to meet FJ when she first came to London to work for Royal Bank of Scotland. She did not only touch our lives but shaped them. She had an energy that brought people together to deal with professional challenges and build friendships and memories. Good outcomes, professionally and socially, were more likely if FJ was present. Her easy charm, compassion and friendship will be my abiding memories. She was passionate about her professional career where she achieved so much. Fiona-Jane was dedicated, imaginative and very skilled at navigating the most challenging of commercial situations. She meant so much to so many people and we miss her enormously.

Michael Fiddy, Partner, Mayer Brown



*Words kindly provided by **Steve Morris**, Partner, Beechbrook Capital*

IFT EVENT CALENDAR

OCTOBER - NOVEMBER 2022

Member meetings and webinars are included in memberships and corporate partnerships and a separate IFT Next events bulletin is sent to members of the IFT Next programme. To register for any of the events shown here, please email info@the-ift.com.

Inclusive Leadership Webinar with Kate Forrest of t-three, in association with the IFT Women's Network

Date/Time: 10th November - 08:00 - 09:00

This is a webinar over Zoom

Open to IFT Members, Corporate Partners and IFT Next

Joint Midlands IFT & R3 Event

Date/Time: 8th November - 17.45 - 20.00

EY Birmingham

London & South Members Event with Mathew Griffin of Assured Hotels at Interpath Advisory

Date/Time: 7th December - 18:30

Interpath Advisory London

Open to all IFT Members and Corporate Partners

THE IFT ANNUAL AWARDS



**24th November
2022**

**Tickets are now on sale
(INC VAT):
Member £420,
Fellow £320,
Non-Member £480
Tables (of 10): £3840**

For information contact
info@the-ift.com

IFT ANNUAL AWARDS 2022 SHORTLIST

Turnaround Adviser of the Year

Begbies Traynor Group
FTI Consulting
Kingsgate
Kroll
PwC

Community Impact Turnaround of the Year

Archant Limited
Coventry College
Hovertravel Limited

SME Company Turnaround of the Year

Camvac Limited
No1 Lounges

Mid-Market Company Turnaround of the Year

Archant Limited
Baird Group
Stately-Albion Limited
Trios Facilities Management Limited

Large Company Turnaround of the Year

Arlington Automotive Group
BSW Timber Ltd
SIG Plc
Staffline Group Plc

Rising Star

Peter Brown (FTI Consulting)
Tom Callaghan (Endless)
Lisa Handley (Kroll)
Claire Taylor (Teneo)

Independent Adviser of the Year

Nick Alexander

Legal Adviser of the Year

DLA Piper LLP
Freshfields Bruckhaus Deringer LLP
Gateley Legal
Macfarlanes LLP
Sullivan & Cromwell LLP

Special Situations Debt Provider

Barclays Bank
Blazehill Capital
Hilco Capital Limited

Special Situations Private Equity Provider

Enact Fund
Endless LLP
Rcapital Partners LLP

Supported by

CREDEBT
THE DEBTOR BOOK PROFESSIONALS

ANGEL INVESTING - WHERE TURNAROUND AND GROWTH SKILLS CONVERGE

As part of our Women in Turnaround series, Sarah Turner of Angel Academe and IFT Fellow Steve Swayne address the convergence of Angel investing and turnaround...

Start-ups - a little known UK success story

We learned that start-ups are a little talked about UK success story, with London tying with New York in international start up investment rankings, punching well above our weight.

However, the sector is far from diverse, hence our interest in the Angel Academe, which has an emphasis on women investing and investing in women. 70% of their investors are women - the average across angel investing is 8% - and at least one founder in each start up must be a woman.



Many Angel Academe members are new to angel investing when they join, but learn through investing alongside experienced angels after structured, collaborative and rigorous due diligence. Angel Academe is a professionally managed investor network offering:

- Carefully curated deal flow
- High calibre & experienced investors
- Collaborative & structured due diligence
- Investor education & support
- Regular online and in-person events

Bringing the turnaround skillset

Steve spoke about the convergence with the turnaround skillset.

The successful and engaged angel investor needs:

- Financial skills
- To be able to judge the potential of a business and its management team – though often with limited data compared to an established business
- To be involved as a supporter of the businesses (eg making introductions) or potentially on boards as an observer or investment director depending on the investment.

Investment syndicates tend to draw on a wider network, combining a mix of skills and experience, involving entrepreneurs, financial strategists, technologist, lawyers, marketing and sales experts.

What are the requirements to become an angel investor?

I've read the fine print: according to FSMA regulation, to receive a business plan or make an investment without professional advice, you need to self-certify as a sophisticated investor or high net worth individual.

I'm a team player: to maximise efficiency and enjoyment, business angels often do deals as a team. Joining a syndicate like Angel Academe provides support and structure, in exchange for your contribution and cooperation.

I can add value: syndicate members offer their time, energy, skills, professional experience and networks to the group and the entrepreneurs. Whatever you can bring to the table will strengthen the knowledge and experience of the whole group.

There's room in my financial plan: minimum ticket prices vary across syndicates but expect to contribute £10,000 to one to three deals a year as a business angel. This is a portion of your assets you won't need to call on at short notice.

I'm ready for risk: there will always be a reason to turn down an investment opportunity. All early-stage, high-growth businesses carry risk. Understanding, accepting and mitigating this risk is an inherent part of becoming an angel investor, as is striving for reward.

Getting started

Beginners benefit from investing with a group, particularly to learn from more experienced investors. See Angel Academe or check the UK Business Angels Association (UKBAA) website to find other syndicates in your region or sector of interest. The association also offers a range of training courses.

Membership fees vary, with some syndicates offering free membership with the expectation of substantial investment activity and/or a "self-serve" offer for investors, while professionally managed networks charge fees of £500–2500 annually.

There are a range of generous tax breaks for angel investors (EIS & SEIS) which are worth exploring and which have helped to drive start-up activity.

To find out more about Angel Academe:

Angel Academe

To find out more about UK Business Angels Association

(UKBAA).

UKBAA

More information

Angel Academe has produced a range of useful articles and videos, which can be found here:

<https://www.angelacademe.com/blog>

<https://www.youtube.com/channel/UCfEVNJ7f8A8D1-iMknAZ6TQ/videos>.

This article is intended as an overview, rather than investment or financial advice.



Sarah Turner is a technologist, entrepreneur, and angel investor. She's spent most of her career working in digital technology in the UK, US and Asia as an advisor and connector for start-ups and corporates. In 2014 she co-founded the award-winning angel network, Angel Academe. They help female founders and co-founders access a unique pool of engaged, mainly female investors.

KINGSGATE

Steve Swayne is the Chair of Kingsgate, which has been delivering successful change for organisations in difficult and challenged situations for over 20 years. Steve is an IFT Fellow and former chairman of the IFT. Steve has been a member of Angel Academe for about 4 months and recently made his first ever angel investment with them.

Kelly Jones, IFT Women in Turnaround (WiT) Lead talks to the IFT about the second bi-annual dinner and first regional event.

On the 28th of September, the IFT's Women in Turnaround network held its second bi-annual dinner – and first regional event. The dinner, held at the Hotel du Vin Birmingham, was sponsored by PWC and was attended by senior women who are active in the Midlands restructuring and turnaround community.

It was a wonderful evening kicked off by Kelly Jones of Kingsgate and lead for Women in Turnaround, who set out the objective the network and purpose of connecting such a fantastic group of women.



The group then heard a powerful and moving account from Julia Marshall, Director in PWC's Deals team. Julia is Ukrainian and shared her personal story of shocking events as they unfolded on the morning of the 24th February.

Julia recounted a deeply moving account of how she was able to use her well-honed professional skills to maintain focus and a level head during a crisis, as well as being able to draw on a wealth of skills and experience within her professional network in order to secure safe passage of her immediate family out of Odessa.

It was an authentic and moving master class in storytelling.

Julia also shared her learnings from this experience on the importance of purposeful networking, and why this has been key in both her work and personal life.

We are pleased with the strength the network has quickly built, thanks to the support and engagement of our members.

The Women in Turnaround network also has an upcoming programme of events that are open to anyone (male and female!) who is active in the turnaround, transformation and restructuring community. The next event will be an IFT Webinar on the topic of 'Inclusive Leadership', held in conjunction with t-three at 8am on the 10th November.

This event will share the benefits, both immediate and longer term, that this leadership style can bring to a team and organisation within a turnaround environment. For more information or to book your place, please contact info@the-ift.com.



Kelly Jones is Managing Director at Kingsgate and the IFT Women in Turnaround Lead.

BEFORE TURNAROUND COMES PREVENTION

Our members are often responding to the consequence of poorly managed change. In this article Independent IFT Member Andrew Sharratt talks to the IFT about a recent case study, highlighting the importance of early action, stakeholder communication and a laser focus in getting change right.

A resolute focus, combined with consistent communication to relevant stakeholders and a willingness to go into absolute detail, the right result can be achieved.

In the case of a medium sized manufacturing company, all of the above applied. The company, with approximately 200 people and a £40M turnover had signed a long lease on a facility 12000m² ('OldCo') and wanted to move to improved premises, utilising a five-year break clause in the lease.

New premises (NewCo) had been found which was 25 percent smaller and so the challenge was to conclude the move within a six month timespan to ensure the business was not 'homeless' at any point. NewCo required a substantial refit in order to make compliant and functional. Work streams had been developed and building consultants appointed. A validation report became available, and the project was approved by the shareholder company.

Refit scope and individual requirements increased for NewCo, driven by a wish to replicate the specification of a previous corporate development. Consequently cost and time were forecast to increase, time was marching on and relations with OldCo landlord were poor. Added to which, the NewCo fit-out contractor was unwilling to commit to any dates. Aspiration met reality with an increased cost overrun. Achieving business year-end financial targets required a steep increase in manufacturing output during the period of the move, only increasing the working pressure on the move project.

Increasing global supply chain issues were making production sequencing and output a challenge.

Things had to change!

Decision rules were developed to prioritise spend. NewCo had to be compliant in word and spirit with the law, and good practice. Production took priority over offices for enhanced functionality with the acceptance that the specification for the new space would not match the previous premises, and output risk had to be mitigated - but the exit date of six months was non-negotiable. The rest of the budget had to be stripped back.



A sequence of partial access/hand over dates were eventually agreed upon, a complex process but with the benefit of greater flexibility. With narrowing time windows, production transfer had to happen, there were difficult but possible workarounds for stores and a shift to home working for back office staff – one positive from the pandemic.

With a simple but functional contract, a relocation contractor was appointed and preparation began with the focus on the first two production lines of seven. With construction activity at both OldCo and NewCo locations, the Project now became the Main Contractor for OldCo, enabling the first lines to start relocating.

The next seven weeks were a blur! For compliance, with different HSE rules, separation fence lines were erected between the operational environment and the construction environment—the line moved every day. By the start of month five, the initial production lines were commissioned and started producing at NewCo. However, we were still making insufficient progress.

Half day progress meetings became hourly stand ups to resolve any blocks. There was a lot of ‘buy in’ on the tools. Quicker trouble shooting of unexpected issues further contributed. By the middle of month five the major lines had been relocated and were commissioning or running. By the end of Month 5 all production lines had been relocated and were running and fully staffed in NewCo. This had been achieved at an incredible speed in seven weeks from initial NewCo production access. Importantly, we had an unblemished safety log.

Refitting into a new smaller space was always going to be a challenge. A specialist company was contracted to relocate and began relocating at the start of month six, with everybody across by the middle of the month. This included the archive where decisions had to be made what to keep and not. In parallel, new issues continued to emerge and be managed with NewCo. On the infrastructure side this included power, IT and and floor strength, on the people side the emphasis was on induction, both HSE and operational into temporary and permanent NewCo facilities as they became available.

Having secured NewCo as “business as usual” the focus turned to the exit from OldCo with a practical drop dead date of the end of month six, using a specialist contractor. Exiting is often underestimated aspect, particularly if the premises were in use for a number of years. In addition, there are specific regulations - paperwork can be as important as the physical move. We pushed forward and the final exit OldCo photographs were sent to the Corporate and the landlord at the end of the 6 months. We had done it!

Failure to successfully relocate would have meant a difficult and expensive conversation with OldCo landlord or worse “being out on the street” with 200 people and nowhere to go. This would have had a devastating effect on the business, with a failure to secure a clean exit costing an estimated £0.5m. What got us through:

- Focus on the most important, then the next... (production into use, stores, the rest, etc.).
- Decide on priority 1 (cost, time, scope) and be prepared to sacrifice and mitigate others.
- Build in Plan B for anything but the priority 1 so as to have flexibility.
- Be prepared to go into absolute detail.
- Focus on corporate issues that can really block, don't let the rest become a distraction.
- Identify people (any level) who are good at what they do, can think, are “can do”, look after them.
- For the sake of progress, give way on what doesn't really matter.
- Remind stakeholders of the consequences of failure – as a fact not a threat.

Andrew Sharratt is a pure play interim manager having completed 50 assignments over 25 years, Assignments have been with start-ups, SME's, subsidiaries of list corporates and Mittelstands. Andrew can be contacted at andrew@raynor-sharratt.com.

BUSINESS IN CRISIS - WHAT TO LOOK OUT FOR...

Gateley Legal discuss the issues directors and investors will be facing in the current market and how best to prepare for certain outcomes...

In this article we provide our thoughts on the issues directors and investors will be facing in the current market and how best to prepare for certain outcomes.

In the UK, the challenges of the pandemic and initial Brexit-related issues have been compounded by the impact of the war in Ukraine, the energy crisis and various other macroeconomic issues. Businesses have already been dealing with the unwind of Government support, the repayment of Covid loans, the cost of living crisis and related impact on consumer demand, inflationary pressures and interest rate rises.

These issues have tested many business models and boards to their limits and emphasised the importance of maintaining a relentless focus on the financial resilience, diversity, flexibility and agility of a business.

Gateley's recent Business in Crisis Campaign <https://gateleyplc.com/business-in-crisis/> explores the three different stages of businesses in crisis – stressed, distressed and insolvent – sharing actionable insight to help directors and investors consider the best possible response to the situation that their business is facing. This includes extensive practical advice and legal analysis on the risks facing business owners, directors and other stakeholders.

You will also find high level summaries of all the available restructuring and insolvency options and processes, and our experience shows that early engagement is invariably beneficial in achieving a successful outcome. Gateley's network of restructuring experts across the country is available to provide confidential guidance and advice to support your objectives.

Current challenges

There are numerous current challenges facing businesses and the extent of these will be determined by various factors depending on the sector, geographical focus, capital structure and on-going availability of funding, market factors and the experience of the board of directors and their advisers.



Liquidity challenges driven by factors such as over-leveraging, the need for significant working capital as businesses emerge from the pandemic and combat the various rising costs (such as wages, energy, materials and logistics) will create a classic 'cash crunch' for many businesses. This is potentially going to be exacerbated as the period of time between producing goods or providing services and subsequently generating income through sales widens.

Businesses will, to the extent not already occurring, face challenges relating to cash flow management, cost control, changing consumer demand and falling margins. A board's historical focus may not be enough to maintain their business from day-to-day and therefore not support a long-term future.

How quickly can a business model be adapted to cope with that level of change? As a board member, understanding what action to take, and when, is key to navigating these challenges and maintaining value in the business during a period where creating value is stymied.

Where directors are concerned about ongoing solvency, they are advised to take note of their directors' duties while continuing to trade and, in particular, to creditors. They will be advised to start thinking about whether their actions (or inaction) could be subsequently reviewed and challenged by an administrator or liquidator, or creditors themselves, in particular if the directors did not take all reasonable steps to minimise loss to creditors.

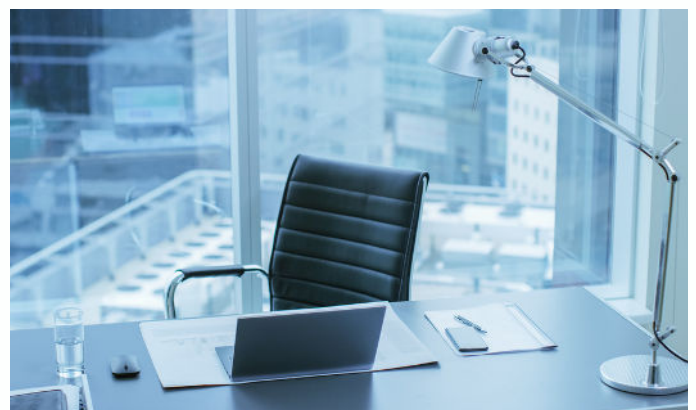
This is primarily a defence to wrongful trading but important from a broader perspective too. These are real concerns for directors and if taking professional advice they will have been advised on personal risks associated with potentially worsening the position of creditors. Careful cash management will be a key consideration and there will be real tension between potentially stretching creditors while attempting to accelerate receipts. Our advice is to take early, sound advice which should be practicable and actionable.

Stakeholder interaction

Directors need to consider the various sources of funding available to the company and, depending on the cost to the business, ensure adequate amounts have been drawn down from lenders or made available to it from other capital providers, such as shareholders, asset-based lenders and invoice discounting facilities. When capital in the market is scarce, or in higher interest rate periods, the decision to have higher cash buffers is potentially prohibitively expensive to the business. This is a fine line to manage and will take skill and consideration on the part of directors.

In addition, stakeholder management will be key. As well as dealing with creditors and maintaining lines of credit, directors will need to face head on the requirement to bridge liquidity gaps. In circumstances where businesses have already over-borrowed, exhausted trade credit and are facing severe short-term cash needs the most likely source of funding is equity. How do you persuade investors to support the business when returns are uncertain and forecasts potentially unreliable? What form is the equity investment taking? Convertible loan notes vs pure equity? Are other 'sweeteners' such as warrants and ratchets required?

Directors should be proactively managing these relationships and testing the possibility of raising additional equity, to support existing investments, or potentially offer equity level returns to capital providers who see inadequate returns from other asset classes.



Opportunities

As well as the challenges facing UK businesses, there are also opportunities for those companies that are well capitalised and have a robust, sensitised plan for growth.

The current market presents significant growth opportunities for consolidation, where market share can be enhanced by acquiring at an opportune time poorly funded competitors. In essence a distressed 'buy and build' strategy with a focus on a longer-term turnaround. Current Sterling exchange rates also makes the UK an attractive target for overseas investors.

A further crucial question when navigating the numerous issues facing a business is, where does the power currently lie in the business' relationships? With the customer, or with the supplier of goods or services?

Is there an ability to pass through cost increases and hence maintain margin? Is now the time to seek to re-negotiate contracts or take other bold decisions in relation to supply lines?

To the extent not already being undertaken on top of day-to-day matters, directors should stress-test their resilience by looking at the impact of revenue decreases or cost increases on their solvency position.

Some will only require one or two parameters to change to push them closer to stress and it would be best for companies to be prepared for this possibility and to the extent it can, plan on how to insulate or guard against that risk.

Conclusion

Many events have occurred recently which have required UK businesses to chart their way through difficult times by taking difficult decisions and drawing on wider available support.

This in turn has allowed many directors to take steps to shore up balance sheets and reorganise their funding and operations.

This will put companies in better shape to deal with immediate challenges, but there are real risks for businesses on the horizon due to the numerous known and identifiable factors which could negatively impact operations, income and costs.

Our Restructuring Advisory team has the required expertise and experience to assist you with restructuring challenges you may face. Please contact us if you would like to discuss any aspect of this article or our Business in Crisis series.



Gateley will be holding a webinar on the 24th November on our Business in Crisis campaign to share our views on how to navigate key challenges and discuss topics of most interest to business owners and directors. Please register your interest in attending by going to the Gateley website <https://gateleyplc.com/business-in-crisis/>



Gateley Legal the legal business at the heart of Gateley. Founded in Birmingham in 1808, they have provided commercial legal services to individuals and businesses over the last 200 years.

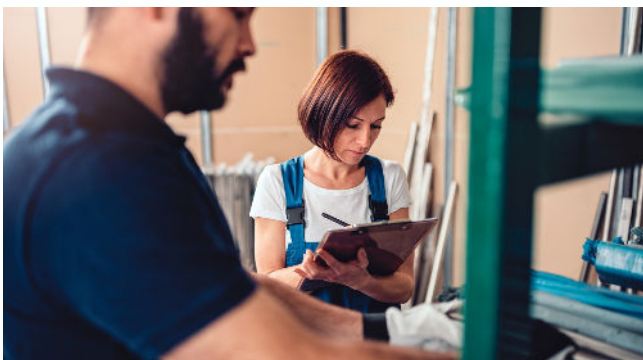
REFLECTIONS FROM AN ACCREDITED TURNAROUND PROFESSIONAL

Independent IFT member Colin Wray shares some lessons for those aspiring to be Independent Executives...

It is odd, the different ways that people fall into their chosen careers, for me becoming an Independent Executive really occurred by sheer good fortune.

I was parking my car outside my local branch of Travis Perkins, some 25 years ago, when my not so mobile telephone rang. My caller wanted to know if I could possibly have a chat with the owner of a business, an audit client, with a view to helping out.

At that time, the turnaround market was very different to what it was today, the IFT did not yet exist. I did have some considerable experience of running a business through troubled waters, when at the age of 38 years, my £12m turnover business got into distress. A major customer was acquired by a PLC competitor when our unique stock purchases had just been contractually confirmed. Alas, large amounts of specific stocks and no big customer is not a happy combination. A long fight ended in the loss of that business. It was a life changing experience, not just to me, but to all those around me. I am not sure that these days matters would have gone in the manner that it then did, times and methods do change, but it went the way that it did.



The key issue was that during such times, whilst generally you have colleagues, co-Directors and advisors, you have no one who you can speak openly with. It's a lonely place. The isolation in my business was no different, until I received one day a call from a close friend of my then Father-in-Law, who had a very senior role in a Global business, calling to see how I was.

We had met a couple of times, I was certainly in awe of his stature, but this call was out of the blue, his timing impeccable.



He offered me general counsel and guidance, a sounding board and a sort of a reality check mechanism. He, like me, was a Chartered Accountant, so we spoke the same language, but he put things so clearly and calmly, it was a master class from a seasoned professional. Given this whole experience, maybe my experience was the basis for a new career direction?

After things fell apart, I needed to take a different direction in life. I had been my own boss for such a long while, and had gathered a vast array of very useful expertise. So, I completely changed tack, rolled my sleeves up, and literally started digging myself out of a financial hole. I went into property. It was the late 1990s and I got things rolling again.

By the time of that call in a builders' merchant car park I was ready to put skillset into action in a turnaround situation.

The caller and I knew each other as we had sat as Governors on the Finance Committee of our children's school, driving its recovery to good financial health together. Overall, I felt that I could offer some solid guidance and support to this business, so after I gained a bit of background, I agreed to contact the business owner.



I promptly started the assignment: when we met, I could see the mounting financial issues were weighing heavily on him. I was able to explain to him how I got to be sitting in front of him, that I had prior experience of his sector, and - the most important part - I set out how I could lift some of the weight from his shoulders.

I immediately set about building a concise financial model which would become the key reference working for their Bankers and the Senior Management Team. Essentially cash generation was the key objective. This is today all standard stuff. Meetings were kept to a minimum. Getting round the business and chatting with the workforce is key to understanding business shortcoming. Indeed, so much of what I had been through personally came to the fore.

The owner passed over to me the matters associated with the recovery, including the banking relationship. Pleasingly, the recovery gained great traction, we kept well focused, and the business flourished. All I had gone through and learned paid huge dividends.

We can all run the numbers, in some form or another, that is a matter of course, but what is keenly required when Senior Management are fighting for survival, is experience of such matters and some considerable degree of empathy

. Over a shortish period, I had been exposed to a series of experiences, which would fashion my life for decades come.

Thereafter I started to apply and hone my skills, in the complex arena of Corporate Turnaround.

So, what are the lessons I have learned in practical terms, to share with those who want to become Independent Executives. They are:

- Battle scars are essential and inevitable. Learn from them.
- Hear the needs of those around you within the troubled business where you are engaged. Listen hard.
- Become an information sponge. Use your eyes, kick the tyres.
- Gather up as much data as you can. Be concise with its presentation.
- Invest in yourself, put time in to learn from others, probably older than you. Seek a Mentor.
- If something feels wrong, it probably is. Trust your senses.

One is only as good as one's last assignment, a reputation takes a lifetime to build and a second to lose. This market demands effort and dedication, but it does pay off.

Colin Wray is a serial business recovery and reorganisation specialist. He has over the last three decades engineered and overseen a substantial number of business turnarounds.



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