

CONFERENCE EDITION
2023

Swift

The Online Turnaround Times

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AUTUMN EDITION



IFT NATIONAL CONFERENCE 2023



NATIONAL CONFERENCE



2023 IMPACT REPORT



IFT ACADEMY



IFT NEXT



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CONFERENCE EDITION

MESSAGE FROM THE CEO

Welcome to the Autumn edition of Swift, including a tour through our 2023 Annual Conference.

Weeks away from our annual awards dinner, we are delighted to launch our fourth annual Societal Impact Report, this year looking at the role our members and partners are playing to help companies and organisations to adapt, transform and succeed. We estimate that last year accredited turnaround professionals saved in excess of 55,000 jobs and protected £2.6bn in shareholder value.

We worked with a range of members, partners and stakeholders to get under the skin of key challenges and opportunities in food production, manufacturing and retail. You can read further findings from our report within these pages.

Our 2023 annual conference once again provided a welcome opportunity to hear from the most knowledgeable business and turnaround voices and to network with the key individuals active in turnaround and transformation today. You can find out more about the panel discussions and presentations and read contributions from our outstanding speakers in this special edition of Swift.

Our 2023 Awards have received a warm response, with a sell out event and first-rate awards across the best practitioners and advisers in the marketplace today, demonstrating excellence across all sectors of the economy. The details of finalists are available on page 18, and we look forward to sharing the winners' stories in the next edition of Swift.

This month provided the opportunity for our women's network, Women in Turnaround to meet again. We were delighted that IFT Member Hannah Gray, who leads the UKGI's very well-regarded Special Situations Team spoke at the event.

This year's report presented a timely opportunity to take stock of the opportunities provided by the accelerating use of Part 26a restructuring plans. A summary of the overview is provided within this edition, including some useful visuals demonstrating the pace of change in this area, and the broad and flexible applicability of this new turnaround tool.

At the IFT we see restructuring plans as a timely opportunity for viable companies to achieve a balance sheet reset, enabling companies to take charge of their transformation with the benefit of the excellent company side turnaround expertise provided by accredited professionals and IFT partners.

Hannah provided unparalleled insights into the government approach to sectors and organisations where there is the risk of economic shock impact to major employment or assets of national interest. You can find out more about that event in the next edition of Swift.

We were immensely sad to hear that a highly valued member and friend, independent adviser Jo Richardson has passed away last month. I've received many insights from members and stakeholders on Jo's impact for so many, and we have included a tribute to her in this edition.

September also brings the IFT AGM. It provided a great opportunity to reflect on our journey, in the words of our new strapline, to adapt, transform and succeed.

Last year saw the establishment of our Women in Turnaround network, following the launch of our renewed IFT Next offering. Together, and alongside our events, both virtual and in person, those programmes increase our engagement across the marketplace, enabling great insights, content and connections.



Financially, we have improved and expanded income streams, allow our recent successful brand refresh, and our forthcoming new website.

Of course, the AGM also includes the important business of board elections. We congratulate Clare Boardman of Teneo and Steve Hanlon of Barclays on their re-election to the board. We also welcome independent member and turnaround executive Nick Alexander, PWC Partner Rob Asplin, and Nick Edwards, Deloitte Partner, to the Board of Directors. We look forward to working with the Board over the coming year to further transform our member offer and increase the reach and resonance of our voice in advocating for turnaround excellence

Kind Regards,

Milly Camley
IFT CEO

2023 NATIONAL CONFERENCE OVERVIEW

Returning to 11 Cavendish Square for our 2023 national conference, we were very pleased to welcome over 120 guests and speakers, including members, partners and stakeholders from across the turnaround industry.

The agenda provided for an engaging mix of panel discussions, as well as a range of insightful speakers and in-depth case studies.

We kicked off with opening sessions from Lindsey McMurray of Pollen Street Capital on sustainable investment, and Gee Lefevre who provided insights into the economic and consumer environment. IFT Fellow Steve Francis provided a turnaround leadership case study at SIG plc which scooped large turnaround of the year at last year's annual awards.



Market overview and debt panel discussions provided insights from across the marketplace, and with retail featuring prominently in our forthcoming societal impact report, we were pleased to receive a masterful overview of this sector from Zelf Hussain of PwC. Speakers from FatFace, BT, Pen Underwriting and Clyde & Co provided a view from the inside of a cyber-attack.

Our thanks go to T-Three, part of Gateley, who provided the analysis to enable a fascinating discussion on the skills of future turnaround leaders. Continuing our focus on restructuring plans, our closing panel discussion provided an opportunity to hear from leading advisory, CRO and legal practitioners in this space.

As ever, the in-person networking throughout the day is as powerful a draw as the content of the agenda, a testament to the quality of the audience and speakers. We would like to take the opportunity to thank FTI Consulting for kindly sponsoring the drinks reception that followed the closing session.



2023 NATIONAL CONFERENCE: KEYNOTE & ECONOMIC OUTLOOK

We kicked off the 2023 conference with keynote speaker, Lindsey McMurray, Managing Partner and co-founder at Pollen Street Capital, an independent alternative investment management company. Pollen Street is a Financial and Business Services investor aligned with the megatrends shaping the future of the European financial ecosystem and includes the likes of Lumon and Shawbrook Bank within its portfolio.

Lindsey outlined the megatrends underlying the Pollen Street equity and credit approaches: new tech driving disruptive business models, SME financing whitespace, and green transition. Lindsey was optimistic about the opportunities ahead and the UK context: regulators have done a good job in Europe, including the UK, to ensure the resilience of financial systems.

The private capital market has given greater depth for investment, and despite inflation and interest rates, capital providers are still looking for good deals. Private providers are looking to put their capital to work, but may be more selective - this has moved us away from the on/off switch we experienced in 2008/09. The current economic conditions and trends have ushered in a period requiring an examination of what makes for sustainably good business. Whilst the previous extended period of liquidity was about funding dreams - and in some cases flimsy business models - now it's back to the business of disciplined profit growth.

The company is very selective in deploying capital, to enable a good solid core, and continuous support for excellent prospects. How would she describe the Pollen Street approach: *'a little bit of vision and a lot of hard work'*.



Feedback for our conferences consistently show the popularity of speakers addressing the wider geopolitical and economic backdrop. This year, Gee Lefevre of Teneo provided a detailed and wide ranging economic and consumer forecast for 2023 and beyond.

UK inflation continues to remain high but the mix of inflation drivers has recently changed. In the UK, we are seeing structural inflation i.e. thanks to a tight labour market rather than demand. Inflation has therefore proved more difficult to control due to our reliance on imported energy and food and a tighter labour market, with typical demand side measures therefore providing a less immediately effective control on inflation.

Inflation is likely to fall in H2 2023 due to several leading indicators to energy and food falling - it is notable that supply chain impacts have not gone away but the global economy has corrected for this in terms of Brexit and Ukraine. Nonetheless, real incomes are likely to continue falling until 2025, with Teneo predicting that they will only recover to 2021 levels in 2028.



Gee pointed to a number of these factors reaching a cliff edge - and Teneo expect consumer spending to contract in Q3 and Q4 of 2023, resulting in increased likelihood of the UK entering a technical recession in Q4 2023 or Q1 2024. A catastrophic recession is not predicted, primarily because everyone has a job. However, underlying trends mean that growth will be suppressed in a wider global context of stronger growth for the US, but also Europe, Canada, Australia.

Over the longer term, Teneo's analysis points to a new economic era, including the following features: de-globalisation, exemplified by the United States' focus on domestic production; workforce constraints, including a different profile of labour migration, stoking the lower end of the wage market and driving pay rises; an ageing population; decreasing productivity; and climate challenges.



The Market Overview Panel was chaired by Russell Simpson of Grant Thornton together with Julie Colgan (UK Government Investments, Special Situations), Jason Murray (Lloyds Bank, Large Corporate Business Support) and Dan Mindel (Cardano).

The panel resulted in a lively debate and focussed on current trends in the restructuring and insolvency market, expectations for future activity and how this could convert into opportunities for IFT members. With respect to existing trends, the panellists provided an overview of their recent and current situations, highlighting a wide range of experience and the diverse nature of the current market. Key trends included construction and supply chain disruption.

Looking forward, the attendees were given the opportunity to partake in Slido polls that looked at future trends and when the peak of restructuring/insolvency activity is expected to be seen. The broad consensus in the room was that activity will peak in H2 2024, with 47% of the result. This question was a repeat from last year's panel where at the time 61% of the delegates also thought the peak was 'just' 12 months away!

In terms of the drivers of activity, it was not surprising to hear that inflation and the current high interest environment would be the key factors in restructuring scenarios, resulting in reduced consumer spending. It was felt that factors from the recent past (such as disruption from Brexit and COVID) were of less importance, but supply chain issues were still persistent and causing friction to trade. Looking forward, highlight was also given to the 2024 general election and the potential for a period of political change and uncertainty.

For the restructuring tools being used, there was a trend to using those which are known and well understood, such as administrations and pre-pack sales. There was optimism for developing tools, such as the restructuring plan, where case law is building all the time but more experience is needed to give confidence that it can be used quickly, especially in the mid-market/SME space. Interestingly, the door also remains open to debt-for-equity swaps, although these have been rarely used since the global financial crisis and early 2010s.

Looking to CRO/turnaround opportunities, both Jason and Julie advised that neither Lloyds or UKGI have a panel of trusted advisors, with both confirming that they would look to the IFT for introductions as situations develop, or look to work with existing advisors for introductions.

2023 NATIONAL CONFERENCE: INVESTMENT LANDSCAPE

Investment Outlook: Tough times ahead but no need to be pessimistic

By David Morris, FTI Consulting, Panel Chair

The Investment Outlook panel consisted of seasoned investment and leverage debt professionals Josie Richardson of RCapital, Aiden Robson, Endless, and Steven Chait, Independent Growth Finance (“IGF”).

The panel took to the stage off the back of 47% of the conference attendees expecting restructuring activity to peak in H1 2024, whilst the day before at the European LevFin conference speakers conveyed M&A optimism “dealmaking will be busier in 2024”.

So which group’s view is right, can both groups be right or is this a case of desirability bias?

Before looking forward to 2024 the panel reflected on the recent and current investment market. Perhaps unsurprisingly the impact of COVID is still being felt, compounded by Russia’s invasion of Ukraine, which has meant holding periods have been extended and portfolios are larger than planned. Furthermore, the current high inflation environment and macro headwinds are negatively impacting prices, valuation multiples have come off, given uncertainty and absence of track record, investors like stability; “Funds are not exiting this year unless they have to”.

Looking forward and recognising that “you can’t change the price that you bought at” investors are having to look for value creation through other means, such as a bolt-on acquisitions, these are being pursued as much by the investors and the portfolio management teams: “bolt-ons are attractive, as investors we know the market, we can realise synergies and boost margins”. The attraction of such deals has never been greater given the inflationary environment and dampened demand making “organic growth tough”. Consolidation provides a route to mitigate margin erosion and achieve growth.

As investors or lenders the panel has capital to deploy - “our business model requires a continuation of the investment cycle” - whilst continuously looking at investment and lending opportunities; the panel did note that the bar for new investments is definitely now higher given the outlook uncertainty. From a credit perspective funds are modelling greater risk, whilst underlying collateral value remains the focus, this may mean de-risking the structure with less debt leverage and greater relative equity cheques.



As for interest rates rises, no problem. Despite seeing interest rates raised exactly threefold since the last IFT conference, with Bank of England base rates moving from 1.75% to 5.25%, it’s not a surprise. The panel’s view on the high interest rate environment was one of the opportunity over the risk. The good management teams have taken actions to address increased debt servicing costs, noting that once again “cash is king”. Whilst the less resilient companies and ill-prepared companies may not cope with the interest debt burden in a high interest rate environment, this presents an opportunity for the panel as investors and the portfolio companies with the stronger market players benefitting from the market evolution.



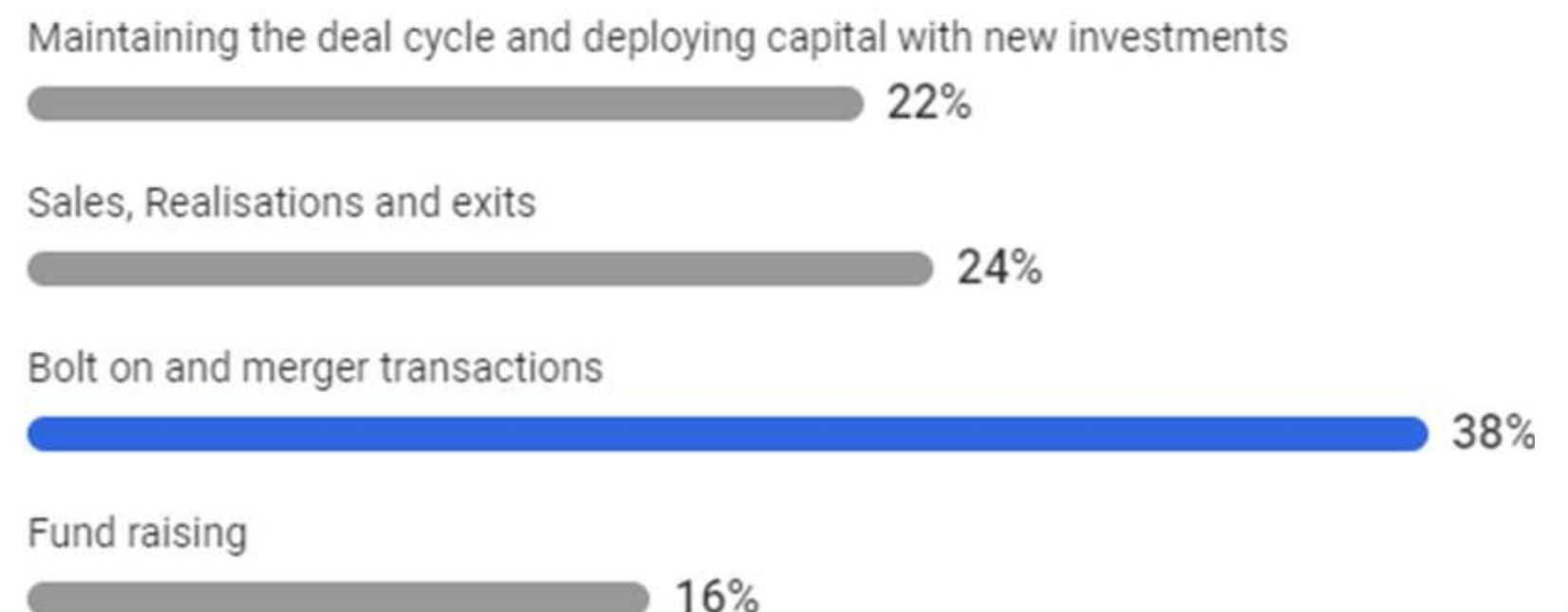
Looking above the funds, the LPs are rebalancing their investment portfolios and as such fund raising for PE is probably more challenging in the near term. That said, the industry needs to keep the fund raising wheels turning.

Within the portfolio companies, good management teams are really showing their value, whilst poor management is being exposed. It has been a demanding time for management teams within the portfolio companies continuously having to pivot strategies and take action to succeed in a turbulent and unpredictable external environment. The panel voiced sympathy for management teams undergoing a continuous stream of change and transformation. The panel noted the supply of high calibre c-suite candidates is tight, with COVID triggering some early retirements.

As for 2024 the natural order of measures has played out - costs have been cut, cash managed and now need to grow the businesses - that’s the tough part but we are prepared and up for the challenge!

Ahead of the panel we polled the audience asking “From an investment perspective what do you think will be the predominant activity over the next 12 months”. A well-tuned audience! The answers are below.

From an investment perspective, what do think will be the predominant activity over the next 12 months?



2023 NATIONAL CONFERENCE

Cybersecurity is critical for businesses big and small

Piers Rosenfeld-Schreiber, Corporate Affairs Director, Business, BT provided an expert view on cyber risks and how to mitigate them as part of our cyber panel. Piers shares key considerations and advice for all businesses.

As a critical national infrastructure (CNI) provider, ensuring our networks are protected is essential for keeping the nation up and running. In the wider context of geopolitical tensions and rapid technology change, large organisations like BT are placing more emphasis on security than ever.

We have a vast number of security protections in place to ensure we don't fall foul of cyber-attacks, but many smaller organisations feel they don't have the time or resources to place a major focus on cybersecurity. A useful resource to help companies prepare for this is provided by the National Cyber Security Centre (NCSC) - <https://www.ncsc.gov.uk/cyberaware/home>.

All companies are at risk

There is a common misconception that cybercriminals only target big companies where they can secure the greatest impact, and therefore the highest reward. But the reality is that they often go for the easier targets. It's much more lucrative for them to carry out simpler, quicker and less risky attacks against small companies than it is to try and take on a multinational company with a dedicated security team. And while a major cyber-attack for a big company can have significant reputational and financial impacts, it can cause catastrophic damage for small businesses.

With limited resources, it's only natural that SMEs want to keep their focus firmly on growing their business. But it's important they get the basic security protocols right, as failing to do so leaves them open to huge risks.

For example, businesses can reduce the threat of malware, ransomware and a other cyber threats by ensuring they have antivirus protection in place for all systems and devices, secure data back-up and regular patching across systems and platforms.

Failure to keep passwords secure (or even sharing them) is still the downfall of many businesses when it comes to cyber safety. Security technologies are often undone by human error, which remains the origin of most cyber-attacks. The most visible example of this is phishing, where attackers attempt to trick users into handing over personal data, downloading malware, or directing them to a dangerous website. It's critical that small businesses have the correct training in place, making sure that all employees know the basics and having clear processes and responsibility for reporting security issues. After all, as the saying goes, 'half the world is paranoid, the other half has 'password' as their password'.

On the network front, companies should use business-grade WiFi with built-in security and protection as standard. It's not just computers but phones, tablets and any other smart devices connected to the internet that need to be secured – ensuring all the latest manufacturer updates are installed.

Tools and tactics

The NCSC offers targeted guidance and tools for smaller companies. They advise businesses on how to boost their email security through using stronger passwords and turning on 2-Step Verification. It gives further advice on enhancing security through backing up data and ensuring security updates are downloaded promptly. Businesses can also access their own free, tailored Cyber Action Plan and use the Check Your Cyber Security tool, which checks for vulnerabilities in web browsers and IP addresses. The rest is down to encouraging and rewarding the right behaviour among employees – as the greatest risk sits somewhere between the chair and the screen.

Retail fundamentals continue to be key

Will Crumby, CEO of FatFace shared his leadership in the situation of a cyber attack, an increasing threat for businesses, as part of our cyber panel at conference. Here Will shares his reflections on a changing retail landscape.

There is no doubt that the retail landscape is challenging – the collapse of Wilko is just one example of the sad demise of a retail stalwart in recent months. Despite this, I believe there are plenty of reasons for brands to remain optimistic and grasp the opportunity to adapt to the ever-changing marketplace.

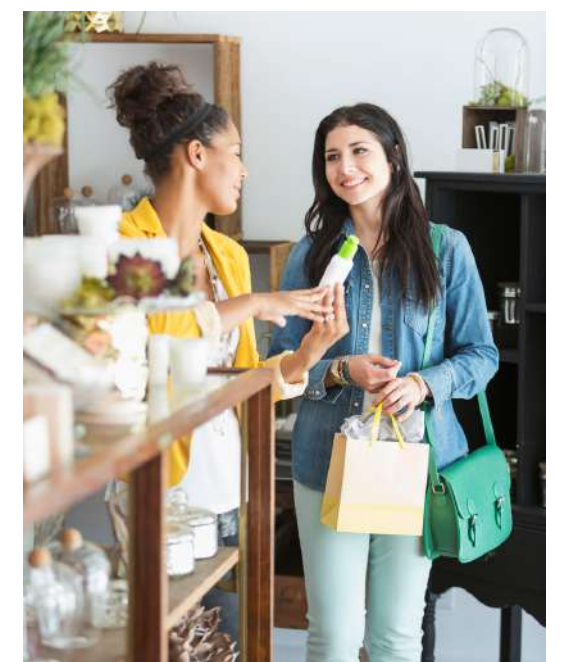
Yes, there have been casualties but despite predictions of a string of insolvencies, that simply hasn't happened to the expected level. In fact, we have seen many retailers posting positive results, particularly the listed players such as M&S and Next. These businesses are shining examples of how a relentless focus on the basics, as well as strategically adapting their business models, can ensure they remain fit for the future.

The multichannel model remains as relevant as ever. Our 179 UK full price stores are an integral part of our channel mix and deliver great returns. Stores allow us to have a physical presence wherever our customer wants to shop whether that be in store in local market towns such as Bishops Stortford, through our website or via one of our partners. Giving customers a fantastic experience is fundamental in whichever channel they wish to shop.

Discounting is also a heavily debated issue and we've seen the negative impact that can come from businesses getting hooked on the "discounting drug". We work hard to carefully plan our trading calendar and ensure we are communicating to customers the value of our offering and reason to buy at full price. That's not to say we don't discount – we do offer strategic promotions throughout the year as well as end of season Sales – but our absolute focus is to sell full price, great quality product that our customers return to us for again and again.

North American growth is also key to our strategy but we won't over commit. As we continue to learn and adapt in this market our ambition is to grow gradually and profitably. This approach has worked since 2016 and we now have a profitable business which learns from the UK business but also challenges it. Winners over the next two years will be focused on the basics, as well as continuing to innovate and bring newness to their customers. Those who keep trialling and innovating, are prepared to fail (it's okay!) and celebrate success will be at the front of the pack. Brands that don't will struggle.

Who knows what will happen this Christmas? The one thing for sure is that Christmas will be on the 25th December! However, when FatFace look back, our review will be about whether we had the right inputs (product, brand messaging and customer proposition) to drive the outputs (the numbers). If we did the first, then we hope the second will follow.



2023 NATIONAL CONFERENCE: RESTRUCTURING PLANS

Restructuring Plans: Game Changer

Our Restructuring Plans Panel Discussion was a popular and insightful session. Mark Shaw, Head of Restructuring at BDO chaired the panel, comprising key practitioners and stakeholders in relation to Part 26a Plans: Paul Bannister, Head of Policy at the Insolvency Service, IFT Member Alison Goldthorp of Charles Russel Speechlys, James Davison of DLA Piper, and Andrea Trozzi, Alix Partners Managing Director and CRO.

Paul Bannister, as a key architect of the Corporate Insolvency and Governance Act provided insights into the history and thinking behind the introduction of Part 26a Plans, as well as an overview of current conditions.

The panel pointed to learning for key cases - at the point of the Conference over 20 plans had been sanctioned, with three sanctions refused. The key learning includes that:

- Restructuring Plans (RPs) require companies to present an effective restructuring plan and business model - that means they are more appropriate for viable but over-leveraged firms, than for loss-making businesses
- From plan to sanction typically takes 3-6 months, but can be quicker for a company with a simpler debt structure
- The Court has shown itself willing to discourage creditors who are 'out of the money' from opposing RPs, by imposing cost orders on those creditors
- RPs allow for HMRC to be crammed down alongside other creditors but, as an 'involuntary creditor', treatment of HMRC must be fair. Two RPs have been refused due to opposition from HMRC, but in other cases HMRC has voted in favour of the plan
- Smaller companies can benefit from RPs and the beginning of discussions about the possibility of an RP can improve the chances of a consensual restructuring, avoiding the court process
- The flexibility of RPs, the availability of turnaround expertise, and a well-regarded judiciary could make the UK a preferred location for international corporate restructuring.



Alison Goldthorp indicated that starting discussions on the possibility of applying for an RP can drive a more consensual approach to restructuring. In addition, the developing case law and landmark cases such as Houst suggest that RPs should become affordable for companies with a simpler debt structure. Against perceptions that RPs prove too expensive for smaller companies, James Davison urged companies to evaluate the cost of the RP in the context of the value it might generate - if successful the plan should pay for itself in multiples.

“ Restructuring Plans are a very versatile tool from a company director perspective. ”

Andrea Trozzi provided a valuable CRO perspective on the use of RPs as a turnaround tool. Andrea pointed to:

- The level of certainty built into the process
- The establishment of significant case law to date - providing excellent guidance for CROs, advisers and lawyers alike
- The quality of the UK legal system, including an experienced judiciary

Our recent societal impact report provides more information and insights into RPs. The IFT is continuing to promote the use of RPs as an effective tool for viable but over-leveraged companies, with the company in the driving seat.

2023 NATIONAL CONFERENCE: A NEW GENERATION OF TURNAROUND LEADERS

Our panel session discussed the finding of the t-three/Kiddy & Partners report and insights that it offers on how the skill set of Turnaround Leaders is shifting as the next generation of TDs comes to the fore.

Panel host, Kelly Jones (Independent IFT member), was joined by Khalil Malik (Associate Director at Teneo) to share insights into the evolving skills of Turnaround Leaders to respond to the challenges of the future.

Khalil highlighted business trends which are influencing this shift, such as ESG and the rise of ESG factors – particularly Governance – in assessing value during a business rescue.

Khalil and Kelly also highlighted the importance of breaking traditional stereotypes of the CRO community to facilitate warmer client introductions and overcome reluctance to bring in outside expertise. And finally Khalil shared some of his recent experiences on how hybrid-working is influencing personal development in the next generation of Turnaround Leaders. He discussed overcoming challenges that hybrid work environments can bring and striking the right balance in client support; and also in his experience the best way to achieve this is through grassroots support for personal development within the organisation, rather than a target driven approach.

Understanding a new generation of turnaround leaders

Daniel Taylor, Principal Consultant, t-three & Kiddy & Partners



t-three/Kiddy & Partners is a people consultancy specialising in assessment and development of individuals, teams and organisations in all sectors. We are part of Gateley Legal and sit within their People platform to strengthen the offering to clients requiring legal services in this field.

We have a specialism in organizational and business psychology and were approached by The IFT to examine the strengths and characteristics of rising turnaround professionals. A piece of work carried out by Korn Ferry a couple of years ago looked at the skills and traits of existing turnaround consultants but the question here asks what do the next generation display in terms of distinctive characteristics and preferences? In understanding such patterns we can more closely align areas such as talent attraction and development once they are in role.



Our Approach

70 early career turnaround professionals from fields such as banking, law and accountancy voluntarily completed Facet5, a globally recognized Five Factor trait personality questionnaire accredited by the British Psychological Society. As one of the most reliable profiling tests on the market, the data produced gives an indication of individuals' likely behavioural characteristics and preferences in comparison to a sizeable global norm group.

Profile data reveals traits which are either similar to the majority (data is normally distributed) and are likely flexible, or traits which fall outside the majority and can be considered much clearer and frequently observable. Once we understand what these traits are, they can be linked to behaviours in the workplace such as decision-making, work approach and collaboration; this can then lead to suggestions about how the role might be carried out in different ways.

Outcomes

We first analysed the data as one intact group to see which traits (subfactors) were outside of the norm; based on the observation that personality data is normally distributed, this can tell us which characteristics are seen in these turnaround professionals more so than perhaps in a broader, general population of employees. The data told us three things:

- (i) Turnaround professionals are more likely to demonstrate behaviour which seeks to resolve differences of view and disagreement in a calm, non-argumentative way which does not welcome direct confrontation and which may involve some element of conceding.
- (ii) The same group shows a higher tendency to share their processes and approach, favouring working collaboratively towards a successful outcome, taking into account others' input and feedback along the way. Naturally this works well with the behaviour described in (i).
- (iii) Finally, those in the participant group show a greater tendency overall towards working to high standards and hence will display a strong sense of duty, responsibility and conscientiousness.

In each case, the data reflected in the sample population (n=70) showed tendencies which are, statistically, significantly outside of the overall norm.

2023 NATIONAL CONFERENCE: A NEW GENERATION OF TURNAROUND LEADERS

Secondly, we examined pairs of characteristics demonstrating significant positive or negative correlations. The co-occurrence of these can also be suggestive of a particular style or approach.

(i) Turnaround professionals showing higher levels of Independence (self-directness and possessing strong views) are also more likely to act pragmatically and in the interest of a strong commercial outcome. The implication here is that there may be skills in addition to this which could create balance, such as displaying a people as well as task focus.

(ii) Those demonstrating caution and vigilance (Apprehension) are also more reserved and prefer to work in a quieter and less hurried way. There is a suggestion here that those working with greater energy may exhibit less of this tendency and also be less prone to caution or procrastination.

(iii) Those who are more outgoing, people-oriented and display obvious enthusiasm may also be the ones who make quick decisions but also hold the strongest views.

(iv) People who collaborate freely are also likely to be outspoken but hold on to their views more strongly; the suggestion here is that those demonstrating a less people-oriented tendency may require a suitable space to share their views.

Thirdly, there were some minor differences between three sub-groups of professionals identified in the sample population; Bankers, Lawyers and Advisors.

(i) The Advisor group scored highest overall on factors related to sociability, excitability and (obvious) enthusiasm.

(ii) Bankers scored higher on being consultative, adaptable and accommodating although lower on factors related to generally being outgoing and sociable. They also scored highest on factors related to being open, interested in others and trusting.

(iii) Lawyers scored highest on being perceptive, vigilant and risk aware. There is also an overall higher level of emotional responsiveness associated with this.



Reflections

Firstly let's acknowledge the small sample size and overall generalisability of the data; we have 70 professionals who have chosen to follow a specific path which is occupied by legal, accountancy and banking professionals, amongst others. The items observed in the report may be true of those who participated but we do not know whether this would differ across a bigger sample and also be replicated in other disciplines or walks of life.

We also need to observe that personality data alone only gives us a suggestion of what to expect and gives us relatively low insight into competence or capability; there are some links in research linking personality traits to workplace performance or successful life outcomes.

What it does do effectively though, is give us food for thought about how groups of professionals might approach how they carry out their jobs and the differences there might be. In the contemporary world of work, we can align skills such as empathy, collaboration and decision making alongside the behavioural requirements for role success in financial turnaround and identify ways in which the next generation of professionals can focus on their continued growth. It also allows us to look at individual differences, target development and give the best possible chance of success.



SOCIETAL IMPACT REPORT 2023: Executive Summary

The roll call of crises to hit UK plc has not abated. After Brexit came COVID, labour and supply chain disruptions, swiftly followed by an energy crisis and severe inflationary pressures triggered by Russia's war in Ukraine.

An extended period of cheap borrowing resulted in interest rates going up faster, and possibly further, than might otherwise have been necessary. Suddenly, companies that had been forced to take on more debt during COVID are facing sharply higher costs to service their debts. It is hardly surprising that company insolvencies are significantly higher in 2023 than last year, a trend that is expected to continue.

In this latest survey, the turnaround and transformation professionals represented by The IFT highlight the current and coming challenges faced by the UK's businesses.

55K Estimated jobs saved in 2022-23



1 Members of The IFT saved an estimated 55,000 jobs in 2022-23

Independent IFT members continued to save jobs. The estimated 55,000 jobs saved marked a return to pre-pandemic levels, after several years at a heightened rate as the impact of Covid put higher numbers of jobs at risk. Combined with corporate IFT members, an estimated 148,000 jobs were saved in 2022-23.

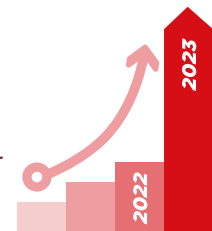
£2.6 bn Added Shareholder Value in 2022-23



2 IFT members helped add £2.6 billion in shareholder value

IFT members helped UK companies increase shareholder value by an estimated £2.6 billion in 2023. Again, this was a return to pre-pandemic levels, after two years at a heightened level as Covid impacts worked their way through corporate UK.

90% Growth in demand for turnaround management services



3 IFT members report higher demand for turnaround management

Demand for turnaround management services continues to grow among The IFT's membership. Over 90% are busier in 2023 than in 2022, and over 95% expect more turnaround activity in the next 12 months than in the last, with demand in Q4 2023 expected to be sharply higher.

77% Strong resistance among distressed companies to turnaround support

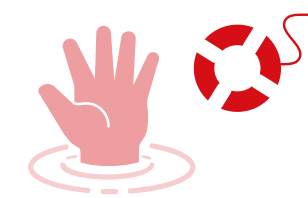


4 Heads in the sand: companies continue to resist early turnaround support

This year's survey showed continued strong resistance among distressed companies to turnaround support.

Over three quarters (77%) of IFT members reported cultural/psychological resistance to external advice as the most common reason that companies didn't seek support. Two thirds (66%) also reported a lack of understanding of the role of turnaround professionals.

54% of companies do not know they are in trouble until it's too late



5 Over half of stressed companies don't know they are in trouble until it is too late

IFT professionals reported that over half (54%) of companies they are called in to assist are simply unaware that they are in trouble until it is too late.

Qualitative interviews suggests that a lack of good quality MI and an underperforming Finance function can leave management in the dark. However, a tendency to optimism over realism can be just as damaging.

Retail saw the largest increase in distressed companies in the last year



6 Retail sector sees biggest growth in distressed companies

The retail sector saw the largest increase in distressed companies in the last year, and was the third most common sector seeking turnaround support.

The manufacturing and construction sectors were the top two sectors providing work for turnaround professionals, both of which saw an increase in distressed companies over the period.

Turnaround experts expect these three sectors to lead demand for turnaround over the next 12 months.

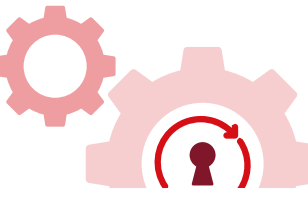
7-15% rise in stressed companies across most of the UK



7 Distress increased in every area of the UK, bar the Isle of Man

The number of distressed companies grew between Q2 22 and Q2 23 in all areas of the UK, bar the Isle of Man. The South East and London led for the absolute number of distressed companies for the second year running, reflecting the economic dominance of these regions. The rise in stressed companies in London, however, was just 1%, compared with 7-15% across most of the UK.

6/10 report strategic change and business transformation is key for turnaround



8 6 in 10 turnaround advisers report business transformation as a key focus

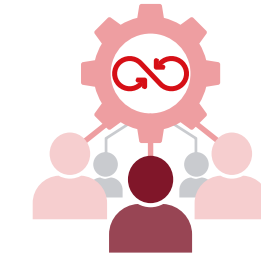
While turnaround projects typically require an adviser to focus on short-term survival, some 6 in 10 projects in the last year sought help transforming their businesses in response to the current economic and operating conditions. This included helping boards create strategic change and business transformation.

9 Credit squeeze adds to inflationary and labour challenges in 2023



After more than a decade of rock bottom interest rates, rapid rate rises mean that the availability of affordable credit has become a key challenge for distressed but viable businesses in the next six months. Half of IFT members cited affordable credit as a key challenge, second only to inflation (75%) and ahead of labour supply (44%).

10 Changing pricing is a key focus of recent turnarounds, along with organisational structure, governance and cutting costs



Over half of IFT members have focused on changing a company's pricing structure in recent engagements, as companies have struggled with inflationary pressures. However, this has not detracted from the need to reform organisation structure and governance, cut costs and secure funding, which remain key areas of focus.

Given the popularity of IFT Next, our offering for younger professionals in turnaround and restructuring, we are introducing a regular feature to shine a light on rising stars within firms. If you are interested in getting involved in IFT Next, please get in touch.

Tim Bromley-White, Macfarlanes

Having qualified in 2018, Tim’s practice predominately focusses on restructuring and insolvency, including advising on non-contentious transactions and contentious insolvencies. Tim regularly advises on the full spectrum of insolvency and restructuring procedures as well as consensual deals, with a focus on complex and technically tricky insolvencies.

As for clients, Tim works with a range of stakeholders including directors, insolvency practitioners, lenders and special situations investors to advise on various legal issues. He actively collaborates with lawyers in the tax and reward, litigation, M&A, investment management and financial services teams across the firm, to provide a full service to clients.

Key cases that Tim’s worked on include: Buzz Bingo CVA, the Castle Trust Scheme of Arrangement, and the Contested Part A1 moratorium in relation to Corbin & King.



Tim’s observations on the market ...

“ Predictions of an impending wall of restructurings have become almost cliched. However, it’s difficult not to see economic headwinds, particularly high interest rates and less liquidity in the lending market not leading to more and more companies failing to refinance. With auditors under increased scrutiny, battles over auditors’ approval of a going concern opinion are likely to be an increasingly common trigger for a restructuring. ”

Tim is an excellent up-and-coming restructuring and insolvency lawyer with an innate ability to retain and recall all and any information he has ever received – that combined with his personable nature will serve him and our clients well for many years to come!

Jat Bains, Partner at Macfarlanes

Charly Davis, Evelyn

Charly Davis is a manager in the Bristol Consulting team of Evelyn Partners, having joined 18 months ago after a four-year stint working in audit. It’s been a fantastic learning curve which has given Charly the opportunity to add real value to businesses that might be struggling and looking for a turnaround solution. Charly delivers independent business reviews, options reviews and contingency planning for stakeholders including private equity, lenders and government departments.

One of the first projects Charly was involved with was a review of the cash position for a loss-making entity on behalf of a large national infrastructure project, to determine the level of funding required to sustain the business. This support is still ongoing after 10 months, with Charly building a positive relationship with both the entity under review and the client which has enabled the firm to provide the entity with a route to returning to profitability.

On top of her civilian job, Charly is also an Army Reservist. This is still a relatively new venture, and she is currently completing her basic training as a soldier. For Charly, the army reserves offers the chance to do something completely different to the day job, whilst also developing and enhancing skills that she can use to help her clients.

Charly has been a fantastic addition to the team. She is pragmatic, commercial and takes ownership of client delivery, which are all key skills in our fast paced, complex review work. Charly builds a great rapport with businesses under review, who are often under a lot of pressure, and works to find a practical turnaround solution to get the best result for stakeholders. We also love that Charly has the Army Reservists outside of her day job, and we certainly see some of her army skills shine through in her strong project management!

Claire Burden, Partner, Evelyn Partners



Charly’s observations on the market ...

“ The general consensus is that the new year will be challenging, and from an individual perspective people are moving around and even selling off assets in order to protect themselves. ”

Doug Cecil, BDO

Following 10 years developing his advisory and restructuring skills in South West Australia - particularly in the mining sector - Doug joined BDO's Restructuring Team in Bristol, as an Associate Director, in January 2020 - more deep mining required as he immediately had to roll his sleeves up to help SMEs through the pandemic.

Doug is at his most effective working company-side in stressed circumstances, supporting boards of directors to take a more active approach to managing trading mindful of potential insolvency risks.

In the last 3 years, Doug has directed assignments where hundreds of jobs have been saved across a wide range of sectors, from engineering to community interest. An unfortunate similarity between West & Wales and Australia is if key local industries are lost in outlying regions, it is a painful and extended process to recreate a sustainable employment base - so job preservation is always at the forefront of Doug's thinking.

Doug's main passion lies in the technology sector and he has become a key member of the Business Restructuring national TMT sector team. He observes that funding technology businesses post pandemic has become notably harder as market positioning and prospects are less certain.

In order to build his network, Doug immediately turned to The IFT and took up the role of representing West & Wales on the national committee of IFT Next, where he has been able to build his profile and interact with management and senior leaders within the wider IFT network.

Doug's observations on the market ...

“ Much of our recent work has focussed on corporates with short term cash pressures and little certainty in longer term recovery plans - input from IFT members will be critical to ensure businesses retain an achievable long term focus. ”



What a time to start a turnaround and restructuring career in a new territory, but Doug has used all his dogged determination and antipodean charm to create a strong network of stakeholders who trust him to deliver the best options available to stressed situations.

Simon Girling, Partner in BDO's Restructuring Team

Simone Marx, PwC

Simone is a Senior Associate who joined the PwC Operational Restructuring team 18 months ago.

She has worked as part of core cost reduction and turnaround programmes with clients across a variety of sectors, including financial services, insurance and asset management, Private-Equity backed and print media publishing.



Simone is at the core of our activities leading the Transformation Management Office (TMO) for a multi-million pound turnaround program for our US-based client

She's managed an impressive workload, but more importantly working at C-suite level with reporting responsibilities.

Alongside this she is at the centre of our Private Equity community, building our go to market proposition and establishing her network in the PE world. She approaches every challenge head on, and in the last quarter in particular, I have seen her confidence grow and am excited to see how her career continues to develop.

**Rob Asplin, Partner , PwC
Simone's observations on the market ...**

“ Although the Deals market remains challenging in 2023, I'm observing that, especially in my work in the Private Equity space, this demanding market has led to increasing opportunities for transformation and value creation to provide innovative solutions to future-proof businesses faced with increasingly demanding expectations and targets. ”

IFT ACADEMY

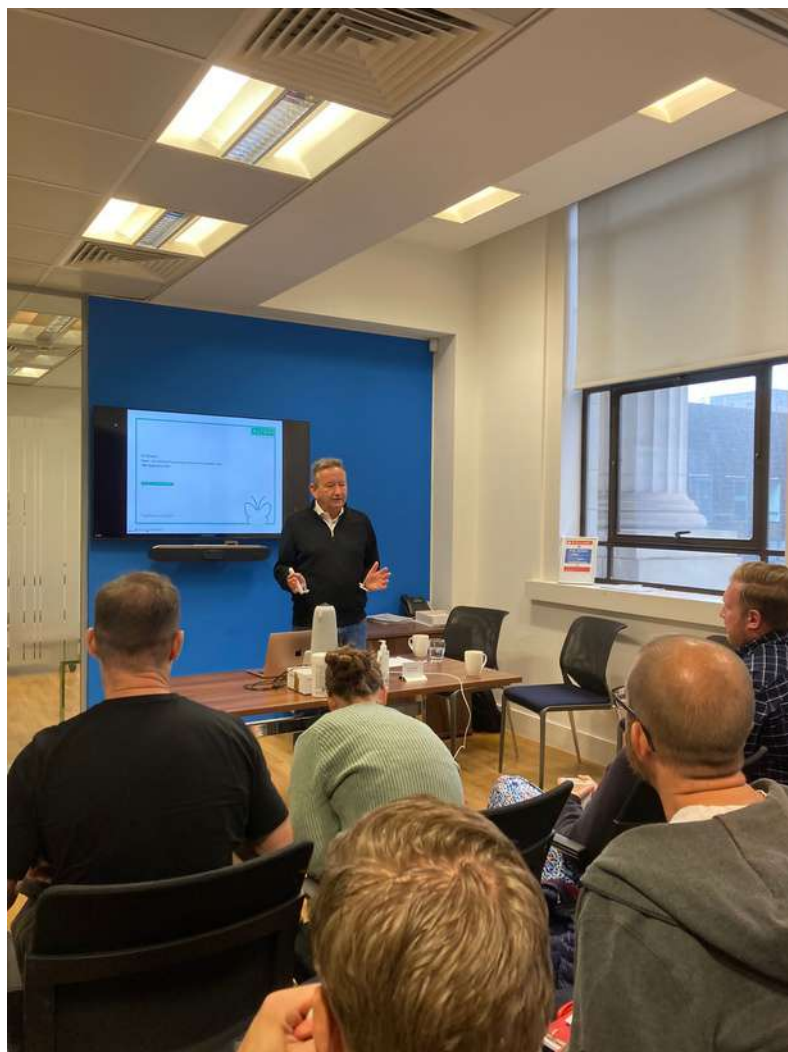
Last month we held Module 4 of our Academy Learning Programme in Manchester and enjoyed a fantastic two days focused on retail.

On day one Academy participants learnt about the history of retail and reflected on case studies regarding valuation in distressed situations. Chris Emmott of Hilco Global joined to present on the 'Four Ps' and their practical application in a restructuring scenario and Kiran Reddy from Endless LLP provided insights about the investment appraisal process.



On day two attendees visited retail stores and subsequently gave group presentations on strengths and weaknesses of the retailers they visited. Before lunch Gavin George of Alteri Investors gave an interesting presentation on a financial and operational turnaround investment case. As the day progressed we heard from Azets' Colin Haig and his reflections on the retail sector while Independent IFT Fellow Philip Smith finished the module with an interactive case study.

Many thanks to Azets for hosting this module.



IFT NEXT LONDON & SOUTH EAST VOLUNTEERING AFTERNOON

The IFT Next London and South community came together to volunteer at Haven House Children's Hospice, who care for seriously ill babies and children by creating a loving and warm environment for them and their families. We got our green fingers out and worked on maintaining the grounds of Haven House to make it an inviting green space.



Many thanks to Grant Thornton UK LLP for sponsoring this event, to Haven House for having us and to Octavia Tenga for organising such a lovely and fulfilling day.



TRIBUTE: Jo Richardson

We were saddened to learn of the recent passing of well respected and liked IFT Member, Jo Richardson.



Jo's contribution to The IFT was notable, including serving for three years as an independent and insightful judge for our annual awards. Jo will be much missed, and our thoughts are with Gary, her children and grandson.

Members, colleagues and clients alike have shared their reflections on Jo with us.

Milly Camley IFT CEO

I first met Jo when she was working as an interim in one of my cases about 10 years ago. I was immediately impressed by her integrity and professionalism, so I was delighted when she agreed to join Taiga.

Jo was an outstanding turnaround professional, and a great person to work with. She was always calm, even when things got a little bumpy, which they invariably do in turnaround situations. Challenges were there to be met and dealt with. Promises made were promises kept. That's how Jo was. It was a privilege to work with her.

I liked and respected Jo. She left this world far too soon. I will miss her.

Bill Reeves, Honorary IFT Fellow

I cannot speak highly enough of Jo. She was smart, resilient, committed, fun to work with and always delivered, dealing with the stresses of turnaround head on, always focussed on doing the right thing. She dealt with her illness, which arrived too suddenly and progressed too quickly, in the same brave and straightforward manner. Indeed, Jo and I worked together so often across a variety of turnaround jobs that my family even started to refer to her affectionately as my 'work wife'.

I cannot believe she has left us so soon. But Jo left her mark and we are all proud of her and what she stood for.

Jeff Holder, IFT Member

I'm incredibly thankful to have met Jo. She was honest, in who she was and what she did. She was kind in situations where kindness was often a forgotten quality and she was always great company regardless of what troubled her.

She faced this year with bravery and grace and she will be deeply missed by all who knew her.

Aaron Reeves, Jo's friend and colleague

Jo was onboarded with a specific brief, which was supposed to be a short and concise 6-9 month stay... that was 4 years ago!

The initial brief was completed with typical Jo ease, however during that period, she became invested in the family and her Hugh Rice colleagues, and equally, we with Jo, which is why we enjoyed such a long relationship. Jo was technically amazing, and I have honestly never met anyone with such a strong work ethic or insatiable interest in the detail. She has had such an influence on the business and family, myself in particular, more than she would ever have credited herself for - something I feel very fortunate to have told her.

The business will struggle to replace her talent - the bigger loss is her friendship.

Paul Rice, Managing Director, Hugh Rice

I met Jo, virtually, at the beginning of Covid and she was so wonderfully supportive as my business came into being. She has supported me further, with advice and a listening ear, introducing us to potential clients and generally being a wonderful person. She certainly will be missed, all that knew her from Finance with Flow and our clients, send love and light to her family at this sad time.

Roz Johnson, IFT Associate

We were very sad to learn that IFT Member Jo Richardson had recently passed away. Jo was a much valued and respected member of the turnaround community.

Jo was gifted to us via an introduction from longstanding Fellow and prolific promoter of turnaround talent, Bill Reeves.

Skilled, with tremendous integrity, Jo's business brand 'tenacity counts' perfectly summed up her approach and underlay her successes and the very high regard with which she was held.

Typically modest, her interpersonal skills, expertise and determination combined to enable her to work successfully with a range of businesses, supporting them to understand what good looks like and reach success. Indeed, Jo's contribution as part of the Taiga team will be celebrated as a finalist at our forthcoming annual awards.



UPCOMING EVENTS FOR YOUR DIARY

We will be adding further events, updating and sharing this forward look on a monthly basis. Member meetings and webinars are included in memberships and corporate partnerships.

To register for any of the events shown here, please email info@the-ift.com

Pensions and the Impact of Interest Rates, with Cardano

- Date/Time: 2nd November, 08:00
- Location: Zoom
- Open to IFT Members and IFT Next

Fraud Webinar with Azets

- Date/Time: 7th November, 08:30
- Location: Zoom
- Open to IFT Members and IFT Next

Fraud Seminar with Azets

- Date/Time: 7th November, 08:30
- Location: Azet, King William St, London
- Open to IFT Members and IFT Next

Insurance - What Cover Do You Need As a Turnaround Professional? with Steve Bear of Gallagher

- Date/Time: 14th November, 16:00
- Location: Zoom
- Open to IFT Members and IFT Next

IFT Annual Awards 19th October



Last remaining tickets for our Annual Awards.

Members £360
Fellows: £300
Non-Members: £440

Head to our [LinkedIn](#) to view the shortlist.

What and who is IFT Next ?

IFT Next is aimed at professionals who have identified turnaround and business support as their long-term career pathway; the network and events are typically suitable for those with the following titles:

Manager, Senior Manager, Director, Senior Solicitor, Relationship Manager/Director, Business Support Manager. To join The IFT Next Community, email info@the-ift.com to register your interest.

IFT FELLOWS

New Fellows Appointed

We are delighted to welcome Claire Burden and Paul Smith as new IFT Fellows.



Claire has worked in turnaround for over 15 years, between industry roles and in practice. She is on the Board of The IFT and is an active member. She is passionate in generating thought leadership on turnaround and across business and sectors. Over the past 12 months she has been quoted in the FT, Guardian and BBC business pages as well as in some more niche business press.

Claire spent 10 years in industry as a turnaround director/consultant, working across a range of businesses from manufacturing to energy to professional services. She has deep experience delivering cost reduction and improvement programmes, in addition to right-sizing, carve outs, sales of business and business strategy and growth plans.

In her practice at Evelyn Partners, she works on similar projects, as well as working closely with the insolvency team to try and turnaround or restructure businesses before they reach insolvency.

Her contribution to turnaround and The IFT is significant as a board member, active member of Women in Turnaround and in hosting and speaking at events.

New IFT Fellow Claire Burden



Paul has been an active member of The IFT since his accreditation in 2013 including being a board director for six years, chairing the membership committee and being the current chair of the North West regional committee.

Paul has spent the 13 years since joining Kroll as Advisory partner working directly with businesses from SMEs to PLCs helping them in the majority of cases navigate through a difficult journey.

Prior to Kroll he worked in relationship management and leadership roles at both Barclays and Lloyds for 27 years dealing with corporate clients and again in these various roles very much enjoyed being a 'sounding board' and 'trusted advisor' to clients and prospects.

Within his role at Kroll as an Advisory partner he has been a champion of The IFT, encouraging engaging with The IFT and members across regions and supporting colleagues in joining the IFT Academy. Paul is a career advisor and mentor to a number of his team at Kroll, as well as assisting the leadership team nationally in this area.

New IFT Fellow Paul Smith

Externally and in his day to day dealing with corporate clients Paul is a huge advocate of turnaround including the engagement of independent turnaround advisers, and the value of IFT accreditation. He is proud to be part of a team that has consistently delivered 85%+ solvent outcomes.

WELCOMING NEW BOARD DIRECTORS

In addition to our annual conference, September brings our AGM.

We were pleased to note the surplus achieved for 2022, during which period we were also able to invest in our brand refresh, which has been universally well received, as well as the ground work for our new CRM. Our Next and Women in Turnaround programmes continue to extend our reach and engagement in the marketplace, and our extensive hybrid events offering provides a range of insights, technical updates and networking opportunities. Following the election of directors, we are pleased to welcome new board members Nick Alexander (Independent turnaround executive), Rob Asplin (PwC) and Nick Edwards (Deloitte) to the board, alongside re-elected directors Clare Boardman (Teneo) and Steve Hanlon (Barclays). Our thanks go to Tim Allen, Paul Smith and Keith Bordell as they stand down from the board.



Steve Hanlon
Head of Business Support
Barclays
Re-elected to the Board



Clare Boardman
Senior Managing Director
Teneo
Re-elected to the Board



Nick Edwards
Partner
Deloitte
Elected to the Board



Nick Alexander
*Independent Turnaround
Executive*
Elected to the Board



Rob Asplin
Partner
PWC
Elected to the Board

**INSTITUTE FOR TURNAROUND ELECTION OF
DIRECTORS
2023**

CORPORATE PARTNER NEWS - FTI ANNOUNCES NEW TEAM IN MANCHESTER

FTI Consulting has launched a dedicated Restructuring practice in Manchester to further strengthen the firm's restructuring and insolvency capabilities in the United Kingdom.

Led by Oliver ("Oli") Wright, a licensed, appointment-taking insolvency practitioner, the FTI Consulting Manchester team will undertake a range of stressed and distressed advisory work for businesses across the North-West, from debt restructuring and insolvency to accelerated M&A processes and recapitalisation.

Oli has advised on UK and international mandates in stressed or distressed situations. He has more than 17 years of experience helping a broad range of organisations across multiple sectors to restructure and stabilise. Prior to joining FTI Consulting, Oli was at PwC, where he established a reputation for advising lenders and corporates across the North. He also spent three years in Singapore, where he worked on cross-border restructuring assignments across Southeast Asia.

*"We are delighted to welcome Oli to the firm," said **Matt Callaghan, a Senior Managing Director and Head of the UK mid-market restructuring and insolvency team at FTI Consulting.** "He adds a wealth of experience to our existing team which, coupled with the launch of our office in Manchester, marks an exciting chapter in the development and continued growth of our practice."*

To date, Oli has been joined at the firm by Senior Consultants Chris Sykes and Sophie Newcombe. Together, they have varied restructuring experience, including in formal insolvency situations, advisory and value creation engagements. In the coming months, the team in Manchester is expected to be joined by additional experts as FTI Consulting builds on its capabilities in the North-West.

Commenting on his appointment and the launch of the Manchester offering, Oli said "I have long admired the work of FTI Consulting's market-leading restructuring team, so this is a great opportunity to play a strategic role in its future success. It is essential to bring in key talent with the right mix of skills across the various aspects of restructuring, and the investment we have made to bring the recent/pending joiners together is really exciting. Building the team out around this core team will ensure that we extend the market leading FTI Consulting brand for quality advice in special situations in the North-West."

David Morris, a Senior Managing Director and Head of UK Restructuring at FTI Consulting adds, *"We are continuing to expand the breadth of restructuring and insolvency experts on our team at a time when the corporate market continues to witness headwinds on several fronts. The launch of our dedicated practice in Manchester reflects our commitment to further strengthen our restructuring capabilities in the UK to deliver the best possible outcome for our clients."*



**Oliver Wright,
Senior Managing Director**



**Sophie Newcombe,
Senior Consultant**



**Chris Sykes,
Senior Consultant**



IFT ANNUAL AWARDS

SHORTLIST

Independent Adviser of the Year

Taiga Associates
Donald Muir
Glynn Thomas

Turnaround Adviser of the Year

FTI Consulting
Alvarez & Marsal
Kroll
PwC

Special Situations Private Equity Provider of the Year

Endless LLP
Rcapital Partners LLP
Enact Fund

Special Situations Debt Provider of the Year ✦

Barclays
Blazehill Capital

Legal Adviser of the Year ✦

DLA Piper
Freshfields Bruckhaus Deringer
Kirkland & Ellis
Sullivan & Cromwell LLP

Large Company Turnaround of the Year

Travelex (PwC)

Mid-Market Turnaround of the Year

Cluttons (Rcapital)
Nottingham College (Barclays)

SME Turnaround of the Year

Salvatori Group of Companies (Barclays)
Greenray Turbine Solutions Ltd (Enact)

Community Impact Turnaround of the Year

HCT Group (BDO)
Telford College (Barclays)

Rising Star of the Year

Nashiba Shafiq - PwC
Cassie Williams - BDO
Kevin Connolly - Freshfields Bruckhaus Deringer
Julie Aitken - PwC

WITH THANKS TO OUR SPONSOR

Understanding how R&D tax credits work

In this article Steve Elsom of Fiscale looks at how companies can realise tax returns on innovation through R&D tax credits.

The Research and Development (R&D) tax credit scheme was introduced over twenty years ago and in this time has seen over £48bn returned to UK businesses. The scheme is designed to recognise improvements and enhancements within a business and a successful claim will have a positive impact on cashflow.

As well as giving a brief overview of the scheme, I am sharing details of a business we have worked with, that as a result of our involvement, has been able to expand their business, invest more into research and development, recruit new staff and win new contracts. The irony is that the business wasn't aware of the R&D scheme until we were introduced to them.....and research suggests that 70% of businesses who are eligible don't claim!

Overview

R&D tax relief supports companies that develop innovative projects with an accent on the science and technology behind the product or process.

The business is required to demonstrate to HMRC that they have produced a product, service or process that is an appreciable improvement from what is currently available in the marketplace.

From this appreciable improvement, the business then has to identify and qualify the scientific or technological uncertainty within the product, service or process that is not readily resolvable by a competent professional in the industry.

Once the improvement element as outlined above is established, the claim process involves an analysis of all costs including materials related to the project, and this extends to salary, pension and national insurance costs. Businesses can claim relief against prototypes and trials as they iterate to bring the product, service or process to market, hence why I often use the strapline of 'failure is fine' in the world of R&D...you can still claim your costs.



Case Study - B.A. Caulkett Limited

B.A. Caulkett Limited is a long-established engineering and manufacturing business which specialises in the development and production of loading shovel attachments used in construction, mining and farming which are used for handling numerous materials, including construction products, sand, waste, sludge, silage, sugar beet, hay, grain, fertiliser, coal, biomass and logs.

To successfully claim R&D relief for such companies, we need to demonstrate that our client ;

- produced a new or improved product, process or service and,

-demonstrated that the design and development of the product involved an element of technological and scientific uncertainty,



Barry Caulkett (MD), was unaware of the R&D Tax Credit scheme and, like many business owners had not received any details of the scheme from his accountant, in fact it had never been mentioned. We were introduced to Barry at a local trade show and mentioned that we might be able to make a positive impact on his cashflow...naturally, he was keen to hear more!

Over the course of a couple of meetings with Barry (probably three hours maximum) we established a 'basis for claim' and we identified, qualified and verified suitable projects and associated costs. The Fiscale technical team worked with the company's finance department to help them pinpoint the eligible research and development elements that had been completed over the eligible financial years.

It became apparent that there was a high level of research and development taking place within the company, but the team had not realised that the process they were following when designing a new product or substantially improving an existing one was actually qualifying 'research and development' - they were just doing what they do!

A comprehensive report was compiled and sent over to B.A. Caulkett for approval before being submitted to HMRC and it was successfully paid out, with a substantial tax credit received by the company.

What the client said

'It is hard not to be sceptical when you get a call basically telling you that you could be eligible for tax relief under a scheme you have never heard of! You can't help but think it's some sort of scam. Now I am so glad that I gave Fiscale the time of day, they are an excellent company. They were easy to work with and very helpful.

They offered plenty of guidance on what they required. Of course we are absolutely delighted with the monies we have received but our work with Fiscale has uncovered something of far more value long term.

Thanks to Fiscale we now understand and appreciate that we are innovators; that we are carrying out R &D on a daily basis - it's what we do. With this realisation has come a new confidence and we have gone out to our market with a different message.

It has already brought us a prestigious new project with a high profile company in the construction sector. This fresh approach gives us a real competitive advantage over the other manufacturers in our industry. It is an invaluable benefit that has arisen as a direct result of our association with Fiscale'.

So, what's the moral of the story here?

-Never assume - research suggests that 70% of SME's aren't aware of the R&D scheme and the positive impact that it can have on their business cashflow.

-Ask a specialist - rather like the world of turnarounds, it is better to engage a specialist as opposed to a generalist...after all, you wouldn't expect your GP to undertake open heart surgery would you?!

If you would like to learn more about Fiscale and our services, please contact me steve.elsom@fiscale.com

Fiscale



Steve Elsom is Chief Operating Officer at Fiscale

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