

AWARDS EDITION 2023

Swift

The Online Turnaround Times



WINTER EDITION



AWARDS EDITION 2023



2023 AWARDS WINNERS

IFT EVENTS

WOMEN IN TURNAROUND

IFT NEXT

IFT SPECIALISTS

Swift

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2023 AWARDS EDITION

MESSAGE FROM THE CEO

Welcome to our Annual Awards edition of Swift for 2023.

Our judging panel had as challenging a task as ever given the volume and quality of entries, and our Awards dinner at the Rosewood on 19th October was a fantastic event, rounding out our national events programme for the year. We were delighted to see so many of our members, partners and colleagues there.

Our Chair of Judges, Peter Charles, has provided an article outlining what the judges looked for, as they had the unenviable task of picking winners from a selection of strong entries with outstanding examples of successful turnarounds. This will be essential reading for those of you already considering submitting entries for the 2024 awards.

As well as the Awards it has been a busy time for The IFT leading up to the close of the year. We published the findings of our 2023 Societal Impact survey, and the report gained substantial media coverage in regional, business and trade media. IFT members saw a continued increase in demand as challenging conditions for business have continued, with over 90% busier in 2023 compared to 2022 and over 95% expecting more turnaround activity in the next 12 months than in the last.

We are also preparing to relaunch our website, in conjunction with a new CRM system, which will make it easier for members to access events, publications and resources. The website will launch early in the new year and we hope you like the new look!



The period leading up to the end of the year has continued to be busy on the events front following the Awards. We've held a range of webinars covering topics from pensions, insurance and fraud, and you can find some further detail about some of these in this edition of Swift. We're delighted to offer in person events too; our recent panel event on ESG hosted by PwC included excellent speakers and provided plenty of food for thought on how these aspects of business strategy can impact turnaround considerations.

Our recent Women in Turnaround network has also been very active, including a webinar looking at how to obtain your first Non-Executive Director role with Joëlle Warren, of Warren Partners, which you can read about in more detail on page 15. We also held a WIT dinner in London with Hannah Gray of UKGI giving some interesting insights into the perspective from inside government. You can see photos from that event on p16.

Our recent IFT Fellows dinner at the end of November in the festive surroundings of Tuttons, provided an opportunity for Fellows to quiz Alison Goldthorp and John Pennie on Restructuring Plans.

On a sombre note, we were saddened to hear about the passing of one of our retired members, Bill Gore. He was a much-valued member of the turnaround community and you can read IFT Fellow Ian Gray's tribute to him on p24.

We held our first Board meeting with our new directors in November, providing the opportunity to discuss thoughts on progressing The IFT as an organisation over the next year, ensuring that we adapt to the evolving turnaround marketplace in changing times, for the benefit of members.

We're currently planning next steps in supporting the use of Restructuring Plans and broadening access to this important new restructuring tool over the coming months, with an increasing number of Plans sanctioned by the Court, as well as the publication of HMRC guidance. This programme of work will include roundtables and meetings with key stakeholders early in the new year.

Looking forward in other areas, early in the new year we will be publishing our full report with Gateley company t-Three looking at the traits and drivers of young turnaround professionals. We will also be producing a guide for our members on the changing funding landscape, as well as engaging on other areas including directors' duties.

We look forward to another packed year of events, including our national and regional conferences, so watch this space for further updates.

In the meantime we wish you all a relaxing and joyful Christmas, with best wishes for 2024.

Milly Camley
IFT CEO

The IFT 2023 Awards: Celebrating turnaround excellence

Chair of our Awards Panel, IFT Fellow and Board Member Peter Charles outlines the difficult process of selecting this year’s winners from a high calibre of submissions...

Having joined the judging panel for The IFT Annual Awards in 2022, this year I took on the honour of chairing the panel, having been handed the baton by Jo Wright, our first-rate chair of judges since 2021. My fellow judges were Antonia Silvestri, Dave Amber, Steve Benger and Steve Keating. The panel is selected for their independence as members and fellows, and the breadth of their expertise, which is essential in moderating the different categories.

Sadly Jo Richardson, who had been a judge since 2019, was unable to join us due to serious illness. She passed away this year, and it was moving to see her work as part of Taiga Associates recognised as the winner of boutique firm of the year.



How does the process work?

The IFT executive publish the categories and deadline for submissions as early as possible to encourage entries. These are then sifted to ensure that they meet the category criteria for timing, company size and so forth. The submission bundle - which if printed resembles a telephone directory! - is shared with the panel alongside referencing and a reminder of the criteria. The judging panel then meets to moderate selections and views, which is why the breadth of experience amongst panel members is so important.

We then summarise and agree on the shortlist and winners, and The IFT executive will pick up any outstanding questions or references, as well as conferring across the judging panel to agree the judging summaries which will form the commentary on the winners.

All categories are tightly contested, but we do find that we need to leave Rising Star to the end of the process given the volume and enthusiasm of the entries submitted – a pleasing indication for the future. This year we have agreed that each individual shortlisted in this category should be awarded a two-year associate membership of The IFT in recognition of this achievement.

So, what makes an entry stand out? Meeting the criteria is obviously the first step. A key consideration here is obviously securing the support of stakeholders, including the company itself for company categories.

The next step up is a well-articulated, evidenced and focused submission, which outlines the turnaround case, or the impact of the individual or firm. Strong evidence is a must and it is essential to demonstrate sustainability. Alongside this, the most compelling submissions tell a story, bringing out the impact of the case in terms of the context and stakeholders from start to end point. Overall, winners were able to demonstrate The IFT strapline: Adapt, Transform, Succeed.

Part of the turnaround story is likely to be the strategies considered and overcoming problems, so submissions that articulated innovation stand out. This year we were particularly keen to recognise the cases and firms seeking to make use of Part 26A Restructuring Plans as a new turnaround tool, and pioneering practice in this regard.

Congratulations to all our IFT winners and shortlisted firms, individuals and companies this year. The range and depth of submissions is outstanding and demonstrates the excellence of the turnaround sector – and I'd like to encourage individuals, companies and firms to start thinking now about submissions for next year!

THE JUDGES

Chair
Peter Charles
Managing Director,
Peter Charles
Associates

Antonia Silvestri
IFT Fellow

Steve Benger
IFT Fellow

Dave Amber
Independent IFT
Member

Steve Keating
IFT Fellow

A message from our awards sponsor...

Credebt were delighted to once again sponsor the annual IFT Awards in the wonderful surroundings of the Rosewood in Holborn.

Credebt is one of the UK's leading Receivables Management and Risk Specialists for the UK's Invoice Finance, Turnaround and Insolvency sectors. Founded in 2009 by Managing Director Glen Morgan FCICM (Grad), we have had significant success in generating cash quickly, to assist with the turnaround of businesses in industries ranging from recruitment to construction, manufacturing, distribution, freight, FMCG and many more.

With a team of people, including three Associate IFT Members and Glen, our Specialist Member, all of whom have at least 20 years' experience in Credit and Receivables Management, we are the go-to specialists for turnaround specialists who find large overdue ledgers in challenging circumstances and need results fast.

In our nearly 15 years in business, we have successfully recovered in excess of £500 million across more than 2,000 cases, with over 90% achieving full repayment to Funders or surpassing insolvency recovery targets. Our smallest turnaround instruction was for a £10m turnover food manufacturing business, and our largest to date has been for a £182m turnover window business.

Operating from three offices, Credebt offer comprehensive coverage across the entire UK, delivering solutions for various scenarios faced by Funders, Insolvency Practitioners, and Turnaround Specialists. These scenarios encompass insolvency, business distress, irregular audits, suspected fraud, high 90-day columns, client demands for over-payments or increased pre-payment percentages, inadequate facilities due to unpaid invoices, and the management of complex overdue ledgers.

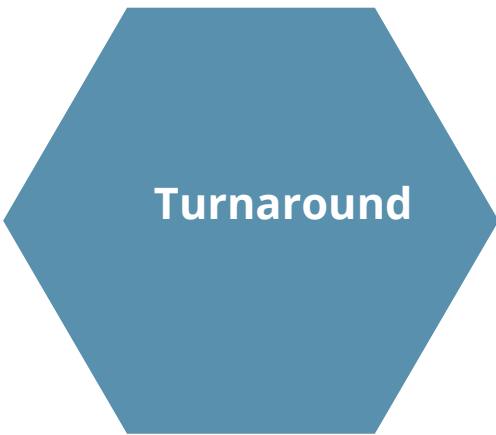
Credebt's services include Outsourced Credit Control, Collect Outs, Working Capital Management, Cash Generation, Ledger Valuation, and Policy Development.

Credebt can assist in the areas of Working Capital, Turnaround and Restructuring



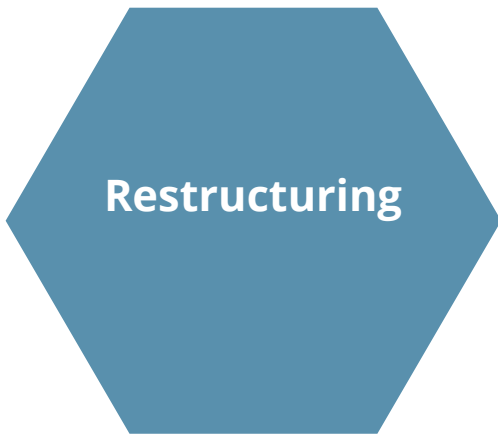
With a quick instruction, we review and analyse your client's order to cash process.

We use our expertise and experience to make recommendations to reduce bottlenecks and improve internally generated working capital at the critical time it is needed most.



We know from experience that no two businesses are the same. We can advise on and help implement new Credit Policies and Collections Procedures and drive the changes needed to maximise Working Capital and improve the chances of a successful turnaround.

We can also take over Credit Management and collections, where required, if an underperforming team or lack of resource is the key driver for poor cashflow.



Should a business unfortunately require formal restructuring through an insolvency process, we maximise capital recoveries for key stakeholders. We do this by creating contingency plans, using the information gained via our early instruction and access to key sites, systems and people.



Glen Morgan (FCICM) Grad, Managing Director, Credebt, welcoming attendees at the awards

IFT SPECIALIST SPOTLIGHT: GLEN MORGAN
FCICM (GRAD)

Credebt MD Glen Morgan is a Fellow of the Chartered Institute of Credit Management and a Specialist Member of the IFT.

For nearly three decades, he has been dedicated to helping businesses of all sizes enhance their Cashflow and Credit Management processes, ensuring prompt payments. This has led to assisting many Banks, Invoice Finance Companies, Insolvency Practitioners, and businesses themselves, in improving their debtor positions and recovering hundreds of millions of pounds. Glen has worked in businesses with up to £12 billion turnover, generating millions of pounds of cashflow for them.

As a recognised expert in Credit Management, he has authored study courses and policies for prestigious organisations like the Chartered Institute of Credit Management and UK Finance, including having written the Credit Control syllabus for the Chartered Institute of Credit Management, which all current CICM students in the UK are studying. Additionally, he has provided advisory support to the government on late payment policies. His passion lies in ensuring businesses receive their rightful payments swiftly, with minimal hassle, and in optimising returns to creditors in insolvency situations.

For a closer look at Credebt's work, please visit www.credebt.co.uk, where you'll find case studies, testimonials, and a comprehensive service portfolio.

Special Situations Debt Provider of the Year

Blazehill Capital picked up the award for Special Situations Debt Provider of the Year. As a relatively new entrant, the marketplace has taken note and Blazehill are already recognised for their skill in both origination and managing problems. Their profile as a flexible lender, providing more choice for UK mid-market companies, is combined with a commitment to social causes.

Tom Weedall, Managing Director at Blazehill, discusses the team's first two years as a new lender on the market...

Blazehill Capital is a specialist credit fund, providing supportive and flexible financing solutions to mid-market businesses. We provide secured facilities of up to £50m to improve borrowers' liquidity through a diverse range of structures. Our team of experienced credit professionals collaborate with management teams and intermediaries to provide transformational capital that makes a difference to businesses. We bring candour and certainty to deliver fast-paced transactions that resolve issues. We have supported businesses through a range of situations, including refinancing, growth, turnaround, restructuring, M&A, buy-outs and more. Our flat decision-making structure and streamlined credit process enables us to deliver certainty of funding from the outset and execute transactions at speed. Despite only launching in April 2021, we've been able to establish ourselves as a major player in the market. This year, we launched our £250m *Fund II*, just two years on from the launch of our maiden fund. Our strong relationship with InterVest Capital Partners, as well as the management teams we support and our connections across the finance landscape have been absolutely crucial to this success.

Over the past two years, we've seen demand for private credit increase. As traditional banks retrench and private equity turns its focus to portfolio management, private credit is a desirable option for businesses looking to grow.



In particular, we've seen a buzz of activity around the fashion retail sector. Our team recently provided refinancing packages to both New Look and Kurt Geiger in two high-profile deals. And we're continuing to see murmurs of other retailers turning to alternative debt solutions. In the case of New Look, for example, the business has recently been through a couple of deep restructuring processes. Blazehill Capital's funding provides the business with optimal liquidity and allows the business to now start a new chapter and think about its longer term strategic goals.

We're anticipating more of this activity over the coming months and see private credit as an excellent option for businesses seeking supportive and patient secured financing solutions.

But for now, we're celebrating this huge achievement, winning the 'Specialist Situations Debt Provider' category at the IFT Awards 2023. I'm so proud of everything our team has achieved in the past couple of years and look forward to what the future holds.

Enact scooped the coveted Special Situations Private Equity Provider award.

Recognition is a special moment

Winning the 'Special Situations Private Equity Provider' at The IFT Awards in October is a special moment in Enact's journey, and a satisfying way to celebrate our ten-year anniversary of setting up as Endless' dedicated SME Fund in 2013.

First, we'd like to congratulate the other nominees and winners. We'd also like to thank The IFT for organising another great evening recognising everyone who has contributed to the turnaround community, enabling businesses to prosper, jobs to be preserved and value protected. Together, our mission has never been more important than over the last 12 months through the incredibly challenging economic environment we've all faced.

Both Enact and Endless have experienced significant growth over the last ten years. Enact is now investing its third fund of £100m, managing a portfolio of 11 companies across Enact Fund II and III. Founded in 2005, Endless has since raised 8 funds, made over 100 acquisitions and has exited over 70 businesses, delivering market leading returns to Investors including universities and charitable foundations. We are proud to be the dedicated SME Fund of Endless and to share the same strategy of investing in complex and special situations, turnaround finance and transformational investments. Enact focusses on investments requiring capital of up to £10m, while Endless provides a seamless market offering for businesses requiring £10m plus of investment. We think of ourselves as one big team, and like all teams there's a bit of friendly rivalry. We've seen Endless pick up IFT recognition in the past, but this year it's our turn and we'll enjoy the bragging rights around the office for a bit!

Proud of our values

ESG is at the heart of Enact, so we are particularly pleased the judges recognised our strong "commitment to lower-mid market sustainability and ESG". We're obviously really proud of the value we help create, but we're just as proud of the values that define us. We seek to preserve and create jobs, bring certainty, re-engage with employees, strengthen governance, invest in infrastructure and improve operational efficiency.

In essence, we want Enact to be a force for good in the broadest sense and we'll keep working hard at that.



2023 was a great year

Pull all that together and you get the great year we've had in 2023, including our portfolio company Greenray Turbine Solutions who was nominated for SME Turnaround of the Year. Only a few years before, in 2019, we rescued the business out of administration. Today Greenray is a highly profitable and cash generative business employing 60 skilled people in Lincoln and Aberdeen. And we can all take a bit of pride in that result because in the early stages of this investment Enact was supported by IFT members to build a stable platform for future growth.

More widely, over the last 12 months, we've made 4 new investments, supporting businesses in logistics, manufacturing and engineering, safeguarding nearly 500 jobs. Although the four situations were obviously all different, one common theme we heard throughout is the Enact reputation of being a "good home" that offers the ability to move quickly to restore stability in complex situations. We're proud of that feedback and again, we want to recognise the IFT members in some of those situations who worked alongside us to unlock the potential that others didn't see.

Bright future

We know it's tough out there right now. We feel it as individuals and we see it in business. It makes what we do at Enact more important than ever and we're committed to continuing to drive value for our investors and contribute to communities we operate in. The latest IFT Societal Impact Report estimated that accredited turnaround professionals saved an estimated 55,000 jobs in 2022-23, helping companies add £2.6 billion in shareholder value. The report also highlighted an increase in demand for turnaround management services.

We believe our turnaround services, experience and skillsets are as important now as they have ever been. Enact has capital to deploy but we all know capital is just one piece of the jigsaw. We know the only way to save jobs and create growth is to continue to invest ourselves, our time, our energy and our skills - something which we will continue to do over the next 12 months and beyond. We strongly believe in a bright future and we're doing all we can to make it a reality. Thank you again to everyone we work with and see you next year!

Daniel Salvatori, CEO of Salvatori Logistics, discusses winning the SME Turnaround of the Year and the current outlook for the haulage sector.

The Salvatori group of companies has a long track record of providing storage and logistics services to businesses in Kent. The business has been established in Kent for over 80 years, starting with services for the region's fruit growers, but now offering a full service for all haulage and logistics needs. In 2015 the business became a member of the Palletways network, the largest and fastest growing UK and European pallet distribution network.

Salvatori Logistics moved to their new purpose-built premises in Sittingbourne, Kent in November 2017. This represented a complex merger between previous sites in Canterbury and Medway and the change in geographical location saw the loss of a number of drivers, and difficulties with recruitment.

Costs for the new premises came in on budget but with the rapid expansion of the pallet business this caused cash and profitability issues: the number of pallets handled was enormous and the company struggled to meet Key Performance Indicators, which impacted on the other companies in the group.

The management recognised the long-term potential for the business, but at the same time realised that the existing business mix was unsustainable and made significant changes to their operating model to improve capacity and efficiency and return to profitability. These included:

- Redesigning the premises to improve traffic flow and thereby capacity and operational efficiency,
- Incentivising new driver recruitment, increasing driver retention and reducing accident/damage levels, as well as improving service levels,
- Renegotiating terms with Palletways, reducing the volume of pallets coming to Salvatori and increasing inter member rates in the South East.

Palletways provided wholehearted financial and operational support to Salvatori Logistics, they saw the potential for profitability and provided long-term financial support. Salvatori also worked closely with Barclays, who monitored the situation closely and maintained their financing supporting the group. They have now had three years of consistent and healthy profitability and are confident in their future prospects, maintaining their key role in the national Palletways network. The support of both Barclays and Palletways was critical in this turnaround process.



Peter Mains, Barclays Business Support Director and IFT Member, commented:

“While the increased costs of the premises move were the initial cause of cash pressure, Daniel & the Salvatori management team reviewed all aspects of the business to identify the underlying issues, then using the business move as a catalyst for improvements in their business model. Communication with stakeholders was very clear, allowing Barclays to continue to support the business through the turnaround.”



Sector outlook

Looking to the future of the haulage industry, they have seen a slow start to 2023, with lower profits as the economy has slowed. This has seen customers volumes dropping. Some customers have gone into administration and in particular there has been a drop in demand in certain sectors such as construction, with reduced demand for building materials.

Haulage companies have got to be very careful on pricing – it is very competitive but if services are priced too cheaply it affects sustainability; this has been visible, with competitors having to increase prices recently. Salvatori have been very careful with their pricing and so at the moment have been able to keep their prices steady and believe that despite a tough climate for haulage, there remains the potential for significant future growth.

Mid-Market Turnaround of the Year

CLUTTONS

Cluttons: A Sustainable Turnaround and Transformation Success

Cluttons, a prominent heritage brand of chartered surveyors and property consultants, has been awarded the IFT's Mid-Market Turnaround of the Year category. This recognition is a testament to the remarkable transformation undertaken by the company, focusing on resilience, innovation, and sustainable growth.



Before Rcapital's involvement in May 2017, Cluttons faced challenging market conditions, exacerbated by defined benefit pension obligations. The strategic decision to work with Rcapital proved pivotal when navigating the complexities of the deal negotiations. The acquisition marked the beginning of a comprehensive turnaround strategy to revitalize the Cluttons brand.

The first 12 months post-acquisition were focused on a stabilisation and rationalisation program, culminating in the sale of Cluttons Middle East to Savills. This strategic move allowed the company to redirect resources towards the transformation of its core operations.

From 2019 to 2022, Cluttons executed a multifaceted turnaround and transformation strategy, focusing on key areas to ensure sustained success. James Gray, Managing Partner at Cluttons, highlighted the turning point brought about by the capital injection from the Middle East business sale, enabling a focus on modernisation across the entire business.

Key actions during the turnaround included the appointment of a new leadership team, a redefinition of the brand strategy, and a significant investment in technology. The modernisation and repositioning of the brand included a visual identity refresh, digital marketing initiatives, and insightful thought leadership through research reports. Cluttons became a leader in telecoms property, attracting clients such as BT, Telefonica, and Virgin Media.

The northern expansion, particularly in Manchester and Newcastle, showcased Cluttons' commitment to geographic diversification. Meanwhile, the company achieved a shift in client experience by segmenting customers based on industry and focusing on property life cycle issues.



The company's dedication to sustainability was evident in its efforts to reduce carbon footprint, achieve net zero in all offices, and actively engage in corporate social responsibility initiatives. Cluttons' commitment to environmental responsibility was further demonstrated by the redesign of its London office for greater carbon efficiencies.

Cluttons' achievements and milestones, commitment to innovation, cultural shift, and dedication to ESG principles set a compelling precedent for its future growth and industry leadership. The company was able to navigate challenges while preserving its heritage brand showcases resilience and strategic acumen, making it a standout success story in the real estate sector. Today the company stands in its prime form, advancing to its next phase of development.





Donald Muir, CEO of Travellex until 30th June 2020 who led the turnaround, said,

“The significant shock of the cyber attack followed by Covid-19 led to this business being on the absolute brink of insolvency. What followed was incredible determination, resilience and commitment of the Travellex Global Team to deliver the restructuring plan of which PwC were an integral partner. This has resulted in the business returning to profitability, which is a massive turnaround from 2020”.

In 2019, Travellex was a £800m turnover foreign exchange business with a retail presence in 27 countries and wider propositions across 60 countries. The Group experienced a number of material challenges across the end of 2019 to the start of 2020, heightened by the impact of travel restrictions and halting of international travel due to Covid-19 by March 2020, and complicated further by a cyber attack. These factors resulted in significant impacts to Group revenues which averaged less than 5% of 2019 in Q2 of 2020, with £110m in EBITDA losses.

To save the Group, a debt and Group wide restructuring commenced to protect the business. Donald Muir was appointed as CEO to lead the restructuring and turnaround, with PwC then quickly being appointed to partner with Travellex and support this process.



CURRENCY			WE BUY	WE SELL
Japan	JPY		16.6389	12.6288
China	CNY		1.07444	0.77804
U.S. of America	USD		0.1426	0.1146
Euro Member Countries	EUR		0.1381	0.1054
United Kingdom	GBP		0.1154	0.0881
Australia	AUD		0.2277	0.1738
Thailand	THB		4.8962	3.6503
Singapore	SGD		0.2102	0.1604
Taiwan	TWD		4.8188	3.485
Canada	CAD		0.1995	0.1523
United Arab Emirates	AED		0.5819	0.4
Switzerland	CHF		0.1465	0.
Indonesia	IDR		2551.0204	15
India	INR		12.0645	
Korea (South)	KRW		186	3
Macau	MOP			9196
Malaysia	MYR			4862
New Zealand	NZD			816
Philippines	PHP			548
Thailand	THB			
Viet Nam	VND			

Together Travellex and PwC implemented a vast array of restructuring activities, including:

- New shareholders and recapitalisation, with £84m of new money, ultimately rising to £234m
- Appointment of new CEO, Group Board and Auditors
- Group split into three; Initial, Optional and Rump
- Implementation of Turnaround Programme Management Office to drive pace and rigour in the turnaround
- Laser focus on cash with cash manager deployed and cash conscious culture instilled into business
- Rapid cost review, targeting £463m of costs over two years, which ultimately delivered £623m, which represented 55% of the cost base as revenues depleted, resulting in significantly lower breakeven point
- Administration of UK companies
- Voluntary liquidation of North America business
- Exit of France, Belgium and Italy businesses
- Rapid improvement in Cyber Security Infrastructure and Governance to mitigate likelihood of any future cyber attacks

By August 2022 all of these restructuring and turnaround activities resulted in the business announcing positive underlying EBITDA in Q2 2022 of £8.4m, the first EBITDA positive quarter since 2019 and EBITDA of £1.7m in H1 2022. This signified the completion of a significant and iconic business turnaround and return to profitability. The business completed FY22 with revenue of £429m and EBITDA of £23m which was a positive swing of £70m or 149% versus FY21. The Group anticipates 2023 full year EBITDA of £60m - £70m, a substantial increase from 2019 where the new rightsized business delivered £38m EBITDA.

BDO earned the Community Impact award for their work with HCT group.



This case clearly demonstrated the importance of collaboration amongst turnaround advisors to deliver optimal outcomes.

Background

HCT was founded in Hackney in the 1980s to provide transport services for local voluntary organisations, charities, and community groups. Over the years, HCT grew, providing a range of services in locations across the United Kingdom and Channel Islands. This included commercial timetabled bus routes and social transportation such as for schools, special educational needs and social care. Surpluses from commercial routes were reinvested to support its charitable objective, “to enhance people’s lives, provide opportunities and bring people and communities together through transport and training”.

HCT had experienced significant growth, achieved organically and by acquisition, employing over 1000 people to support the delivery of its charitable objective.

Unsurprisingly in a highly competitive sector dominated by large, multinational operators, HCT had experienced operational and financial challenges, but these were amplified by the Covid-19 pandemic. Unlike its competitors, several of which are market capitalised, HCT had to address its issues with a comparatively weak balance sheet and without access to shareholder funding or to traditional debt markets. Notwithstanding, it adapted and supplemented existing operations during the pandemic and continued to provide vital services to key workers, vulnerable people and communities across the UK.

By 2022, however, these accumulated headwinds, worsened by fuel price increases and driver shortages, negatively impacted forecast cash flow and consequently investment / growth decisions and the continuation of operations.

Key actions

There were several stages and facets required to help achieve the ultimate rescue of the majority of operations given the diverse nature of services across the United Kingdom. To achieve this, skills from a range of turnaround specialists including various IFT members - legal, financial and independents - working collaboratively with HCT’s leadership team and Board of Governors was essential.

A review of operations for improved performance had been developed before the pandemic, however the onset of lockdown, as with many other transport providers, materially impacted HCT’s ability to implement. In order to protect and stabilise core / critical services, underperforming operations were ceased and services transferred to other operators, ensuring continuity.

Operational improvement plans were initiated, including cost rationalisation and a review of routes to increase revenues, including price rises. This was complicated by the necessary regulations imposed during the pandemic on travel for the population, particularly vulnerable groups, fixed pricing structures and challenges associated with labour shortages.

Following material fuel price increases in early 2022, the leadership team and trustees, with the support of advisors, concluded that HCT’s sustainability as a standalone operation was at risk and sought to explore alternatives with a view to preserving value, services and employment. Critically, HCT required further investment and greater financial strength to support longer term viability.

HCT deployed a multi-track strategy to model, develop and advance the alternatives for rationalisation of operations; this included negotiation of improved contractual terms, exploring new contracts where viable and accretive to value, the sale of subsidiary operations, and the potential contractual hand-back by consent or transfer to support core services.

Over time and against a backdrop of worsening economic conditions, the orderly sale or transfer of HCT’s UK and Channel Islands (including special educational needs) operations became the most reasonable course of action to pursue. Notwithstanding, the continuation of the business and the preservation of services in the meantime was an imperative, noting the very significant number of users who would be impacted if operations immediately ceased. This presented countless daily if not hourly challenges which were addressed every time, supported through close collaboration with advisors.

There were many challenges faced by HCT but the combined efforts of an experienced Board, strong leadership team and collective efforts of members of the IFT community, a substantially positive outcome was achieved.

The impact of the work undertaken was as follows:

- In excess of 1,000 jobs saved.
- The vast majority of critical community transport services were preserved through transition to other operators.

Advisors from the IFT community, which supported the outcome include BDO, Womble Bond Dickinson, KPMG and IFT members Sean Sullivan, Peter Charles and John Pennie.



A&M being awarded Turnaround Adviser of the Year is a wonderful achievement and recognition of the remarkable growth the Turnaround and Restructuring practice has achieved in such a short period of time. The award acknowledges our history of delivering exceptional solutions for clients and reinforces our market-leading position.

We now have a dedicated national team of over 250 restructuring professionals, and we continue to attract top-talent by fostering a collaborative, diverse, and inclusive environment that values work-life balance, client service, creative thinking, and having fun.

A&M has a legacy of delivering client value whilst also empowering its employees to evolve both professionally and personally. Despite our growth as a firm, the core values on which A&M was founded remain constant. The energy of our culture is driven by these principles, and we encourage our employees to embrace different perspectives and get involved in the causes that are meaningful to them, whether inside or outside of the firm.



Thanks to our market-leading talent and capabilities, we have played a key role in a variety of significant restructuring cases ranging from successfully managing the multi-jurisdictional turnaround of NMC Healthcare to supporting Virgin Atlantic's ground-breaking Restructuring Plan ("RP").

Our RP work has often involved novel and untested situations and we have now advised on numerous RPs, with a 100% track-record of successful implementation.

Virgin Atlantic was the first ever RP, followed by DeepOcean, where we supported the first successful use of cross-class cram-down. On Virgin Active, we supported the first successful compromise of landlord claims, and then on Hong Kong Airlines, we were involved in the first parallel use of a Hong Kong Scheme and UK RP. On Royal IHC, we supported one of the largest Dutch RPs to date, followed by Cimolai, where we were involved in the first use of an Italian RP alongside a UK RP.

We have been involved in various other RPs and our recent roles supporting stakeholders on parallel processes is testament to our global "one-firm" service offering, where we combine sector expertise, specialist teams, and broad restructuring capabilities to seamlessly support our clients. This service offering includes restructuring, corporate transformation, M&A and transaction advisory services, valuation and business modelling, technology, financial/operational analysis, forensics, and tax advisory.

We anticipate RPs and parallel processes seeing continued growth in popularity in 2024 and our team is poised to guide businesses and stakeholders through what is likely to be a challenging period.

We would like to humbly thank our clients and fellow advisers for choosing to work with A&M and we look forward to continuing to grow our business whilst working with regulators and governing bodies to guide the future of Turnaround and Restructuring.



Global law firm DLA Piper was the winner in the keenly contested Legal Adviser of the Year category.

DLA Piper received recognition from the Institute for Turnaround for the firm's work in corporate rescue, particularly the use of the Restructuring Plan as a tool for delivering transformation in businesses of varying size, including in the often-discussed "mid-market".

The firm's commitment to use of debtor-in-possession solutions in other jurisdictions was also commended, as the firm provides a joined-up cross-border offering for corporates experiencing financial difficulty.

James Davison, Partner in DLA Piper's UK restructuring team, said "It is an honour to be recognised by the IFT's membership for our work in turnaround and rescue. When we look at the ongoing impact of the COVID-19 pandemic, sanctions imposed following the Ukraine conflict, inflationary pressures, interest rate rises and other challenges facing otherwise robust businesses, in the UK and beyond, the skills of the turnaround community have never been more important. We are proud that our team has been able to support clients in a wide range of sectors ranging from aviation, energy and public infrastructure through to retail, hospitality and leisure."

The IFT judges noted DLA Piper's broad portfolio of work acting for corporate clients, as well as investors in distressed assets, and the variety of tools which the DLA Piper team have deployed to deliver solutions for their clients.

James added, "Our team has been involved in a large proportion of the more complex and high profile turnaround deals in the market. We are delighted that the IFT recognised the breadth of work we have delivered, from refinancing and recapitalisation through to formal restructuring plans and accelerated M&A. With many more interesting deals in the pipeline and work ongoing to develop an innovative funding product for future restructuring plans, we are proud to remain at the cutting edge of turnaround solutions as they continue to develop."

DLA Piper's global restructuring team is one of the largest in the world, with over 200 dedicated insolvency and turnaround lawyers working across the Americas, Asia Pacific, Africa, Europe and the Middle East. On the ground they have extensive knowledge of local markets and the associated challenges clients face operating within them. They manage assignments from the mid-market to the largest national and international turnarounds and insolvencies, serving a diverse client base that includes debtors, lenders, government entities, trustees, shareholders, senior executives, as well as distressed debt and asset buyers and investors.

Partners from the firm regularly feature on IFT event agendas, sharing their experience and know-how with turnaround professionals across the UK. Having worked on some of the most prominent cases, at both the national and international levels, the team at DLA Piper are always eager to share their insights. The UK team are deeply embedded in the sector, as demonstrated by their alignment with many leading industry bodies including TMA NextGen, R3, IWIRC and The Insolvency Service.

Independent Boutique Adviser of the Year

This year, for the first time, independent advisers and a boutique applied to win the independent adviser award, which resulted in the judges' decision to make two awards, with Taiga Associates our Independent Boutique Adviser of the Year. We spoke to Jeff Holder about the award, the work of Taiga Associates and current and future challenges and opportunities he sees for UK plc.

Taiga Associates Limited ('TAL') is a boutique restructuring and turnaround firm providing hands-on support to a wide spectrum of companies, ranging from privately owned SMEs (down to sub £10m revenue), to PE owned/leveraged businesses, PLCs (up to £1bn revenue), large corporates and project finance infrastructure assets (up to £1bn investment on a single asset) – the general theme across these businesses being that they are going through periods of stress/distress and challenge. From a sector perspective TAL has operated in many sectors over the period most notably energy & power generation, retail, construction, defence, healthcare and automotive sectors amongst others.

Our briefs incorporate advisory work associated with M&A and/or restructuring, refinancing, hands-on support through periods of stress/change, and interim management roles where required in challenging situations. TAL strives to deploy a team-based approach to successfully deliver solutions in a timely and cost-effective manner.

Looking ahead

In terms of the upcoming issues for UK plc, the macroeconomic challenges are fairly well-known – interest costs, inflation. However, in terms of technology, the transition process we are seeing in the energy space and the introduction of AI, as all of those technologies wash through in the next 10 years it creates all sorts of challenges and opportunities. We will also see the legacy of too much cheap money in the market, though I suspect this will trickle rather than crash through. There will continue to be demand for IFT members!

We were really delighted to win the award and the driving force behind the application was Jo Richardson, who recently passed away – we wouldn't have gone for it without Jo, so it's really for her.





We spoke to The IFT Independent Adviser of the Year Donald Muir about his career and his take on recent changes in the turnaround market.

As Chief Financial Officer of Alcatel Alstom in Canada in the late 1980s I undertook multiple acquisitions involving significant integration and restructuring. This pattern continued when I returned to the UK as CFO of STC Submarine Cables. I further developed my skills in integrating and restructuring businesses and when I left the Alcatel Alstom Group in 1996, I became a Turnaround CFO of a quoted telecoms equipment manufacturer, which was in distress, ultimately becoming CEO to successfully deliver the turnaround. I then joined a rapid growth Global Telecoms start up as CFO to construct a European telecoms network augmented by strategic acquisitions.

I was later recruited by Cable & Wireless Global, as CFO, to eliminate a £600m a year recurring deficit, ultimately operating as CRO to resolve this problem successfully. This high-profile role brought my skillset in managing a complex large global turnaround process to the attention of the London restructuring community. Having led several turnarounds as permanent CFO/CEO of individual businesses it was a natural progression to become an independent CRO, which I did in 2004. I joined the IFT in 2010.

The situation at Travelex [IFT Large Company Turnaround of the Year 2023] was extremely critical, with the survival of the business in doubt. With the collapse of the majority shareholder owing significant sums to the company, having experienced significant issues as a result of a major cyber-attack, and with the impact of Covid-19, where demand fell off a cliff, the outstanding results really says a lot about how, when you get the team focused, committed, and motivated in an optimum manner, you can achieve phenomenal outcomes.



I very much appreciate being recognised by The IFT, receiving the Large Company Turnaround award, and the Independent Turnaround Advisor Awards. Thank you.

Turnaround today

When I first joined The IFT, most of the roles for Independent CROs came directly or indirectly via the large banks and with more restrictive covenants in place you could get involved much earlier in the process as a CRO. Now the majority of corporate debt is held by alternative lenders/funds, normally on a Cov-Lite basis, giving much less time for corrective action prior to the businesses reaching the cliff edge. There are far more restructuring firms active in the market nowadays willing to take CRO appointments than when I started, which has resulted in far fewer new individuals coming into the market as independent CROs.

Turnaround in my view is genuinely a noble cause, saving a lot of jobs and livelihoods, and allowing many businesses not only to survive, but ultimately to thrive. Often when I go into a turnaround the organisation has lost its way by developing several bad practises under poor leadership, which in some cases can be corrected relatively quickly; I liken it to an individual going through a bootcamp with the objective of getting back into top condition after having become overweight and sluggish. In other cases, serious surgery is required for the business to survive. I am equally comfortable in both environments.

The IFT Academy is an excellent vehicle to develop younger people in Turnaround and gives them the foundation of the skills they will need to be successful in a Turnaround environment. I see The IFT as having a key role in bringing on the next generation of Turnaround leaders, as well as providing a key focal point for the Turnaround and restructuring community as a whole.

The judges have said that the Rising Star category is the hardest to award, with the entries making up a veritable galaxy of stars. This year Nashiba Shafiq of PwC picked up the award.

The judges had highlighted that Nashiba's personal impact had come across very compellingly in her citations and that she showed maturity beyond her years in her ability to lead, to influence change and to make a difference for future generations.

The IFT spoke to our Rising Star of the Year, Nashiba Shafiq, about her career in turnaround and any tips for other young professionals.

In terms of my career background, I joined PwC over ten years ago as part of their school and college leavers programme. I started out in audit, where I was interacting with quite senior people on the client side and developing the soft skills of dealing with people, understanding people and how you can help, very quickly. After a few years, I wanted a new challenge, so I joined the Restructuring Team and worked across a number of areas including; advisory, independent business reviews, Restructuring M&A and insolvency, and really loved it.

I enjoy connecting with people and building relationships, both within my team and with the senior and middle management teams in businesses. In restructuring these relationships are more important than anywhere else, as people are really struggling, and you need to be empathetic. When you are advising boards and directors, it makes you feel like you are making a difference, so it can be stressful but rewarding. I also have quite an analytical mind and enjoy seeing a problem and then figuring out a solution.

In the past year I have specialised more in restructuring M&A, the most high-profile being a listed home retailer. It was really a learning journey in terms of helping the Board and the CEO when it was so high profile and so public.

If I was to give some advice to other young professionals looking for a career in turnaround it would be to be curious, it is such a varied area, so you need to be open to learning new things and never say no to an opportunity! Also getting to know the people around you beyond just the surface level – this is how you build long meaningful relationships.

“

I have worked on several large and complex projects with Nashiba. She marries technical restructuring skills with commercial acumen and a very good bedside manner with clients, who are usually experiencing periods of great stress. She can juggle the competing demands of many stakeholders and does so with great integrity.”

- Rob Asplin, Operational Restructuring Partner, PwC

“

Nashiba is a first class operator. Her agility is particularly impressive. She can handle any restructuring situation, is always up for the challenge, and "gets it" at a rapid pace. All in the context of just four years' restructuring experience. Calm, approachable, humble, and loved by the team - but an underlying confidence and 'grit' that makes her commercially brilliant. Nashiba epitomises a 'rising star' and she's a fantastic role model. We are incredibly proud to have in our team and spotlight as someone who is the future of our profession.

”

- James Lewin, Restructuring Director, PwC



Joëlle Warren, Founder and Director of Warren Partners discusses how you can prepare for your first role as a Non-Executive Director...



We hear a lot about boards wanting to broaden their diversity by appointing Non-Executive Directors from outside the 'usual pool' of candidates. The business case for diversity is well recognised, with surveys showing that top-quartile companies for gender and ethnic diversity outperform in profitability those in the bottom quartile. There is so much more boards can do to make this the norm. They can partner with recruiters who have a track record of finding and engaging diverse candidates, review their recruitment processes, as well as being brave enough to reflect on the inclusiveness of their existing boardroom culture. But what can candidates who have not always been considered for board roles, including women and those from ethnic minority or socially disadvantaged backgrounds, do to best position themselves for such appointments?

I spoke on a webinar recently for Women in Turnaround and gave the following advice from my 25 years' experience of recruiting diverse talent to boards on how to best prepare for your first Non-Executive Director, 'NED', appointment, not as you're about to retire but earlier in your career.

Boards are looking for directors with broad experience who can contribute to the full range of commercial and governance issues which come before them. My first piece of advice, therefore, is to broaden your experience at the earliest opportunity, especially if you have operated largely within a single function. Not forgetting that every board member needs to be financially literate, digitally savvy and tuned in to the ESG agenda so if you're not, take steps to address that.



Warren Partners

How to best to position yourself now

Broaden your experience

- T, Π or Stonehenge
- financially literate

Get board experience/exposure

- presenting at board
- committees, JVs, subsids
- public/voluntary sector

Make your success visible

- conference speaking, writing articles, LinkedIn, media/social media profile
- role in industry bodies, awards



Secondly, it's worth trying to get board experience or at least exposure, through presenting at board, getting involved in committees or serving on the boards of joint ventures or subsidiaries. A great starting point is joining the board of your industry body, or in the voluntary or public sector which can teach you the difference between the executive and NED role, while contributing something valuable to an area about which care you enough to give up your discretionary time.

Finally, many women and ethnic minority candidates I work with feel uncomfortable about making their success visible, which is something I encourage them to do to get on the radars of those who are looking for candidates. It doesn't have to be speaking at conferences or getting nominated for awards, although these help, but writing blogs and keeping your LinkedIn profile up to date are ways we as head-hunters get to know about you.

Having set the groundwork, when you're ready to market yourself as a NED, you'll be asked for your NED CV. I'm often sent an updated version of an executive CV, which just doesn't hit the mark. You need to make sure that yours draws out the NED skills of constructive challenge, scrutiny of performance, risk, succession planning, remuneration and shareholder engagement as well as the broader director skills of strategy, leadership, culture and ESG. Don't forget that businesses look for NEDs with relevant business experience and will want evidence of your commercial achievements and that you've managed budgets, people and operations.

Having prepared your NED CV, (your sales document), when it comes to marketing yourself, you need to consider what type of business you would like to be involved with, as a different route to the board applies for each. SMEs tend to rely on their network and professional advisors, while PLCs and regulated businesses retain the services of board search firms, charities and the public sector will often advertise or use specialist recruiters. Even if a recruiter is being used, it's important to use your network. This doesn't mean attending countless events, but leveraging the network of people you know and asking for help. This is something we are often reluctant to seek, but remember you're happy to give help and others are likely to feel the same.

If you're reading this, I hope this gives you some tips to follow and the confidence to put yourself forward for NED roles, particularly if you can help to diversify the leadership at the top of businesses.

Women in Turnaround:

We held a dinner for our Women in Turnaround network in September, generously supported by FRP. Hannah Gray of UKGI gave us the view of a turnaround leader from inside government.

In the lovely surroundings of Christopher's London, senior women in turnaround met for a dinner on 28th September. We heard some fascinating insights from IFT member Hannah Gray, who leads the Special Situations team at UKGI.

Hannah has worked on varied projects ranging from strategic balance sheet reviews, recapitalisations, debt-for-equity swaps, creditor representation, covenant renegotiations, securitisation advisory, high yield bond issuance, rights offerings, private debt placements and stressed M&A. Prior to joining the civil service, Hannah worked for Deloitte, UBS, Rothschild and PwC.

The Special Situations team combines civil servants and restructuring and insolvency professionals who focus on sectors and corporates where there is the risk of economic shock impact to major employment or assets of national interest.

Women in Turnaround is open to our female accredited members, senior women within partner firms and by invitation to other stakeholders. If you're interested in learning more, getting involved, or encouraging a colleague to get involved, we'd love to hear from you.



The Energy Crisis: a review, what you can do - and what lies ahead



Ed Butler of Adalta Energy discusses the energy crisis and its impact on businesses.

The global energy crisis has had a huge impact on UK businesses over the last 18 months; with unprecedented wholesale prices and market volatility continuing to put pressure on budgets.

What caused the Energy Crisis and is it now over?

The energy crisis was largely concerned with the gradual escalation in tensions between Europe and Russia. This started slowly with sanctions from the West and posturing over levels of gas supplies from the East, and culminated in the full cessation of all gas flows from the major Nord Stream pipeline following its sabotage. Consequently, energy prices rose steeply as countries scrambled to secure essential gas supplies.

Companies whose fixed energy contract expired around this time found themselves in the unfortunate position of having to lock in at highly inflated prices for the duration of their renewal.

Adalta Energy customers on flexible purchasing contracts were better placed to weather the storm and the contracts provided a multitude of purchasing options that were utilised to mitigate their financial exposure. For example, energy was purchased much closer to physical delivery, where risk premiums are much reduced. These customers secured much lower market prices as markets calmed down from their initial hysteria.

A year on we are still in uncertain times. The market remains very volatile and prone to large swings in prices related to good and bad news stories that may impact supply. A flexible purchasing product remains at the forefront of best practice risk management as it allows business consumers to tailor their hedging strategy and budget to their risk appetite.

What is Flexible Energy Purchasing?

A flexible purchasing contract provides a framework so that your business can transparently buy electricity or gas when you want, not just at the point you negotiate your contract (as with fixed price contracting). At point of contract signature, there is no requirement to purchase any energy, rather you have an option to make multiple purchases until the point of consumption.

How does it work?

Wholesale energy markets in the UK operate as any futures market, allowing participants to buy or sell energy up to three years ahead of delivery. Prices vary across different periods to reflect supply and demand risks over time. Purchasing decisions can be tailored to your risk appetite and are often a balance between budget certainty over the medium/long term and/or short-term gains accessible in the prompt market.

What are the key advantages of flexible energy purchasing?

Flexible contracts provide access to favourable market prices that are unavailable through traditional fixed price contracts, reduce the risk premiums that are levied by suppliers and allow businesses to spread purchasing decisions to meet budgetary requirements. Adalta Energy specialise in Flexible energy contracts and would always recommend that higher consuming businesses consider the product as a way to optimise energy costs.

Energy Markets – How do they work



Broadly speaking, electricity costs can be broken down into 5 elements; Commodity, Network, Environmental and Social, Risk and Supplier margin.

1. Commodity (50%)

The underlying cost of the electricity that a supplier procures on the customer's behalf and is typically purchased on the wholesale market; which can be very volatile. The wholesale market operates much like any other futures market, where contract prices vary depending on delivery periods.

2. Network (20%)

These are the costs associated with transporting electricity from the power station to the property and the balancing of the overall supply and demand across the network. Electricity is also lost during its journey to the meter as both heat and noise are generated in the wires used to transport it.

3. Environmental & Social (20%)

These costs cover government policies and schemes to support energy efficiency improvements in homes and businesses, ensure there is sufficient generation available in peak periods and encourage the take-up of renewable technology.

4. Risk (9%)

Suppliers face many risks in the pricing and delivery of electricity contracts. For example, customers will not always consume in line with their forecast; requiring the supplier to buy or sell back volume closer to delivery. In addition, suppliers will cover the **credit risk** against the possibility of businesses not fulfilling their contract.

5. Supplier margin (1%)

Suppliers need to cover their operating costs as well as make a profit. This component needs to cover the costs associated with billing, customer service and the wider costs of running an energy business. Once those operating costs have been deducted, the supplier is left with their margin before interest, tax and depreciation.

www.adaltaenergy.co.uk

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What are your projections for the future?

If only I had a crystal ball! What is certain is that prices will remain elevated from those levels seen before the crisis. This is a result of the simple fact that whilst Europe still relies on traditional fossil fuels, we will now be reliant on LNG supplies to meet our demand and these are inherently more expensive than the cost of pipeline gas previously delivered from Russia.

If I had to make a prediction, I would suggest that we are likely to see a continued gradual softening of prices as the continent further adapts to the new world, with a floor set by the prevailing LNG prices which are set in a global market. However, this is heavily caveated by the ever-present shadow of potential escalations of tensions in various locations around the world that are inevitably located near key energy sources. Recent events in Israel and Finland have made it very clear that the crisis is anything but over.

With over 100 years' experience of working inside the UK's largest Energy Suppliers, Adalta Energy brings unrivalled knowledge to the Energy Consultancy market. Each of our consultants has a minimum 15 years' experience working for energy suppliers across Pricing, Energy Trading, Credit Management, Product Development and Customer Service functions. The team has structured and supported some of the most complicated supply and generation energy contracts in the UK and are keen to understand how they can help you.

For more information on flexible purchasing, or support with any other energy challenge, please visit <https://www.adaltaenergy.co.uk/flex-products> or email enquiries@adaltaenergy.co.uk

AI: Friend or Foe? Trusting the Power of Artificial Intelligence with FTI Consulting

Artificial intelligence (AI) has been a hot topic across most industries in 2023. As the world starts to consider its potential and embrace its capabilities, it's important for businesses to take steps to not fall behind. On 12th October 2023, we hosted a webinar with **Nathalie Baker, Jo Zwijacz and Carly Wilson from FTI Consulting** to explore the risks and benefits of adopting AI and key considerations when harnessing the power of AI.

The presentation started with the history of AI, which started more than 70 years ago in 1950 with the concept of machines becoming intelligent. At the time, the technology was not advanced enough to support this, but moving forward to 2023, we've seen the development of scalable, cloud platforms meaning that the possibilities have grown exponentially. Now seeing the introduction of start-ups like OpenAI, who built ChatGPT, the excitement around AI has grown even more.

AI is the next digital revolution. It will disrupt not only the corporate landscape, but the world as we know it. Businesses can adapt by developing critical AI technology skills and embracing AI's potential in their strategies, business plans and initiatives to remain relevant and competitive.

Applications and benefits of AI for businesses

FTI Consulting outlined four key advantages to using AI:

Speed: Once trained, machine learning models can make decisions far faster and more accurately than humans.

Cost: Automating manual repetitive tasks frees up employees to perform more value-add activities.

Consistency: Humans can easily be influenced by emotion, mood, or time of day. AI-driven decision-making is more consistent.

Pattern Recognition: AI can quickly identify patterns in large datasets that humans would struggle to spot.

In the simplest terms, AI for businesses introduces process improvements or new capabilities. For instance, typically repetitive processes can be moved to more automated processes, meaning a capability that was previously not cost effective, may now be possible.

AI can be applied across all industries and horizontals, for example, a Chief Finance Officer may use it to implement a dynamic pricing strategy, a Chief Operating Officer may use it to improve or reduce customer service costs, or a Chief Human Resources Officer may use it to support talent management or personalise learning and development journeys for employees.

AI can come in various forms including:

- **Machine Learning:** such as Amazon's recommendation of which products you should buy next.
- **Natural Language Processing:** such as text autocomplete.
- **Deep Learning:** such as Deep Fake images.
- **Large Language Models** such as Google Translate.
- **Generative Pre-Trained Transformers (GPTs)** such as ChatGPT (Microsoft – OpenAI), Bard (Google).

AI: Friend or Foe?

FTI Consulting has many years of experience developing AI products for clients. Recent examples include development of applications that prioritise legal documents for court cases, successfully flag conversations on social media that may become reputationally harmful, or more accurately forecast demand for, and optimally determine the placement of, electric car points.

So clearly, AI is very powerful, but can you always trust the results? Building on a riddle to test participants' unconscious bias, FTI Consulting discussed how a CV-screening algorithm used by Amazon was skewed towards male candidates. This was due to its training being conducted on CVs that had been submitted in the previous decade when the technology industry was predominantly male.

Bias is often a key concern in discussions about trust in AI, but there are other areas that are just as important; examples include model drift - where the performance of a model degrades over time as the data ages, and data leakage - where a model is trained on data not available at its application, such as data only available on the outcome. FTI Consulting emphasised the need for quality assurance whilst training the model and throughout its lifetime.

Generative AI is the use of AI to create content, typically in the form of text, audio or visual. This term is often used in relation to text creation models like ChatGPT. Recommended use cases include using AI to produce compelling and engaging text, assisting with drafting materials in the hands of subject matter experts, and rephrasing content such as marketing materials for different channels. It is important to note that many publicly available tools such as ChatGPT will store and use any data that you input and use it to work on, so this needs to be used with caution. There are also risks, as Generative AI can amplify and perpetuate biases in the training data, as well as lead to the possibility of 'hallucinations' where the tool creates output that is incorrect or nonsensical. Large Language Models generate content based on the next most probable word which means that it is not fact checked. Given these known risks, users must always fact-check outputs.



Risks and mitigation

In business, there are three major potential consequences of the incorrect application of AI:

1. Reputational damage
2. Financial performance deterioration
3. Financial penalties due to regulatory non-compliance, such as with the new EU regulations agreed in December 2023.

FTI Consulting designs and creates AI for clients, but are increasingly being asked to assess the capabilities of the AI organisations are building — including governance and compliance, technical assessments and process assessments.

Thanks to the FTI team for an insightful webinar.

Steve Bear of Gallagher discusses the importance of cyber-liability insurance...
Cyber liability insurance can cover cyber security and privacy liabilities, including cyber extortion, cyber terrorism and data asset loss.



You can claim for the costs of responding to a breach, plus regulatory investigations and defence costs and civil fines and penalties (a major concern with GDPR).

Your cyber insurance can cover you for business interruption and loss of income, litigation damages and costs from individuals/class actions, and multimedia liability. Extensions are also available for reputational damage and cyber-crime.

Gallagher can not only help you insure against and recover from your cyber risks, but also prevent, mitigate and manage them through proactive risk management. Gallagher's specialist team offers a range of services to enable you to invest in your cyber risk management strategy and improve your ability to recover from a cyber-incident. They can create a package of support to help you develop your cybersecurity framework.

The suite of available services can be tailored for every size of business, from multinational corporations to SMEs. Gallagher can support you through cybersecurity risk assessment, cyber risk management certification, staff training, incident response planning and much more.

To find out more about cyber insurance and risk management, get in touch with Gallagher today.

Steve Bear
Executive Director
Financial and Professional Risks



Pensions and the impact of interest rates: opportunities when working with Defined Benefit Pension Schemes, with Richard Farr of Cardano Advisory

Kicking off our November events, Richard presented on current opportunities when working with Defined Benefit Pension Schemes to an audience comprising senior members of the IFT community.

Richard has been talking about DB pensions and their impact on covenant and regulatory guidance for over 20 years, and to many IFT members during that time, but it was the first time he has ever used the word “opportunity” in the context of pensions!



Richard covered how a scheme's position (and resultant options) changes along the corporate demise curve (within the Comfort, Concern, Crisis, and Catastrophe Zones). Each Zone has different options and solutions dependent on the size of the S75 (buy out) deficit when compared to the Enterprise Value of the Employer/Group.

He then posed the question of which of the seven key deficit measures should the IFT member be concerned about? Was it Best Estimate (rarely achieved), Accounting (irrelevant apart from useful disclosures), Technical Provisions (which drives cash but is out of date because an IFT member has just been called in), the LDI position (which was very messy in Q4 last year), Long Term Funding (how far off have you to go), S75 (by the way, if the date of the estimate provided is before Q4 last year, it is materially wrong!) and, of course, PPF (are they the real creditor, not the scheme that you will have to deal with?).

If you have a surplus; beware. On which of the seven bases has it been calculated?

The Good News is that there is (at last) an emerging Safe Harbour from Moral Hazard powers, but that is for another webinar.

The pivotal change in the scheme dynamic continues to be a very hot topic within the industry and IFT members need to be fully conversant with the transformation of their DB pension schemes, along their other advisors' perspectives.

Richard emphasised the relevance of, and interaction with, the IFT members game plan for well-funded schemes as well as those considering transacting with potential M&A, deal hungry insurers, or maybe even the new capital backed investors entering the market now. There has never been a better time for IFT members to embrace defined benefit pension schemes as a positive within a turnaround plan.

Ryan Short, Accelerus

Introducing Ryan Short - IFT Specialist Member

Ryan is a business transformation expert, focussing on commercial and operational performance improvement, retail and consumer operations and supply chains.

With a “hands on” leadership style, Ryan makes things happen - as comfortable in the weeds of operational processes and data as developing growth or recovery strategies and visions; keen to get stuck in to deliver real, sustainable results and on the ground change with teams.

Ryan’s approach

In order to add value to a business I first work to understand how it functions as an organisation (structure, comms and performance) as well as how it delivers its purpose/service - for me, everything starts with a detailed process map, preferably sitting with teams creating this together.

Once this is clear, the next step is to get under the bonnet of the business’ P&L to understand the operating model. From this I can identify revenue generators, cost drivers and as much about the unit economics of the delivered service or product as possible.

By understanding these elements, I can then identify business processes or delivery areas to understand and analyse in more detail - building a 3 phase plan of : Stabilise | Standardise | Optimise.

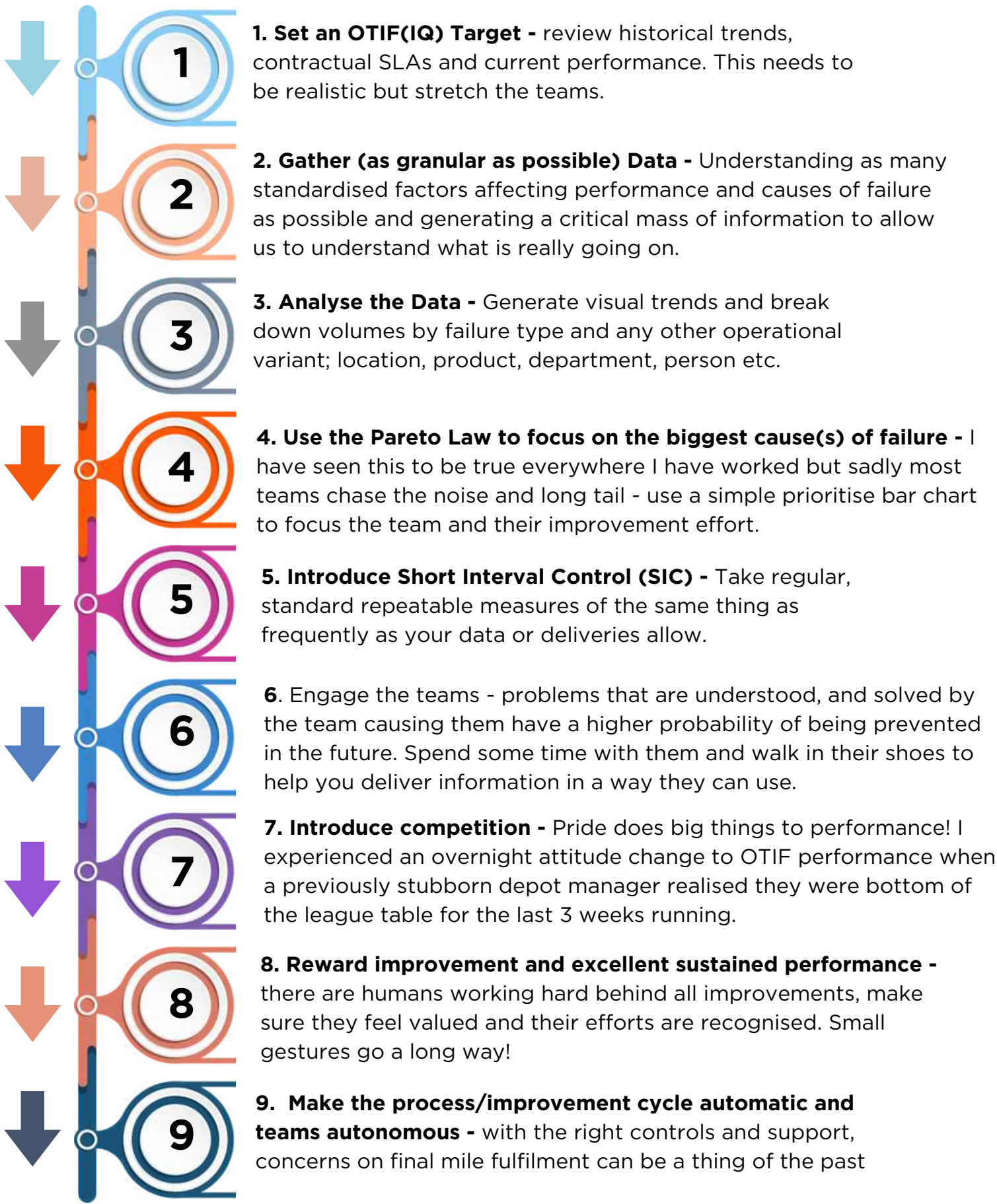


Case Study - Focus on fulfilment

Successful final mile fulfilment can be a business’ rocket fuel for growth - leading to repeat purchase, new customer referrals, positive free publicity through 5* reviews and lower operational costs driven by reduced refunds, returns and gestures of goodwill. Today’s consumer expects an out of this world delivery experience, with on time in full delivery, often next day or at a future chosen time to suit them being the minimum.

In my last two roles, final mile fulfilment performance needed to be significantly improved with successful delivery performance and customer sentiment declining whilst order volumes were growing making it imperative to get control and improve.

Whilst very different operational demand and processes existed both sets of customers had the same simple expectations - that their purchases would be delivered perfectly and on time. The approach I took to deliver performance improvement was the same across both cases:



About Ryan

Ryan is currently Chief Operating Officer of Snug (www.snugsofa.com); a modular “sofa in a box” omni-channel retailer offering NDD across 80% of the range, acquired by SCS in January 2023, and Partner at Accelerus, a results-driven advisory firm who focus on rapidly improving the performance of businesses (www.Accelerus.net). Ryan holds a Masters of Engineering degree from the University of Bristol and has held senior leadership and advisory positions in multinational blue chips , high growth scale ups and start ups.

To find out more about Ryan or discuss opportunities where he or colleagues from Accelerus can support you, please contact him on ryan.short@accelerus.net

Our IFT Next Committee has been developing the turnaround and restructuring network and organising some really great events for their regions, bringing in new members to the IFT Next network. These events are focussed on networking and help professionals who have identified turnaround and business support as their long-term career pathway. Typically, these professionals will have established themselves at a management level within turnaround and restructuring and are now looking to build upon their profile and network.

The IFT Next events and network is typically suitable for those with the following titles: Manager, Senior Manager, Director, Senior Solicitor/Relationship Manager/Director, Business Support Manager.

If you're looking to network with a focused community and are developing your career in turnaround, whether as an adviser, lawyer, banker or investor please contact us to join our distribution list.

New committee members

We have 4 new committee members:

Sean Leaf - North West - Barclays

Sophie Newcombe - North West - FTI Consulting

Claire Marsden - North West - Grant Thornton

Gary Foster - Midlands - HSBC

Claire Marsden, Grant Thornton

Claire is a committee member for IFT Next covering the North West region. Claire is a Manager within the North West Restructuring team for Grant Thornton UK LLP.

Claire is both qualified as a Chartered Certified Accountant and CPI, focussing her work on advisory and formal restructuring assignments.

Her experience includes delivering work in a number of industries and across the entire business lifecycle from pre-lead and independent business reviews, options assessments and contingency planning as well as formal restructuring solutions.

Claire is a member of the Committee for the North West.



Sophie Newcombe, FTI Consulting

Sophie is a Senior Consultant in FTI Consulting's Corporate Finance & Restructuring team. Based in Manchester, Sophie primarily focuses on company side advisory and value creation engagements across a wide range of sectors including hospitality, retail and technology.

Sophie has joined the committee for the North West region.



Gary Foster, HSBC

Gary Foster is a Director in the Corporate Loan Management Unit at HSBC and a Commercial finance expert

His specialties include: Business development, credit and risk analysis, restructuring and recovery, relationship management, leading teams, underwriting.

Gary has joined the Committee for the Midlands region.



Sean Leaf, Barclays

Sean Leaf is an Advisory Manager at Barclays in Barclays Business Support

He is an experienced professional working as an Advisory Manager for Barclays Business Support in the North of England. Sean has joined the IFT Next Committee for the North West region.



Alex Coles, Azets

Notable cases:

- The solvent sale of market leading hotel designer, running an accelerated sales process in the wake of a HMRC winding-up petition.
- Running advisory and AMA for London-based PR agency and dealing with subsequent Administration appointment.
- Assisting with the Administration of a Hotel in Glasgow, overseeing the sale process and recoveries for secured lenders.
- Supporting with a lender mandated cash flow review of an Employee Benefits Service Provider.
- Working on a Department for Education review of a University's performance, helping to provide options and contingency planning analysis.
- Leading an accelerated sales process of a UK based drinks manufacturer.
- Providing buy-side advisory for a client purchasing assets from the administration estate ran by another IP.

Alex is an enthusiastic, diligent and thought-provoking member of the London team. Recently completing his ACCA exams alongside his busy day-job, he is proactive in getting involved with more complex and challenging situations. On the back of this, he has accelerated his development and is seen as a key go-to person for his colleagues, both junior and his peers.

Andy Davis, Strategic Advice Director, Azets

Alex brings great enthusiasm, drive and determination to his accelerated M&A work. This tenacity, coupled with his excellent people skills, is invaluable given the number of different parties and stakeholders that need to be managed to achieve a business rescue within a very tight timetable.

- Robert Young, Director

Alex's view of the market...

“Interest rate hikes over the last year have put significant strain on UK businesses, with SMEs in particular facing increased pressure. As the SONIA forecast suggests, higher interest rates are here to stay for longer than expected, and SMEs must prepare and adapt to a new-look economy.

One of many sectors that will bear the brunt of this changing environment is hospitality, as vulnerable restaurants and hotels in particular are already facing higher utility costs and declining consumer confidence. Increased interest rates on landlord mortgages are resulting in rent increases, with leasehold hospitality businesses picking up the bill. As these rent and overhead rises loom, external creditor pressure will continue to build as cash reserves are tightened and financing working capital becomes ever stretched. Moreover, as the UK lingers on the cusp of another recession, the hospitality sector is poised to take a considerable hit as changing consumer behaviours result in traditionally less spending in the sector during periods of economic downturn.

Bridging these tough periods of trading will remain a challenge for hospitality businesses, as debt becomes increasingly expensive and lenders are becoming apprehensive as existing facility covenants are breached and interest payments are falling due.

In the wake of this pending economic uncertainty, our profession is in excellent shape to ensure that the best results possible are achieved for clients facing adversity. New legislation provides restructuring specialists with a comprehensive armoury of processes to assist struggling SMEs, with the full potential of restructuring plans and moratoriums yet to be fully tapped. Despite the changing environment, the fact remains that the earlier restructuring advice is provided to a client, the likelihood of a successful turnaround process is increased. ”

CORPORATE PARTNER NEWS - KPMG JOINS AS CORPORATE PARTNER

We are delighted to welcome KPMG as a Corporate Partner

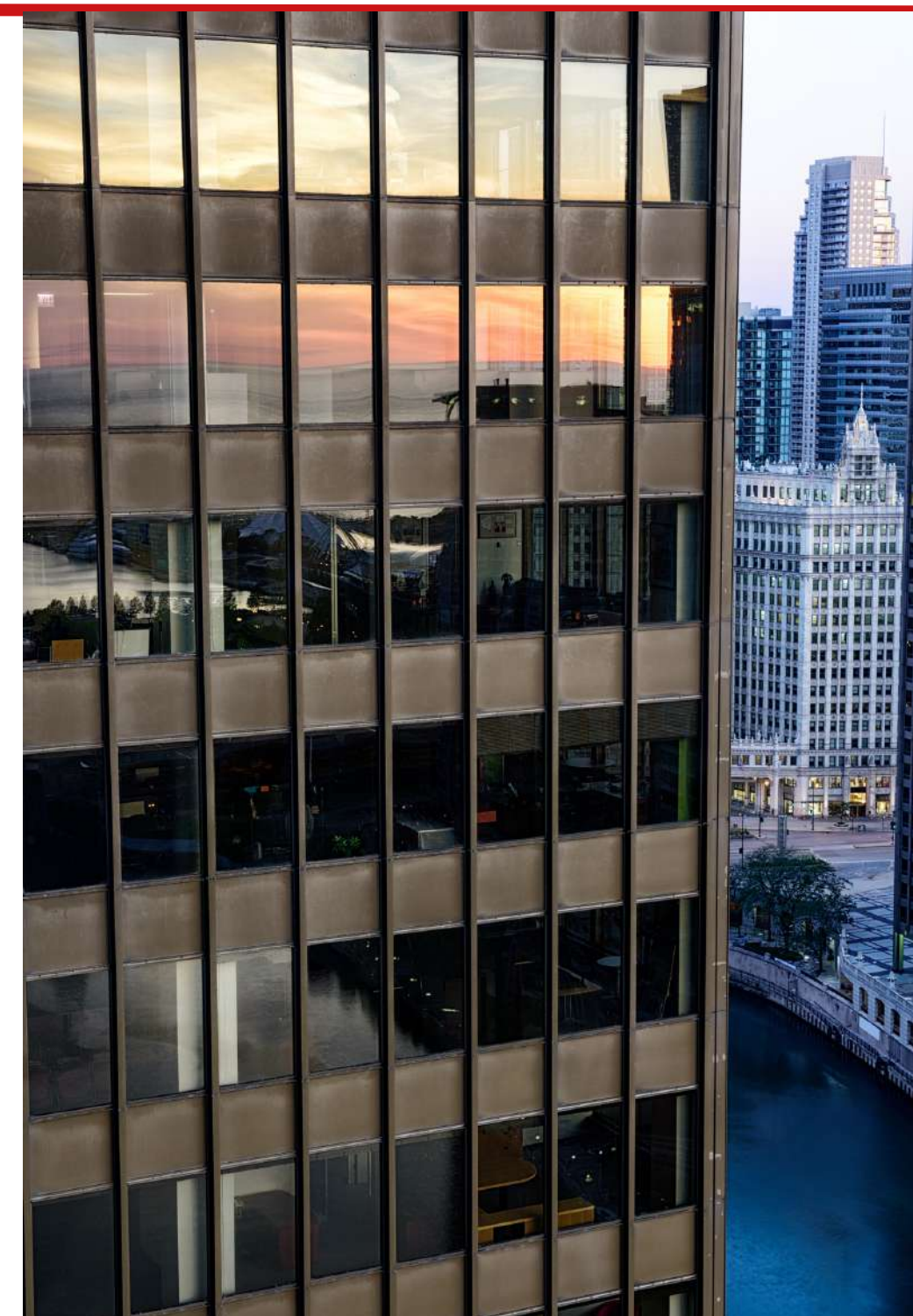
KPMG is a leading provider of Audit, Tax and Advisory services.

The Advisory business helps clients shape their future by addressing their most complex and critical growth issues, working collaboratively with them to seize and implement growth opportunities.

They support clients to evaluate, improve, exit and derive value from their financial, business and operating models using deep functional and sector expertise, underpinned by cutting edge data and insights.

The newly established Turnaround team provides fast, specialist support to help improve liquidity, refocus operations and strengthen financial performance.

They help businesses prioritise actions to establish a stable and sustainable platform for turnaround and transformation.



TRIBUTE: Bill Gore

We were saddened to learn that Bill Gore, an early member of the IFT had passed away last month. Here, IFT Fellow Ian Gray shares his reflections on Bill's contribution to The IFT, turnaround and business more widely.



Bill was a qualified chemical engineer and chartered accountant. We worked together on projects and on the board of IFT and it was he who encouraged me to become a director. From that developed a great friendship and we continued to speak and meet for dinner for long after we both ceased to be directors. We were planning our next dinner shortly before he died.



Bill was a founder member and director of what was the Society of Turnaround Professionals (which became the Institute for Turnaround) in 2001. He served on the board for nine years. This was a period of change. One of our tasks was to rewrite the constitution in 2008. Others tasks included the debate and conclusion for the new name and putting the IFT finances on a sound footing.

Bill was very generous with his time and managed to balance all his interests, which included being a principal investor and being on the board of IFT. He was delighted when he was appointed Chair of the Council for Essex University having worked on the business plan and then helping the team raise £100m for the investment in their new campus at Southend.

Bill was a devoted family man and was at his happiest at home with his wife and three daughters. He was energetic and enjoyed his music and singing.

Bill will be sadly missed by people in many walks of life, and I am proud that I could call him my friend.

IFT EVENTS CALENDAR



UPCOMING EVENTS FOR YOUR DIARY

Member meetings and webinars are included in memberships and corporate partnerships; events listed are free of charge unless a ticket price is indicated.

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

Market Overview Panel - hybrid: via webinar or in person

- Chaired by Amy Creed (Macfarlanes), Nick Alexander (CRO), Claire Burden (Evelyn), Chris Howard (Sullivan & Cromwell) and Niamh Buckley (Endless)
- Date/Time: 5th December 08.30-09.30
- Location: Zoom **or** in person - options below:
- Evelyn Partners, 4th Floor, Portwall Place, 21 Portwall Ln, **Bristol**, BS1 6NA
- PwC, One Chamberlain Square, **Birmingham**, B3 3AXB
- Endless LLP, Ground Floor, 12 King Street, **Leeds**, LS1 2HL
- Open to IFT Members, Corporate Partners and IFT Next

IFT Next North West Social at The Cube

- Date/Time: 13th December 17.30
- Location: The Cube, Manchester Arndale, Manchester M4 3AB
- Open to IFT Next

IFT Next Midlands Breakfast Social

- Date/Time: 14th December 08.00 (breakfast provided)
- Location: The Ivy, Temple Row, Birmingham, B2 5LS
- Open to IFT Next

IFT Next West & Wales Breakfast Social

- Date/Time: 14th December 09.00 (breakfast provided)
- Location: Cosy Club, 31 Corn Street, Bristol, BS1 1HT
- Open to IFT Next

A Round Up on Directors' Duties for CROs with Macfarlanes

- With Jat Bains, Paul Keddle & Lois Horne
- Date/Time: 11th January 08.30 - 09.30
- Location: Zoom
- Open to IFT Members, Corporate Partners and IFT Next

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 STAFF UPDATES

New Communications and Public Affairs Executive



Nicolette Stickland

We welcomed our new Communications and Public Affairs Executive Nicolette Stickland in early October.

Prior to joining The IFT she worked for a company providing commissioned rehabilitative services to the Ministry of Justice..

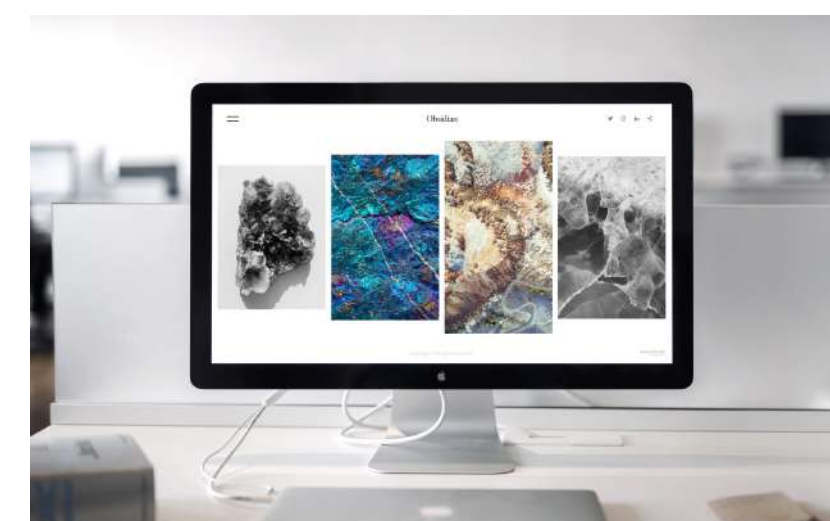
Previously she trained in law and worked in policy and research roles, including for a think-tank, the Charity Commission and a political consultancy specialising in tech policy.

At The IFT, as well as publishing our new weekly Turna-Round Up she will be working with our CEO Milly on Restructuring Plans and a guide to the new funding landscape for members.

IFT WEBSITE UPDATE

We have been busily working away at the final touches to the new IFT website.

The new version will launch early in the new year and we will be providing updates and communications around the launch so look for these!



We have made good progress in improving the design, functionality and content on the site, and will be conducting testing before Christmas.

The new website will offer:

- an improved “shop window” for accredited members with a more modern look and feel;
- login for all accredited members, specialists and associates, enabling you to access completely refreshed information notes, to book onto events, view webinar recordings and sign up to updates, such as our new weekly round-up (more on this below);
- improved content on our insights page, including our reports and research and thought leadership published with members and partners on a variety of topics.

We're migrating existing content, including member profiles, and you'll be able to login to update and make changes, with a straightforward guide provided to do so.

CONTACT DIRECTORY

IFT Contacts

IFT CEO

Milly Camley
mcamley@the-ift.com

Administrative Executive

Charlotte Hales
chaless@the-ift.com

Membership Executive & Company Secretary

Tom Shanahan
tshanahan@the-ift.com

General enquiries

info@the-ift.com

Partnerships & Events Manager

Claire Lewis
clewis@the-ift.com

Follow us on:

Public Affairs & Communications Executive

Nicolette Stickland
nstickland@the-ift.com

