Swift

The Online Turnaround Times

SPRING EDITION

SPRING EDITION 2024

IFT NORTH CONFERENCE

IFT STAKEHOLDER ENGAGEMENT

RESTRUCTURING PLANS

OUTLOOK FOR 2024

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SPRING EDITION

MESSAGE FROM THE CEO

Welcome to our first 2024 edition of Swift.

2024 has got off to an incredibly busy start for The IFT events-wise, which complements what we are hearing from our members and partners, who have seen a steady increase in demand for turnaround support over the last quarter. We published our first Quarterly Update looking at trends in the turnaround market, drawing on insights from partners and data from FRP Advisory, and you can read more about this on p7.

Events-wise, we kicked off our regional conference programme at the start of March with The IFT North Conference, this year held in Manchester. You can find information about our upcoming Midlands, West and Wales Conference - later in this edition of Swift.

Meanwhile our wider events programme has already included webinars ranging from directors' duties to generating cash in a turnaround and we have seen huge enthusiasm and take-up for these. We are busy planning a packed schedule for the rest of the year and you can find upcoming events on p5.

Membership-wise, we have completed our January renewals process and have had a positive start to the year with a number of successful accreditation interviews. Thank you to all our members, with a warm welcome to those who have just joined. We are always looking to review our suite of member benefits to enhance our offering and add value for members, which we started off this year by a series of regional professional headshot photoshoots for members and partners.

In February we held annual IFT Board Strategy away day, which saw a number of our Board Members join us in central London to discuss The IFT's plans and priorities for the next year. We've done a lot of thinking around the shape of the turnaround marketplace and how The IFT's work can best benefit its members. It was a productive session reflecting our increasing engagement nationally and regionally and significant growth in the IFT Next network, which we estimate now represents the most comprehensive cohort of young practitioners from across the turnaround professions in the UK. We're enthused to build on this further following those board discussions in areas ranging from engagement with regulators via Special Interest Groups to increased sector engagement and thought leadership.

We finished off the strategy day with members of the London and Fellows Committees to hear from John McTernan, political commentator and Tony Blair's former Director of Political Strategy, about the challenges and priorities of a potential future Labour government and how this could impact turnaround.

Our IFT Next committee have been as busy as ever organising a fabulous range of events for our IFT Next members. These have included Shuffleboard in Leeds for our North East region members, cocktail making in Bristol, visiting the F1 Arcade in Birmingham and an upcoming Dishoom breakfast in Manchester.

Our IFT Academy Learning Programme 2024 has seen our largest intake to date, from leading law and advisory firms, banks and Private Equity firms. This year we were also pleased to welcome attendees from UKGI. We held Module One in London, with speakers from NatWest and independent turnaround members. You can read more on p2.

We have stepped up our advocacy and stakeholder engagement activity significantly, including written submissions to the House of Commons Public Accounts Committee, engagement with the Institute of Directors in relation to their Commission developing a Code of Conduct for Directors and with the ICAEW in relation to feedback on HMRC performance against their Charter standards. More detail on this work is featured on p7.

We have completed a series of regional roundtables bringing together market participants (advisers, lawyers, lenders, PE), IFT independent members and statutory and other stakeholders including the Insolvency Service and landlords. The roundtables have sought to investigate market views on Part 26A Restructuring Plans, explore the role and perspectives of IFT independent members, start building an evidence base of how they are working in practice - and how processes can be improved so that a broader range of businesses can access them. You can read more about the key themes from the roundtables and related survey and our ongoing work on p6.

We published our *Future Proof* report with t-Three/Kiddy & Partners about the traits and drivers of younger turnaround professionals - you can find out how this compares to our previous findings for CROs later in this edition of Swift.

Looking forward, we are busy planning some of our main events for the year: our conferences, the Awards dinner - as well as a funding conference in London in May, alongside which we are also working on a report providing a guide to the new funding landscape. For those we have not caught up with yet, we hope to see you soon.

Kind regards
Milly Camley, **IFT CEO**

Swift

IFT NEWS

IFT Executive

We are pleased to welcome Sheryl Cheung to the IFT Executive as our new Events and Marketing Assistant.

Sheryl joined The IFT in January 2024.

She graduated from University College London (UCL) with a degree in Arts and Sciences (Cultures) and previously interned in marketing and administration.

At The IFT, she provides support for events, logistics, marketing and communications and has already done some great work on our marketing and some of our thought leadership content, as well as supporting our north conference and IFT dinners.

Regional Events

We held our annual West and Wales regional dinner in Bristol, generously sponsored by Prompt Business Strategies, on 7th February saw an excellent turnout. Our attendees enjoyed a three-course dinner at Hotel du Vin and caught up with all the news from The IFT as well as with colleagues and their networks in the turnaround sector. It was a fabulous evening and we really enjoyed catching up with everyone who attended!

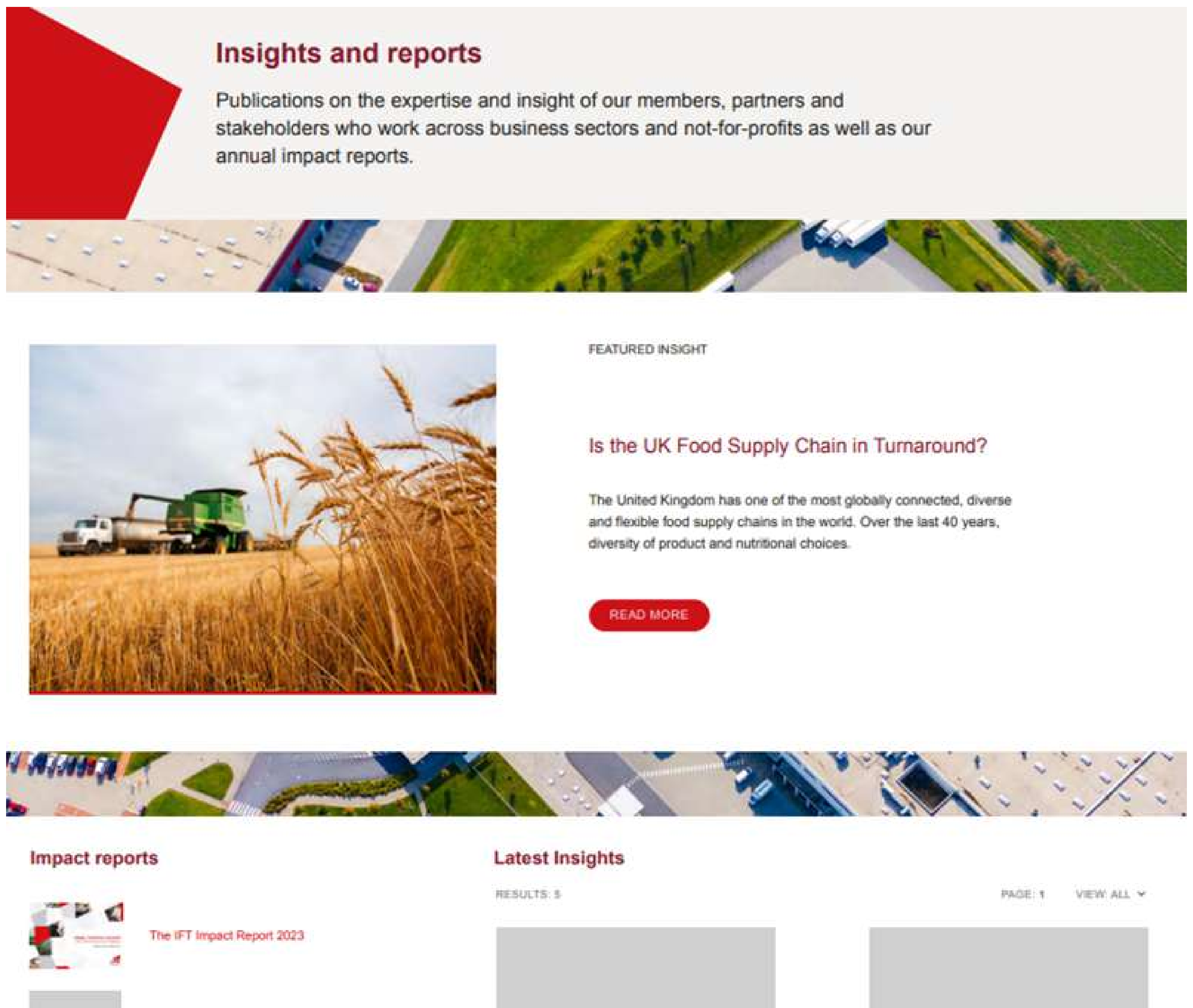
The IFT Academy

Module One of the IFT Academy Learning Programme 2024 took place in London at the end of January. This year's cohort has included a range of professionals working in turnaround and restructuring covering banks, law firms, advisory, private equity and government.

Day One started with an introduction to The IFT Academy, an ice-breaking exercise and a business anthropology mission over lunch. Participants then looked at the starting point of a turnaround situation and examined the concept of complexity using case studies. Speakers included Victoria Kerton and Emily Makinson of NatWest who gave a bank's perspective on restructuring.

Day Two saw IFT Fellow Bob Ellis talk about restructuring as a Chief Restructuring Officer, and IFT Member Donald Muir talked participants through his experience with the turnaround of Travelex. Our first module finished with a presentation and associated activities from best-selling author Emmanuel Gobillot discussing leadership in a turnaround situation and the role of discretionary effort. Thank you to our speakers and attendees!

IFT Website



We are coming to the end of the design process for our new website. We have worked with our CRM and website developer and an independent designer who has created a number of our publications and is familiar with The IFT brand. User testing is due to commence shortly.

The interaction of the new CRM system and the website will make it a lot easier for members and partners to update their profile, book on to events, access recordings and Information Notes and keep up to date with IFT news.

We will migrate existing member profiles and photos and you'll be able to update this information, but if you'd like to share a new biography, CV or photo in advance, please do get in touch.

Alongside the offering for members, we are delighted that the site will provide a better 'shop window' for member profiles and our thought leadership and insights.

IFT Midlands, West and Wales Conference

Our second regional conference will take place at the Ibis Birmingham New Street on 18th April.

Topics and sectors covered at the conference will include:

- Economic Overview
- Market Overview
- Refinancing
- Real Estate
- Agriculture & Food
- Restructuring Plans
- Directors' Duties
- Production

Tickets (excluding VAT):

- Members £50
- Non-Members £75

Please contact info@the-ift.com for further information and to reserve your place.

We are pleased to announce that this year, in partnership with Macfarlanes, The IFT is hosting a half-day conference on business funding in London.

Topics and sectors covered at the conference will include:

- The Credit Landscape
- Equity Strategy
- Economic Update
- Restructuring Plans
- ABL/Private Credit Landscape

Tickets (excluding VAT):

- Members £50
- Non-Members £75

Please contact info@the-ift.com for further information and to reserve your place.

IFT Events Calendar

An update on political and economic developments and their implications for the turnaround sector, with David Gauke
- Date/Time: 21st March, 18:00
- Location: Macfarlanes London
- Open to IFT Members, IFT Next and Corporate Partners

IFT Next West & Wales Cocktail Making, hosted by Hayley O'Driscoll of NatWest and Doug Cecil of BDO
- Date/Time: 21st March, 18:00
- Location: Bristol
- Open to IFT Next

IFT Next North West Breakfast Social, hosted by Claire Marsden of Grant Thornton, Sean Leaf of Barclays and Sophie Newcombe of FTI Consulting
- Date/Time: 4th April, 09:00
- Location: Manchester
- Open to IFT Next

IFT Midlands, West & Wales Conference 2024, in partnership with Lightbulb
- Date/Time: 18th April, 08:30 - 16:30
- Location: Ibis Birmingham New Street
- Open to IFT Members, Corporate Partners, IFT Next and external

IFT Funding Conference 2024, in partnership with Macfarlanes
- Date/Time: 23rd May, 08:15 - 12:30
- Location: Macfarlanes, London
- Open to IFT Members, Corporate Partners, IFT Next and external

IFT National Conference 2024
- Date/Time: 13th September
- Location: 20 Cavendish Square, London
- Open to IFT Members, Corporate Partners, IFT Next and external

IFT Annual Awards 2024
- Date/Time: 17th October
- Location: Pan Pacific London
- Open to IFT Members, Corporate Partners, IFT Next and external

IFT Healthcare Special Interest Group

We relaunched our healthcare special interest group (SIG) in January this year, with the first in-person event since 2019, hosted by PwC in London.

The SIG heard from **Julian Kelly, Chief Financial Officer and Deputy Chief Executive of NHS England**, who spoke about the challenges facing the NHS, alongside successes and opportunities for transformation.

The event was chaired by Steve Swayne, Chair of Kingsgate Advisory, and we also heard from Damien Ashford Partner, Education Lead and Government and Health Industries Restructuring Leader at PwC, who gave his insights from the perspective of operational restructuring in the sector.

It provided unique insights into the sector and a really great way to restart our focused activity in this area.

Restructuring Plans: findings of IFT roundtable series

Through the first quarter of this year we have been holding a series of regional roundtables exploring practical issues and seeking to change the drumbeat on the use of Part 26A Restructuring Plans

These encompassed London (with two roundtables), Manchester, Leeds, Bristol and Birmingham. The purpose of the roundtables was two-fold:

- To explore the views of IFT independent members and empowering individual turnaround directors to consider/use RPs;
- To look at how we can "turbocharge" the use of RPs by exploring a mixture of experiences with and views on RPs and talking through the ingredients of successful RPs.

Key Themes

The discussion varied across the regions and according to the mixture of participants, but a number of common themes featured in the discussion, including:

- The role of an independent CRO/turnaround director both in driving the process and managing the varying stakeholders, and in providing an independent assessment of a businesses' situation to enable a robust Restructuring Plan;
- Timetable issues and contingency planning around the best moment to look at an RP including at the point of receiving new funding, as well as addressing the possibility of an appeal post-*Adler* (spoiler: few were predicted);
- How to best structure funding reflecting the RP process - the point at which new money will be effective;
- The potential of litigation funding products, alongside insurance to unlock the tool for wider use amongst smaller and mid-market businesses;
- The role of clearing banks in relation to RPs, particularly in the smaller/mid-market;
- Options for reducing costs for SMEs/mid-market businesses such as simplification of documentation, as well as clear focus on and communication of the value created through RPs versus costs;
- The approach of HMRC;
- The advantages for regulated sectors.

We will be publishing a more detailed briefing covering some of the discussions and going in more detail into the key themes and areas of potential development.

Recent developments in Part 26A case law

The roundtable series has been timely given a number of significant developments in Part 26A Restructuring Plan case law that have occurred at the beginning of 2024.

Court of Appeal judgment

The most significant development has been a relatively early Court of Appeal judgment, in the case of *Strategic Value Capital Solutions Master Fund LP and others v AGPS BondCo PLC* [2024] EWCA Civ 24), referred to as the *Adler* case.

Though the Court of Appeal set aside the sanction order in this case, the judgment is useful for businesses considering RPs as it provides higher court guidance on the principles that will be applied by courts, particularly when the Court is considering whether to exercise the cross-class cramdown power and when it is taking a view on whether the proposed Restructuring Plan is fair.

Key points in the judgment included:

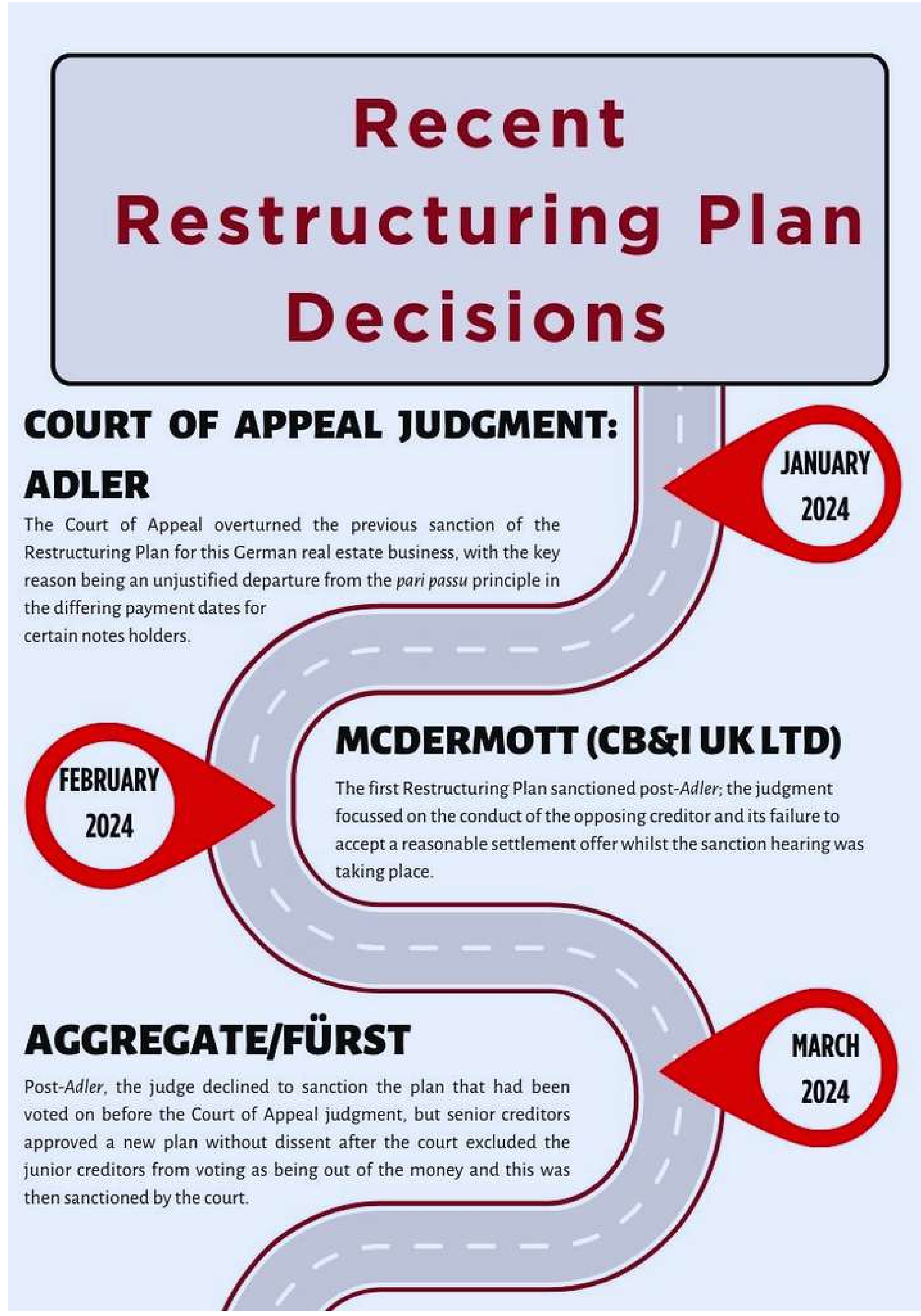
- Reaffirmation of the *pari passu* principle: proposed RPs will need to provide a good justification for departure from this.
- The Court will consider the horizontal comparator (the treatment of other creditors of the same class) when considering the fairness of the RP.
- Practical implications on timing and disclosure: the Court criticised short timeframes provided to the courts in the absence of truly burning platforms, and emphasised the need for all creditors affected by the RP to have the same information to decide on whether they agree to or wish to oppose the RP.

Post-Adler sanctions

Two Restructuring Plans (McDermott/CB&I UK Ltd and Aggregate/Fürst) have been sanctioned following the Court of Appeal decision. The first judgment did not provide a detailed consideration of the principles laid down in *Adler*, largely because of a settlement offer made by the Plan Company during the sanction hearing, which largely reflected the concerns of the dissenting creditor. In the second case, the judge declined to sanction the initial plan, but senior creditors approved a new plan without dissent after the court excluded the junior creditors from voting as being out of the money and this was then sanctioned by the court.

Next steps

We have been sending out a follow-up survey to participants of the roundtables, to gain more insight into market participants' experiences of using or encountering Restructuring Plans, and in particular the degree to which, when, and how they have been used as a tool to drive consensual restructuring.



We will be analysing the results of the survey and including this in the follow-up report referenced earlier. We will also be running further webinars on Restructuring Plans in Q2 to provide both an update on the recent case law developments and also addressing some of the key questions and priorities raised by independent members across the roundtables, including liability issues, timing, stakeholder management, evidence etc.

We will be taking forward key points from the roundtables with statutory and other key stakeholders, and are planning further events engaging alternative lenders, private equity, Family Offices and going direct to businesses to raise awareness and change the drumbeat on RPs. This will also be alongside further content and media work highlighting the benefits and potential of Restructuring Plans for companies, the economy and global UK.

IFT profile, stakeholder engagement and advocacy update

2024 has seen The IFT stepping up our stakeholder engagement and advocacy on behalf of our members, as well as developing our thought leadership capacity.

Quarterly Update

In February we published our first Quarterly Update, covering Q4 2023, drawing on publicly available data, data on company distress and insolvencies from FRP Advisory and a survey of some of our key partner firms.

The quarterly update complements our annual Societal Impact report which surveys our independent members and Corporate Partners and provides a snapshot of activity in the turnaround and restructuring space, including which sectors are experiencing higher levels of stress and key drivers of financial distress.

These updates will be released on a quarterly basis to give a sense of trends and developments seen in the sector.

Key findings

Falcon data from FRP Advisory showed a total of 171, 368 companies in distress in Q4 2023. The top three sectors for distressed companies were those in the professional, scientific and technical sector, construction, and retail and repairs sectors.

The results from our survey of key partner firms found that 83% of those firms surveyed had seen an increase in turnaround/restructuring activity in the previous quarter, with the remaining 17% seeing about the same level of activity. The three sectors in which turnaround activity was highest were construction, financial services and real estate, closely followed by the automotive and charity sectors.

The main driver of distress across the different sectors according to IFT partners surveyed was inflationary pressures, with 83% of firms citing this as a reason for corporate distress. This was followed closely by the cost of servicing debt - in itself linked to inflation and subsequent higher interest rates - cited by 67% of those surveyed as a common reason for distress.

The next quarterly update covering Q1 2024 will be released in late April/early May.

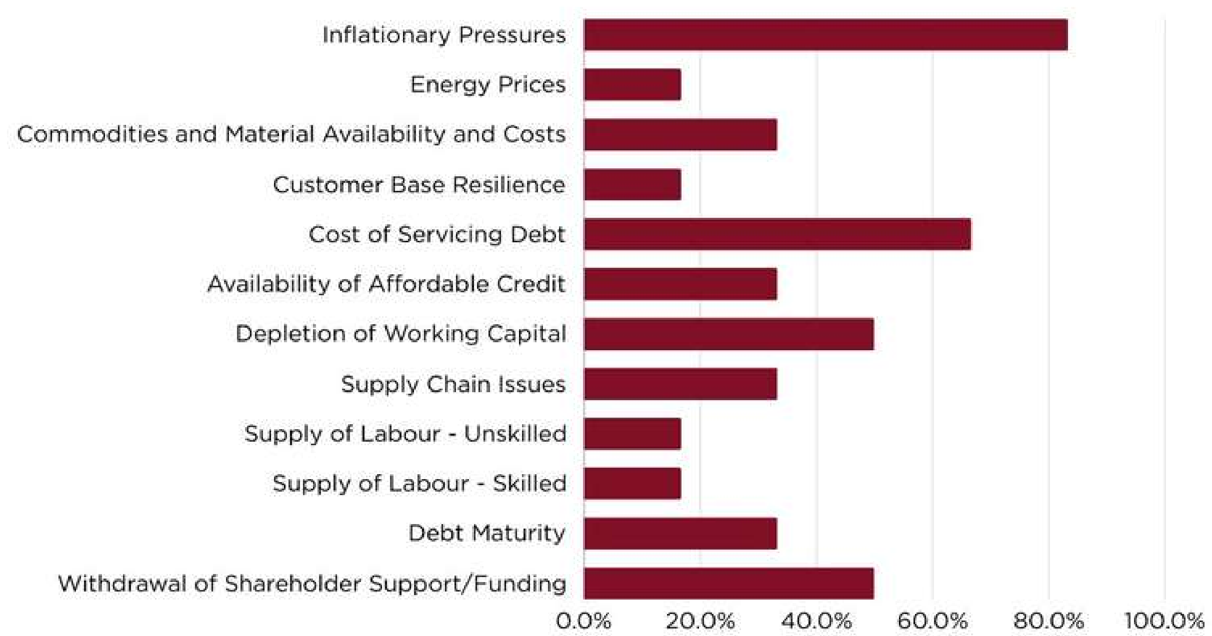
Top 3 Sectors for Turnaround/Restructuring Activity in the Last Quarter

Construction

Real Estate

Financial Services

Common Themes or Reasons for Distress across Sectors



Source: IFT survey of advisory firms;
more than one reason could be selected

Consultation responses, submissions and stakeholder engagement

The IFT has responded to a number of consultations to date in 2024, where there are clear implications for the work of our members and partners, to highlight the importance of the turnaround sector and to communicate key policy messages.

Public Accounts Select Committee inquiry - Lessons for government: monitoring and responding to companies in distress

We provided a written submission to the House of Commons PAC Committee in early January 2024, in response to their inquiry on the role for government in monitoring and responding to companies in distress. You can read the full PAC final report online.

Our submission highlighted:

- the impact of turnaround support and expertise in helping companies facing financial distress to survive, adapt and thrive;
- the new turnaround tools such as Part 26A Restructuring Plans to enable companies in financial distress to restructure for long-term viability; and
- the role of government and other bodies such as regulators in promoting and raising awareness of the tools and options available to businesses in financial distress, and in considering and developing the frameworks required for the promotion of early action and encouraging access to external expertise and support.

The Institute of Directors' Commission: Developing a Code of Conduct for Directors

An internal advisory group including our Chair Andy Leeser, Board members Nick Edwards and Claire Burden and accredited IFT member Mahnvir Singh helped develop a written submission to the IoD's Commission: Developing a Code of Conduct for Directors. The submission highlighted the regulatory requirements already in place for directors in England and Wales and how a code could best support understanding of and adherence to these requirements, as well as the need for education and awareness raising for directors on their existing duties, and the importance of nuance in situations of financial distress where directors face hard decisions and often conflicting demands.

Our CEO Milly Camley, Claire Burden and Mahnvir Singh attended a meeting of the Commission in person to share the insights our members and partners have from working with businesses and directors in situations of difficulty and financial stress.

ICAEW survey on HMRC performance against its HMRC Charter Standards

We provided feedback to ICAEW to input into their work gathering feedback on HMRC's performance against the HMRC Charter Standards, specifically relating to some of the feedback arising from our Part 26A Restructuring Plans and HMRC engagement in relation to these.

Future Proof: The traits and attributes of younger turnaround professionals

We recently published the report setting out the full findings of our research in partnership with t-Three/Kiddy & Partners (part of the Gateley Legal group).

We had previously discussed the key findings at our National Conference in September last year, as what we believe to be the first published analysis of the traits and drivers of younger turnaround professionals. The project investigated the skills and traits the turnaround leaders of tomorrow currently hold, to help better understand how they can be supported to deal with changing trends and be prepared for the future.

Key findings

70 early career turnaround professionals from fields such as banking, investment, law and accountancy completed Facet5, a globally recognized Five Factor trait personality questionnaire accredited by the British Psychological Society and designed specifically for the workplace. The survey responses indicated three key areas where the turnaround professionals' traits and behaviours can be distinguished from those of the employee norm group, outlined in the diagram.

Comparison with previous research on the traits and drivers of turnaround leaders

The IFT has previously undertaken a study in partnership with Korn Ferry looking at the competencies, traits and drivers associated with turnaround leaders: Chief Restructuring Officers, Chairs, Chief Executives and Turnaround Directors, and the findings of this latest report provide an interesting contrast to this earlier study. These turnaround leaders showed high competencies in persuasion and

courage; were focused and adaptable in terms of traits, and in contrast to the more recent study, were driven by independence and challenge, comfortable with confrontation and adversity. Overall the earlier study concluded that turnaround leaders demonstrated willingness to challenge previously accepted approaches with tenacity and objectivity and were relentless, fast-paced and focused on outcomes.

In comparing the two sets of findings, we can highlight two key points. Firstly, the key points of difference in the traits, drivers and approaches seem to relate to independence and energy. The turnaround leaders scored higher on energy and the willingness and tenacity to challenge other views and hold their ground, in contrast to the younger professionals who favoured a collaborative and consensus-building approach over confrontation. This may reflect the fact that these individuals are earlier in their careers and may have not yet been in the position the turnaround leaders have of taking up Board/director positions, responsible for the company's future. Confidence and resilience in the face of challenge and adversity develops with time and experience. In addition, the younger professionals are likely working in advisory capacities which may encompass a number of individuals with different skills and capacities working as a team to solve issues. Acting as an adviser (whether legal or financial) to persuade or educate in relation to different courses of actions (perhaps in a long-term client-facing relationship) requires a different skillset to the scenarios where a turnaround director has control and ownership over a business' direction for an intense and short period, which necessitates being direct and forthright.

However, the second point to be made is that drilling down into the findings of the two reports, there are also a number of commonalities between the two groups. Both showed adaptability and flexibility, were driven/conscientious and worked to high standards, were energised by achievement and outcome-focussed, and ultimately looked to gain consensus/alignment amongst varying stakeholders. Taken together, the reports highlight the varied skillsets within turnaround practice, areas for possible focus for professional development for younger professionals, but overall the high standards to which the profession holds itself.

Sponsored by VALTUS

We held our first regional conference of 2024 at The Studio in Manchester in early March.

Following IFT CEO Milly Camley's welcome, the day began with an economic update from Christian Spence, founder and Chief Economist at Economic Analytics, Economic Data Lead at Open Innovations and Chief Economist for the Institute of Place Management. He covered the macro-background picture and international background trends, as well as some hot-off-the-press analysis of the key measures in the Spring Budget, the varying performance across sectors and the expectations for 2024, including growth, inflation and corporate insolvencies.

This great scene-setting was followed by the Market Overview panel, chaired by IFT Independent Kelly Jones, with Adam Broadbent of FTI Consulting, James Warbuton and Endless LLP and Alex Hutton-Mills of Cardano. The panel discussed a number of current trends in the market, including the impact of interest rates on market activity, the local CFO survey, the impact of valuations, distressed M&A key findings, and refinancing. We then moved into a discussion of The Lending Environment with Richard Oddy of Azets, Nadia Kanaan of Shawbrook, Jonathan Hughes of Leumi UK, chaired by IFT independent member Steve Tancock. The panel covered lending behaviours, sector stresses, stresses from clients and where help is needed from turnaround professionals.

We enjoyed hearing the perspective of hoteliers for our Hospitality sector panel, chaired by Paul Smith of Kroll, and which included Hugh Anderson of Graham & Sibbald, Jeremy Roberts of Living Ventures, and Tim Rumney of BWH Hotels. we enjoyed the insider insights into knotty challenges including labour force challenges, as well as opportunities through diversification and innovation.

Steve Rutherford of Valtus rounded off the morning by speaking about their view of the interim market in 2024, the sources of referrals and developing positions of demand in the turnaround sector.

After lunch we heard the latest on Part 26A Restructuring Plans from a panel including Lizzy Wood of Hill Dickinson, James Davison of DLA Piper, Jonny Lees of Teneo and chaired by IFT Fellow John Pennie. The panel discussed the most recent developments in Restructuring Plans following the significant Adler Court of Appeal decision, polled the audience on how confident they felt in using Restructuring Plans and also discussed some of the ongoing considerations in using RPs in practice, including the role of HMRC.

Our sector panels in the afternoon covered Construction and Retail, two markets facing particularly difficult headwinds in current and recent times. David Hopkins and Dan Webster of BDO talked us through the context for Construction including the 2023 trading environment, the key cost pressures of both for materials and labour, mixed industry sentiments on the future outlook and the wider landscape, including regulatory, sustainability and technological developments impacting on product demands and requirements in the sector. They highlighted the key role that support from the turnaround sector can play in supporting the sector and talked through case studies on building resilience.

Our final session of the day covered Retail, chaired by IFT Specialist Ryan Short of Accelerus, with Heather Bamforth of KPMG, Tom Weedall of Blazehill Capital and Stuart Tait of Gateley Legal on the panel. They discussed both the challenges (supply chain issues, wage growth, inflation) for the sector, but also the opportunities for transformation and growth.

The conference closed with final remarks from our North West Committee chair Paul Smith as well as further chances for networking and catching up! Thank you to our sponsors Valtus, and all speakers and attendees for an energetic and engaging conference.

You'll be able to read more detailed write-ups of the individual panel sessions in the next edition of Swift.

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Annual Awards 2024
Pan Pacific London | Thursday 17th October
Tickets now on sale
Tables of 10:
Member: £3600
Non-Member: £3950
Single Tickets:
Fellows: £300
Members: £380
Non-Members: £440
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IFT Next Committee

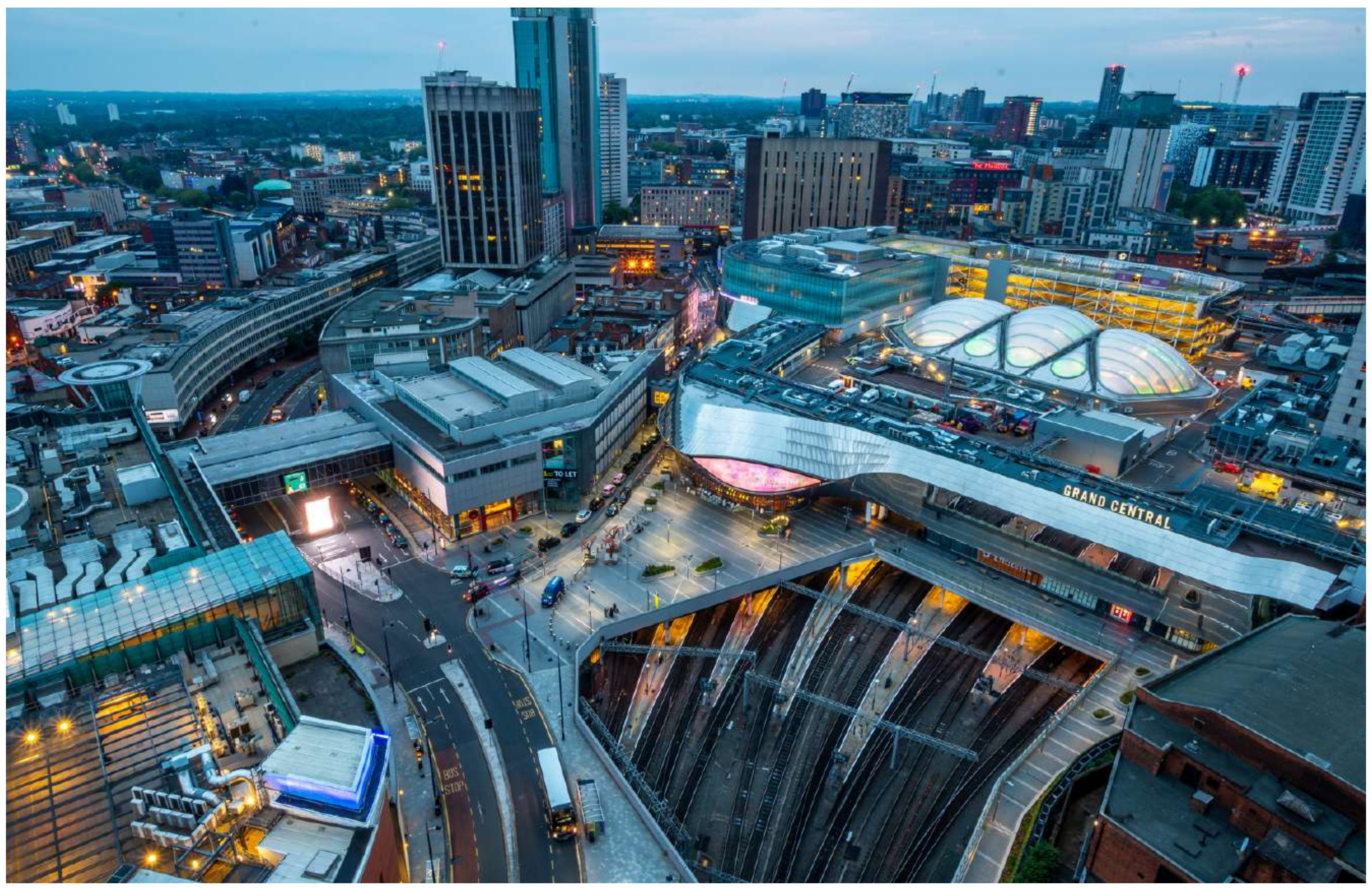
Aino Miles of DLA Piper has joined our IFT Next Committee.

Aino is a Senior Associate at DLA Piper, based in Birmingham. Aino's practice focuses on financial restructuring and insolvency, advising stakeholders on both domestic and cross-border mandates. Aino also regularly works on non-distressed leveraged finance, venture finance and asset based lending transactions.

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.

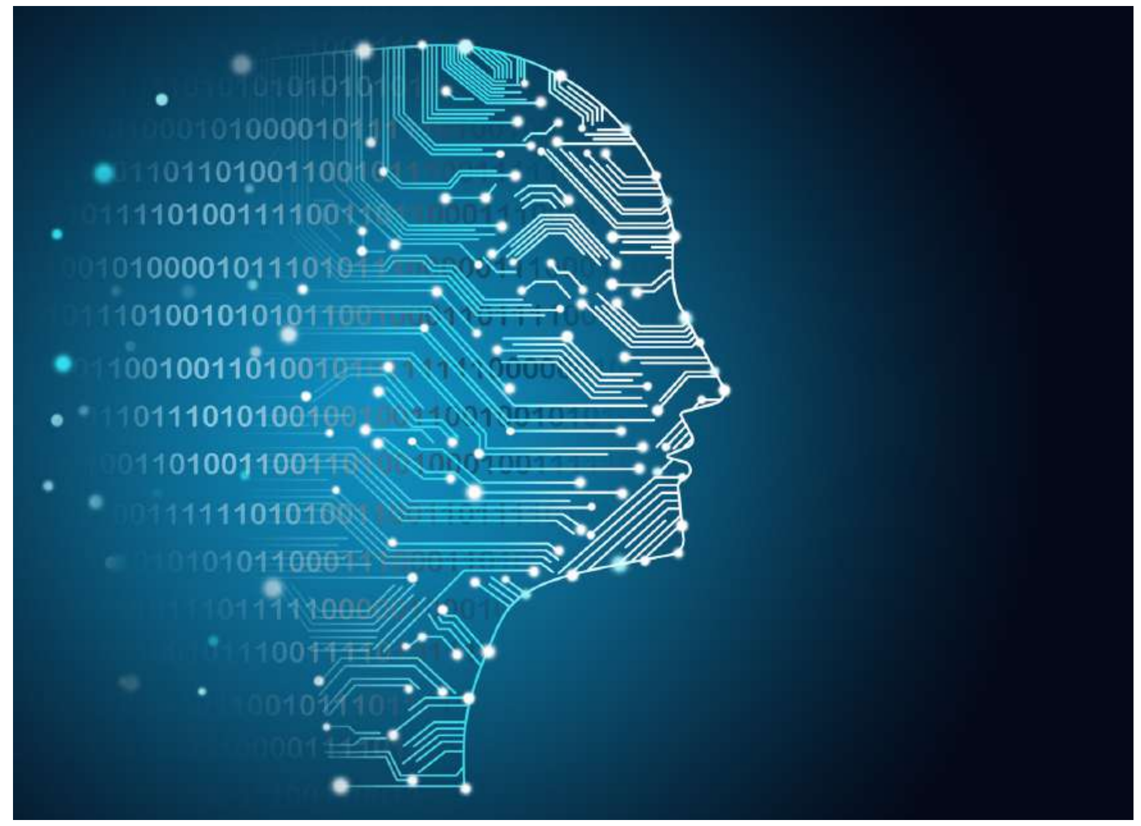
The IFT Next events and network is typically suitable for those with the following titles: Manager, Senior Manager, Director, Senior Solicitor/Relationship Manager/Director, Business Support Manager.

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.



Artificial Intelligence for turnaround professionals

Atria AI Ltd is the brainchild of a diverse team of founders: Faisal Sultan, CTO, is a visionary with a background in enterprise architecture and AI products cultivated over years at Google and BP implementing solutions "that actually work"; Reuben Greet-Smith, CEO, is a charismatic leader with a background in banking and finance law at Ashurst; and our female founder, Vicky Jacobs, worked in top tier property, litigation and telecoms law for over a decade.

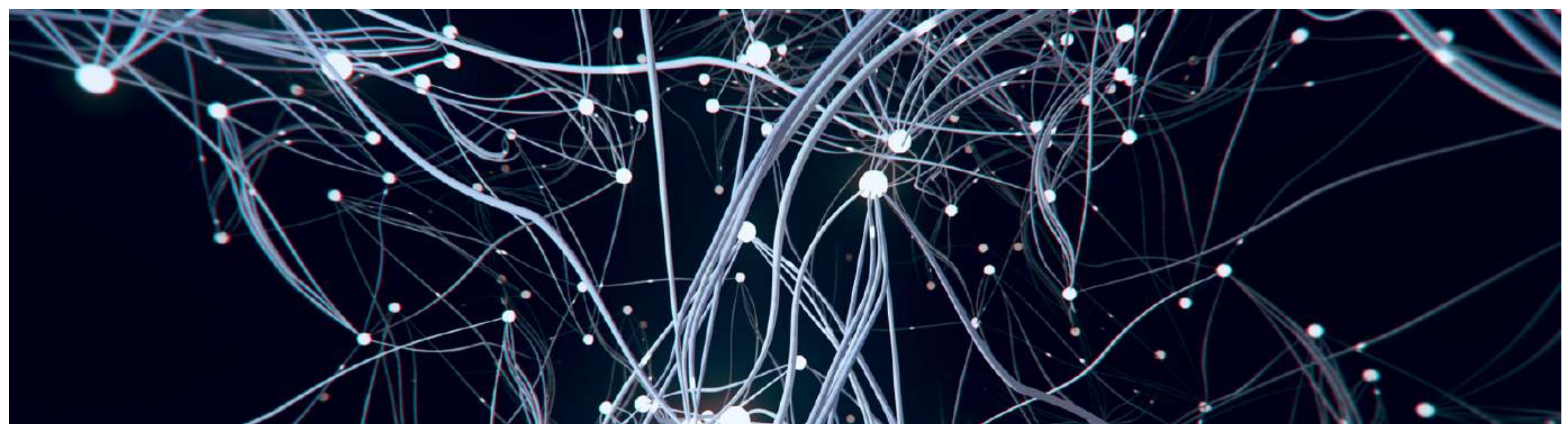


The company was formed last year after the founders noticed many businesses talking about the benefits of generative AI but few having a clear vision of how to implement it - or even access it in a professional "non-hallucinating" package. Trying to grasp the potential to universally transform productivity, cut costs, and increase output on a business-wide scale is hard to articulate let alone action.

It quickly became obvious from customer feedback that there is no single or broad-brush solution and that pre-packaged offerings were too general to be really useful without a lot of internal management. In just a few short months, Atria has been asked to present solutions across the spectrum of conceivable use-cases: from highly developed single domains such as compliance, to company-wide automation modules for project-scale data analysis.

The result was the development of Pathfinder, a customisable cutting-edge generative AI platform designed to enhance efficiency and productivity for professionals. It can be tailored to meet specific needs and is provided with a management service wrap-around. The platform boasts a suite of capabilities including contract terms reports, impact assessments, regulatory evolution tracking, and data extraction, among others. These modules are not only powerful but also adaptable, with the option for built-to-order solutions that cater to the unique challenges faced by businesses.

The transformative potential of generative AI has now been widely discussed (and indeed over-hyped) and Atria is well positioned to answer the call this year for its value to be proved. Individual businesses want individual solutions and Pathfinder has developed a modular approach to answer this call. Companies can meaningfully build a platform to include those features and functions they want, bolstered by the support and expertise necessary to ensure successful implementation.



CORPORATE PARTNER NEWS

Kingsgate Welcomes New Private Sector MD

Since 2005, Kingsgate has operated at board level in both the public and private sectors to establish a successful turnaround practice.

Now, in the latest phase of its expansion, Kingsgate is delighted to welcome Oliver Colling, who joined in January as Managing Director of its private sector business. A chartered accountant, and past Head of Financial Advisory for a large accountancy practice, Oliver brings a wealth of experience in turnaround including various CFO roles in challenged situations within Private Equity portfolio companies working with LDC, EQT, CVC, Court Cavendish and MXC Capital, amongst others. His approach to delivering sustainable improvement chimes with that of Kingsgate.

KINGSGATE

Oliver said:

"I'm privileged to be joining Kingsgate at such a key moment in the growth of the private sector business. Steve and the Kingsgate team have a formidable record in turnaround and are known for delivering results by doing the right thing the right way and I'm looking forward to being part of that."

Kingsgate Chairman, Steve Swayne, said:

"Really delighted that Oliver is joining us. His strengths of financial skills and experience in challenged situations combined with Kingsgate's established track record in operational turnaround make us a winning combination I believe for challenged firms needing support."

Kingsgate's Private Sector business focuses on:

- SME and mid-market
- UK-wide coverage
- A range of sectors, with an impressive track record
- Managing difficult stakeholder groups

Why businesses work with us:

- We work with management teams to achieve positive outcomes
- We are known for our hands-on, pragmatic approach
- We offer flexible, multi-skilled teams
- We bring empathy and objectivity but operate in a sensitive way

For further information, please contact oliver.colling@kingsgate.uk.com
www.kingsgate.uk.com

Grant Thornton role updates

Kevin Coates has been appointed as the UK Head of Restructuring & Debt Advisory at Grant Thornton.

Kevin brings a wealth of experience and expertise in restructuring and debt advisory, and will lead the team to new heights.

Kevin Coates

Chris Laverty has been appointed as the UK Head of Financial Services Restructuring,

Chris has extensive knowledge and years of experience in financial services restructuring, and will continue to steer the team to win and deliver challenging and innovative roles in the Financial Services restructuring and insolvency market.

Chris Laverty

Shaun O'Callaghan has taken on a new role as Chief of Staff in Grant Thornton's Insolvency, Forensics and Restructuring business.

https://www.grantthornton.co.uk

Grant Thornton

Shaun O'Callaghan

10 Trends Shaping 2024

2024 presents both risk and opportunity.

Against a backdrop of geopolitical tensions, contentious elections and economic shifts, Kroll's experts share the ten pivotal trends that will shape financial markets, governance, compliance and cybersecurity.

Against a global backdrop of intense geopolitical uncertainty, highly contentious elections, diverging economic trends and evolving regulatory imperatives, 2024 is poised to be a year of both heightened risks and opportunities. Kroll experts share ten major trends that are shaping financial markets, the regulatory and governance environment, compliance and cybersecurity. For businesses and investors alike, the key themes we are monitoring revolve around navigating complexity, embracing uncertainty and emphasizing the importance of vigilance and accountability.

An Increasingly Complex Cyber Threat Landscape

In an ever-evolving cyber threat landscape, expect enhanced use of artificial intelligence (AI) both in cyberattacks and defense, increasing attacks on software supply chains – and more sophisticated and targeted Ransomware attacks. Threat actors will continue to exploit Zero-Day and One-Day vulnerabilities and target remote workers and associated infrastructure. Business Email Compromise (BEC) will continue to pose a threat to all organizations and cloud security will become increasingly complex as more organizations move to cloud-based solutions. Regulatory compliance and data privacy will only grow in importance. With so many focus areas for risk, the need for vigilance and effective cybersecurity strategies is greater than ever.
Learn more: 2024 Cyber Horizon

Public Market and Private Market Economies Continue to Diverge

Public equity valuations in the U.S. and in some European markets have hit record highs and corporate profits remain at historically elevated levels. The global economy surprised most forecasters on the upside during 2023, thanks in part to the resilience in the U.S. and a rapid decline in energy prices globally. While in 2024 overall global growth is expected to slow down, a dual track seems to be emerging, with certain Asian markets in the driver's seat and advanced economies stumbling along.

Amidst this backdrop, a riptide economy lurks just below the surface in the massive, but less visible private market segment that is still highly over-levered. That foreshadows more restructurings ahead and value resets that could create significant economic ripples, with commercial real estate among the most vulnerable sectors. Election-year political turbulence and market volatility factors only add to the uncertainty, underscoring the importance of effectively navigating complexity and the imperative of quality information, particularly around diligence and valuation.
Learn more: Valuation Outlook Insights

AI Will Be Huge and So Will the Compliance Risks

The rapid emergence of artificial intelligence is likely to accelerate with a profound impact across sectors. AI will be a crucial tool in risk management, helping to detect and prevent issues and problems, from cybercrimes to financial irregularities, while posing its own set of risks. Regulators are scrambling to keep up. The European Union's preliminary agreement on comprehensive AI regulation and the SEC's initial proposed AI-related rules are just the tip of the iceberg of imminent regulatory changes. Unmitigated and uncontrolled AI risks could expose investment advisers and financial services providers to reputational, enforcement and examination liability across a broad range of regulatory concerns around AI. CCOs and compliance officers need to take steps now to understand AI risks and how to mitigate the risk of noncompliance when adopting AI tools into workplace operations.
Learn more: AI Risks and Compliance Strategies

By Whatever Name, ESG Still Matters

While Environmental, Social & Governance (ESG) has become a politically contentious buzzword, especially in the U.S., the regulatory impetus around increased ESG disclosure and regulation remains strong. In the U.S., the SEC is reluctant to cede the regulatory framework entirely to EU rulemaking while in the EU, the European Commission and ESMA continue to advance ESG-focused regulation and requirements. In Latin America, multiple countries are seeking to regulate the region's carbon markets and in Asia Pacific, reporting requirements and regulations around ESG factors are being enhanced. The new requirements from the International Valuation Standard Councils (IVSC) and the International Sustainability Standards Board (ISSB) are expected to impact businesses globally, which will add complexity and the need for coordination with several country-specific requirements.

As they navigate the political controversy, companies and funds will have to deal with ESG considerations, from rules against greenwashing and conflicting investor demands to new financial reporting requirements and compliance, as enforcement is stepped up and litigation rises. At the same time, significant investment will flow to energy transition vehicles and green financing, creating opportunities for companies and investors well positioned to take advantage of tax and other related incentives.
Learn more: ESG and Global Investor Returns Study

Interest Rates May Have Peaked, but the Wave of Distress, Restructurings and Bankruptcies is Just Beginning

After the Federal Reserve raised interest rates aggressively in 2022 and 2023 to curb inflation, financial markets are currently predicting significant rate cuts for 2024. While rates have likely reached their peak, the Fed will exercise caution with timing and pace to prevent a premature reduction that could reignite inflation. Central banks in the UK and Eurozone are following suit.

Even with some rate cuts, if interest rates remain elevated for an extended period, 2024 is likely to see increased restructuring activity. With a significant volume of debt maturing in the near term, more companies will need to re-optimize their capital structures to raise new liquidity and deleverage, leading to a fair amount of distress – particularly in the highly-levered segments of the market. If restructurings/refinancings cannot be achieved consensually, activity will likely be facilitated through greater use of the bankruptcy process. Even as overall market conditions improve, expect to see more debt restructuring, forced sales and Chapter 11 filings.
Learn more: Restructuring Insights

Rebounds in M&A Activity

Expectations that interest rates have peaked and will come down in 2024 have significantly improved the outlook for M&A in the U.S. M&A activity and optimism have also improved in Asia Pacific and Europe. Private equity firms that have largely been on the sidelines as interest rates rose and are behind on distributed to paid-in capital (DPI) ratios are likely to be more aggressive in deploying capital and harvesting investments to return capital to their limited partners.

Combine that with strategic buyers who remain well-capitalized, hold substantial cash balances and maintain a keen interest in synergistic acquisitions, and the outcome will be a much more robust M&A marketplace. Returns that will ultimately be realized are likely to be lower than in previous years, particularly due to higher borrowing rates. With returns compressed, managers' valuation marks are likely to be meticulously assessed and scrutinized. Exit opportunities continue to be a challenge, with IPO markets slower to pick up and investors focused on those companies with more robust prospects of profitability.

Learn more: M&A Insights

Lower Equity Risk Premium Likely as Equity Market Risk Subsides, Interest Rate Certainty Increases, but Overall Cost of Capital Still High

Interest rates and the cost of capital remain significantly higher than immediately following the outbreak of COVID-19. Recently, as interest rate uncertainty subsided and the scenario of a soft landing became plausible, investor confidence has risen.

While markets may still experience a roller-coaster ride while waiting for interest rates to settle, continued strength in consumer spending and job markets, coupled with an expected improvement in earnings growth, will lead equity markets to test new highs. This risk-on attitude means the equity risk premium is likely to come down. Even if interest rates stay higher for longer than some anticipate, greater certainty on the interest rate outlook may translate into a lower equity risk premium. Nevertheless, a scenario of ultra-low interest rates is not in the cards for 2024, and overall cost of capital is likely to stay high.

Learn more: The New Normal: Cost of Capital in a Higher-Interest-Rate Environment,

Private Equity Goes Main Street and the Rise of Retailization

Previously reserved for ultra-high net worth investors, private equity and other alternative investments are now more accessible to retail investors. This is facilitated by the expanded use of 40 ACT funds, which are even finding their way into the self-directed 401K plans of qualified investors. From a disclosure and reporting perspective, this signifies a complete change in thinking. Instead of reviewing information quarterly, which is often significantly delayed, it's now monitored monthly or even daily, providing real-time insights.

This means not only greater emphasis and rigor around quarterly reporting but also the need for greater rigor around valuation underpinning that reporting, as reflected in significant regulatory changes, such as the SEC's new rules on private fund advisors and fairness opinions for private equity continuation funds. While retailization has been more of a U.S. phenomenon, its implications are global as the influx of retail funds into private equity subjects the entire industry to greater scrutiny. In Asia Pacific financial hubs, there is increased scrutiny from regulators, boards and limited partners on valuation of investments by alternative investment funds. The result is likely to be a need for more timely and more frequent valuation or fairness opinions and an even greater emphasis on governance.

Learn more: When and How Will Private Investment Structures Find Their Way to Mainstreet? Outlook shaping alternative asset valuation

Increased C-Suite Accountability for Governance and Supervisory Oversight

Traditionally, on matters related to corporate governance and oversight, the SEC directed much of its activities and communications to chief compliance officers. That is changing and the SEC is increasingly directing its messaging and actions to the upper ranks of the c-suite to not only increase accountability, but also ensure that compliance is fully and properly resourced both in terms of human capital and systems. For CEOs and other principals, plausible deniability when it comes to compliance issues is no longer an option.

Learn more: Thirteen Questions Every CEO of an SEC-Registered Entity Should Ask

Sanctions are the new FCPA

While in past years violations of the Foreign Corrupt Practices Act (FCPA) garnered a lion's share of attention and penalties, in the current geopolitical environment, sanctions evasion is increasingly likely to be the focus of criminal and civil prosecutors.

Recent history shows that the use of sanctions and export restrictions transcends Administrations and has only intensified since the War in Ukraine. Corporations that are noncompliant face immense financial and reputational consequences. In an ever-changing environment, navigating the complex world of sanctions compliance is a significant challenge for multinational corporations with immense potential financial and reputational risks.

Learn more: The Future of Sanctions Compliance Programs: Navigating the Challenges of a Complex Global Landscape

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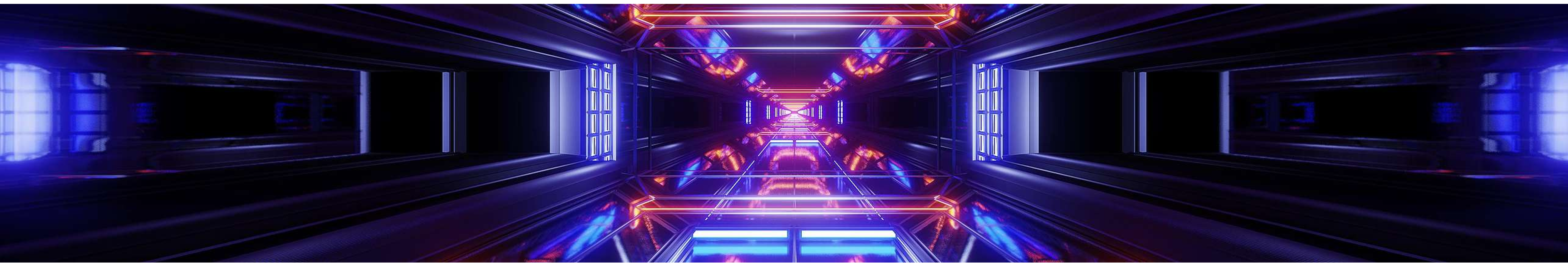

Driving Top-Line Growth in a Turnaround

Steve Rutherford, Partner, UK & Ireland at Valtus discusses driving growth in a turnaround situation

For an organisation seeking to transform its fortunes, the first port of call is often cost-cutting measures and efficiencies, with revenue growth taking a back seat.

As I see it, given the rapidly evolving way customers interact with businesses, it is vital companies also reassess and reshape how they sell their products and services. If the top line is stagnating or decreasing, there is only so far that cost-cutting will take you when it comes to boosting profitability.

I recently brought together three business transformation specialists for a webinar produced jointly with The Institute For Turnaround (IFT), to discuss how organisations can drive top-line growth. I was joined by IFT Fellow and industrial transformation specialist Ian Parker, interim B2B sales and marketing director Jon Tobbell, and digital and e-commerce expert James Coughlan, who are all part of the Valtus network.

Here we look at the themes that emerged during their conversation and the key points to consider when targeting top-line growth in your organisation.

Put sales at the heart of your top-line turnaround

Despite the importance of sales, there is often a lack of understanding about it among senior leaders and therefore a reticence to instigate change.

That's a mistake because reinvigorating a sales team can make a big difference relatively quickly. Where they don't exist, putting in place clear KPIs and regular reviews that hold salespeople to account will rapidly drive higher performance. Equally, when the CEO recognises the value of change in the sales team and takes an interest, the team is more likely to respond.

To cement sustainable long-term success, a clear and consistent sales process needs to be developed and put in place, alongside clarity around your proposition and pricing.

Make sure the customer comes first

The people with the best insights into where your product, service, or ongoing support isn't hitting the mark are your customers.

However, although they power a business, most C-suite executives rarely come into contact with them. Instead, they rely on information from their salespeople who are very good at polishing a message that reflects well on them. A customer will give you the cold, hard truth about what motivates them, where you may be dropping the ball as a company, and which competitors are outdoing you.

I have seen many times across industries that a crucial step toward understanding where change is needed is talking to as many customers as possible, so their voice is heard in the C-suite.

Understand the market landscape

It's surprisingly common for sales teams and contact centres to have zero information on hand about their sales funnel, in terms of conversion rates, call leads, quotes that should be followed up, field sales, and so on. This kind of relatively basic information provides critical knowledge about where potential customers stop their journey toward a sale and what your top-performing channels are.

Businesses also need to look beyond their own four walls and carry out competitor analysis. If you can gain insight into a competitor's products, marketing, and sales processes, you can use it to validate what your sales teams are saying. Both on a qualitative level, in terms of the actual customer experience a competitor provides, and quantitative sales data.

If you can gather this kind of intelligence, it will help your business make better decisions based on evidence rather than instinct.

Convince key stakeholders with a structured plan

As I mentioned earlier, C-suite executives other than the Sales Director, often find sales slightly mystifying and take a hands-off approach. When a Chief Executive is on board with change, it sends a powerful message to the sales team.

So how can you win the support of a CEO? A compelling commercial case for change is hard for them to ignore. Developing a convincing plan will often involve getting into the nitty-gritty sales details such as who are the most profitable customers and which are the most profitable product lines. You can then put actions in place to deal with areas that need improvement.

Support the sales team through change

People, particularly salespeople, tend to like doing things the way they've always been done. Communicating the benefits of change for them is one way to overcome a reluctance to embrace new approaches, as is providing training and support to help them get to grips with new tools and processes.

One common problem among salespeople, understandably eager to maintain their relationships, is a reluctance to raise prices. If you can support them to have those difficult conversations and justify price rises to customers, margins are likely to rise swiftly.

You can also incentivise change by ensuring your compensation plan supports the aims of your business. One example I can give is that rather than rewarding high volumes of new sales regardless of their profitability, you may want to focus on retaining long-term profitable clients. After all, you've already done the hard work of making them your client in the first place.

The key point underpinning all these considerations is that customer mindsets have changed significantly in recent years. Customers are savvy, have a good overview of the market, and aren't afraid to pick up the phone to contact a competitor. To grow your top line and increase profitability, the mindsets, processes, and approaches of your sales team need to change too.

If you would like to learn more about how Valtus UK can support your business through its transformation project and enhance the performance of your sales function, please reach out to me personally: steve.rutherford@valtus.uk, your email will come straight to my inbox.

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Don’t fall asleep at the wheel: The role of directors in the current climate

Jat Bains, Paul Keddie, and Lois Horne of Macfarlanes discuss some of the key considerations for directors in a difficult financial climate.

Whilst 2023 saw a general continuation of creditor support for stressed and distressed companies, by the end of the year rates of company insolvencies were up year-on-year. Whether the result of market self-regulation following low levels of insolvencies during the pandemic or the continued impact of a bleak macroeconomic outlook, the end of 2023 marked an increased appetite for calling time.

This shift in attitudes poses an additional level of difficulties for companies that had otherwise been managing to tread water, and highlights the personal liabilities of directors as they mitigate the stresses placed upon them. Cognisant that these pressures will be a continued reality in 2024, in this article we consider how directors might manage risk in the current market.

Managing risks when in financial difficulty

In a restructuring scenario, creditors with competing views may attempt to persuade directors to adopt their preferred restructuring strategy. Creditors seeking influence in this way may play upon doubts as to who bears director duties, to whom they are owed and the related risk of personal liability.

It is not always clear how an investor nominee acting as a director might manage conflicts. In the ordinary course conflicts can be authorised by a board resolution. However, in a distress scenario, where sponsor financial support is needed, it is important to note the duty of disclosure owed by any director, which could potentially conflict with confidentiality desired at sponsor level.

The key to managing conflict is to ensure a clear delineation of role, in short to avoid playing on both sides of the fence.

Practical steps when dealing with third parties.

Before making key decisions in the shadow of potential insolvency, directors should ensure that their consideration of the possibility of insolvency and analysis of the wrongful trading test is well documented and demonstrates that careful consideration has been given.

Directors should ensure that the organisation has sufficient resource to provide them with the information required for proper decision making, and there is a reasonable and credible basis for decisions with related debate reflected in board minutes. Where insolvency is higher risk, directors ought to give less weight to matters which go to the longer-term creation of value if they would impact on short-term cashflows, particularly given that cash can be vital in order to have time to effect a restructuring.

Ultimately, the key for directors is to take advice from legal and other relevant professionals.

MACFARLANES

Tips for NEDs.

- ***Monitoring:***

NEDs are not expected to possess the knowledge and skill of an executive director, still less to give their continuous time and attention to a company’s affairs. The Corporate Governance Code states that it is the role of NEDs to scrutinise the performance of management in meeting agreed goals: NEDs should satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are robust and defensible.

- ***Delegation:***

Delegation of responsibility by NEDs is recognised as necessary, for example relying on the figures presented by a finance director, so long as it does not amount to blind acceptance and a total abdication of responsibility.

- ***Resignation:***

Whilst resignation is seemingly an easy fix it should not be tendered lightly. Directors are largely appointed for their expertise, the removal of which may cause harm to a company and create personal liability. That is not to say that resignation is never an option, but it is important that directors at least try to rectify a situation before jumping ship.

Jatinder Bains
Partner, Macfarlanes

Paul Keddie
Partner, Macfarlanes

Lois Horne
Partner, Macfarlanes

Manufacturing and Defined Benefit pension scheme outlook for 2024

Manufacturing has endured a difficult year in 2023 – and the turbulence looks set to continue. Analysing the sector in a recent IFT webinar, Cardano's Alex Hutton-Mills and Nick Agius assessed the industry's priorities and discussed the challenges and opportunities for defined benefit (DB) pension schemes in corporate events.

Alex and Nick outlined a complex economic backdrop. Globally, 2023 was a "curious" year, they noted: in broad terms, while growth has slowed, a hard landing is less likely, with the US looking particularly resilient in 2024.

In the UK, however, there are darker clouds on the horizon for 2024/25, with the economy already experiencing a technical recession. Interest rate challenges are also likely to continue in 2024, relative to the prolonged period of low interest rates the UK has enjoyed over the last decade.

For UK manufacturing, a Purchasing Managers Index below 50 in 17 consecutive periods indicates significant and prolonged contractionary pressures, with the figure at 49 in January 2024. The Confederation of British Industry surveys suggest a subdued outlook, while the prolonged downturn has negatively impacted Capex plans.

The backdrop for manufacturing, then, is challenging. Alex and Nick pointed to important themes in the sector over the past year in areas such as the lack of technical skills in the labour market, the volatile political landscape resulting in a lack of government investment / support and taxation cutting public consumption.

However, two themes stand out. First, the difficulty of maintaining healthy margins in the face of fluctuating market demands, globalisation, and the push towards technological integration. And second, a tougher investment backdrop in a higher interest-rate environment. There may be some silver lining in the UK with anticipated current government support through investment initiatives in certain sectors (e.g. life sciences, automotive and aerospace) and more generally the continued investment programme under the Advanced Manufacturing Plan, with c£4.5bn announced in the 2023 Autumn Statement.

The political landscape, productivity and supply chains will all be key themes playing into 2024. In this connection, there is elevated geo-political tension and a record-breaking year for elections as over 2bn voters head to the polls.

Corporate events and DB pension schemes

So what is the picture for DB pension schemes against this macroeconomic and industry backdrop?

Manufacturing typically features a range of older businesses with significant numbers of employees, where DB pension schemes tend to be prevalent. These pension schemes have raised significant challenges in the past when it came to corporate events. They can be one of the largest creditors of a business and there are multiple ways to value the liabilities of the schemes, which can create uncertainty in corporate events.

Understanding the true position of the DB pension scheme can unlock value in any deal, noted Alex and Nick. Meaningful improvements in pension scheme funding levels (see below) mean they may no longer be a dealbreaker and solutions are easier to come by.

The key trend is that The Pensions Regulator is trying to encourage trustees to think about funding bases more conservatively, which means that trustees will tend to focus on the lower risk, but larger liability numbers associated with insurance buy-out or so-called "low employer dependency" liability levels. Thanks to Trussonomics, events in September 2022 which resulted in increased interest rates, many DB pension schemes are in a much better place or even in surplus.

Still, there are important points to consider when a DB pension scheme is involved in a corporate event. For example, DB pension scheme legislation and regulation is complex and evolving; multiple skill-sets including corporate finance, restructuring, actuarial, and legal must be considered to understand the holistic impact.

It can also take time to engage with trustees and the regulator around DB pension schemes, noted Alex and Nick, and can bring deal completion risk; assessing the dynamics early and engaging with shareholders can unlock real value.

Additionally, the Cardano experts warned that the Pension Schemes Act 2021 has introduced stronger regulatory powers and the threat of criminal sanctions to directors and advisors; such risks must be actively managed.

However, corporate events can also accelerate pension strategies to de-risk the balance sheet and unlock value. Corporates should therefore navigate these events through early engagement with trustees, agreeing the covenant impact and any mitigation; seek to optimise an investment strategy, and; set an end-game strategy, all as part of the decision-making by corporate sponsors on the use of the "marginal pound" in making business investment decisions.

Alex Hutton-Mills, Managing Director & Partner and Nick Agius, Director, Cardano Advisory

Cardano Advisory - The IFT (the-ift.com)

Unlocking Cash: Strategies for Generating Revenue in a Turnaround

When a business is in difficulties it will need to find a way to swiftly and effectively turnaround, preferably with the help of turnaround specialists. They will need to look at optimising costs, monetising their assets, maybe innovating their products and services, strengthening their customer relationship management and looking at strategic partnerships and alliances. But above all, they need to manage their working capital and recover their outstanding debts. Without money they cannot do any of the other things they need to do, and at Credebt we specialise in generating cash quickly and effectively, even in the direst situations. Here is how to do it.

Crisis Management

The first step in any crisis is to get a good overview of the exact situation. Do a comprehensive Debtor Collateral Review where you look at the Order to Cash Process, the Aging profile of the Ledger, movements over the last months, the DSO, details of any queries and backing paperwork, as well as the staff and procedures.

Taking Control

Now you will need to take control of the situation. Verify any outstanding balances to get the true value of the Ledger, monitor the collections, resolve any queries there may be, eliminate bottlenecks in the Order to Cash process, tidy up the Ledger and start recovering the outstanding debts.

Generating Cash

To generate as much cash as quickly as possible, make sure that the staff have lots of industry experience, they know what processes to use, stick to the time frames, use the right letters, have the right contacts, have adequate resources and continue to follow up until the debt has been repaid.

Use a formal Collection Process whereby you always send letters (either physical or by email), use cause and effect chasing, keep your promises and stick to the dates you agree.

Deal with queries, write off old uncollectable debt, raise credit notes and send supporting paperwork as required. That way you will transform the aging profile and get better results from your collections work. You will know that everything you chase is valid and due to be paid, have confidence that people will pay and that queries have been dealt with.

Once all that has been done, you need to optimise the Order to Cash process. This starts with credit checking customers before they are offered any credit, invoicing promptly and correctly and sending those invoices to the right people. Make sure that the right backing paperwork is included, and that you know exactly what is required to get paid on time.

Negotiate better terms with your customers so that they stick to YOUR payment terms, and you are not dancing to their tune (even if they are very big companies).

Process Improvements

Finally, you need to write a robust Credit & Collections policy, report on the current and future position, recruit and train the right staff and possibly have an organisational restructure to ensure the success of the company.

Credebt are happy to assist at any time so please call us if any advice and support is required.

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Cyber-Resilience

As turnaround experts, you are only too aware of the significant enterprise and economic value protected or generated by your interventionist skills in returning underperforming organisations to sustainable viability. Every day you preserve jobs, create enterprise value and reduce any wider fallout from unnecessary insolvencies.

Which would make it doubly devastating to see a recovering company hit by a preventable cyber attack or data breach, and find itself at best severely disrupted and at worst paralysed to the point of failure. Yet the threat of such vulnerability is growing, as figures show cyber security is falling down the list of organisations' priorities and cyber resilience is going backwards – just as we start to see a new uptick in ransomware attacks and other incidents.

In January, the World Economic Forum's 'Global Cybersecurity Outlook', cited a 30% drop in organisations overall maintaining minimum cyber resilience, singling out SMEs in particular as having shown a "significant decline".

This followed a worrying trend highlighted in the Department for Science, Innovation and Technology's 2023 survey into cyber security breaches. Competing priorities in a business environment characterised by rising costs, high inflation and economic uncertainty saw the percentage of businesses categorising cyber security as high priority fall back to 71% in 2023, having been on a clear upward trajectory from 69% in 2016 to 82% by 2022.

When it comes to cyber risk, by far the best scenario is to do whatever is possible, affordable and accessible to avoid suffering an attack or data breach in the first place. Prioritising prevention over cure, and having an insurance-backed response plan should the worst happen, can be the difference between surviving or not when hit by an incident.

On the prevention front, our data shows that where policyholders implement cyber security and resilience solutions as part of a wider cyber insurance offering, they are 80% less likely to file a claim. Not only that, but of those in the study – which ran across 20,000 in-force policies – there were zero ransomware claims and zero fraudulent funds transfer, such as those flowing from a successful phishing attempt, the increasingly sophisticated socially-engineered attacks. After all, multiple data sources, including the World Economic Forum, put human error as the cause of up to 95% of cyber security incidents.

So the tools to achieve the 'holy grail' of cyber event avoidance are already out there. Yet experience also tells us that, even when risk mitigation measures are incorporated into cyber insurance cover at no added cost, they are not always made use of. Services such as vulnerability scans; real-time detection of suspicious emails; blocking of dangerous downloads; and phishing simulations to create targeted employee training to reduce the risk of human error.

Creating and maintaining effective defences against ever more inventive hackers requires ongoing risk monitoring and systems scanning, to identify vulnerabilities and patch or fix them. Which is why we also urge companies to make full use of cyber security and resilience tools where they are available.

Don't let the organisation you are working to return to viability, enhanced value and prosperity fall victim to a devastating disruption that may well have been avoidable.

By Adrian Scott, Managing Director of International, Pen Underwriting

Pen underwriting

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