What is Turnaround?

Briefing Note

This short briefing note explains what turnaround is, its role in and value to the UK economy and the history and development of turnaround in the UK. It also introduces the new All-Party Parliamentary Group for Turnaround and Business Improvement.

What is Turnaround?

There are varying and broad definitions of turnaround, which differ according to different business and stakeholder contexts. Some focus narrowly on purely avoiding insolvency, whereas others encompass efforts to transform organisations to address underperformance and ensure future performance,

A broad definition is as follows:

Turnaround and transformation: the process or approach of improving a business' underperformance to overcome challenges and ensure its future stability and success.

Turnaround skills are often applied in situations of financial difficulty but can also be applied after a business has been stabilised, during a period of transition or proactively in less challenged situations. Less challenged opportunities may include where markets are changing, where a business has recognised it is coasting and needs to adapt, or 'special situations' such as mergers and acquisitions and carve outs. Such situations will involve targeted and intensive activity to improve or adapt business models, delivery of integration, operations or strategies to boost profitability, enable long-term agility and safeguard future financial and operational performance.

What do turnaround professionals do?

There are different types of turnaround professionals, ranging from independent advisers who will take interim or longer-term Board or management positions in a business to turn it around, to corporate professionals (lawyers, accountants, lenders and investors) who will provide advice and support to organisations.

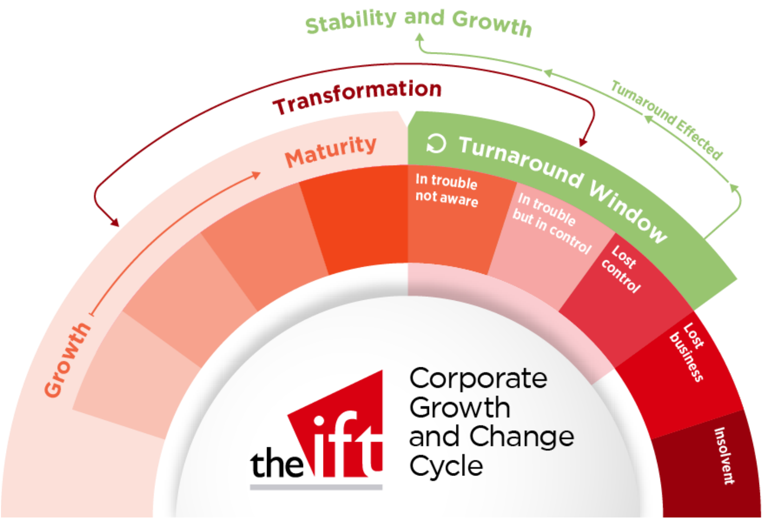
Some examples of what turnaround professionals might do:

- Work hands-on and at pace inside the business to deliver what's needed to get the company or organisation on track and get stakeholders, including lenders and staff aligned around a viable plan (this includes rescuing or improving both financial and operational aspects of an organisation).
- Work with the business to understand processes and finances to support the information and engagement expected from stakeholders.
- Balance actions between managing or reducing costs but also supporting a business' capacity to recover, stabilise and grow.
- As noted above independent professionals will often take on the role of statutory director with all the responsibilities and liabilities that brings.

<u>Examples of situations where turnaround and transformation can be used (non-exhaustive):</u>

- Business is struggling financially – can be loss-making, limited cashflow/liquidity, costs are increasing, profit declining.
- Product or delivery lines are failing or not delivering.
- Business loses major customer or supplier with knock-on impacts.
- Change of leadership/succession issues.
- Regulatory or other investigations are impacting the business.
- Strategic milestones that alter the structure, ownership, or market perception of a fundamentally sound business such as mergers and acquisitions and carve outs and which require intensive value realisation activity such as integration, operational change and business optimisation.

<u>Diagram: Turnaround and Transformation in the Corporate Growth and Change Cycle</u>



The history and development of turnaround in the UK

UK turnaround approaches and tools have developed over recent decades from asset recovery to more sophisticated company rescue/debtor in possession.

Period	Economic and turnaround developments
1945 to 1970	• Economic rebuilding post-WWII – UK at this point a predominantly manufacturing based economy.
1970 to 1986	• Mechanisation, mass production – at the time banking was focused on lending towards assets (with assets as security). • Oil crises, three-day week, high inflation and unemployment → this triggered some business failures and recognition that insolvency laws were not fit for purpose. • The manufacturing base was shifting towards lower cost economies. • Banks were trying to preserve businesses as going concerns. • Insolvency Act 1986 – regulation of insolvency practitioners – introduction of processes including pre-pack administrations and Company Voluntary Arrangements.
1986 – 2008	• Deindustrialisation – growth of service sectors and IT sector growth – new asset-light service businesses • The turnaround sector evolved further – "company doctors" working with businesses. • 2001-2008 – dotcom collapse • 2001 – The IFT created – born out of earlier accountancy/insolvency professional organisations for those focusing on the informal space and working with companies further up the distress curve. • Some overlap with the work of existing firms e.g. the Big 4 firms and new firms emerging in the turnaround space. • Enterprise Act 2002 • Companies Act 2006 – introduction of schemes of arrangement.
2008 – pandemic	• 2008 global financial crisis (GFC) – subsequently banks became more wary of lending – there has

	developed a wider range of lenders: private debt, private equity, peer-to-peer lending, hedge funds, asset-based lending, syndicates.
2019 – present	• Series of economic shocks or political changes with broader economic impacts: Covid-19 pandemic, Brexit, energy crisis, but combined with widespread government support for businesses. • Finance Act 2020 – restoration of Crown preference. • Corporate Insolvency and Governance Act 2020 – introduction of Part 26A Restructuring Plans, A1 moratorium and suspension of termination (ipso facto) clauses.

The contribution of turnaround to the UK economy

Turnaround is focused on rescuing and improving distressed but ultimately viable businesses and organisations, thereby supporting the UK's economy and productivity, as well as in certain sectors and contexts ensuring the continuation of services. Tools like Restructuring Plans (which are a formal Companies Act provision) and the UK's reputation for legal and business services also supports the UK's status as an international destination for restructuring and brings business to the UK.

The IFT estimates that in 2024-25, its independent members (accredited turnaround professionals) alone saved 59,562 jobs and preserved £2.8 billion in company value. Combined with the work of firms in this space and members of other turnaround bodies this figure is likely to be substantially higher.

The APPG

The All-Party Parliamentary Group for Turnaround and Business Improvement aims to champion the turnaround opportunities for stressed and distressed business in a challenging economic environment and increase understanding of the work of the turnaround sector in supporting businesses through challenges, driving value and growth for the UK economy.

At its Inaugural General Meeting on 9th March 2026, the Group elected Gurinder Singh Josan CBE MP as the Chair, with Lord McNicol of West Kilbride as its Vice-Chair, and Toby Perkins MP and Lord Booth of Houghton-le-Spring as Officers.

The APPG will seek to provide a forum for parliamentarians to discuss issues driving corporate stress and distress and challenged sectors, as well as raising awareness of options and solutions available to businesses to survive and thrive. The APPG will have a full programme of work, supported by The Institute for Turnaround as its Secretariat.

The Institute for Turnaround is the only UK-based organisation to accredit turnaround professionals. Our accredited members undergo a rigorous process to join the organisation and are held to high ethical standards. As an organisation we provide our members with continuous professional development and advocate for turnaround and transformation excellence, challenging our industry to continually improve and grow.

Case studies of turnarounds

We share below two case studies of turnaround and transformation projects across differing sectors.

Manufacturing – Grainger and Worrall

Grainger and Worrall, a family engineering business, had successfully evolved from a pattern-making business to a global supplier of parts and prototypes to Formula 1, motorsport and supercar manufacturers. The business stalled, however, when it tried to branch out into higher volume production, which revealed the firm's inexperience in operational planning and volume production capacity. The firm's problems were exacerbated by the loss of experienced workers after Brexit and during Covid, falling revenues and rising debts. After three consecutive years of losses (2019-2022), the firm was at risk of insolvency, and the family owners called in turnaround and transformation advisers to help put the business back in the fast lane.

Initial actions

The first step in the company's turnaround was to strengthen the management team and restructure the company's debts. This required bringing experts into the family Board to manage the financial restructuring, and to address operational performance, MI and financial controls. The successful debt restructure took about six months, and achieved funding stability with all the firm's financial stakeholders, including HMRC. This provided the foundation for the operational turnaround, as it bought time from, and bolstered the confidence of, investors and creditors, allowing Grainger and Worrall the space to adapt, transform and thrive.

Operational turnaround

The operational turnaround required a root and branch overhaul of the business, including: engaging with the firm's employees to obtain their buy-in to the transformation, and instil pride in the quality of the business. This included a 'Top Gear' style launch day involving employees, customers and a selection of their cars, other suppliers and the bank; improving cashflow forecasting and management, including new customer payment terms and investing in new IT and finance systems; investing in new machinery, improving operational planning and introducing standard operating procedures to drive higher production; rebuilding credibility with suppliers and customers while also renegotiating contracts to smooth volatile order patterns; a corporate restructuring, involving a management buyout of three companies in the group, and disposal of a loss-making part of the group.

Over the period 2022-23, the business transformed its operations, doubled production volume, restored profitability and built up an orderbook to secure its financial future. By ramping up production from under 1,000 to over 2,000 units per week, they were able to award staff the highest pay rise in the company's history and, as part of the MBO, shares were reserved for an employee share scheme so they could share in the success.

The business had a challenging 2025 in light of global developments such as US tariffs, and increased costs of labour and energy, but the Board has built on its knowledge of transformation to build and diversify its customer base into new sectors including aerospace and defence. It continues to focus on innovation, including winning a fourth Kings Enterprise Award for Innovation in 2025.

Sports – York's LNER Community Stadium

Conceived in 2009 to provide a financially sustainable shared home for both York City Football Club and York City Knights ("the licensed clubs"/"tenants"), York's LNER Community Stadium was envisioned as a multi-purpose facility including a leisure complex, cinema, gym, swimming pool and NHS services - creating a vibrant community hub for both sport and leisure activities.

First conceived in 2009, York's LNER Community Stadium began as an ambitious vision - a financially sustainable shared home for York City Football Club and York City Knights RLFC, and a wider community leisure hub comprising a leisure centre, gym and swimming pool with NHS outpatient services on weekdays - funded by City of York Council.

Contractual responsibility for operational delivery of sports events at the stadium rested with York Stadium Management Company (York SMC). However, when the stadium finally received its licence to host competitive fixtures in early 2021, capacity was restricted to 2,000 due to essential safety standards not being met – a major financial and reputational blow for all involved.

In addition, systems initially meant to handle up to £5m pa of ticket income lacked reporting capability and match day planning was inadequate, resulting in excessive costs being incurred by stadium users. Public criticism grew and tenant clubs escalated their concerns directly to the Local Authority resulting in a formal notice to resolve the matter within six weeks or the 13-year contract awarded may have been terminated for non-delivery.

The turnaround

A 3-year, 3-phased turnaround plan was devised, delivered and implemented by an independent turnaround practitioner (IFT accredited) which quickly won consensual stakeholder support - focusing first on critical interventions, followed by operational consolidation and ultimately, growth. Leadership change also proved critical. Recruitment shortcomings were addressed and a Director of Stadium Operations was appointed to ensure unrestricted capacity approval and progression of essential infrastructure improvements. Finance was another urgent priority: with no financial clarity, no audit trails and significant creditor pressure. Effective financial controls, reporting structures and cash-flow management were introduced immediately.

Deeper strategic issues also required resolution. Conflicting commercial, operating and financial interests, operational naivety and ongoing assumptions and presumptions about contractual detail posed significant reputational damage risk for all stadium stakeholders. For 18 months, the turnaround practitioner worked to restructure ownership and governance, resulting in Greenwich Leisure Limited's acquisition of York SMC in 2023 - creating clarity, accountability and a renewed sense of ambition and strategic direction.

Over the last 4 years, the transformation has been remarkable, culminating in the stadium recently hosting 6 fixtures for the Women's Rugby World Cup 2025 – showcasing the facilities globally. In addition to hosting competitive home fixtures for the licensed clubs, the stadium has also hosted a number of elite sporting fixtures, including the Rugby League World Cup 2021, 2 England RFU Men's Senior Team Open Training Sessions, England Red Roses 6 Nations v Italy, a Rugby League Challenge Cup Semi-Final and several Community Youth Finals. None of these events would have possible without the critical interventions that started in 2021.

More than £1m of additional income has now been generated by stadium activities, all of which has been re-invested in the stadium's infrastructure, drawing interest from other Local Authorities and professional sports clubs. The workforce has grown from just 7 people in 2021 to more than 200 now on the payroll - predominantly young people earning real living wages and learning how sport works behind the scenes. The launch of a pioneering Education & Training Centre in 2025 offering vocational, non-playing pathways into careers across sport extends the community and social impact of the turnaround even further.