

BM&T's Guide to Turnarounds

Written by Alan Tilley and David Bryan with contributions from Insolvency Practitioners Cork Gully, BM&T have produced a guide on

Turnarounds for the Corporate Finance Faculty of the Institute of Chartered Accountants in England and Wales (ICAEW). The following is an extract from the concluding summary. The full guide is available from the ICAEW website to Corporate Finance Faculty members by following [this link](#) which also gives details for membership. The guideline is primarily available to faculty members of the ICAEW but BM&T may be able to help with requests for a copy. Please contact guideline@bmandt.eu



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“Turnaround and restructuring is evolving towards consensual restructuring as a preference over formal insolvency where value can be preserved, while leveraging negotiated concessions off the threat of insolvency or by using available processes to avoid onerous legacy costs.

Effective turnaround management involves a combination of operational and financial skills and an appreciation of the legal issues affecting directors' liability and the insolvency process. It requires the experience to inspire confidence in management, the integrity to command trust and respect among all stakeholders and the tenacity to persevere to reconcile often conflicting objectives. It is a team effort involving internal management and external advisers focused on the objective of enterprise value preservation.

The start is controlling liquidity to achieve a stable base to allow time to determine the viable core business and develop a credible business plan. Implementation of the plan and negotiation with the stakeholders using whatever leverage exists follows, during which time an appropriate management team can be established to take the business forward, and a funding structure can be negotiated which the new business model can support from operational cash flows.”



Bryan, Mansell
& Tilley LLP