



FIVE PRINCIPLES FOR AN EFFECTIVE CORPORATE RESTRUCTURING

Corporate restructuring provides a powerful strategic alternative for distressed companies to resolve financial and operational issues and to navigate troubled economic times. Whether a company reorganizes under Chapter 11 of the U.S. Bankruptcy Code or pursues an “out-of-court” restructuring, these guiding principles can help debtors and their professionals to streamline the restructuring, minimize time and costs associated with the process, and maximize the outcome for all involved.

Be Smart. Get experts to help.

Corporate restructuring is both an art and a science. Make sure to enlist help from experienced restructuring specialists. From the financial and legal advisors to the claims and noticing agent, these specialists should have experience in managing and dealing with the complexities of the corporate restructuring process.

Be Quick. Time is of the essence.

Recognized authorities in the restructuring industry can guide companies expeditiously in negotiating and consummating transactions. From pre-planning to emergence, companies can achieve their goals in a relatively quick period of time with strategic planning and agile execution. A timely emergence from Chapter 11 is often a successful one.

Be Prepared. Organize information efficiently.

From the planning phase through execution, organization of company information is critical. All key information should be clearly accessible to help expedite the process and easily locate the required data. Data and other information needed during the process can include financial statements, vendor listings, employee/retiree listings, contracts, real estate deeds, etc.

Be Transparent. Disclosure is good.

Develop a strategic communications strategy to disclose forward progress to relevant constituencies during the restructuring process— from employees and vendors to financial institutions and the media. It is critical that you know what to say and how to say it, but it is also vital to recognize the strategic relevance of your communications.

Be Sensitive. Take stakeholders’ financial insecurities into consideration.

When dealing with financial matters of this scale, emotions run rampant. Be sensitive to the needs of stakeholders and provide reassurance that their matter is one of significance and is being addressed during the process.

For additional insight on the corporate restructuring process, Jonathan Carson, former restructuring attorney and president/co-founder of Kurtzman Carson Consultants, serves as a news source and guest speaker on issues and topics pertaining to corporate bankruptcy. Among other topics, he frequently presents an MCLE-accredited program titled, “A Practical Guide to Corporate Restructuring” at law schools, law firms and industry conferences.