



TURNAROUND SPECIALIST

David Bryan , BM&T LLP

David Bryan is a founding partner of BM&T LLP a leading turnaround and restructuring advisory firm. BM&T is part of the ERS network in Europe and is affiliated with Conway McKenzie in North America and TCP Latam in South America. David is a Certified Turnaround Professional and is also a director of the Turnaround Management Association (TMA) UK Chapter and a director of TMA Europe.

What would you say have been the most active sectors dealing with bankruptcies in the UK in the past twelve months?

Insolvencies have been on a steady decline for a number of years. The largest sector continues to be construction with retail and hotels also showing high numbers. Retail has been very high profile recently with the collapse of BHS and the well-publicised investigations into its pension scheme and management conduct.

In what instances is liquidation of a business the only option available? What advice do you offer to corporations for which closure is an inevitable consequence?

We always start a turnaround assignment by asking ourselves whether this is a viable business or not. Every situation is different but clearly those that have failed to adapt their business model to changing times may have left it too late to be saved. Some feel that BHS is a good example of that and the retail sector leads the insolvency tables because consumer behaviour has changed so fast. We live in a world where the pace of change gets ever faster and businesses must constantly look at their markets and be ready to adapt.

How would you say does your previous experience as a Finance Director and CFO helps towards your thought leadership in the restructuring field?

I think it helps enormously. Unlike those whose career has been spent entirely in the professions you actually know what running a business is all about. I worked in a business that grew revenues over 50 fold in ten years only to go bust 4 years after that peak. That teaches you a lot. The later experience taught me that insolvency is a value destructive process. I have spent most of my career since then working to turn distressed businesses around and avoid insolvency for the benefit of all stakeholders, something I passionately believe in.

Are there any groups or lobbying activities you are involved in that help you push the boundaries of turnaround practices?

I am very involved in the Turnaround Management Association and am a Fellow of the European Association of Certified Turnaround Professionals.

I am currently very active in responding to the UK government's proposals to introduce pre-insolvency procedures that enable a business to address problems and find consensual solutions without the need for formal insolvency processes. This is largely driven by a recognition that whilst our insolvency processes are efficient, they may be triggered too early. Once entered they are value destructive and the returns to creditors, particularly unsecured creditors, are very low. This leads to creditor businesses themselves becoming insolvent and is a destructive domino effect. Not all businesses can be saved but the government's proposals will be a great help and should make the UK a more attractive place to invest.

What has been your flagship piece of work and how did you apply particular thought leadership to this scenario?

I have been involved with many successful turnarounds but one of my favourites was a UK subsidiary of a US business in the creative industries. The business was heavily indebted including a substantial loan from the parent. Advice from Insolvency Practitioners was that the business had to enter formal process. We were introduced through a recommendation to the parent company and quickly concluded that a solvent solution was possible. We rapidly set about cutting certain costs, changing the way certain processes were run and engaging with creditors. A large contract was being bid for and the future for the business was either to downsize further still if this wasn't won or to be able to grow again if it was. The contract was won, the creditors agreed to be repaid in full over time and new financing arrangements were negotiated to ensure the working capital requirements of the new contract could be met. Three years later the business has grown fivefold in revenues and is making a very healthy profit.

Is there anything else you would like to add?

The above case study shows just how different the outcome of a successful turnaround can be from a formal insolvency. Insolvency has its place but where there is a viable business and sufficient liquidity a turnaround will always be a better solution. The new government proposals will help with a legal framework for such solutions and I believe will be of great benefit to businesses in the UK.

CONTACT

Website: www.bmandt.eu