



## IWIRC's Woman of the year 2016: Carlyn Taylor

Carlyn Taylor, global co-leader of FTI Consulting's corporate finance and restructuring segment, was named Woman of the Year 2016 by the International Women's Insolvency and Restructuring Confederation (IWIRC) late last year. She talks to GRR's editor Kyriaki Karadelis about cutting her teeth in the telecoms restructuring boom of the late 1990s, mentoring younger women in the industry and balancing work with family life.

"Carlyn is a trailblazer with a superb track record," Steven Gunby, president and CEO of FTI Consulting said of his colleague when she won IWIRC's Woman of the Year in Restructuring award back in November.

Appointed co-leader of FTI's corporate finance and restructuring segment last May, Taylor also holds the position of CEO of FTI Capital Advisors – the group's boutique investment bank – and is estimated to have led more than 140 bankruptcy and restructuring appointments during her career.

Cultivating an early interest in telecoms, media and technology (TMT), she founded

the advisory group's TMT practice and grew it into a team of more than 120, stepping down as head last year to take the restructuring leadership role. Her past clients include well-known names in the communications industry such as AT&T and Condé Nast, and she counts JP Morgan, Goldman Sachs and GE Capital among the lenders she has represented.

In keeping with the aims and ambitions of IWIRC, Taylor was instrumental in the creation of FTI Consulting's Women's Initiative, FTI WIN – a programme to retain and develop talented women in the group. She serves as WIN's co-leader,

while also helping to promote more women into leadership roles as executive sponsor of the women's Managing Director Transformational Leadership Program.

When GRR caught up with Taylor ahead of our Women in Restructuring issue, she discussed, among other things, forthcoming "disruptive" changes in the media industry, the potential impact of President Trump's tax policies, and the time when she completed three weeks' worth of work in Hong Kong in 10 days, against the backdrop of a SARS outbreak.

She also casually told us that the companies she's restructured so far have

had a total value of about US\$250 billion. “I know because I had to give a deposition on that once,” she laughed.

### Tell us a bit about your career background – how did you first get into restructuring and insolvency?

I’ve actually never changed jobs since graduate school. I did my master’s and undergrad in economics all in one programme in four years, graduated Valedictorian from the University of South California and joined Price Waterhouse – I think at 21 – with a master’s. I made partner in ‘98, the youngest person to make partner there at the time, and I made it on the day they merged with Coopers & Lybrand. I was a partner at PwC for four years until we sold the restructuring practice after the Sarbanes-Oxley Act [a US federal law that set new requirements for all US public accounting firms] to FTI. That was in 2002 and I’ve been here ever since, so almost 15 years.

While at Price Waterhouse, the Telecoms Act was passed in 1996. Just before it was passed, a European partner came over and suggested that we start a telecoms practice in what was called financial advisory services at the time. I’d done a series of client projects in the cellular industry, so he talked me into joining him in the practice. I started working on transactions and strategy, and it grew really fast because the industry was booming with half a trillion dollars in capital coming into it. Then in ‘98, ‘99 you could start to see the cracks in some of the industries and it plunged into restructuring in early 2000. By then I was a partner and I had never done restructuring, but I learned to do it quickly. My first case was a payphone case in ‘98, and then long-distance re-sellers in ‘99. From 2000 to 2005, I worked on 96 restructurings. I had moved my whole team into restructuring before we sold the practice from PwC to FTI.

Then the restructuring boom ended. It

just fell off a cliff. I had a huge team and I had to figure out what to do with them. So I went back and hired some new folks and we started doing consulting work for telecoms companies again on integration and interim management, as well as working for private equity firms that had invested in the industry. I later added media, entertainment, publishing and technology to the practice, and built out a full TMT industry segment.

Having built a diversified practice of restructuring, M&A and some expert witness work that was mostly M&A and performance improvement-related, I was asked to take over as industry initiative leader for FTI, which was something

to do “on the side” while running the TMT segment. I coached or mentored other industry groups that were trying to get off the ground and build their practices. A year ago – by which time I had been on FTI’s executive committee for five years – the group’s head of corporate finance and restructuring resigned, so Michael Eisenband and I took over the role together. We volunteered to do it as co-

leaders because we thought our respective strengths would make for a great combination, and so both of us could continue doing client work. I was particularly interested in not having to quit doing client work.

### What has been your most memorable case – or experience in restructuring and insolvency – to date?

Oh gosh, there’s so many. The most interesting one was probably Reach Communications in Hong Kong. I got a call from the head of workout of JP Morgan, saying: “I have this problem in Asia. It’s a subsea cable company, I need you to go personally.” So I went over there to see a joint venture between Telstra in Australia and Pacific Century Cyberworks (PCCW) in Hong Kong. The banks had lent it US\$2 billion and it was losing cash hand over fist – every month it was bleeding money.

We wanted to get more money out of the owners, but they wanted to stop paying interest and put the whole loan on hold. Meanwhile, the SARS outbreak happened while we were in Hong Kong and my team had to figure out if they were going to stay in Hong Kong or whether we were going to go. Amazingly, we worked around the clock and got about three weeks’ worth of work done in 10 days. We figured out pretty quickly that the company would be worth more to the lenders in liquidation, because of the way it was being run. The lenders had every right to seize their collateral and shut it down. It only took two weeks for the owners to cough up US\$300 million in cash because of this “crazy American woman” who was talking about the joint venture being worth more in liquidation than alive. We took the money, did a restructuring, and I told the banks: “I’ll be back in about 12 months because this is not going to last more than about another year.” Sure enough, 11 months later I get a phone call that it’s in trouble again. We went back to Asia and ultimately got the lenders a very sizeable recovery, so that was a fun case.

I had another case years ago – I won’t say what company this was – but I managed to catch in the first meeting, on the first day, that its managers were basically fraudulently inflating their EBITDA, capitalising cost of service by calling it an IRU [an indefeasible right of use – a type of permanent, unbreakable, long-term contract between the owner of a communications system and a customer who must pay a portion of the system’s operating and maintenance costs] and bragging about it. When I asked them, they said: “Congratulations you’re the first one to figure it out!” They were proud of it. I was thinking to myself: “They’re committing a fraud and they’re proud of themselves?” It was a big telecoms company and I was shocked. That was another crazy one. We eventually liquidated that company, it was worthless.

### What has been the proudest moment of your career?

I built the team in TMT up to some 20 senior managing directors, which is FTI’s partner equivalent: I’ve been running it for 21 years and no one ever quit in the senior team. That’s the single thing I’m proudest of, the senior team worked so well together and had such camaraderie: we

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just have classy, talented, wonderful senior professionals. I was really proud of that group. I haven't been running it for the last year because I got promoted, but a very talented man named **Luke Schaeffer**, who has been working with me since '95, has stepped up to run it.

### **What is the most challenging thing you have had to do professionally?**

Trying to fix print publishing businesses is really, really challenging because the demographics are moving in the wrong direction. Fixing telecoms companies, I can get to the bottom of the issues quickly. With publishing, sometimes I feel like a company is doing everything and still the numbers are declining. So I would say some of the most challenging assignments have been trying to fix companies that are already well run, but are distressed, especially in print.

### **What do you enjoy most about your day-to-day work?**

Oh, no question – the people. I love working with people and helping them think about how to improve their careers. There's a few things you can't teach: brains, passion and ambition. When you are privileged to work with smart, ambitious young people, it's really fun.

### **Are there any specific quirks or demands in the telecoms, media and technology industries that differentiate restructurings in that sector? What issues should "generalists" be aware of if they end up working on a case in those industries?**

The reason we have industry specialities, in particular telecoms and technology, is because the lingo is off the charts. I actually took an engineering class, "telecoms engineering for non-engineers" . It was fantastic: it taught me enough about engineering so I can sit and interview engineers and understand enough of what they're saying, or at least understand the financial and economic aspects of what they're doing. I actually don't think generalists should try to do those kinds of cases. Maybe in media, but not so much in tech and telecoms, because you'll just be a fish out of water. It's not an accident that certain industries have specialists at law firms, investment banks and financial advisories. I also don't think you can do

healthcare restructurings if you are not a healthcare professional full-time. Energy, mining and real estate are also very specialised and require unique expertise.

### **What will be the hot issues in international restructuring and insolvency in the next five years?**

Well, the one we're particularly focused on is long-run disruptive trends in industries. I've been a huge proponent strategically of FTI having specialists in industries that are going through disruptive waves of change. This is usually from some underlying societal or technological issue. So telecoms moving from wire line to wireless, media moving from print to digital, and retail moving from bricks and mortar to online were massive disruptive changes. There are also all the changes in technology happening in healthcare. Those are what I focus on for FTI generally and for corporate finance specifically [in my capacity as industry initiative leader], looking for trends that will yield disruption that yields restructuring. In entertainment, a number of years ago, we built a hypothesis about the disintermediation of the whole value chain, where content is now going direct to consumers, which causes huge disruption in the legacy for content distributors like TV, radio, movie theatres, etc.

In the short run, we'll focus on a lot of the things the Trump administration say they're going to do and understand and what the impact is going to be on restructuring. There's some big dislocation coming. The first major example is the tax legislation: if they do introduce a border tax and go to non-deductibility of interest from loans, that will create a lot of restructuring activity and have a global impact. In fact, our European colleagues were saying it's going to have maybe a larger impact in Europe than Brexit on the restructuring profession.

### **If you could change one thing about US or international bankruptcy legislation or soft law, what would it be and why?**

The US Bankruptcy Code is one of the most efficient things in the world, and as an economist by training, I think it is actually one of the strengths of the US economy. The efficiency with which you can restructure a balance sheet now, in or out of court, probably does contribute to higher risk-taking and over-leveraging in the

US. But it also contributes to willingness to make investments. It is one of the reasons that the US economy is more resilient and stronger than many other economies in the world, including in Europe. In many economies worldwide bankruptcy used to mean liquidation – there was no concept of reorganisation – but many of the global players have been moving in the last 15 to 30 years towards the US system, at least with respect to the ability to reorganise instead of liquidate, one step at a time. If we had a global system similar to debtor-in-possession reorganisations in all the major economies, it would contribute to overall global economic growth. I'm approaching that with a macro-economic view.

### **What does the landscape look like for women in restructuring and insolvency, compared to when you started?**

Ironically it is not much different. When I first got into restructuring about 20 years ago, there were a handful of prominent women in the industry, most of whom have now retired. Today there's still a handful of prominent women. I was presenting in one restructuring and I remember looking around the room of bankers and lawyers: out of 40 people I was the only female in the entire room and I was the one presenting. It sort of struck me – and this was only a few years ago – that things haven't changed much. Restructuring is a tough career for women and I don't say that lightly because I try very hard to recruit and retain women. You've got to get really good at negotiating and it's a round-the-clock kind of environment. You're on call and when you're trying to save a company or trying to get it into bankruptcy, you usually have short deadlines. It's not a very easy career to control your life. If you can't just roll with the punches, then it's difficult.

I do think it's a fantastic career, though; I was already eight years into my career when I started to do restructuring and I thought: "Where has this been all my life!" I never had more fun than in the five years when I did the '96 telecoms restructurings. You can't buy an education like that from any school. I learned so much moving from company to company. I'm always trying to convince women they should come into restructuring, but we've made only a small amount of progress in the 20 years that I've been doing it, which is a shame. It's a male-dominated industry.

**Tell us about FTI Consulting's Women's Initiative WIN – when did it launch, why, and can you give us some examples of the effects it has had?**

I started WIN with some colleagues at the suggestion, actually, of a managing director in our practice in 2011. We have four goals. The first one is to network internally and externally, so we run a lot of events. We've just split the network into geographies and there's a WIN committee in each geography, as well as a global steering committee that pushes out programming and ideas to the local chapters to do events, both internal networking events and external marketing events for women clients.

The second thing is education. The thing I'm probably the most proud of is that we launched the Managing Director Transformational Leadership Program to help women become senior managing directors and it's been enormously successful. We've put two classes through the two-year cycle so far. Already the number of women promoted out of that programme is off the charts. FTI had the greatest number of women promotions to senior managing director ever this year, 11 out of 40 promotions across all teams. That's really exciting to me.

The third goal is to make sure that FTI's policies are competitive for family-friendly stuff. We had FTI's maternity policy changed and we've also been working on programmes for mentoring younger folks.

The fourth goal is basically getting a greater number of women in senior positions. We've actually done really well with that too, because when we started I was the only woman on our executive committee. There's now about 18 people on the executive committee and four women. There's two of us running segments – I'm co-running corporate finance, and then we have **Sophie Ross**, who is running our technology segment, which is a fairly new promotion that happened within the last six months. We also have our head of HR globally, **Holly Paul**, who might as well be our COO, as well as our controller, **Catherine Freeman**. So that's pretty cool.

**What does it mean to you to win the IWIRC Woman of the Year 2016 award?**

I looked at the other women who have won and I know most of them; it was a great honour to be included with them.

Restructuring is not like other types of consulting where you rarely see your competitors. In restructuring you constantly work with your competitors – cooperate when you need to, negotiate opposite when you need to. You need to know when to strike a deal and when to fight, so relationships with people on the other side that you trust, and who you've worked with on some or other deal, go a long way in getting deals done.

**Do those professional relationships fostered in restructuring help promote more women in the industry?**

Many lawyers and restructuring people that are women are my friends; even if you work opposite them in some cases, they're still your friends. I've found that, by and large, all the senior women in restructuring are very open to helping younger women. I've called up multiple clients – women lawyers – to participate as clients in our WIN programme through mock pitches, because that makes it not so "mock". We use real cases and real facts. And they're always happy to do it. Some pretty senior women at other firms have given fantastic coaching on how to pitch, what the trainees are doing wrong and what they should do better. It's been super, super interesting and helpful.

**Aside from WIN, what other initiatives for gender equality have you been involved in, or would you like to see?**

I do spend a lot of time talking to women and trying to help them think about how you can balance your life and career. I'm a big advocate that being a mom was actually one of the best things I did for my career, besides just personally being happy. When women are thinking, "should I have kids, should I not have kids?" I'm really strongly encouraging of: "You can still have your career and be a mom." You just have to view it a little differently than society views

it. You don't have to be at every parent thing to be a good mom. You don't have to be the one who controls everything at home; you can let go and let your husband actually do more. You don't have to be as perfect at home as you may think you need to be in your career. Relax a little and enjoy your children without stressing. Women who are super successful in restructuring tend to be "super type A" and work themselves to death, including at home. You can be a great mom and be happy and have wonderful children without being a type A mom.

I really loved raising two girls. I'm very proud of them; they're 18 and 14 now. Once I had kids I learned how to balance better,

and I was just a happier person. My girls are very independent and I'm very proud of that, but we're still very close. I sent them off to camp when they were six. I've also taken them all over the world. When the oldest one was 13 I was on a restructuring in Australia and New Zealand and I put her on a plane home by herself; she got all the way home, and was just fine. She had to change planes in LA in the middle of the night by herself. It was a little nerve-wrecking for me, but

she said: "No mom, I can do this; I want to go with you on the trip." I think those kinds of experiences are good for kids.

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**What's the next thing to tackle in insolvency and restructuring from a gender equality point of view?**

I don't think there's a lack of gender equality in restructuring insolvency, I think there's just low numbers of women. I think it's about convincing talented women who want to be in it that you don't have to give up having a family to be successful in restructuring. Have your personal aspirations, don't give them up and you can have a very successful career in restructuring.