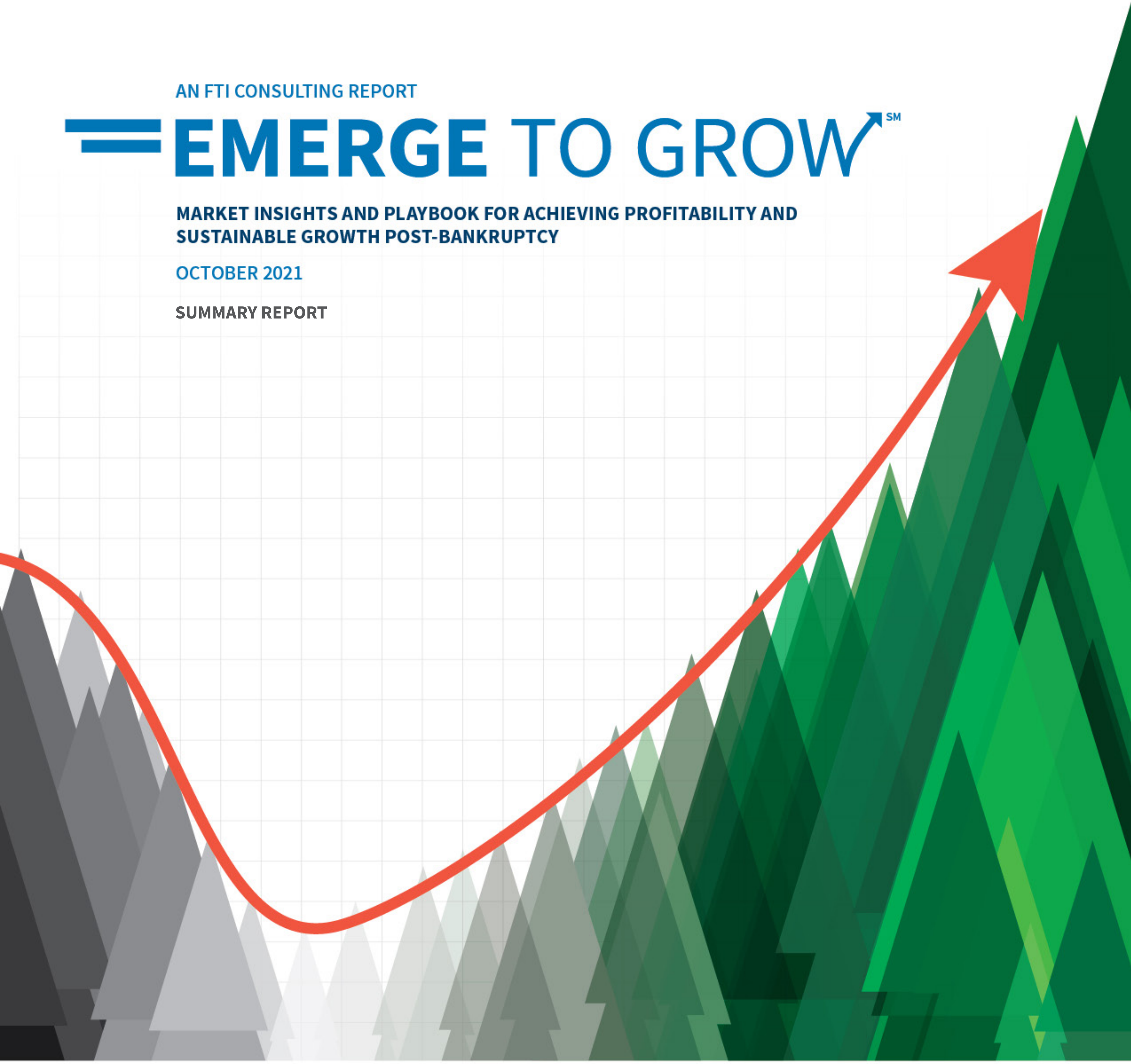
AN FTI CONSULTING REPORT

EMERGE TO GROW℠

MARKET INSIGHTS AND PLAYBOOK FOR ACHIEVING PROFITABILITY AND SUSTAINABLE GROWTH POST-BANKRUPTCY

OCTOBER 2021

SUMMARY REPORT



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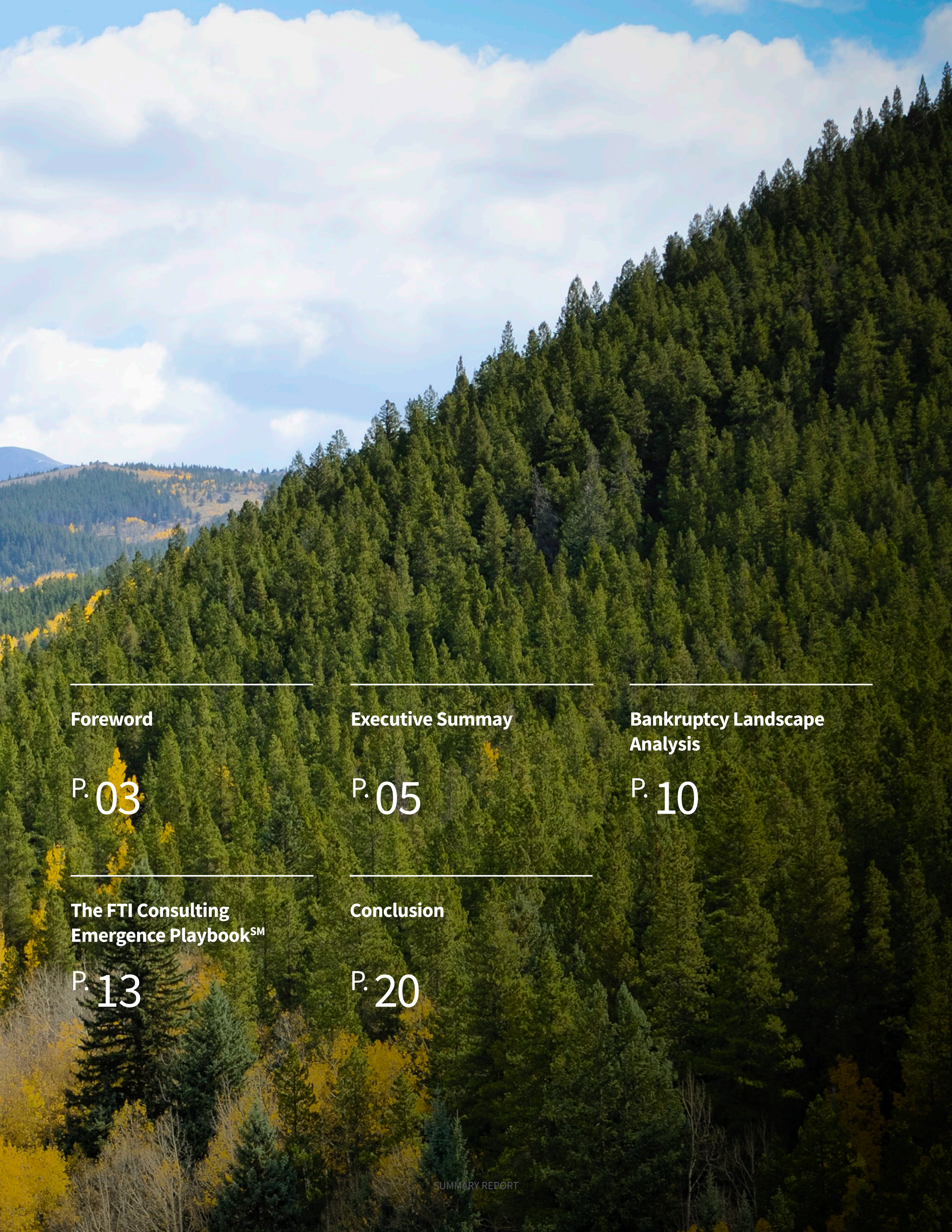

Foreword

Bankruptcy is a formal process geared toward preserving stakeholder value.

Bankruptcy proceedings often include arduous negotiations between stakeholders that are a time-consuming and expensive process with limited focus on enhancing future performance. As such, the traditional emphasis during bankruptcy is on completing the process, rather than positioning the bankrupt company for transformational growth on emergence.

This limited focus is perfectly understandable given all the pressures and constraints that accompany bankruptcy, especially as pre-packaged and pre-arranged bankruptcies become more common. In many cases, pre-packaged and pre-arranged bankruptcies focus primarily on solving capital structure challenges, with minimal attention to operational changes to the business. However, some of the constraints that companies operate under during bankruptcy may be self-imposed or driven by conflicting priorities that restrict management's options — limiting an emergent company's ability to grow and thrive post-bankruptcy.

The purpose of this study is to shine a light on the critical opportunity for more effective emergence planning that addresses all the key performance dimensions necessary to achieve profitable and sustainable growth after bankruptcy, not just capital structure fixes.

This study includes a research-based analysis of the bankruptcy landscape, a market survey of senior executives at companies that are currently in bankruptcy (or recently emerged), and a practical playbook to help companies design and execute successful emergence strategies.

The data-driven and fact-based insights in this report are intended to inform all stakeholders about the emergence opportunities following bankruptcy. However, since the needs and available actions for different stakeholders are varied and nuanced — and sometimes conflicting — we offer relevant insights for the full range of stakeholders, including but not limited to affected companies and their management teams and boards; lawyers and other advisors; lenders and other creditors; and private equity and fund teams.

Companies that undergo bankruptcy are taking the necessary and challenging steps to realign their businesses and to maximize value for stakeholders, so it is important for them to emerge stronger and healthier. The market insights and emergence playbook presented in this report can help achieve those objectives.

We hope you find this report informative and useful, whatever your role in the bankruptcy and emergence process.

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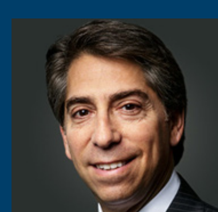

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Executive Summary

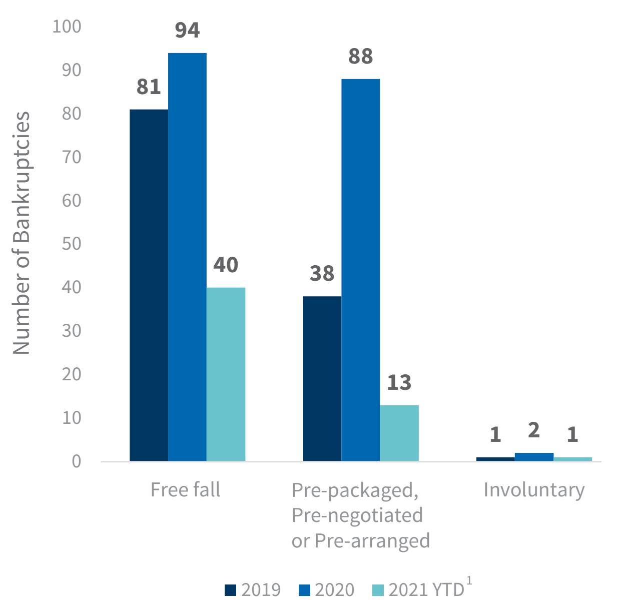
The bankruptcy process has many legal and practical limitations and may not position an emergent company to realize its full potential post-bankruptcy. The findings in this report can help stakeholders make more informed decisions and challenge commonly held assumptions and norms about bankruptcy that might not be relevant to their situations, using the insights and lessons learned from the FTI Consulting market study to achieve the best possible outcomes during and after a bankruptcy.

These findings will likely be especially valuable for companies in bankruptcy proceedings, helping them develop smarter emergence strategies and position themselves for profitable and sustainable growth.

Bankruptcy Landscape Analysis

Based on our research, there were 665 Chapter 11 bankruptcies filed from January 2019 through May 2021. This analysis focuses on the 358 filings that involved liabilities of at least $50 million at filing. The liability threshold was chosen to provide insights about larger companies with more complex businesses, capital structures and scale.

Figure 1 - Chapter 11 bankruptcy filings by category



Source: Debtwire, Reorg Research, The Deal

- **Bankruptcies hit a 10-year peak in 2020.** Chapter 11 bankruptcy filings for companies with liabilities greater than $50 million increased by 53% from 2019 to 2020 as COVID swept across the globe. However, as of August 2021, Chapter 11 filings were down 48% compared to the first eight months of 2020[2]—likely due to buoyant credit markets and a national economic reopening tied to the COVID recovery and rising vaccination rates.
- **Some industries were hit especially hard by COVID.** While not all bankruptcies were attributable to COVID, the pandemic did have a major disruptive impact on many businesses. The sectors most affected by the recent bankruptcy spike were energy (25%), retail & consumer (15%), healthcare & pharma (9%), telecom & media (5%) and hospitality & leisure (5%).
- **Pre-packaged bankruptcies increased as a filing strategy.** Pre-packaged, pre-arranged and pre-negotiated bankruptcies (collectively referred to herein as "pre-filings") increased markedly from 2019 to 2020, as shown in **Figure 1**. Pre-filings accelerate the bankruptcy process and shorten timelines, making it especially important for companies to develop a pre-filing strategy and operating plan to achieve profitable and sustainable growth on emergence.
- **The vast majority of businesses successfully emerged from bankruptcy, most as private companies.** Of the 134 Chapter 11 cases that were confirmed or closed from January 2019 through May 2021, 88% of the underlying companies successfully emerged from bankruptcy. Among those companies, 75% emerged as private companies and 13% emerged as public companies with stock trading over-the-counter.

1. 2021 data collected through May 31, 2021, when the market survey was performed.
2. The Deal.

— **Energy and retail companies accounted for the majority of repeat bankruptcy filings.** Between January 2016 and May 2021, 69 companies filed for a second, third or fourth Chapter 11 bankruptcy (based on a 10-year lookback period). The energy and retail industries made up 52% of the total repeat filings, reflecting the volatility of the oil & gas industry and the challenges that retailers face from online and technological disruption.

Emergence Market Survey

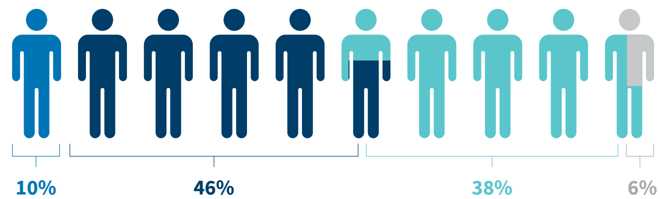
To gain real-world, quantifiable insights about the bankruptcy process — and how companies are planning to grow and thrive after they emerge from bankruptcy — FTI Consulting conducted a market survey of 50 business leaders from large companies with direct experience going through Chapter 11. Many of the survey questions focused on the five core business dimensions of *capital, cost, growth, technology and talent* — and how those dimensions related to the bankruptcy process. Our survey was representative of the market studied and is estimated to have a margin of error, at a 95% Confidence Interval, of 13%, thus indicating that the results from the market survey are statistically significant.

Figure 2: Main reasons for bankruptcy filing

Source: FTI Consulting, Inc.

— **COVID-related factors were a major contributor to many bankruptcies.** According to the survey, and as shown in **Figure 2**, the three top reasons for Chapter 11 filings were debt maturities or interest payments (64%),sales and supply chain problems due to COVID (48%), and liquidity issues (32%) all three of which

Figure 3 - Ability to focus on other important business issues



- Yes, other important business issues received ample attention
- Yes, we were able to focus on other matters to a meaningful extent
- To some extent, but we were largely occupied with confirmation planning
- No, we were unable to focus on other important business issues

Source: FTI Consulting, Inc.

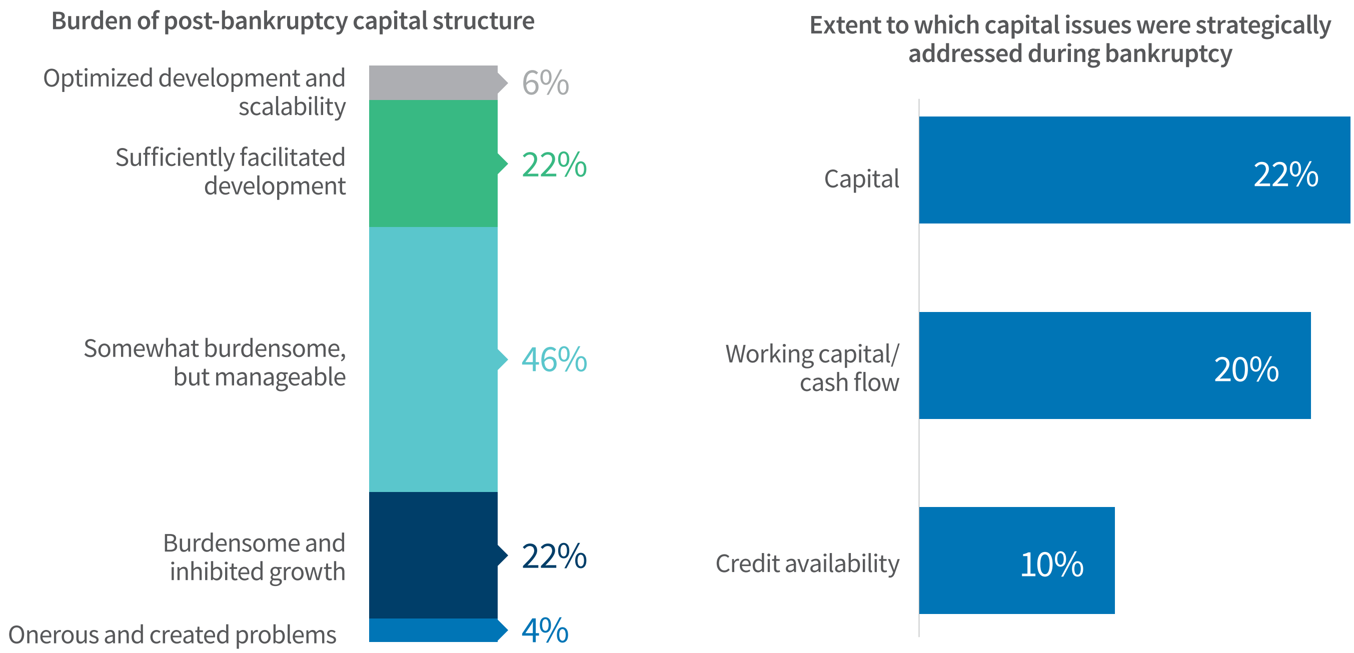
had links to the global pandemic. That said, many bankruptcies were not directly attributable to COVID, with the global pandemic simply accelerating disruptive market trends and outcomes that were likely to occur anyway.

— **Capital was the primary focus during bankruptcy.** Capital was the top priority for the majority of respondents (56%), followed by cost (34%).

— **Most respondents believe they were not fully prepared for post-bankruptcy success.** According to the survey, respondents were least likely to be substantially prepared for post-bankruptcy success on the dimension of technology (14%). The other four dimensions scored higher: capital (32%), growth (28%), talent (26%) and cost (22%). The speed of the bankruptcy process likely hampers the ability to address these topics — all the more reason for the board of directors and management to focus on these dimensions in a post-bankruptcy period to position the organization for accelerated transformational growth.

— **Other important business issues were often not meaningfully addressed.** Looking beyond the five core dimensions, as shown in **Figure 3**, nearly half of respondents (44%) did not feel they were able to meaningfully focus on other important business issues during the bankruptcy process, a fact that may limit their ability to thrive after emerging from bankruptcy.

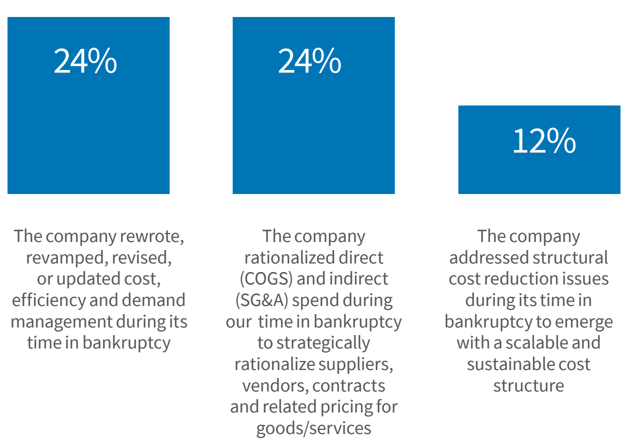
Figure 4 - Post-bankruptcy capital issues



Source: FTI Consulting, Inc.

- **Post-bankruptcy capital structures tended to be burdensome.** Over seven of 10 respondents (72%) felt their post-bankruptcy capital structure was at least somewhat burdensome, and roughly one in four considered it to be onerous or an inhibitor to growth. Many companies remain highly leveraged on emergence despite having realigned their capital structures during the Chapter 11 process. As these companies continue to improve their financial performance, they enhance their ability to pursue a post-bankruptcy refinancing (**Figure 4**).

Figure 5 - Cost management actions that were aggressively pursued during bankruptcy



Source: FTI Consulting, Inc.

- **Cost reduction was not aggressively addressed – especially strategic cost reduction.** The survey results show that during bankruptcy only 12% of respondents aggressively addressed structural cost issues – such as defining a new operating model – that could have helped them achieve a scalable and sustainable cost structure (**Figure 5**).
- **The top targets for full outsourcing were technology/IT and marketing/advertising.** During or after bankruptcy, the business areas that were most often fully outsourced were technology/IT and marketing/advertising. Areas that were most often partially outsourced were marketing/advertising, sales/commercial support and customer service centers.
- **Technology enablement during bankruptcy or emergence was uncommon.** Among the companies surveyed, roughly a third or less used technology such as enterprise resource planning (ERP), cloud and automation to enable their customer service centers (34%), technology/IT (32%), finance (32%) and/or supply chain functions (28%). Technology enablement in other parts of the business was even lower.
- **Technology implemented during bankruptcy was more for reporting and analytics than for transformation and modernization.** The top focus area for technology

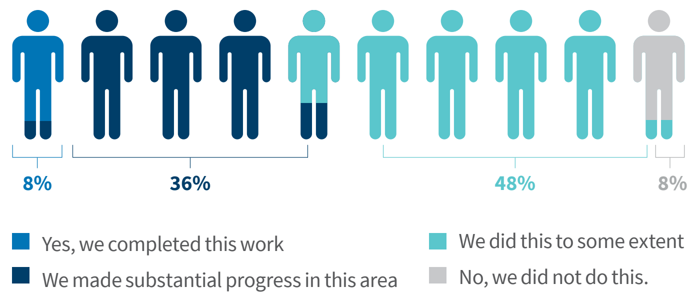
implementation was financial reporting and analytics (58%), followed by reporting and analytics for risk (34%) and reporting and analytics for business/management (30%). Implementation levels were significantly lower for transformational technologies such as cloud (22%), IT modernization (22%) and enterprise data management (20%).

- **Most companies did not identify and rationalize their most and least profitable customers.** The majority of respondents (56%) did not make substantial progress at identifying their most and least profitable customers, potentially leaving the business challenged for sustainable post-emergence profitability (**Figure 6**).
- **Growth actions in general were not common.** Although various forms of profitability analysis did not receive much attention during bankruptcy or emergence, they were the most common growth-related actions (38%). Other growth actions received even less attention, particularly sales force incentives (8%), international growth (16%), marketing and advertising (16%) and commercial excellence programs (16%).
- **Most companies in bankruptcy did not adequately address talent issues.** The survey results reinforce the theme that talent issues were generally not addressed very well or at all during bankruptcy. Only 16% of respondents felt they did very well at putting an effective executive team in place, likely given the inherent limitation of attracting new talent during bankruptcy. Human capital decisions are usually addressed post-emergence.

FTI Consulting Emergence Playbook℠

In a conventional bankruptcy, the preferred time to think about making a bankrupt business stronger is during the Chapter 11 process, not waiting until after it emerges. In bankruptcy, a company has unique opportunities to focus on the more profitable aspects of its business and create a stronger foundation for healthy, sustainable growth. And while there are certainly situations where consensus cannot be achieved on a company's strategic plan or even on the correct timing to bring in transformational advisors or initiate transformational change, given the uncertainty around the final bankruptcy outcome – it is important to have an established playbook for post-bankruptcy planning and success.

Figure 6 - Companies that identified and rationalized their most and least profitable customers/services



Source: FTI Consulting, Inc.

FTI Consulting has created a practical emergence playbook to help bankrupt companies quickly develop effective strategies, plans and business/operating models that address all five core performance dimensions: *capital, cost, growth, technology and talent.* Of those five dimensions, the two that vary most widely — and therefore determine which playbook approach is applicable — are *technology and capital.*

Technology: In some situations, profitable and sustainable growth can be achieved through traditional mechanisms such as organic growth, market expansion and acquisition (an "**Emerge to Grow**" model). In other situations, profitable and sustainable growth can only be achieved through longer-term *technology transformation* — using innovative technologies to dramatically improve a company's performance and competitiveness (an "**Emerge to Transform**" model).

Capital: Under either model, an emerging company might need to closely manage its liquidity and capital needs, particularly credit availability, before it can consider an aggressive growth or transformation strategy.

The FTI Consulting Emergence Playbook features four different approaches that increase in complexity, risk and duration depending on a company's need for technology transformation and/or capital:

- *Emerge to Grow*
- *Enable Capital and Emerge to Grow*
- *Emerge to Transform*
- *Enable Capital and Emerge to Transform*

Each of these approaches provides a valuable starting point for post-bankruptcy planning that fits a company's unique needs and ultimately can help it emerge from bankruptcy positioned to achieve profitable and sustainable growth.

Bankruptcy Landscape Analysis

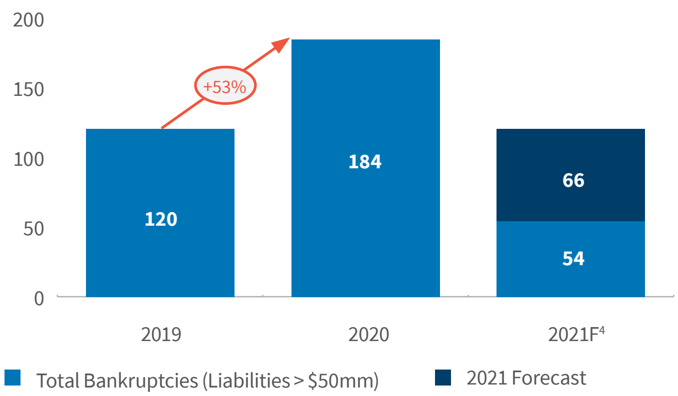
SUMMARY REPORT

There were 665 Chapter 11 bankruptcies filed from January 2019 through May 2021. This analysis focuses on the 358 filings with liabilities greater than $50 million. We chose the liability threshold to provide insights about larger companies with more complex business and capital structure and broader scale.

Bankruptcies hit a 10-year peak in 2020

Chapter 11 bankruptcy filings increased by 53% for companies with liabilities greater than $50 million as COVID swept across the globe. However, as of August 2021, Chapter 11 filings were down 48% compared to the first eight months of 2020, likely due to capital availability, a national economic reopening accompanying the COVID recovery and rising vaccination rates (**Figure 7**).

Figure 7 - Chapter 11 bankruptcy filings[3]



Source: Debtwire, The Deal

Based on the filing trends from January 2019 to May 2021, FTI Consulting estimates that approximately 120 companies with liabilities in excess of $50 million will file bankruptcy in 2021. Variables likely to affect the 2021 filing count include a slowing economic recovery caused by the COVID-19 Delta variant and extreme weather events such as Winter Storm Uri.

Some industries have been hit especially hard by COVID-19

While not all bankruptcies since early 2020 were attributable to COVID, the pandemic did have a major disruptive impact on many businesses. The sectors most affected by the surging bankruptcy trend in 2020 were energy (25%), retail & consumer (15%), healthcare & pharma (9%), telecom & media (5%) and hospitality & leisure (5%). In 2021, there have been notable filing increases in industries such as real estate and power & utilities.

Pre-packaged and pre-arranged filings increasingly popular in recent years

Pre-packaged and pre-arranged/pre-negotiated bankruptcies increased markedly from 2019 to 2020. The rising popularity of these filing strategies in recent years suggests that bankruptcy is increasingly being used as a proactive tool to quickly reset capital structures and protect the business.

Pre-packaged and pre-arranged filings accelerate the bankruptcy process and shorten timelines, making it especially important for companies to have a clear strategy and plan of attack for operating successfully and achieving profitable and sustainable growth after they emerge from bankruptcy.

3. Excludes companies that filed with less than $50 million in liabilities.
4. 2021 data through May 31, 2021. FTI expects between 120 – 140 total bankruptcy filings in 2021, which is represented by the midpoint of 120 displayed in the chart above.

The vast majority of filers were able to emerge from bankruptcy – most as private companies

There were 134 confirmed cases from January 2019 through May 2021 , with 88% emerging through a plan of reorganization or were sold out of bankruptcy. Among those companies, 75% emerged as private companies and 13% emerged as public companies with stock trading over the counter, while the remaining 12% were liquidated after bankruptcy[5] (**Figure 9**).

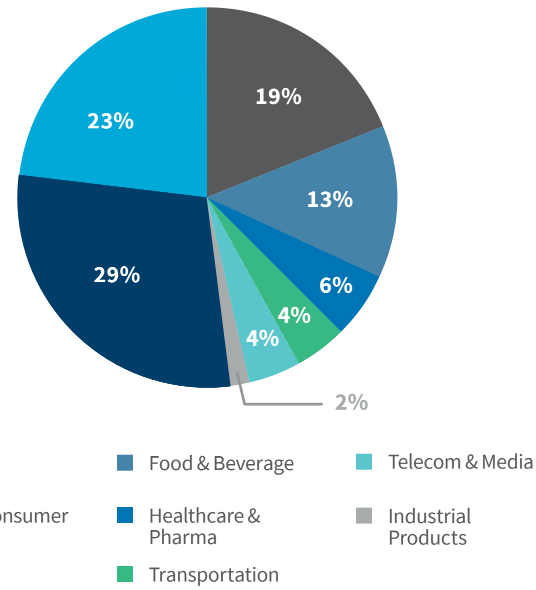
Energy and Retail accounted for the majority of repeat bankruptcy filings

Between January 2016 and May 2021, 69 companies filed for a second, third or fourth Chapter 11 bankruptcy (based on a 10-year lookback period). The energy and retail industries made up 52% of the total repeat filings, reflecting the volatility of the oil & gas industry and the challenges that retailers face from online and technological disruption. (Note: Subsequent Chapter 11 filings are informally referred to as Chapter 22s for the second filing, Chapter 33s for the third filing, and so forth) (**Figure 8**).

Nearly all businesses that emerged from repeat filings emerged as privately-held organizations

Among the 61 companies that emerged from a second or third bankruptcy from 2016 through May 2021, 85% exited with some form of private ownership, 2% exited as public and the remaining 13% were liquidated.[5]

Figure 8 - Repeat bankruptcy filings (2016 – May 2021)[6]

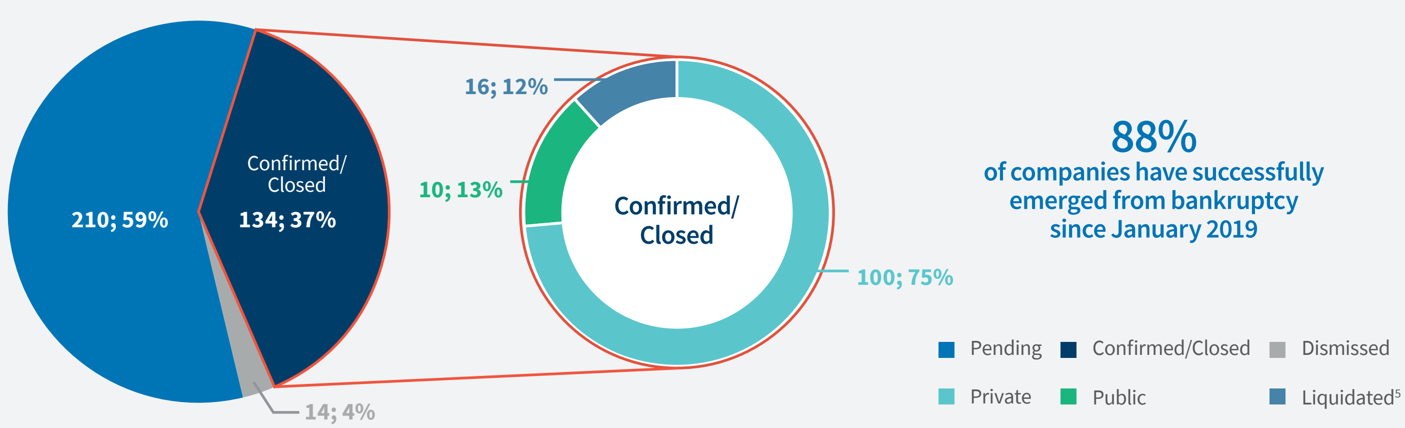


Repeat Chapter 11 filings statistics

Total Chapter 22+ Filings	69 companies
Chapter 22 Filings	63 companies
Chapter 33 Filings	5 companies
Chapter 44 Filings	1 company
Average time between Chapter 11 filings	4.1 years

Source: Debtwire, The Deal

Figure 9 - Chapter 11 filings with liabilities of at least $50 million (Jan 2019 to May 2021)[7]



Source: Debtwire, Reorg Research, The Deal

5. Represents Chapter 11 cases that convert into Chapter 7 liquidations due to inability to rehabilitate the business and other "for cause" permissions (as opposed to reasons that provide a "lack of good faith" or administrative insolvency).
6. n=69
7. n= 358 (total), n=134 (confirmed/closed)

The FTI Consulting Emergence Playbook℠

SUMMARY REPORT

The bankruptcy process typically focuses on a company's capital structure and stakeholder recoveries, not on optimizing its post-bankruptcy business performance and competitiveness. Thus, it is not surprising that our survey results show a general lack of emphasis on the core performance dimensions of growth, technology and talent, and to a lesser extent, cost.

This limited focus is understandable given all the pressures and constraints that accompany a bankruptcy filing. However, it can also be a missed opportunity, leaving an emergent company facing many of the same strategic and operational challenges that drove it into bankruptcy in the first place.

There are, of course, some cases where a business was relatively healthy before bankruptcy and was pushed over the brink by a one-time event like the COVID-19 pandemic, and thus it can reasonably hope to rise with the tide as the triggering event subsides and business conditions improve. However, even in those cases, if the business had been fundamentally stronger, it might have had sufficient financial cushion to avoid Chapter 11 altogether.

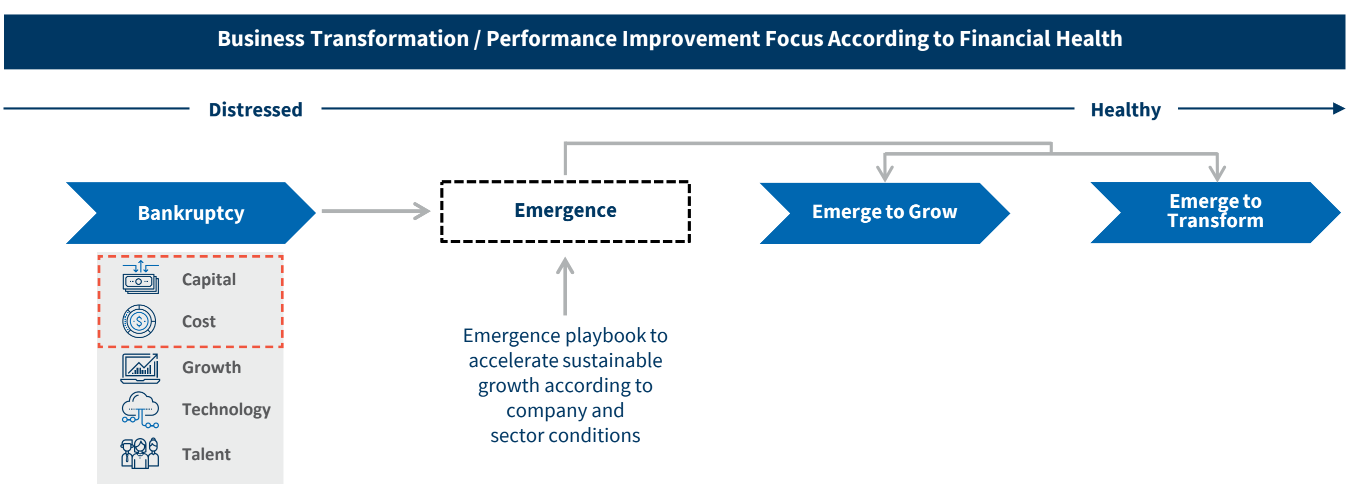
In most situations, the preferred time is either prior to or during the bankruptcy process, not after it emerges. In bankruptcy, a company has unique opportunities to focus on the more profitable aspects of its business and create a stronger foundation for healthy, sustainable growth. And while there are certainly situations where consensus cannot be achieved on a company's five-year plan — or even on the correct timing to bring in transformational advisors or initiate strategic changes, given uncertainty around the final bankruptcy outcome — it never hurts to have an established playbook for post-bankruptcy planning and success.

A playbook for profitable and sustainable growth after bankruptcy

FTI Consulting has created a practical emergence playbook to help companies in bankruptcy quickly develop effective strategies, plans and business/operating models that address all five of the core performance dimensions: *capital, cost, growth, technology* and *talent* (**Figure 10**).

In some situations, profitable and sustainable growth can be achieved in the short and medium term through traditional mechanisms such as organic growth, market expansion and acquisition (an "**Emerge to Grow**" model). In other situations, that kind of profitable and sustainable growth can only be achieved through technology transformation, using innovative technologies to dramatically improve a company's performance and competitiveness (an "**Emerge to Transform**" model). However, both models are designed to help companies do more than simply emerge from bankruptcy and survive.

Figure 10 - Achieving post-bankruptcy growth and transformation, not just turnaround and survival



Source: FTI Consulting, Inc.

Two key variables: capital issues and technology transformation

The FTI Consulting Emergence Playbook features four archetypes that differ based on two key variables: (1) the need to address immediate capital issues such as credit availability, and (2) the need for technology transformation to enable growth.

Capital Issues

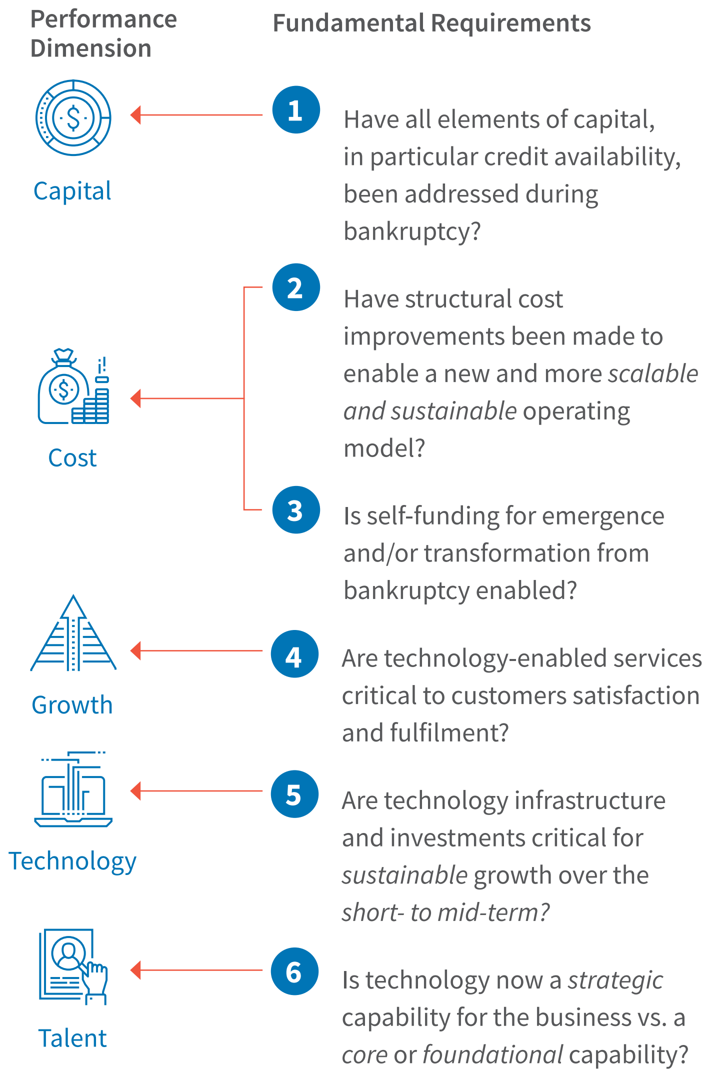
Some emerging companies do not have sufficient capital to pursue growth and thus need to address their capital issues first, particularly credit availability (which only 10% of the market survey respondents said was substantially addressed during bankruptcy).

Cost management initiatives — especially strategic improvements to a company's cost structure and operating models that enable scalable and sustainable savings — can help companies generate the capital they need. Ideally, a cost management program can be designed so the timing and size of cost savings is sufficient to cover the required growth and transformation investments, ensuring the entire process is self-funded (**Figure 11**).

Technology transformation

Once a company's capital and cost issues have been adequately addressed, the focus can shift to technology transformation. In our experience, growth and talent are essential dimensions for any emergence scenario. What varies most is whether a company will be able to achieve profitable and sustainable growth in the short and medium term through conventional growth strategies such as organic growth, acquisitions and expansion into new markets, or if it will need to invest in transformational technologies that can enable new products and services as well as new business and operating models.

Figure 11 - Assessing the need for capital issues and technology transformation as a growth enabler



Source: FTI Consulting, Inc.

Emergence archetypes that do not require significant investment in technology and IT infrastructure fall into the playbook's *Emerge to Grow* category. On the other hand, emergence archetypes that require significant technology enablement fall into the *Emerge to Transform* category, since they involve technology-based transformation (which is more structural, long-term and complex than conventional growth strategies).

Adapting the two underlying models (*Emerge to Grow* and *Emerge to Transform*) to address a company's immediate capital needs results in four distinct archetypes for successful emergence, each involving different amounts of risk, complexity and time (**Figure 12**). This diagnostic or contextual positioning is the first critical step in defining the right emergence strategy for the company. It should be noted that sector and market-specific dynamics can be a key determinant in defining a company's archetype. Company executives or informed company stakeholders will typically have the in-depth knowledge necessary to identify a company's appropriate emergence archetype.

Figure 12 - The Four FTI Consulting Emergence Playbook℠ Archetypes

FTI Consulting Emergence playbook archetype	Capital/credit availability need	Technology critical to enable sustainable growth short to mid-term	Stage I transformation key dimensions	Stage II transformation key dimensions	Implementation complexity and risk	Typical transformation duration
Emerge to Grow	No	No	Cost	Growth Talent	○	**6-9 months**
Enable Capital & Emerge to Grow	Yes	No	Capital Cost	Growth Talent	◔	**9-12 months**
Emerge to Transform	No	Yes	Cost	Growth Technology Talent	◑	**12-18 months**
Enable Capital & Emerge to Transform	Yes	Yes	Capital Cost	Growth Technology Talent	◕	**18+ months**

Source: FTI Consulting, Inc.

As shown in **Figure 12**, the Emerge to Grow archetype does not require capital/credit issues to be immediately addressed — or investment in enabling technologies — so it is the least complex and least risky archetype and requires the least time to execute.

Enable Capital & Emerge to Grow adds capital/credit issues to the mix, so it is more complex and risky and takes longer to execute.

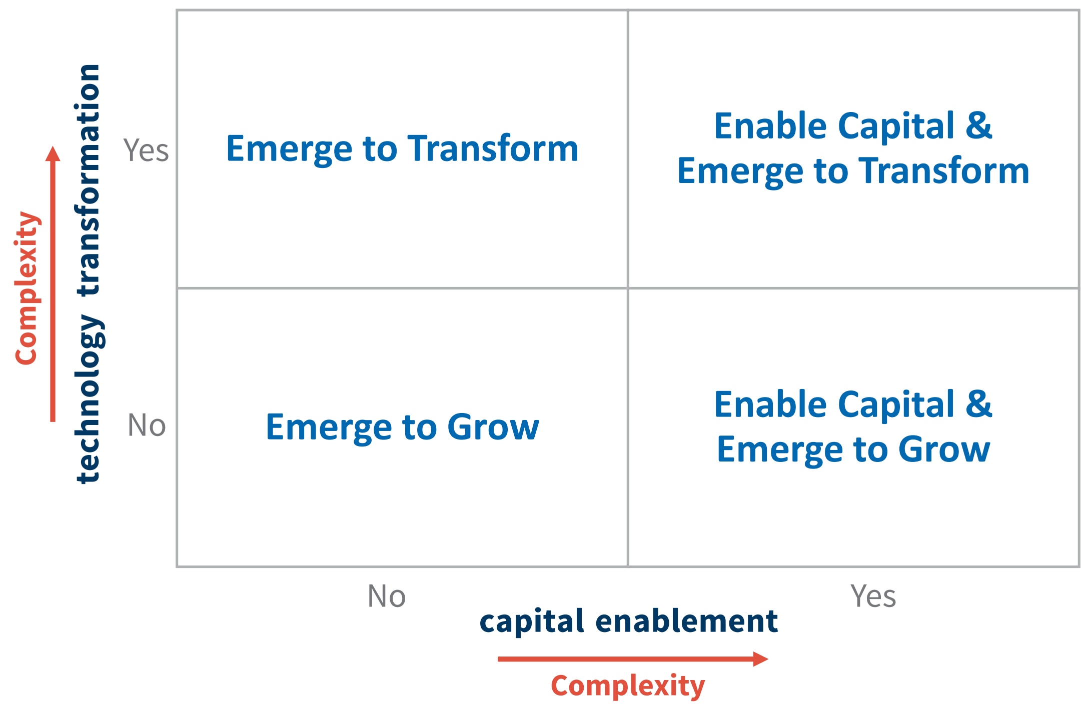
Emerge to Transform does not require capital/credit issues to be addressed, but does require technology enablement, which tends to be more involved than capital enablement — so the related complexity, risk and time required are even higher.

Enable Capital & Emerge to Transform is the most complex and risky archetype and takes the most time, because it requires both capital enablement and investment in enabling technologies. However, the potential rewards may be the highest, particularly in light of the significant downside risks associated with a company that remains capital-constrained and fundamentally underperforming.

The inherent transformational risk for each of these archetypes, particularly as transformation risk increases relative to further capital enablement or technology transformational needs, helps explain why some companies may find themselves back in bankruptcy (since they might not have addressed the right transformation dimensions when emerging from bankruptcy the first time).

The archetypes described, represented as a 2x2 model, defined by both capital or technology requirements, is simplified graphically in the FTI Consulting Emergence Playbook Model (**Figure 13**).

Figure 13 - The FTI Consulting Emergence Playbook Model℠



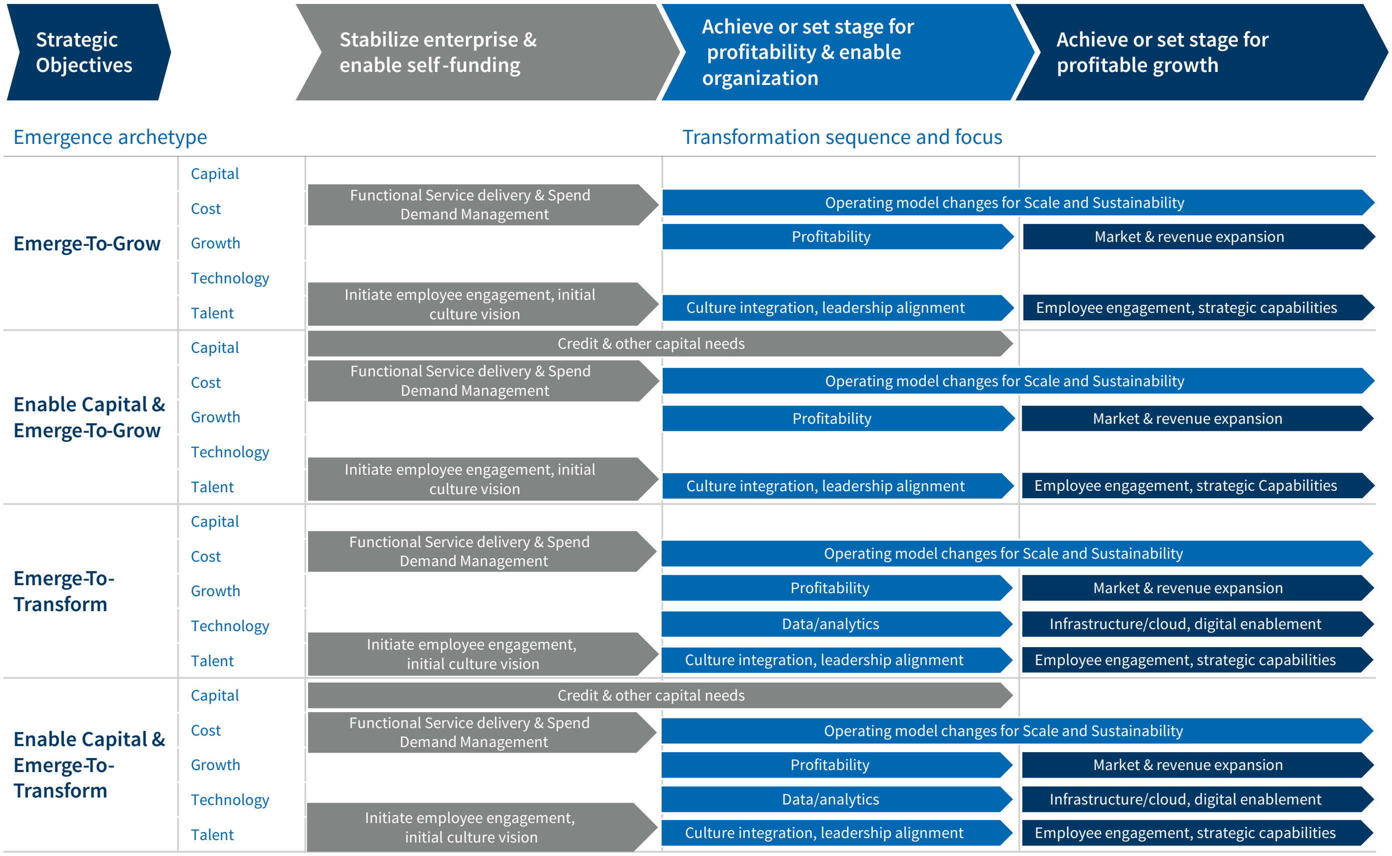
Source: FTI Consulting, Inc.

Putting the playbook into action

Each archetype in the emergence playbook requires a unique three-phase approach, but with numerous elements that are common across archetypes. The *first phase* focuses on stabilizing the business and generating immediate cost savings that can help the entire emergence process become self-funding. The *second phase* focuses on improving profitability and initiating organizational readiness.

And the *third phase* focuses on pursuing and achieving profitable and sustainable growth (**Figure 14**). Many companies and executives make the mistake of prematurely focusing on the last stage of profitable growth first — and end up falling short of their goals.

Figure 14 - The FTI Consulting Emergence Playbook℠



Source: FTI Consulting, Inc.

With ***Emerge to Grow***, the first phase of work includes tactical cost-reduction activities such as functional service delivery improvements and spend management, as well as talent-related readiness activities focused on culture and employee engagement. The second phase involves improving profitability and organizational readiness by: (1) initiating operating model changes that can deliver scalable and sustainable cost savings over the longer term; (2) shifting the business away from elements (customers, products and services, activities, markets, etc.) that are less profitable and toward those that are more profitable; and (3) improving culture integration and leadership alignment. The third phase continues the structural cost improvements from phase two — and begins to reap the benefits — while aggressively pursuing growth through traditional market and revenue expansion. The third phase also continues the focus on talent, increasing employee engagement and building strategic talent capabilities that can provide a long-term competitive advantage.

Enable Capital & Emerge to Grow has the same basic elements as Emerge to Grow, but with upfront capital enablement that might include supporting initial growth through senior debt (cash flow or asset-based) and other forms of working capital financing and, if necessary, pursuing junior debt or equity financing.

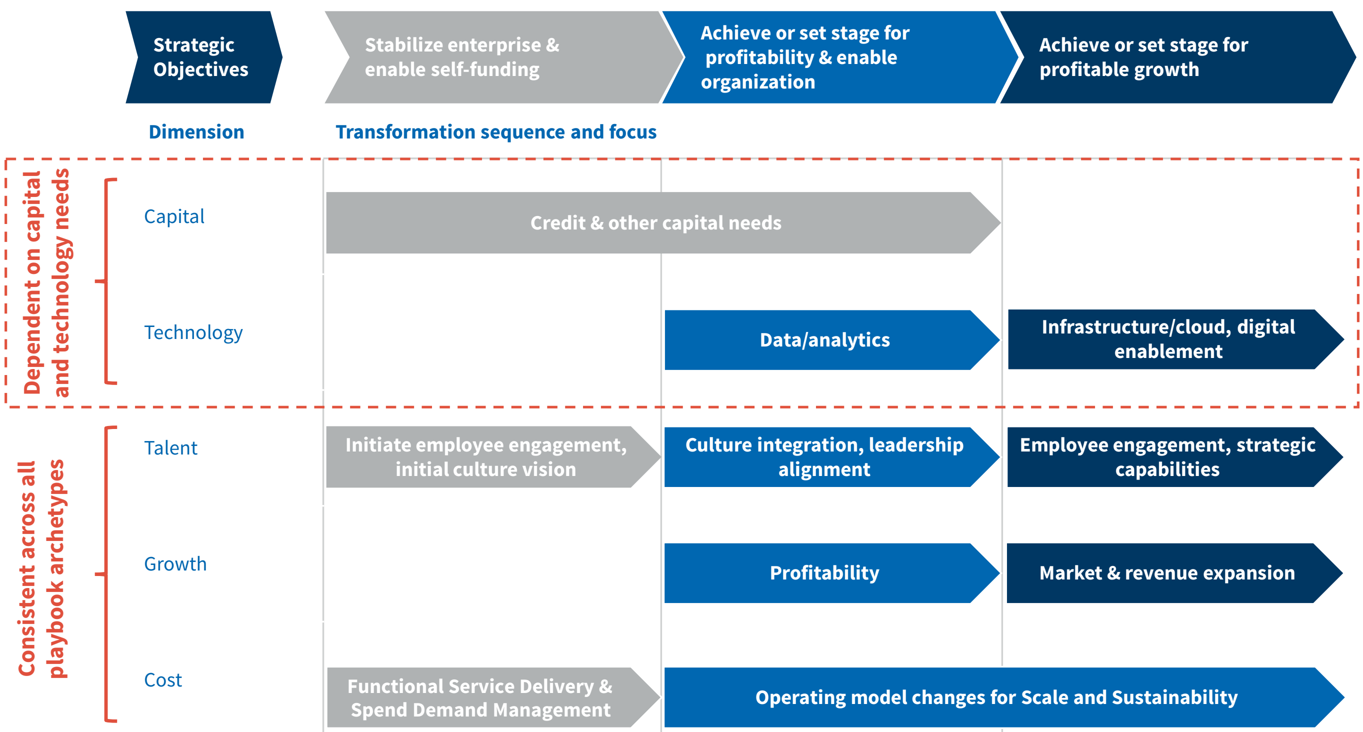
Emerge to Transform includes many of the same activities as Emerge to Grow but requires technology transformation to achieve profitable and sustainable growth. In terms of actions, the primary differences occur in phase two, with Emerge to Transform featuring a strong focus on data and analytics technologies to help the company zero-in more effectively on its most profitable elements and opportunities, and in phase three where transformation is enabled by innovative digital technologies and infrastructure platforms such as cloud and AI.

Enable Capital & Emerge to Transform is the same as Emerge to Transform, but with upfront capital enablement that might include seeking capital and liquidity sources that are likely to involve varying degrees of debt cost, collateral and priority of claims. The key is to ensure the company has the financial flexibility (i.e., no tight debt covenants) and sufficient liquidity to adequately support its entire transformation.

Companies in all four archetypes have the potential to thrive after emerging from bankruptcy. However, the more complex archetypes require more time and effort — and involve more risk.

Now that each playbook has been explained, the playbook can be simplified in **Figure 15**. Essentially, the playbook and actions for cost, growth and talent do NOT change with each archetype; whereas the Capital and Technology strategies and playbook vary depending whether the company requires further Capital transformation following emergence, and whether Technology transformation is required for sustainable growth over the short- to mid-term.

Figure 15 - The FTI Consulting Emergence Playbook℠ in action



Source: FTI Consulting, Inc.

Conclusion

The goal of this study was to develop a better understanding of the bankruptcy experience and then to share the resulting insights with all the various stakeholders in the bankruptcy process. However, the findings will likely be especially valuable for companies going through bankruptcy, helping them develop smarter strategies for emergence and positioning them for healthy growth that is both profitable and sustainable.

While every situation is unique, the study's key takeaway is that bankruptcies often do not fully position the emerging business for accelerated transformational growth, largely focusing on capital issues while under-addressing the other key dimensions of cost, growth, technology and talent.

Our emergence playbook tackles the challenge by giving companies a fact-based and customizable framework to help them quickly develop practical strategies, plans and business/operating models that effectively address all five performance dimensions — ultimately enabling more companies to accelerate sustainable, profitable and transformational growth after emerging from bankruptcy and avoid financial under-performance or potentially repeat bankruptcy filings.

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