



A trusted adviser during challenge and change

FTI Consulting is an independent global business advisory firm, which helps organisations manage change, mitigate risk and resolve disputes.

Boards are required to navigate operational challenges and financial distress in an increasingly uncertain economy, and the onus on them to recognise and solve shortcomings can feel overwhelming.

“We’re the voice of reason to the board,” says John Park, FTI Consulting Corporate Finance and Restructuring Leader Australia. “We can show what solutions might look like with full transparency on issues being faced.”

Boards can more readily navigate problems with a comprehensive analysis of their options. According to Park, adopting a “head in the sand” approach limits available solutions. “The sooner an issue is recognised, advice is sought and intervention accepted, the more time and resources will be available for an effective turnaround,” he says. “Dealing with an issue in its infancy provides the capacity to find solutions, rather than simply being faced with looking for ways to lessen the impact of a demise.”

“Well-advised boards recognise distress signals early, such as declining demand for products or services, stress in cash flow, higher operating costs not

being supported by increased revenue, significant staff turnover, an inability to promptly address compliance or legal matters, or pay debts on time. Ignoring such signs make it harder to recover.”

“Our restructuring expertise complemented with business transformation experience allows us to work alongside the board, bringing in communications professionals, managing stakeholders and messaging in the market, assisting with refinancing debt and establishing cash liquidity.”

Safe harbour legislation under the *Corporations Act 2001* provides protection for company directors from personal liability for insolvent trading if the company is attempting to restructure. If an organisation satisfies safe harbour criteria, they can engage a third party like FTI Consulting to assist in developing a restructuring plan, working with the board to ensure they have protection in place and are trying to do the right thing for all stakeholders, while navigating what can be a difficult process.

Park emphasises that advisers should be used as an extension of the senior

management team, to provide an independent lens on board decisions. “Our role is to make the business more robust and provide the board with the tools to address the issues and changes being faced,” says Park. “Rarely are boards wholly equipped to navigate significant business events or challenges, and therefore they must recognise their obligation to act promptly and solve the issues in front of them, with expertise they can access while there is still time to recover.”

FTI Consulting’s comprehensive suite of services assists clients across the business cycle — from proactive risk management to the ability to respond rapidly to unexpected events and in times of distress.



For more information, go to:
fticonsulting.com/australia-restructuring