

BUSINESS INSIDER

www.businessinsider.com

October 8, 2020

PREMIUM / HOME / FINANCE

Turnaround consultant AlixPartners is ‘recruiting like crazy.’ Its restructuring group leaders lay out how the firm is prepping for an influx of work and the benefits of virtual war rooms.

Samantha Stokes

- The coronavirus has been a boon for the bankruptcy industry as struggling companies and sectors try to survive during a pandemic and recession.
- AlixPartners, a restructuring-focused management consulting firm, has hired 50 new employees to its restructuring group, which is still “recruiting like crazy” to manage an influx of work.
- The firm’s expansion comes as some other firms have laid off employees and are planning to hire fewer graduates to manage headcount.

As the coronavirus pandemic shuttered much of the US in early March, restructuring and turnaround experts Lisa Donahue and Joff Mitchell said they fielded panicked calls from clients who needed advice on how to stay afloat.

“We were doing a lot of work with really healthy companies that found themselves operating in environments they weren’t used to being in,” Donahue said. She added that while the frantic calls have subsided in recent months, the coronavirus has caused “pure uncertainty” on a massive scale – creating a boon for her team and an opportunity to grow.

Donahue and Mitchell are the global co-leads of turnaround and restructuring services at AlixPartners, a 2,000-employee management consulting firm that has guided clients like photography company Kodak, the Puerto Rico Electric Power Authority, and, recently, retailer JC Penney through restructurings.

In 2020, the firm, which also services clients in areas like economic consulting, internal investigations, and



ALIXPARTNERSINSIDER

AlixPartners turnaround and restructuring co-leaders Joff Mitchell and Lisa Donahue.

performance improvement, expects its turnaround and restructuring practice to play a bigger role than ever before. It has accounted for 30% of the work the firm has done for clients in 2020 so far, up from 20% in all of 2019.

AlixPartners declined to disclose any financial performance information, but a Consulting.com study estimates it earned \$1 billion in revenue in 2019.

Although general consulting work has been down across the industry, the firm has found opportunity working with companies trying to stay afloat.

To account for the uptick in work, AlixPartners is planning to bulk up its turnaround and restructuring group. Since the pandemic, Donahue and Mitchell have hired 50 new employees.

“We’re recruiting like crazy for all levels and disci-

plines,” Donahue said. AlixPartners declined to disclose how many of its employees worked in its restructuring and turnaround group or expand on how many it was aiming to hire.

The firm said it is keeping busy with already struggling clients, and it earned even more work from entire industries that were devastated overnight by the pandemic

AlixPartners growth plans come at a time when other professional services firms, like KPMG and Accenture, have laid off staff in the US, while others, like PwC, have said they’re halting hiring for some graduate students. But while demand for general consulting work is down, Donahue and Mitchell said they’ve found a sweet spot advising struggling companies that need to turn around their business to survive.

Mitchell explained that the group’s work had been slowly ramping up for the last couple of years in a few struggling industries, such as oil and gas. But as a result of the pandemic, previously-healthy industries, such as travel and hospitality, have tanked overnight, while struggling retailers were hit harder.

All of these sectors have presented a wealth of business opportunities for AlixPartners, Mitchell and Donahue said, though the firm declined to give specifics on how much their workflow has increased by.

Donahue and Mitchell said the group’s uptick in work is partially due to the coronavirus affecting not just certain companies, but also their entire supply chains. An example, Donahue said, would be a struggling airline: fewer passengers do not just strain the company’s business, but affects manufacturers, mechanics, airport vendors, runway workers, and more.

“From a service perspective surrounding particular industries, you’ll have fewer employees and smaller physical footprints,” Donahue said. “Those are the kinds of things we’re thinking about when we think about industries: the macro factors that are happening.”

Mitchell added that he doesn’t foresee the US government providing more stimulus packages to industries anytime soon, meaning more struggling companies and more potential work for AlixPartners down the road.

Hiring virtually has been a challenge, but working with clients online has been more efficient.

As Donahue and Mitchell work to expand AlixPartners’ restructuring team, they say onboarding and professional development has been difficult to manage virtually, but thanks to videoconferencing and other tools, the process has gone better than expected.

“20 years ago, we couldn’t have done it because the tech didn’t exist,” Mitchell said, adding that while the firm will eventually go back to in-person work with clients and colleagues, he thinks the pandemic will forever change the way consultants work.

On the client-side, the days of the “restructuring war rooms” – where lawyers, bankers, and restructuring experts worked long hours together on-site – may be over, which is tough, Donahue explained, because “in the trenches is where solid relationships are built.” But working remotely also presents some benefits.

“Communications have been a lot more crisp and succinct, and people are more thoughtful about how we’re using peoples’ time,” she said.