

CERTAIN MOVES IN AN UNCERTAIN WORLD

AlixPartners

Headline findings from AlixPartners' 18th
Annual Turnaround and Transformation Survey

93% Said the
cost of capital has
increased in the
past 12 months

2/3 Believe
the availability
of capital
has decreased

70% Think
their region is in
recession or expect
it to be in the next
12 months

85% Believe
financial / credit
terms have become
more restrictive

78% Say that
securing sufficient
capital is the most
common challenge to
a successful turnaround
or transition



78%

Agree that recent banking
failures will further limit
capital availability.



84%

Of American respondents think that
the likelihood of a U.S. recession in
the next 12 months is **50%** or higher.



90%

Believe that efforts by troubled
companies to buy time through
“amend and extend” debt agreements
are temporary solutions that do not
resolve fundamental business issues.



Climate transition is considered
the operational issue most likely
not to be addressed in the coming
12 months; a third of respondents
see insufficient or no investment
in ESG amongst their clients.

HOW TO RESPOND

Leaders must orient their businesses toward a set of characteristics best suited for continued ambiguity and tightening financial constraints:

Focus on cash

Underpin any new money need with cash flow analysis of operations under various risk scenarios.

Drive agility on cost

Map the underlying cost structures of vendors and proactively track commodity rates – and act quickly when market dynamics shift.

Understand scenarios and related risks

Balance best-case scenarios with a worst-case one to help you act fast as trading conditions change.

Chart a path for change

Balance short-term challenges against your vision of a long-term upward trajectory, and take steps towards that goal now.

“Prudent management teams – many of whom will be experiencing their first downturn – now need to build a global view of market activity, considering both the financial and geopolitical risks driven by international conflict and rising tensions between nations. They must then overlay the continued high interest rate and constrained credit environment to try and chart a course forward.”

“Leaders must get out ahead of situations and fully understand the dynamics at play with regard to potential disruptions in their markets. Credit metrics must improve too, requiring more steps to be taken to extend their runway, improve liquidity, tighten working capital, and refine capital plans.”



**JEFF
MITCHELL**

Global Co-Head, Turnaround
& Restructuring Services



**JIM
MESTERHARM**

Global Co-Head, Turnaround
& Restructuring Services

“It is extremely difficult for management teams, as they try to manage the risk of being overly prudent (and missing out on opportunities), and at the same time not being too aggressive (and endangering precious positive cashflow). Ultimately, the key will be to establish a nimbleness that is clearly tied to an agreed strategic direction, with accurate, relevant, and timely reporting that will allow adjusting course as required.”



**SIMON
APPELL**

Co-Head, Turnaround & Restructuring Services, EMEA

“To handle ESG in the right way, wholesale transformation must be undertaken – every part of your business needs to be touched. The first place to find a way forward for change is in the data – Scope 1-3 emissions; plant or product optimizations; workers’ pay, conditions and working hours globally; and suppliers’ associated KPIs. If you don’t know how you are performing in these areas, how can you possibly identify the action to take, and the level of investment required?”



**AXEL
SCHULTE**

Co-Head, Turnaround & Restructuring Services, EMEA

“Leadership teams must think about what comes next. It is never too soon to think about how to improve your business, which may encompass rationalization, efficiency improvements, and a detailed evaluation of where the business could go in the next 18 months. With many different potential outcomes, if management teams aren’t thinking about that now, then it’s already getting too late.”

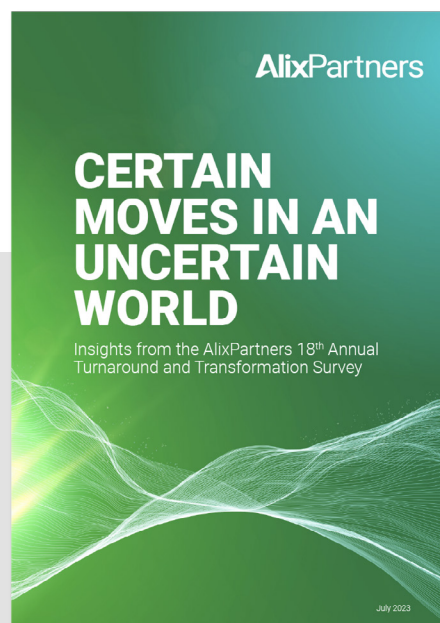


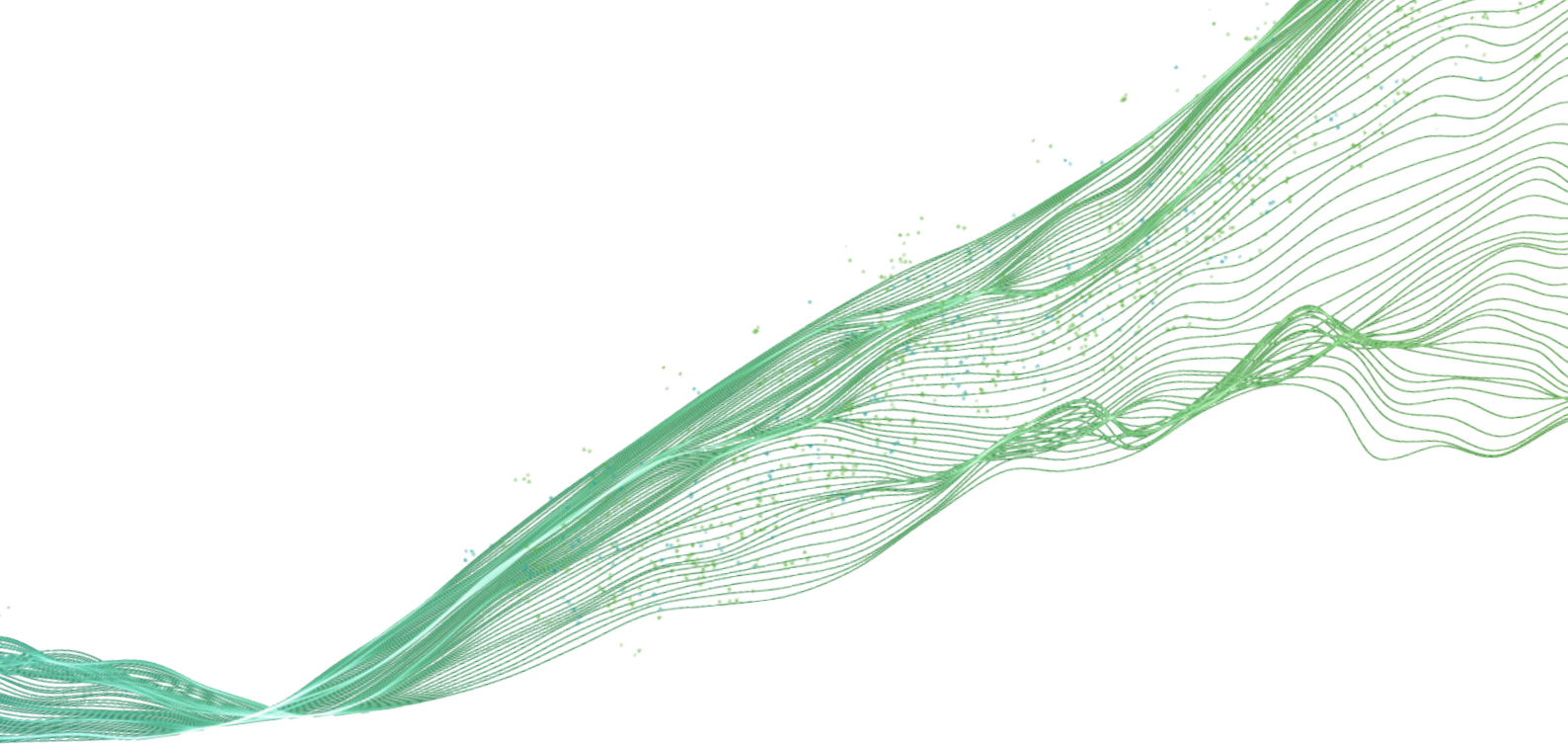
**ERIC
KOZA**

Co-Head, Turnaround & Restructuring Services, Americas

**Discover more insights from the
AlixPartners 18th Annual Turnaround
and Transformation Survey**

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METHODOLOGY

Research for the 18th Annual Turnaround and Transformation survey was conducted between May 2 and 25, 2023. Respondents comprised 700 lawyers, investment bankers, lenders, financial advisors, and other industry executives involved in corporate workouts representing more than 20 major industries globally, including the Americas, Europe, the Middle East and Africa, and Asia.

ABOUT US

For more than forty years, AlixPartners has helped businesses around the world respond quickly and decisively to their most critical challenges – circumstances as diverse as urgent performance improvement, accelerated transformation, complex restructuring and risk mitigation.

These are the moments when everything is on the line – a sudden shift in the market, an unexpected performance decline, a time-sensitive deal, a fork-in-the-road decision. But it's not what we do that makes a difference, it's how we do it.

Tackling situations when time is of the essence is part of our DNA – so we adopt an action-oriented approach at all times. We work in small, highly qualified teams with specific industry and functional expertise, and we operate at pace, moving quickly from analysis to implementation. We stand shoulder to shoulder with our clients until the job is done, and only measure our success in terms of the results we deliver.

Our approach enables us to help our clients confront and overcome truly future-defining challenges. We partner with you to make the right decisions and take the right actions. And we are right by your side. When it really matters.

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