



Companies Often Overlook Planning for Post-Bankruptcy Success, New FTI Consulting Study Finds

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Majority of Respondents Are Not Positioned for Scalable and Transformational Growth upon Emergence from Bankruptcy

WASHINGTON, D.C., Oct. 26, 2021 (GLOBE NEWSWIRE) -- Companies have unique opportunities to shift their focus beyond capital structure fixes during bankruptcy and identify plans and strategies for building a stronger foundation for scalable, sustainable growth upon emerging from Chapter 11, according to a new study released today by FTI Consulting, Inc. (NYSE: FCN)

The report, [Emerge to Grow: Market Insights and Playbook for Achieving Profitability and Sustainable Growth Post-Bankruptcy](#), surveyed 50 business leaders from large companies with recent experience going through Chapter 11 to gain quantifiable insights about the bankruptcy process. Those findings formed the basis of an FTI Consulting-defined Emergence Playbook to help companies develop company- and situation-specific strategies to address capital, cost, growth, technology and talent — five transformational dimensions critical for post-bankruptcy success.

The survey found that 72% of respondents believed their post-bankruptcy capital structure was at least somewhat burdensome, and nearly 1 in 4 considered it to be onerous or an inhibitor to growth. At the same time, only 12% of respondents said they aggressively addressed structural issues — such as defining a new operating model — that could better position them for transformational growth.

Looking beyond the five core dimensions, 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.

"The practical aspects of the bankruptcy process present limitations and challenges for a reorganizing company," said [Omar Aguilar](#), a Senior Managing Director in the Corporate Finance & Restructuring segment and Co-Leader of the Enterprise Transformation practice at FTI Consulting. "The primary goal is to preserve enterprise value while providing a fair and equitable recovery for all stakeholders. However, the process sometimes limits companies from focusing on important operational and transformational aspects of life beyond bankruptcy. Our aim with this study and the Emergence Playbook is to help companies use a situation or company-specific framework to develop practical strategies to emerge positioned for sustainable growth instead of just survival."

Most respondents believe that they were not fully prepared for post-bankruptcy success. According to the survey, in the top three dimensions, respondents were least likely to be substantially prepared for post-bankruptcy success on the dimension of technology (14%), followed by cost (22%) and talent (26%).

Of the 134 Chapter 11 cases that confirmed or closed from January 2019 through May 2021, 88% of underlying companies successfully emerged from bankruptcy, according to FTI Consulting's analysis of bankruptcy data. Emergence planning can help provide companies such as those a path to sustainable growth.

"Companies that undergo bankruptcy are taking the necessary and difficult steps to realign their businesses, and it is in every stakeholder's best interest for those companies to emerge as strong and as healthy as possible," said [Robert Del Genio](#), a Senior Managing Director and Co-Leader of the New York Metro Region in the Corporate Finance & Restructuring segment at FTI Consulting. "There is no one-size-fits-all solution. Taking steps to address important operational aspects and showing a clear and compelling post-bankruptcy plan can help a company demonstrate to stakeholders that the emerging business will be stronger and capable of generating higher returns on capital."

Visit FTI Consulting's [website](#) to read the full study and the Emergence Playbook.

Demographics and methodology

From the set of 358 bankruptcy filings between January 1, 2019, and May 31, 2021, with liabilities of USD\$50 million or more, 50 companies participated in an in-depth survey conducted for FTI Consulting by Oxford Economics. Energy, retail and consumer, telecommunications and media, hospitality and leisure, and healthcare and pharmaceuticals comprised the top sectors and accounted for 78% of all bankruptcy filings in the survey respondent data and historical data. Among survey respondents, 84% held C-suite executive positions. In terms of company revenue, 35% had annual revenues of more than USD\$1 billion, 34% had revenues of USD\$500 million to USD\$1 billion, and 32% had revenues between USD\$200 million and USD\$500 million.

About FTI Consulting

FTI Consulting, Inc. is a global business advisory firm dedicated to helping organizations manage change, mitigate risk and resolve disputes: financial, legal, operational, political & regulatory, reputational and transactional. With more than 6,400 employees located in 29 countries, FTI Consulting professionals work closely with clients to anticipate, illuminate and overcome complex business challenges and make the most of opportunities. The Company generated \$2.46 billion in revenues during fiscal year 2020. In certain jurisdictions, FTI Consulting's services are provided through distinct legal entities that are separately capitalized and independently managed. For more information, visit www.fticonsulting.com and connect with us on [Twitter \(@FTIConsulting\)](#), [Facebook](#) and [LinkedIn](#).

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