



## Toe Cutters Change Their Stripes

This is not a name of the latest regional football side. It is just one of the many friendly derogatory terms used by professionals and business persons in this country to refer to those who practice in insolvency.

Many other pleasant labels are thrown at our profession such as, Knee Cappers, Vultures, Corporate Undertakers, Hatchet Men, and Terminators. These are the references without the swear words as adjectives. Whilst humorous they are outdated and potentially misleading.

A well respected high profile insolvency practitioner in 1993 said "Insolvency is dead we need to push the message of early intervention and remedial action. Resuscitate not strangulate." This was right in the middle of the best insolvency boom of the last 50 years. Like many things, this practitioner was ahead of his time.

We all know formal insolvency in terms of closure and clean up is a necessary evil. We have all seen that through this process more often than not value is lost. However amidst all this despair we have found experience and knowledge of insolvency law and the causes of failure are a great starting point from which to prop people back up.

At Clouts we have pushed the turnaround message for years in an attempt to save value and remove pain from people but sadly with limited attention paid to this option by the market.

This message is now also being embraced by

the insolvency profession as a whole with the advent of organisations in this country such as the Turnaround Management Association (of which we are members) which has its roots in the USA who have chapter 11 at their disposal.

There has also been much lobbying of government from the insolvency industry to review the systems facilitated by legislation to be more relevant.

The derogatory labels are still there, despite the mind set change in the industry. I guess our forebears have a lot to answer for.

It should be pointed out that this mind set change in the industry is focussed primarily on the big end of town which means that the corner shop, café or hairdressers get left out in the cold when it comes to positive advice. **However, not by Clouts**, as small to medium businesses are our bread and butter.

Remember though as with big businesses the same applies to small. The earlier you take action the more you ensure there is a cushion for the fall. As the saying goes changing businesses is like trying to turn a super tanker at sea. It takes time to turn and costs money.

So the stripe changing of the toe cutters has become all-pervasive which is most welcome news. Can the same be said of the business persons in the region? We fear the desire to emulate the ostrich by business persons is still prevalent.

As ever, we welcome all your insolvency and related enquiries.



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