

END OF SEASON TOMBSTONES

James Wheeler, managing partner, muses on a very strange year

Europe features strongly

For PILOTpartners 2009 was an incredibly busy year with more opportunities in our pipeline than for many years – about equally balanced between work for private equity funds & existing portfolios and turnaround and restructuring opportunities. Of the former, about 30% have been based outside the UK, but nearly all for UK based capital. For these successes we are immensely grateful to our European partner firms who have supported us so assiduously.

More work, less pay...

For us 2009 has also been about slaving away mostly on a contingent basis to produce great shortlists for difficult mandates only to find that the opportunities had disappeared in to the ether or remained unresolved for months. This is understandable given the lack of consistency, especially in banks' decision making with businesses sometimes getting perilously close to insolvency. Thankfully, and surprisingly, insolvencies have been short of most pundits' expectations. This has led to our clients needing only short, sharp 'fixes' to provide a rapid, successful but not necessarily final solution rather than full blooded turnarounds.

Interims make first class due diligence solutions

Quick fixes are also what commercial due diligence is all about:

- a) finding a heavy duty sector expert in short order to have an initial look at a potential investment without a report being written necessarily, or
- b) using an interim executive to spend 2-3 weeks on site with a business as part of the later stage investigation involved in an investment decision, or



2009

Chief Restructuring Officer Belgium

€150m pan European Telecoms reseller. Dutch & French speaking CRO introduced to bank syndicate via UK restructuring advisers to the company. 6-9 months ongoing.

2009

Commercial Due Diligence International

Short projects completed during Q3/4 including Pulp conversion/Bulgaria, Food packaging/Poland & China, Kitchen equipment/UK, Stainless steel manufacturer/UK, Offshore wind project/Denmark

2009

Interim Logistics Director UK

£50m online retail group. London Chairman worried that Christmas wouldn't happen unless business hired logistics specialist to resolve issues between ordering stock, warehouse management and customer delivery. Dec 25th will be happening on time...

- c) more and more often, using an interim – or as we prefer to call them: ‘independent directors’ – to take a detailed but brief look at an apparently underperforming portfolio business and/or its management and to report on achievable quick fixes and long solutions to correct underperformance. This is premium level work that we have been happy to perform for clients – especially banks - again demonstrating the breadth of capability in the senior level interim executive market.

NED’s rule

The other feature of 2009 for PILOTpartners has been the significant increase in private equity investors changing chairmen, but not executive management teams, in the numbers or proportions of earlier years. In other words: “Rewind the strategy and/or back on track and make sure that the board is working properly.”

Additionally difficult trading conditions have persuaded investors to beef up their portfolio boards with heavy duty sector expertise with non executives from our interim talent pool – I say interim, because often the need is for no more than a year or so.

So with Europe, quick fixes and NED’s to the fore, on the right you will find some summary PILOT case studies from 2009 to round off the year and whet our appetite for a terrific 2010:

Now I have to shortlist for an interim FD for a manufacturing business in Scotland...in this weather?

2009

Interim Finance Director Midlands

Specialist retail business, t/o £25m.
Appointment a condition of the bank supporting a debt for equity swap.
Appointment will last for up to 6 months during which time the bank will seek to appoint a permanent FD.

2009

Chief Restructuring Officer SE England

UK wide retail group – 300+ branches
CRO renegotiated onerous leases over a 6 weeks period resulting in the bank supporting group’s MBO thus avoiding administration.
CRO remains on the board as non executive chairman.

2009

Finance Director Midlands

Retail group undergoing massive change following pre-pack. Now half its original size but on track to sustainability.
Management team replaced following pre-pack. Interim to permanent placement with equity coming on stream in 12 months’ time all being well.

2009

Non Executive Chairman S England

£200m electrical distribution group.
PE backed deal facing submersion following major market changes in recession. Executive team retained but Chairman replaced in order to transform/rewind strategy and re-energise the business. 2 months full time/full on reducing to part time in early 2010.