

# Wind down and closure management

With careful planning many of the common pitfalls can be avoided, costs reduced and residual value optimised; however, to achieve this there is no substitute for experience.

## What we can do?

Each situation requires a different tailored approach. We can assist as required across a number of areas.



Companies wind down parts of their business for two main reasons; when they are: **transferring parts of the business** to another geographic location, or **exiting** a non-core business and a managed wind down is the only or most economic option.

Additionally, a costed wind down plan provides a baseline from which other options can be compared (including sales value).

Our experience shows that management often has insufficient resource or experience for effective implementation. This can be an enormous distraction, cause uncertainty and cash drain for the business especially when exit/transfer is problematic, complex or delayed.

## How can we help?

Our Wind Down and Closure team specialises in helping clients to determine, plan and implement managed, solvent withdrawals, and has particular experience in assisting overseas parent companies. Our experience means we can help where:

- The business unit has no strategic fit and/or is unprofitable;
- A solvent and orderly wind-down or transfer of activity is required;
- Stakeholder management or commercial negotiations are required for instance pensions, contracts and employees (Redundancy & TUPE); and
- Management is being distracted by non-core business.

# Our experience

## **Project Moment**

*Exit plans implemented saving £2.3m versus company's original plan*

- International Investment Bank wished to exit its UK business;
- Exit options were evaluated, a plan developed and stakeholder approval gained;
- Staff, service and property wind-down plans developed;
- First wave of redundancies made;
- Retention plan established.

## **LOCOG**

*Planning for dissolution after the 2012 Olympic and Paralympic Games*

- Providing specialist advice in how to plan for an orderly wind down and subsequent MVL post-Games;
- Working closely with LOCOG to develop functional dissolution plans;
- Identified potential pitfalls and influenced business as usual activity to avoid them;
- Identifying, documenting and mitigating potential dissolution risks.

## **TK-ECC Ltd**

*Factory closure costs £60m less than company estimates*

- Japanese owners decided to transfer production to Romania;
- Closure cost estimated at £60m, due mainly to a huge £35m pension fund deficiency;
- Company closed for £0m;
- We produced a 30 day closure plan to realise £10m of stock;
- Negotiated with the Pension Trustees to agree to a £9m settlement by threatening insolvency.