Once the cash conservation program and a competent and committed leadership team has been established, **Paul Denton** suggests identifying and safeguarding your assets.

In the first two parts of this series, we discussed that when a business is in distress, it’s imperative that a leader stabilizes and gain control of the situation—affording time to implement a turnaround plan.

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We discussed ensuring that sufficient cash is available to fund short-term needs and to fund the restructuring process. In the second part of the article, we looked at management and how focusing on your management team, can help stabilize the overall situation of a distressed business.

Now in part three, we’ll outline how to ensure that assets are safeguarded and preserved to maximize resources available for turnaround. During a time of crisis, the management of all your assets is more important than ever.

Identify & Safeguard Assets

From tangible assets such as inventory and machinery to intangible assets such as brand equity and intellectual property (patents, trademarks, etc.), a company's assets are important to the longevity and success of the business. Here are some ways to help identify and safeguard assets:

- prepare detailed list of assets and their location; confirm leased versus owned assets, availability of recent appraisals; extent and validity of security held by debtor
- identify any risk attached to each asset including seizure threats, physical security, environmental, safety, illegal acts, ongoing insurance, tax implications, and impact of insolvency on contracts;
- ensure appropriate measures in place to manage risks, safeguard and preserve assets, including security, back up of electronic information off site, etc. and consult an enterprise risk management service
- assess customer base, work-in-process and key sales contracts for risks and issues
- assess knowledge-based assets and IP (and key employees), and if high value, develop strategy to preserve
- it is also important to assess and leverage any pockets of value that may not be readily apparent, such as for example potential real estate value and equity; flex in customer contracts wherein invoice pricing and frequency can be enhanced
- complete high- level evaluation of the expected restructuring environment (i.e., statutory vs. non-statutory restructuring)
- subject to severity of liquidity and financial position, complete high- level contingency plan which could include exiting the business.

During a time of crisis managing your assets is even more important. Once your asset base has been determined, it's imperative they are safeguarded and put to good use—ensuring the short-term survival of your business.
In the final part of the series, we will explore the key operating and financial issues as necessary step to rally support from stakeholders.

Recommended for you

In this last installment of our four-part series, Paul Denton continues to provide suggestions on how to stabilize the overall situation of a distressed business. Read more

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