SQUIRE PATTON BOGGS

Managing Directors' Duties When There is Stress/Distress in A Business

UK – May 2023

Our Top Ten Takeaways

1
Put in place a good team of advisors. They will have been here before and so can provide a good sounding board, and hopefully help relieve personal stress and risk.

2
Hold regular (weekly) board meetings to review current status, receive updates and take key decisions.

3
Keep full and accurate minutes of board meetings and any other key decisions, and explain the reasons for those decisions.

4
Prepare and update thirteen-week cash flow forecasts, and review these.

5
Establish a payments committee to review and document decisions in relation to payments to creditors.

6
Engage with key stakeholders (lenders, HMRC, suppliers, landlords, other creditors, and debtors) and manage those relationships – negotiate where appropriate, look at alternative options where necessary.

7
Consider whether key contracts can be renegotiated, and map your supply chain to identify risk areas.

8
Consider whether overheads can be reduced – look at headcount reduction but ensure that proper redundancy procedures are followed.

9
Develop a credible business plan for the immediate term with prudent assumptions.

10
If the business is carrying HMRC debt, consider entering a time-to-pay agreement with HMRC. Your advisors will know how best to do this.

To access our quick guides that give more detail, please visit the UK Guides in our Thought Leadership Library.

Key Contacts

John Alderton
Partner, Leeds
M +44 788 505 8896
E john.alderton@squirepb.com

Russ Hill
Partner, Birmingham
M +44 792 160 0409
E russ.hill@squirepb.com

Monika Lorenzo-Perez
Partner, London
M +44 788 572 0439
E monika.lorenzo-perez@squirepb.com

Charlotte Møller
Partner, London
M +44 788 180 4970
E charlotte.moller@squirepb.com

Devinder Singh
Partner, Birmingham
M +44 772 139 9625
E devinder.singh@squirepb.com

Vanessa Stuart
Director, Manchester
M +44 7825 942711
E vanessa.stuart@squirepb.com