The Ultimate Guide to Business Debt Solutions

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In this guide,

we'll illustrate the advantages and pitfalls of taking on new debt or filing for bankruptcy, as well as introduce alternatives that may be the lifeline your company needs.

Introduction

When you started your business, you had a plan for success and all the optimism in the world. Every “t” was crossed, every system was organized and properly integrated, and you had an excellent management team. You responsibly calculated the inherent risks in bringing your concept to market, but like any noble entrepreneur, you never considered their fruition a real possibility.

Suddenly you find yourself in a situation where margins are diminished, and most of your available capital is being applied to debt service, therefore starving the normal functions of the enterprise. This downturn has you worried that your company is spiraling out of control.

Uncovering the best solution

in the face of unsupportable debt means, first and foremost, divorcing emotions from the equation and acting in the best interests of the business.

It doesn’t matter whether the distress is the result of shifting market conditions, natural disaster, unexpected competition or even poor management, you are now in a position of needing to make the best of a challenging situation, while also meeting your ethical obligations to stakeholders, employees and lenders.

Not every business will succeed. That's a fact of capitalistic life. As an owner or CEO, it is now incumbent upon you to make the difficult decisions that most would rather avoid.

There is good news, however. Despite popular belief, you do have options, and this article is intended to outline them to help you navigate these muddy waters.

Ignore the cliches; emotion plays a huge role in business. No matter how robotic you think you can be, it is impossible to always act rationally with unquestioned and unwavering logic. Even if such action was possible, it's not necessarily a good thing. Excitement is an emotion that keeps entrepreneurs trucking, day in and day out. It also sets the groundwork for a productive culture and work environment. Fear is an emotion, and that keeps businesspeople finely tuned with attention to every detail. Even anger can be a highly productive emotion if experienced and processed in a healthy manner.

The key is knowing the right time and place for the analysis and effective use of emotions; assessing financial decisions and corresponding operational consequences is not amongst them. Numbers are the language of business and must be the bedrock on which decisions of this nature are made. Numbers don't lie; numbers don't care about optics or relationships; they just give you the cold hard truth.

For instance, if the numbers demonstrate that revenues and ratios are slipping for the third straight fiscal quarter and major downsizing or reorganization are vital to sustainability, a business owner will benefit far more from pragmatic strategy than from an emotional response to perceived failure. Similarly, if a company is no longer viable and a complete shutdown is what is truly needed, maintaining an objective business perspective may be challenging, but is critical to achieving the best resolution.

So often, however, the entrepreneur is overly concerned with appearances—looking good or being well-liked—to the detriment of the company's well being. Should she become sentimental or non-confrontational, this might result in an operational disaster. It's just business, it's not personal—and must always remain as such. Nowhere is this truer than for an underperforming company. Many people are relying on you to make the right decision, and that decision must be firm, sensible and strategic. Anything else destroys credibility and is a disservice to everyone—from the stakeholders and investors who placed their belief in your business to the employees who rely on it for job security and longevity.

Below we illustrate what most businesspeople believe defines the spectrum of available solutions—and the advantages and pitfalls of each. We'll introduce an alternative you may not have considered and might not even know exists, and we'll tell you when it's time to seek the advice of a third-party expert.

The World Rests on Your Shoulders

As a CEO or entrepreneur, you stand at the center of both fiduciary and ethical obligations to shareholders, employees, vendors and more.


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As you weigh your options

and chart a path out, it is your fiduciary and ethical responsibility to understand every possible alternative.

At first glance, it might feel like you have to serve competing interests that are impossible to reconcile—those of secured lenders, unsecured vendors, investors and employees as well as your personal guaranties and own self-interests. With so many moving parts in play, navigating the right path can be daunting. Sometimes it's easy to lose sight of the fact that maximizing success often means simply mitigating loss, and this is even more difficult when you don't realize there is a path that can positively serve all these seemingly conflicting interests.

Examining all potential solutions, and the benefits and drawbacks of each, is the duty of a responsible business owner. But in many cases, you and your trusted advisors—your lawyer and accountant, for instance—may not understand the full range of options available.

What these professionals do know is that capitalism has created what we call the "Pay or Fail Dichotomy." This references the only two commonly-known options for a business faced with unsupportable debt. If you can't pay your debts, your business will fail and your credit score will be ruined, making it extremely difficult to borrow in the future. Failure to pay will also result in collection attempts, including levying bank accounts, garnishing wages and liquidating assets. Most importantly, it will threaten the very existence of your business entity.

To avoid these bleak scenarios, these professionals generally recommend one of the following courses of action.

Raise More Equity Capital

This refers to the process of accepting funding in exchange for company ownership. This creates a path to capital without the burden of debt which obviously must be paid back. If this option is available to you, it may well be the best way out. While “watering down” the position of existing investors and owners, it has the fewest drawbacks of any of the following options. However, given the distressed situation in which the business currently stands, compounded by its poor financials, more equity is likely to require giving up a significant portion of your company, if it is even available at all.

Borrow More

Borrowing more when you're already dealing with unsupportable debt is an option, but most likely a very bad one. It may provide a quick fix but does nothing to address the issues that created the financial mess in the first instance. Ideally, the purpose of another loan should be to increase revenue and expand profitability, not simply to cover other debt for another day, week or month. Further, this option isn't available to many owners, as access to money is difficult for companies in good health, and nearly impossible for those with bad credit and distressed business operations.

In cases like this, many struggling business owners seek alternative lending solutions— such as factoring arrangements if there are still receivables, asset-based loans ("ABLs") if there are still unencumbered items to collateralize, or merchant cash advances ("MCAs") as a last resort. All of these financial instruments can be beneficial if approached with caution and a solid repayment strategy as they can inject much-needed capital into the enterprise when emergency strikes. But all of them are equally dangerous if they are used as a band-aid to cover problems. The high-yield repayment schedule can quickly become a slippery slope and drag you further down the financial spiral, causing you to take another advance to pay back the previous one. This is known as "stacking," and many an entrepreneur has found herself deep underwater from engaging in this practice.

Consolidate the Debt

Debt consolidation seems like a more conservative approach. A consolidation loan will roll multiple debts into one single payment, ideally with a lower interest rate. Furthermore, it will spread your payments out over a longer period, reducing monthly costs and providing short-term relief. On the surface, this option has many components that make it appealing:

- It improves cash flow immediately by lowering interest and extending amortization over a longer time.
- Every secured party gets paid, therefore...
- It removes the threat of foreclosure and other hardball collection tactics.
- The business only has to interact with one creditor.

Sound appealing? Before you decide this is the path for you, you should consider the following drawbacks:

- A consolidation loan preserves all the debt; there is no discount on the principal amount.
- These types of loans are typically only available to consumer entities with good credit. So if you're overleveraged or already in default, this is likely not a viable option for your business.
- A lengthier term often means paying more in total interest, in

addition to any fees associated with the new loan.

- Because strangled cash flow is a symptom of deeper issues and not the root cause, the problems that led to the debt in the first place continue to impede the growth and sustainability of the business moving forward. In other words, nothing was done to fix the underlying problem.

As a result of these drawbacks, consolidation often just results in sounding the death knell for your business over a greater period of time.

File for Bankruptcy

The legal system in this country often traps business owners into believing they have no option other than filing for Chapter 11 of the Bankruptcy Code, which is a debt reorganization program designed for an entrepreneur who is treading water.

The advantages of Chapter 11 bankruptcy are that it:

- Protects assets from creditor attacks.
- Restructures debt, stretching out payments to all creditors over five years thereby improving cash flow.
- Allows for the breaking of leases and other contracts without penalty, replacing them with more favorable terms.
- Deflects lawsuits.

Sure your business credit is ruined, but otherwise, this system seems to provide protections you couldn't otherwise get, right?

Well, not exactly. While it is possible to emerge out of a Chapter 11 reorganization successfully, the odds of that happening are extremely low. Roughly only 25% of Chapter 11 bankruptcies succeed, and even if yours does, there are several downsides to consider:

- You lose total control of how your cash flow is spent. All available funds beyond mere subsistence are redirected to debt service. Therefore, your money is predominantly spent paying off secured creditors and not on business enhancement, growth or development. Further, a Judge or US Bankruptcy Trustee appointed by the court must accept all of your spending decisions moving forward, and has the power to reject anything he believes is not in the best interest of the creditors.

- All the debt must be repaid over time; debt forgiveness is rarely part of the equation.

- The process is costly, both on the front end for a retainer and throughout the process. Any dispute or challenge submitted by any party is treated as a mini-lawsuit that stops the entire process until it's resolved, and lawsuits are expensive.

- It carries a negative connotation and will significantly affect public opinion of the business.

- If the Chapter 11 plan fails, your business will be converted to a Chapter 7 liquidation situation. All the tangible and intangible value that you spent years developing is wiped out in one swoop. This is the worst-case scenario for everyone involved, yet it happens in 75% of all Chapter 11 cases. This is the real tragedy of bankruptcy, but fortunately, there is a better way.

A Better Way

What if there was a different mechanism to address—and in many cases eliminate—unsupportable debt while preserving the underlying value of the business, resulting in a revitalization of the enterprise and a successful exit for owners?

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There is, in fact, another option, one that likely wasn't included in the spectrum of choices your trusted advisors recommended or that you easily uncovered during your Google search for "how to get out of debt." This innovative alternative addresses insolvency with respect to the secured parties and the stakeholders, utilizing controlling standards to do what's in the best interests of both.

Additionally, this strategy minimizes expenses and maximizes returns in order of creditor priority. This largely eradicates the ill will that something like a bankruptcy generates, while preserving your business's core operations. The reorganization process has been available to the largest of corporations deemed "too big to fail" for decades.

First,

what does it mean to be "too big to fail?"

"Too big to fail" became a talking point during the Great Recession starting in 2008. It referred to the massive impact that financial giants, such as large investment banking institutions, would have on the overall economy if allowed to fold. It was believed that the ripple effect caused by these collapses would result in the loss of millions of jobs and billions in commerce, all culminating in a pandemic economic disruption. To preempt this outcome, the government stepped in and, using taxpayer dollars, financed the reversal of these companies' declines, thereby facilitating their reemergence.

This set a precedent that these reorganization strategies were meant for the Fortune 500 companies, namely, the businesses with huge revenues, vast resources and substantial asset pools. These businesses could afford the most sophisticated experts to help them navigate their financial hurdles, including providing options when debt became unsupportable. The profitable elements of the company were preserved, and the underperforming components stripped away, eliminating astronomical amounts of debt in the process.

But what about everyone else? What about the remaining 99% of businesses in this country?

Does it make sense

that preservation of value only applies to companies "too big to fail?"

This idea seems counter to the American Dream. If every individual has a right to pursue her dreams and achieve success, no one should be excluded from obtaining help when the going gets tough. This is especially true because small, family-owned companies and businesses in the mid-cap sector are the ones that actually generate most of the new jobs and economic activity in this country. For this reason, they are just as necessary to the economy as the Fortune 500 corporations, and just as deserving of having the best shot at survival.

At its heart, a reorganization is a second chance for the underlying core value of a business operation. It gives a company a clean restart opportunity without any of the previous issues or debts following it into a newly reorganized entity. If all businesses are considered “too big to fail” and every job is preserved—thereby collectively representing the core of our economy—then it is the duty of competent experts to lead these businesses to safety.

Reorganization can mean a lot of things to a lot of people, but in the current context of unsupportable business debt, it refers to a specialized and controlled short sale of business assets. It reflects reality and results that would otherwise be achieved in litigation or Chapter 11, but rather than doing so through inefficient auctions or legal processes, this sale occurs

through a private, out-of-court transaction into a new ongoing concern.

This process derives from Article 9 of the Uniform Commercial Code. Article 9 protects the interests of first position secured creditors by ensuring they can transact on their collateral with the assurance to third-party buyers that those assets come unencumbered. By result, when a first position creditor liquidates their collateral, all subordinate liens and encumbrances are removed. The key element to an Article 9 sale is that the business operation can be preserved throughout the entire transaction; it never has to shut down.

Successfully transitioning from a debt-saddled business to a fresh new company requires myriad carefully implemented details, so partnering with a reputable debt elimination and corporate turnaround consultancy like Second Wind Consultants, Inc. (“SWC”) is a critical step in the process. Once the reorganization is undertaken, this strategy not only removes debt but also allows management to reconsider the business paradigm and optimize its operation.

Operation Optimization

It's crucial to understand that achieving success is about much more than just removing the debt. This process also provides a perfect opportunity to eliminate the patterns that crushed the company's profitability in the first place. Then, with the slate wiped clean and new financing opportunities available, a fresh approach can be adopted with redefined systems such as a comprehensive sales and marketing program, for example. Combining ongoing revenue with other adjustments like a more developed web presence and new distribution channels, the entity can now begin to operate profitably.

Reorganizing a business in the way SWC has perfected is an option known by only a small number of specialists, and this is why it isn't on most business advisors' shortlists. This is because attorneys are trained in bankruptcy, and lenders are trained in selling debt. Nonetheless, it provides the effective strategies required to transition a company from a stifled negative cash flow position to a revitalized and healthy structure, preserving its value and continuing its core business operations. Most importantly, the methods offered by SWC can be implemented for all businesses, irrespective of size.

The Pros and Cons of Reorganization

A reorganization, which is comprised of debt elimination and operation optimization services, offers many benefits to both the business owner and her creditors. Naturally, there are costs and other stipulations to consider, so let us outline those for you here.

The benefits of a reorganization are that:

- The core business survives and continues operations without interruption.
- The assets remain out of range of creditor attacks, foreclosure or other collection efforts.
- Most of the debts are removed while others are drastically reduced, all based on forced liquidation valuations and expectations of return.
- Personal guaranties are decreased to affordable losses.
- The business can make necessary systemic adjustments on its own without the interference of courts or other interested parties.
- There is no public stigma or damage to the business' reputation, as it's a private transition.
- The costs are affordable, and the fee is financed over time.
- Contracts and leases can be broken with minimal cost.
- Employees may continue working for the new entity without interruption, and under much better circumstances.

- Often credit scores are preserved and not made worse by debt workouts.

As you can see, there are many advantages to pursuing a reorganization approach. There are some caveats, although we wouldn't call them disadvantages so much as mere necessities. Essentially, for the debt workout to succeed, the following must be true:

- A buyer is required to purchase assets, who must be a bona fide third party arranged prior to or through the transaction.

- Once the debt service is removed, the business must have the financial fortitude to sustain itself throughout the reorganization and beyond. If the company can't survive the process, there's no reason to do it.

None of these stipulations seem insurmountable when you consider what's lost through the bankruptcy process, which might be the ultimate result for a business owner pursuing any of the other options we outlined above. A reorganization can you save you from:

- Losing your business' value to liquidation.

- Ceasing operations.

- Your employees losing their jobs.

- Risking the dangers of bankruptcy.

- Falling into the trap of taking on more new debt to pay old debt.

Making the Decision to Reorganize

The first step in revitalizing a struggling entity is to get a clear understanding of what got the business into this predicament in the first place.

SWC has handled every type of unforeseen scenario; from political and socio-economic upheaval and changing demographics to the emergence of new competition, fluctuating markets and sudden decreases in demand. A Starbucks could open next door to your mom-and-pop coffee shop. Municipal road improvements might cut the traffic passing by your front door in half. The unexpected happens every single day.

In these situations, the issue—at least in the beginning—is not the unsupportable debt, but how the owner responds when she notices her ship is sinking. If actions are taken right away, there is a much greater likelihood of fending off disaster. The best type of reorganization is the one that nips the issues in the bud, thereby eliminating the need for an operational transaction in the first place.

For example, the business owner could:

- Immediately downsize the entity by reducing payroll, adjusting the overhead and recasting operating budgets to free up more cash.

- Repurpose the business, expanding its most profitable aspects while removing those that are the least lucrative—thereby reducing operational cash requirements.

- Carefully reduce inventory, maintaining the ability to respond to customer needs while simultaneously freeing up cash flow.

- Reinvent the business, focusing on its core purpose to create a competitive advantage. This might include enhancing profitability through price increases, redefined marketing efforts, implementing an upgraded sales system or offering new and better services.

- Execute horizontal or vertical improvements in the business chain or operation.

- Consider adjusting the terms and conditions of the sales program, with a special focus on reeling in accounts receivable.

- Create a more effective advertising and marketing campaign to enhance the revenue that remains available.

The truth is, unexpected pitfalls happen to the best of us. The question is, do you have the wherewithal to know which changes to make, and when? If you can recognize a disaster in the making, you can reorganize and optimize your business to reduce debt and look for opportunities to enhance your business model.

What does a reorganization of your business entail?

Once you've decided to pursue a reorganization, a clear understanding of your business is required. This includes reviewing its core values and operating mission and aligning them with best practices and operations optimization informed by objective analytics.

All of the following will need to be individually considered:

- Payroll obligations and limitations
- Inventory needs
- Capital equipment requirements
- Operating capital demands
- Sales and marketing program
- Internet presence
- Overhead ratios
- Profitability equation
- Market realities
- Available capital resources
- New lending needs
- Personal guaranty influences and results
- Reinvention objectives
- KPI (Key Performance Indicator) system installed
- Management by the numbers (numbers depend on business, industry, region)
- Removal of all unsecured debt
- Partial payoff of the first secured lien holder
- Handling equity investors respectfully and fairly

Defining these various needs and weaving them into a successful strategy is one of the critical objectives of a corporate reorganization. This creates a comprehensive management plan. Add this to a new business entity with its core competency still intact, sans debt—and you get a successful reemergence.

Sound too good to be true?

Business owners often wonder if a reorganization is ethical. In so many ways, it seems like a distressed proprietor's salvation. So if the owner is the winner in this scenario, does that make every other party the loser? Many people wonder how they will be able to look themselves in the mirror after pursuing this type of strategy.

A reorganization

is not only the most rational path, but it is also the most ethical one.

Most of us subscribe to a value system that requires acting honorably, fairly and respectfully to those we encounter in our daily lives. We use this philosophical yardstick to determine the measure of our character. The problem lies in the fact that when a bank exercises its foreclosure rights and liquidates collateral, ethics don't even come into play. No thought is given to the fact that these actions will destroy the business, cause the loss of jobs and eliminate the chance for lower priority creditors to recover any of their investments. The bank simply follows a carefully prescribed legal path that determines what happens when a borrower defaults. They transact on their collateral to maximize their recovery, which is their responsibility and directive.

Destruction of a business's core operational value through the forced liquidation of bankruptcy means everyone loses. Owners and lenders both receive minimum recoverable value, if anything at all. Compare this to the result of a reorganization and corporate turnaround:

- The owner can successfully exit while resolving all personal guaranties.
- The bank recovers a higher asset valuation without having to deal with the time, costs, and uncertain results of auction.
- The business operation wins because it can continue uninterrupted, now stripped of unsupportable debt.
- The employees and the economy win because jobs are not lost.
- Even subordinate creditors win because they can write down toxic debt faster and may ultimately preserve a business or vendor relationship with the new entity rather than suffering a double loss.

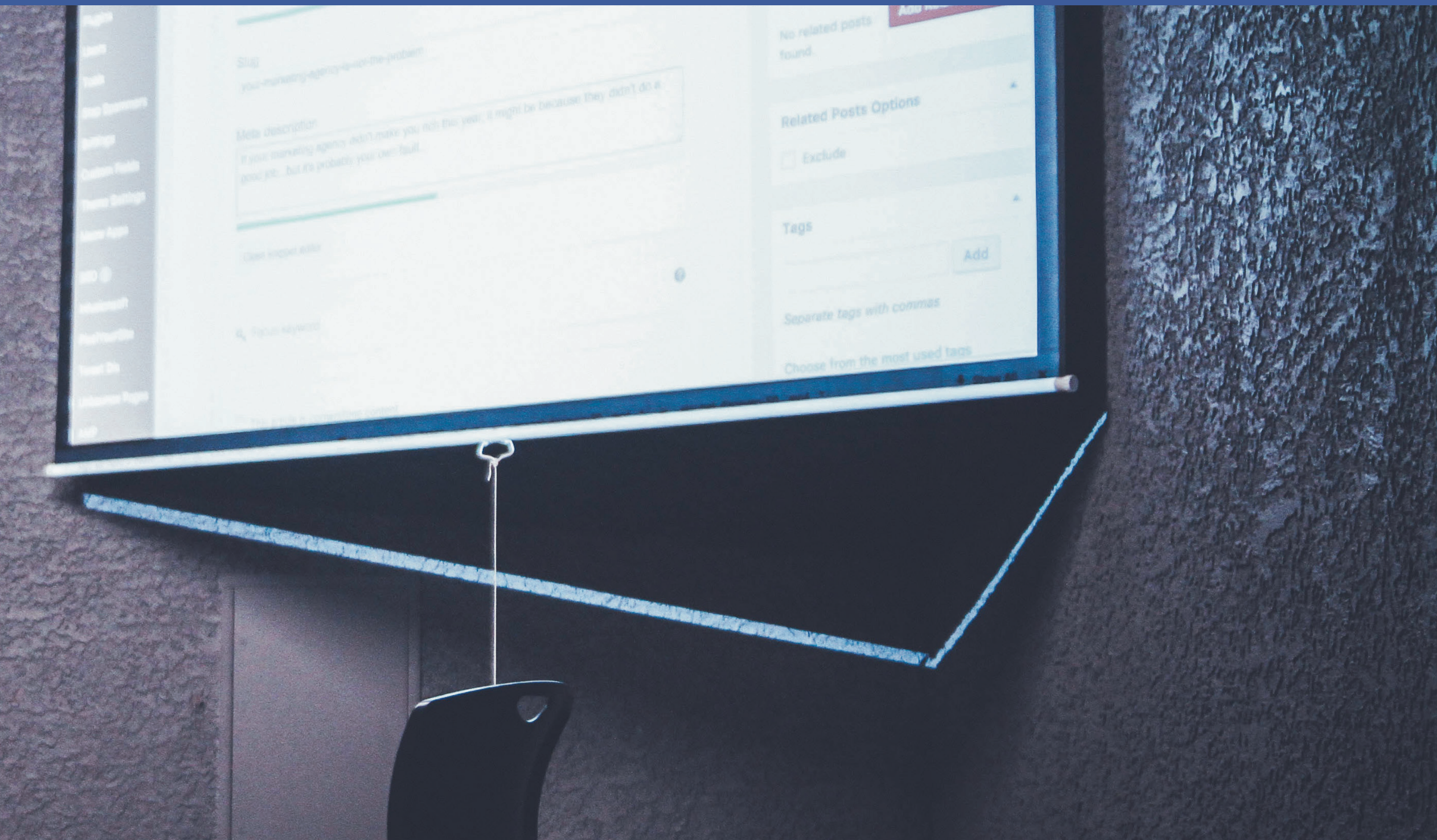
No other option comes anywhere near delivering these benefits. Therefore it seems obvious that the most ethical path is the one that produces the greatest number of positive outcomes.

But will my lender
agree to this?

Since they recover maximum value, YES!

Many factors influence the outcome of a bank collecting on unpaid and defaulted obligations. It's called bad debt for a reason. The process is expensive, time-consuming and requires a specific set of skills to convert collateral to cash and minimize loss effectively.

The benefit of being a "secured" lender is that the collateral supporting the loan is presumed adequate to cover it if the business defaults. However, this is seldom the reality; more often, liquidated collateral doesn't cover the loss experienced.



When SWC steps in and reorganizes the business, however, we remove the costs, eliminate the need to sue or foreclose, decrease the resolution time and eradicate the risk of taking collateral to an auction block and not being able to get rid of it. This provides a considerable benefit to the secured party, leaving them in much better shape than they would have been otherwise.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OPEN
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INFORMATION
Take Away
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Mocha
Americano
Espresso
Hot Choc
Tea

What about my

subordinate creditors?

Just as the bank understands the percentage of defaults they are likely to experience and builds that into their overall paradigm, so too do subordinate secured lenders and unsecured vendors. They include these potential failures into their plans for the future, accounting for these losses as a cost of doing business. By fully understanding their risks upfront, they can survive when things don't go as anticipated.

The debt elimination process does not upset the natural order of a business's creditors. SWC utilizes the Uniform Commercial Code, which protects the first position and handles the costly administration and pursuit of bad debt for the benefit of the subordinate creditors, concluding the matter as quickly and favorably as possible. The resources spent attempting to collect a bad debt are disproportionate to the amount recovered, so SWC's method frees these creditors to declare the deficit on their books and move forward. Even if the result is a total loss, this method gives the creditors closure and spares their time and energy.

Is my company too complex for this?

Still uncertain? Operational complexities come with businesses of all shapes and sizes. What follows are some of the obstacles our clients believed would stand in the way of pursuing a corporate reorganization, but were managed effectively throughout the process.

My Board

of Directors would never approve it.

Your board of directors might consist of one person or more than 20. These people may be family, friends, colleagues or adversaries with wide-ranging personality types, but the one thing that can be universally assumed is that all of them want what's best for your company. Getting a group of varying personalities to agree on something is always a challenge, and never more so than in the face of

unsupportable debt. In this inherently stressful situation, emotions can cloud clear vision, and policies and procedures can interfere with finding a path out.

The success of an SWC reorganization comes down to simple business principles and finance fundamentals; no fancy words or negotiation tactics, just facts and numbers. Remember, numbers don't lie; they are impervious to emotion, policy and disagreement. When using these figures to weigh your options, the choice becomes clear: retain control or submit to your creditors. For these reasons, no matter how complicated a board of directors may be, SWC can navigate those obstacles to achieve success.

My Equipment

and inventory are too valuable.

There is a significant difference between how much you paid for your equipment and inventory and how much those assets are worth now. Certainly, you have heard that a car drops 5-10% in value the second it's driven off the lot? The same concept is true when it comes to business assets, only to a much greater degree. Anyone can use your car once it drives off the lot, but used and specialized business assets have a more limited use to a much smaller pool of potential buyers.

Further, as we have mentioned, it takes time, money, resources, skill and energy to actually locate that pool of buyers. Banks are in the business of banking, and therefore they don't have the resources and skills to go through this process efficiently. These are the fundamental reasons why equipment and inventory have very little value in a financially distressed context, regardless of how much was paid for those items upfront.

Asset valuation is a key component of the SWC strategy, and we always use third-party professionals to ascertain this information. We don't try to change the value, we simply establish the context for what it is worth—liquidation. For that reason, whatever the valuation is, it never becomes a barrier to the SWC process.

The Company

by-laws prevent this.

Quorums, corporate votes, managers' meeting, procedure; it can all be cumbersome and complicated. In the thousands of transactions we have successfully completed, we have never encountered a set of by-laws or internal operating procedures that prevent a restructuring in the face of unsupportable debt. Generally speaking, by-laws are simply a rule book that guides the operation of a company. SWC's approach doesn't seek to break those rules, but rather to use those parameters to implement our strategies.

Necessary

subsidiaries make this process impossible.

Complicated business enterprises can have many layers. There might be a holding company that acts as the puppeteer, while different subsidiaries control raw material generation, manufacturing, retail, distribution, and any number of other vertically or horizontally integrated companies. It's easy to believe these present nothing but complications and obstacles, but the truth is, we view these as beneficial options.

No two debt workouts are exactly the same. The only things that remain true in every case are our strategic fundamentals. How we apply them is based on the operation. Therefore, the more complicated a business organization's structure might seem, the more margin we have for maneuverability to minimize loss and maximize return for all parties involved.

I have too many

forms of debt.

In this economy, there are many lending vehicles out there: traditional loans, SBA-backed loans, merchant cash advances, seller-financed debts, vendor debts and landlord debt, to name a few. When addressing a multifaceted enterprise, it's likely that many are involved in the operation, in one form or another. This can look incredibly complicated. It's easy to think that a debt workout would be impossible when there are so many different types of financial obligations.

The truth is, no matter how many creditors or how many kinds of debt there are, this picture can be simplified into a very straight forward "debt schedule." It may seem daunting for those who aren't experienced in the world of business reorganization or bankruptcy law, but the truth is, there is a very clear set of rights each type of creditor has, depending upon the type of debt and the creditor's order in the debt schedule. What looks hopelessly complicated is actually quite simple; once we ascertain who's who and what's what, we address each creditor based on their particular rights.

A common misconception is that we need the agreement of all parties involved. This isn't true, however. We don't take liberties or short cuts; we exercise standards that are fundamental to a capitalist society, which allows us to control the situation.

My business

pipeline and network of vendors will be ruined.

Some businesses succeed, some fail, but all take risks. This is an unequivocal fact of entrepreneurial life. While we know business owners want to honor their debts to their vendors and strategic partners, sometimes that just isn't possible. As the adage goes, blood cannot be squeezed from a stone. So while the preservation of these relationships is paramount, it's easy to forget that most vendors would rather lose money than lose an ongoing business relationship. If restructuring a business while preserving its operations requires that certain vendors take a financial hit, keeping the end business relationship alive is truly a silver lining. It's simply a short-term loss for long-term gain.

These strategies will destroy goodwill. Goodwill is only destroyed if the business fails. And the company is going to fail if it doesn't get out of unsupportable debt. When SWC restructures an enterprise, it preserves the business operations and subsequently, the goodwill between all parties.

So there you have it. Your objections can be overcome—and must be—for the business' survival.

For more than a decade, SWC has conducted thousands of reorganizations for distressed or insolvent businesses. In doing so, countless livelihoods have been preserved, as has the economic activity and business value represented by all those companies spared from bankruptcy.

In the face of insolvency, the guiding principle is a simple one. When a reorganization can preserve value, rather than allowing it to be destroyed through forced liquidation, it yields a more rational and ethical result for all parties involved.

If you're an

owner or CEO facing unsupportable debt, talk to Second Wind Consultants, Inc. about whether a reorganization might offer the rational and ethical path for your business.

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