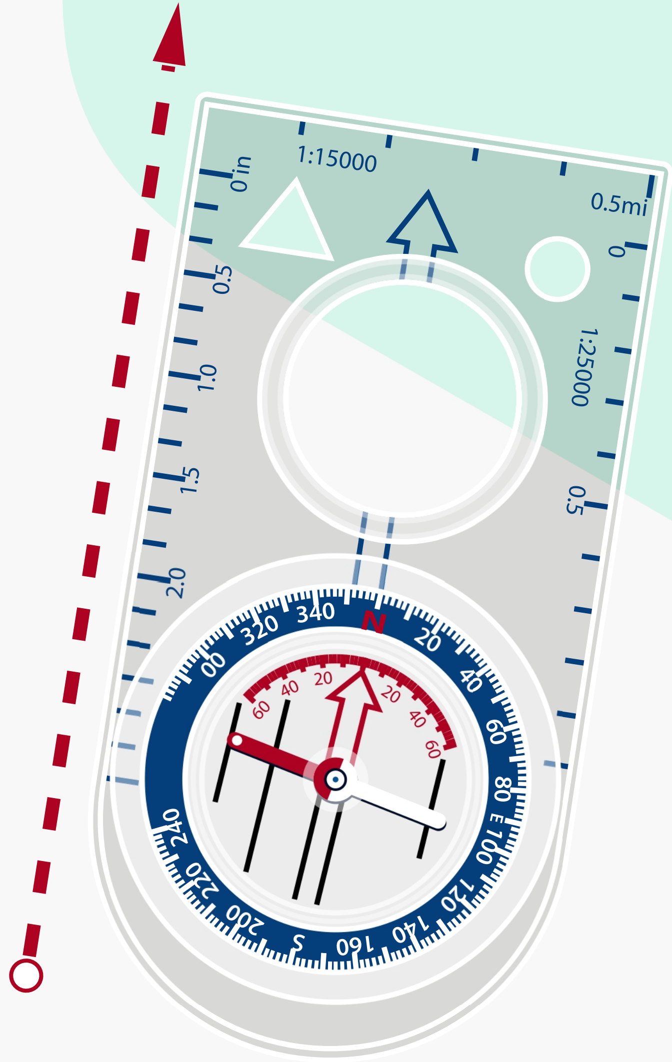
Sewell & Kettle

MULTIDISCIPLINARY FIRM
(Lawyers, Restructuring Practitioners and Restructuring Accountants)

CHECKLIST: WHAT TO DO WHEN YOUR BUSINESS IS INSOLVENT

A guide for Australian small-to-medium sized businesses



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A guide for Australian small-to-medium sized businesses

CONTENTS:

Professional associations that we are regulated and registered through:

- Law Society of NSW
- Association for Business Restructuring & Turnaround
- Institute of Public Accountants

INTRODUCTION

SME insolvency in Australia

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KEY POINTS AND TAKEAWAYS:

- Financially distressed SMEs are at a disadvantage, and directors have a tendency to procrastinate
- Self-assessment of financial distress at an early stage means financially distressed SMEs have more options going forward
- SMEs with weak financial positions often experience a financial crisis event that pushes them over the edge into chronic insolvency (these events may be predicable in nature, but usually not in timing)

97% OF BUSINESSES IN AUSTRALIA HAVE LESS THAN 200 EMPLOYEES – these are the small-to-medium sized enterprises (i.e. SMEs) that this checklist is designed for.

Many find it surprising that it can be more difficult to turnaround a small business than a large corporate: Large corporates have armies of advisers, more generous banking relationships and better systems for assessing future cash flow. By contrast, SMEs can't always access high quality professional advice, lack generous support from financiers and they usually do not have the systems in place to provide real time financial information about cashflow and profitability.

Generally, clients come to us in a weak financial position. This may be due to a recent crisis event, or reflect a fundamental problem with their business. In the worst cases, the business is fundamentally unprofitable and is getting by only through debt accumulation (often known as a 'zombie company'). A financial crisis within a small business is often compounded by poor accounting practices, thin working capital, management deadlocks and having low bargaining power in a highly competitive industry.

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WHAT DOES A TYPICAL FINANCIAL CRISIS EVENT LOOK LIKE?

Immediate causes of financial distress often include:

- The loss of an important customer
- Owner sickness
- Enforcement of tax debt by tax authorities
- A big project or key contract that drains working capital
- An adverse outcome in litigation

While these events can hit virtually any kind of business, our clients are typically from the following industries: construction, transport, professional and technical services, retail and mining services.

HOW SHOULD BUSINESSES GOING THROUGH THESE KINDS OF CRISIS BE TURNED AROUND?

As no two businesses in Australia are quite the same, there is no simple or one-size-fits-all model for financial turnaround. Our experience is that the journeys of our SME clients are very different to the journey of large corporates when these businesses hit insolvency. SMEs usually don't get enough support, and where they do seek support, can be subject to 'bait and switch' tactics from advisers. Financially distressed SME directors need both sensible advice about the business itself, as well as personal asset protection advice for themselves personally.

Unfortunately, SME directors often allow financial distress to persist too long without treatment (via turnaround actions) and may pass the point of no-return (chronic insolvency) before effective turnaround actions can be implemented. They often find themselves mandated to liquidate (and close the business).

Catching financial distress earlier in the client journey will increase chances of turnaround or at least minimise the cost: The earlier a decline can be identified, the broader the range of options available to directors. The client may choose whether their end game is business continuity or business exit. One objective of this checklist is to help SME directors and owners to work out whether they need professional help.




THE CHECKLIST

STEP 1

Self-assessment of owner/director

ACTION	KEY POINTS
Work out what your personal capacity is as the business owner or director, and how any personal issues may be affecting the business	**SICKNESS/DEPRESSION IS OFTEN A ROOT CAUSE OF BUSINESS COLLAPSE.** Be honest with yourself, and ask: • Are you getting enough sleep? • Do you get sufficient exercise and have a healthy diet? • Are you experiencing mental or physical health issues? • Are you abusing drugs or alcohol? These are tough questions, but the importance of the owner/director's personal situation cannot be underestimated. Director/owner health is often the biggest contributor to small SME business distress/insolvency. And correspondingly, turning the business around usually requires active steps from the owner/director to guide the process.

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STEP 2

Look at business financial information and test it

ACTION	KEY POINTS
Develop an understanding of the financial mechanics of your business, and assess the business using common financial ratios and tools	**TO CARRY OUT A FINANCIAL ANALYSIS:** • Enter and reconcile all accounting data in an accepted accounting system (such as Xero, MYOB) • Look at key financial ratios including current ratio (current assets: current liabilities), and liquidity ratio (looking at only current assets that are liquid or can be liquidated within 90 days) • Consider how often creditors have been paid outside terms • Assess how many creditors are on special payment arrangements • Take into account any overdue state and Commonwealth taxes • Prepare cash flow projections.

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STEP 3

Is the business insolvent or just distressed?

ACTION	KEY POINTS
Assess whether you could be trading whilst insolvent	**A COMPANY IN AUSTRALIA IS INSOLVENT WHEN IT IS UNABLE TO PAY ITS DEBTS AS THEY BECOME DUE AND PAYABLE.** Note, a temporary shortage of cash is not insolvency — insolvency is an endemic shortage of working capital. For useful indicators, look at the 14 indicators listed in ASIC v Plymin & Ors (2003) 46 ASCR 126. This determination is crucial as a director must prevent a company from continuing to trade while insolvent under section 588G of the Corporations Act 2001 (Cth).

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STEP 4

Is cutting back an option?

ACTION	KEY POINTS
Look at downsizing as a solution	**LOOK AT YOUR HEADCOUNT AND WHETHER IT CAN BE REDUCED:**

- Can you terminate non-performing staff?
- Do you use independent contractors whose services can be terminated?
- Would any staff take a voluntary redundancy?

Next, look at your suppliers: Can overpriced suppliers be terminated/changed?

Take a look at your accounts receivable as well: Are any of your clients poor payers or a poor fit for your business?

FINALLY, TAKE A LOOK AT YOUR OTHER ASSETS AND LIABILITIES:

- Do you have surplus inventory on hand?
- Do you have unnecessary equipment or office space that can be sold/released?
- Can any debts be consolidated/renegotiated?

THE CHECKLIST

STEP 5

What finance can you obtain?

ACTION	KEY POINTS
Assess whether rescue finance might be available to stabilise your business in the short-term	**WHILE FINANCING CAN BE ESSENTIAL FOR GETTING YOUR BUSINESS AROUND A TEMPORARY CASH SHORTFALL, CARE IS STILL REQUIRED:** • Avoid overpriced loans — predatory interest rates will only hurt your company further • Take care when asking friends or family for money — you can lose personal relationships alongside your business • Do look at instalment arrangements with suppliers and the ATO. Both can be generous.

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STEP 6

Is there an economic problem with your business?

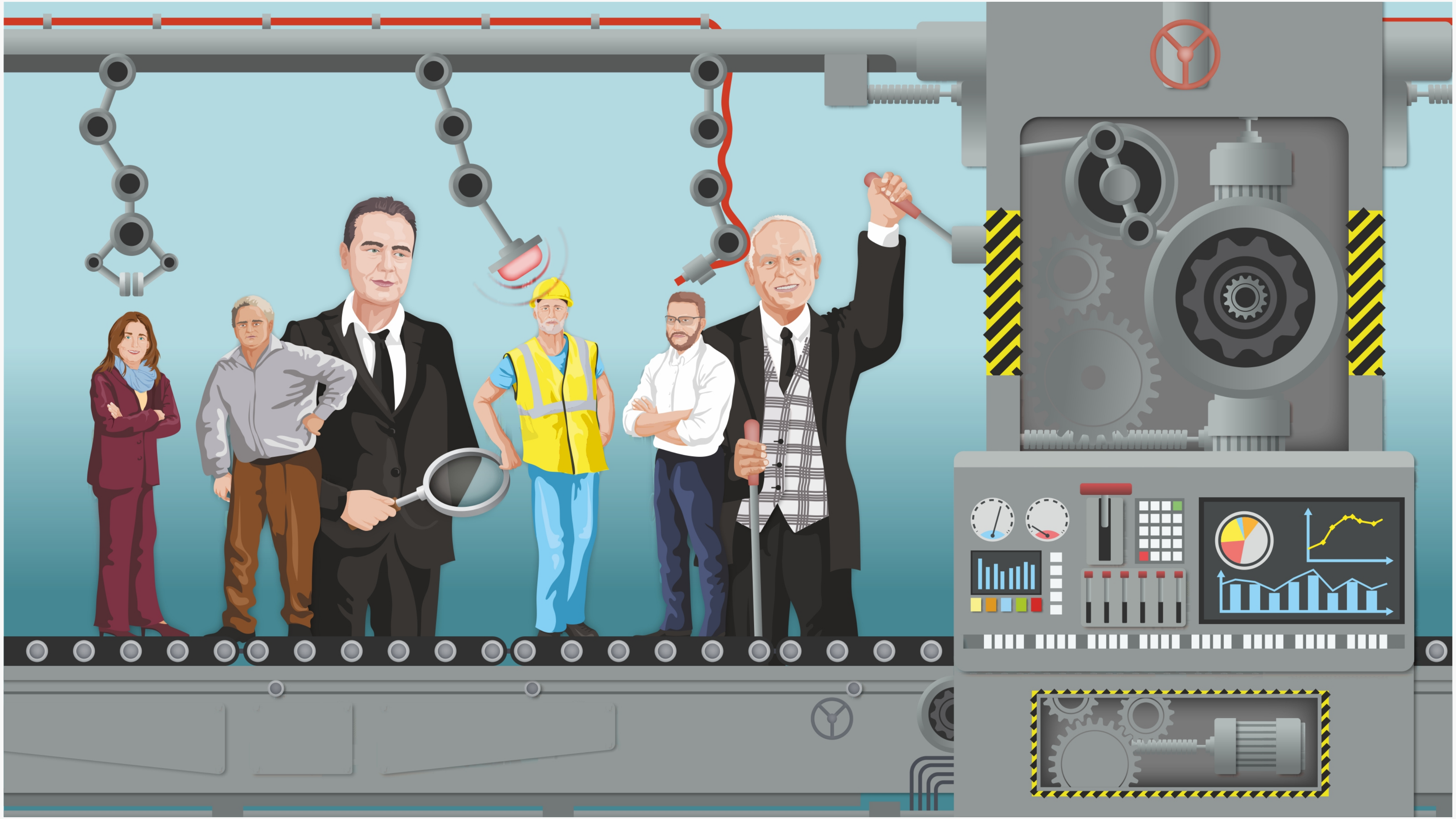
ACTION	KEY POINTS
Consider whether the business problem is fundamental or financial	**IS THERE A FUNDAMENTAL PROBLEM THAT THE BUSINESS FACES THAT MEANS THAT IT IS NO LONGER VIABLE?** Sometimes a distinction is made between economic and financial viability. If a business is not economically viable, there is no longer a sound reason for that business to exist in the current economy. For example, running a DVD rental store is no longer economically viable — no matter how skilled the proprietors. By contrast, a financially unviable company may still have a sound business proposition at its heart. The problem is that the business has been run in an ineffective or overleveraged manner. There is potential to turn around businesses that are financially unviable, but not those that are economically unviable.

THE CHECKLIST

STEP 7

If a turnaround isn't enough, consider restructuring options

ACTION	KEY POINTS
Consider restructuring options if insolvent and financial problem persists	**WHERE THE BUSINESS IS INSOLVENT, OR IS LIKELY TO BECOME INSOLVENT, YOU NEED TO IMMEDIATELY TAKE STEPS TO TRY AND TURN THE COMPANY AROUND.** In Australia there are several restructuring options available: • Small business restructuring, as outlined in the Corporations Act 2001 (Cth). Companies with up to $1 million in debt can enter this process, where a restructuring practitioner is appointed to the company to develop a 'restructuring plan'. It is a quick and affordable process, and the directors remain in control throughout. • Voluntary administration, where an insolvency professional is appointed to take over the company and prepare a debt compromise for agreement by creditors. • A pre-packaged insolvency arrangement (pre-pack), where an arrangement is made to transfer assets to a new company (for fair market value). This is enabled by the 'safe harbour' from insolvent trading in section 588HA of the Corporations Act 2001 (Cth).



YOU ARE THE PRODUCT

Who is this checklist designed for?

KEY POINTS AND TAKEAWAYS:

- Our clients are the experts — they are the ones experienced in their particular business
- There is no regulation in Australia on who can/cannot provide corporate insolvency advice so SMEs often receive poor and conflicted advice

OUR TYPICAL CLIENT IS MALE, FROM THE AGE OF 40 TO 55, AND THEY ARE THE OWNER AND DIRECTOR OF A SERVICE BUSINESS IN A COMPETITIVE INDUSTRY.

This is indicative of the key industries — construction, transport and retail businesses — that most often get into financial difficulty in Australia.

SO, WHAT ELSE IS TYPICAL OF OUR CLIENTS?

- They are industry veterans – often with more than 20 years in the business
- They are in a highly competitive industry, limiting their ability to simply increase prices
- Their accountant is a busy practitioner focused on small business tax compliance, and doesn't have the time or insolvency practice experience to support them
- They want to preserve their business and often their turnover is decent (between $2-20 million)
- They have low value, or few, tangible assets. This may reflect the fact that equipment is old and heavily depreciated, or that it is mainly leased
- They have significant tax debt — it is common for businesses in difficulty to eat into their upcoming tax payments for working capital

YOU ARE THE PRODUCT

Who is this checklist designed for?

WE FIND THAT OUR CLIENTS TEND TO GET REFERRED TO US BY SENSIBLE PROFESSIONALS:

A sensible professional often has good insights into their client's business and they don't try and overstep the scope of their expertise

If they think that the client is sinking rather than trying to learn about insolvency and turnaround they will refer a client to an expert

Learn more

WE HAVE FOUND IN THE PAST THAT OUR CLIENTS HAVE OFTEN GOTTEN LOST IN THE INSOLVENCY INDUSTRY. The insolvency advice industry for SMEs is poorly regulated: Anyone can provide corporate restructuring advice to SMEs and there are lots of people including accountants and lawyers without specialist knowledge and experience that do so. This means many SMEs get poor quality support, and that conflicted advice is almost to be expected. The result is that advisors push for voluntary administration without conducting due diligence and a poorly conceived strategy results in the proprietors of insolvent businesses losing all goodwill value through a liquidation fire sale.

WHAT ARE THE TYPICAL MISTAKES THAT OUR CLIENTS HAVE MADE?

- Using expensive finance facilities such as receivables finance, caveat loans or credit cards to fund working capital shortfalls
- Failing to look properly at their corporate structure and continuing to invest sweat capital in an out-of-date structure
- Hiring the local solicitor and avoiding good quality specialist lawyers who can develop a dependable litigation strategy
- Avoiding their accountant and bookkeeper and failing to make sure that their accounting software is fully reconciled
- Putting prestige over profits by not focusing on the 20% of customers that deliver 80% of profit
- Avoiding conflict with employees by not managing by objectives – trying to be mates not managers
- Working 'in' the business but not 'on' the business – neglecting strategy can mean failing to recognise the root cause of the problem

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STEP 1 | Owner self-assessment

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KEY POINTS AND TAKEAWAYS:

- Sickness of a key director of a business can often cause financial distress
- Relationship problems between directors is another common source of conflict within a business
- Self-awareness is important for a business owner or director to respond to the personal issues that they have that impact on the business

Financial distress for SMEs is often caused by the driving force of the business (the founder, owner and director) getting sick. This means that the person best placed to correct any problems in the business is no longer keeping their eyes on it.

WHAT ARE SOME OF THE PERSONAL PROBLEMS that confront business directors?

Problem hampering the day-to-day work of a key person in the business	Solution to the problem
Sickness	Half-retirement, increasing holidays, improving delegation and training
Stress	Business management advice to improve delegation and reduce the pressure on the owner. In some cases, it is important to look at clinical treatment for anxiety and depression
Relationship breakdown between owners	Look at mediation options. In serious cases, consider whether one of the owner/directors may have their share bought out
Confidence that decisions are optimal	Look for trusted adviser/coach to become a sounding board during times of financial distress.

There is a trend in business for business owners to hire coaches to help them with their jobs and act as sounding boards for their business decisions. This type of professional engagement, where a business owner doesn't already have sufficient business experience and support, helps them to avoid getting burned out. Formal insolvency appointments (like voluntary administration) often occur because directors lose confidence in one another and there is a management deadlock.

STEP 2 | Look at business financial information and test it

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KEY POINTS AND TAKEAWAYS:

- Poor bookkeeping can be fatal for financially distressed companies and it should be a priority to ensure that financial accounts are up-to-date (because if you can't measure it you can't manage it)
- The current ratio (current assets to current liabilities) is a good metric to start with
- A cashflow projection is an effective means of working out whether the business will run out of cash

POOR ORGANISATION AND RECORD KEEPING ARE OFTEN INDICATORS OF POOR FINANCIAL LITERACY AT BEST, AND FRAUD AT WORST. Bad bookkeeping makes solvency difficult to prove and is often a sign that businesses are struggling to conduct business operations properly. It will not be possible for financial analysis to be undertaken unless the business' financial accounts are up-to-date and fully reconciled.

One challenge we've faced over the years is the 'spreadsheet problem'. Often clients come to see us with their own spreadsheet rather than reconciled accounts. This is likely to be both confusing and limited – we therefore strongly recommend looking objectively at verified financial statements.

SME directors need to ditch the excel spreadsheet, and adopt an automated accounting software solution.

AT THE END OF THE DAY, CASH IS EVERYTHING IN A BUSINESS SURVIVAL SCENARIO. You can have the best projections and systems in place, but you need money in the bank to make it out the other side — cash is king. You will give your business the best chance to get cash flowing back into your business if you have the necessary information and plans in front of you. So, make sure your strategy is based on the best financial information available to give your business the best shot at survival.

STEP 3 | Is the company actually insolvent or just distressed?

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KEY POINTS AND TAKEAWAYS:

- Insolvency is when a company has a chronic shortage of working capital not just temporary illiquidity

- Check the list of indicators from Asic v Plymin to get a better idea of whether a Court will find that you are trading whilst insolvent

IN AUSTRALIA THERE IS STILL A PROHIBITION ON A COMPANY TRADING WHILST IT IS INSOLVENT. But the legal definition of insolvency doesn't include a company that is a zombie – that is, it barely scrapes by and is always short of cash. When a business hits the point of actual insolvency it will need to look at formal restructuring options or closing the business down.

The case of ASIC v Plymin is significant for company directors because it sets out a list of indicators that can help us understand when a company will be found to be insolvent.
The general rule in law is that company insolvency is proven by a cash-flow test (looking at the cash that is available to cover payments as they full due) and not a balance sheet test (whether the company has sufficient assets compared to its debts).

THE INDICATORS FROM THE ASIC V PLYMIN ARE:

1. Continuing losses
2. Liquidity ratios below 1
3. Overdue Commonwealth and state taxes
4. Poor relationship with present Bank, including inability to borrow further funds
5. No access to alternative finance
6. Inability to raise further equity
7. Suppliers placing [company] on COD, or otherwise demanding special payments before resuming supply
8. Creditors unpaid outside trading terms
9. Issuing of post-dated cheques
10. Dishonoured cheques
11. Special arrangements with selected creditors
12. Solicitors' letters, summons[es], judgments or warrants issued against the company
13. Payments to creditors of rounded sums which are not reconcilable to specific invoices
14. Inability to produce timely and accurate financial information to display the company's trading performance and financial position, and make reliable forecasts

There is no hard and fast measure of company insolvency, but it is safe to say that if a business satisfies many of the criteria listed above, then it is likely to be in insolvency.

STEP 4 | Is cutting back an option?

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KEY POINTS AND TAKEAWAYS:

- Downsizing by terminating underperforming employees, expensive suppliers and unprofitable customers could help to stabilise the business

- Downsizing is a sensible strategy to preserve cash by focusing on the expense side of the financials

WHEN A BUSINESS FACES FINANCIAL DISTRESS, IT SHOULD ALWAYS CONSIDER WHETHER TO DOWNSIZE IN ORDER TO STABILISE THE BUSINESS. Mistakes that businesses commonly make when facing financial distress include taking on unfit customers, implementing promotions and offering a new product/service: In short, they try and grow to overcome the financial distress they are experiencing.

If your business faces severe financial distress, then employees who are not performing or are detrimental to workplace productivity should be terminated. This will free up your management time, and the employees that remain will get a boost. If you terminate staff, do not do it slowly – do it once at the beginning of the crisis. At the same time, managing staff by objectives is likely to give a financially distressed business better results from their employees rather than making non-specific demands for increased productivity. Keep in mind that any employee termination has to be a fair dismissal under Australian employment law, and that any terminations that are perceived as unfair could have a detrimental effect on remaining staff. One strategic marketing framework that is also useful is to fully describe your 'ideal client': This forces the business owner to think about the characteristics of their ideal client and then move the business closer to attracting that client. At such a critical time, the first characteristic that is essential is that all clients should have capacity-to-pay.

The 'ideal client' analysis also helps businesses to realistically evaluate what they need to do to segment the market further. It is also likely to lead to the conclusion that most of the business' profit comes from a small number of current clients (i.e. a derivative of the 'Pareto Principle' or the 80/20 rule). Therefore, the termination of 80% of the business' clients (to give a rough estimation) could free up working capital and increase the profitability of the high-quality 20%.

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KEY POINTS AND TAKEAWAYS:

- Avoid asking friends or family for money
- Look at instalment arrangements with suppliers and the ATO

IF THE BUSINESS IS NO LONGER PROFITABLE, THEN A BUSINESS LOAN WILL ONLY PROVIDE TEMPORARY RELIEF.

It may provide working capital that will be spent on overheads that are no longer sustainable.

High interest business loans such as receivables financing, caveat loans and credit cards should be the last resort. No interest loans provided by friends and family may destroy personal relationships down the track.

Business loans should only be sought if the business owner has a cash flow forecast and is prepared to use the money strategically. SME loans often require that business owners/directors personally guarantee the loan – so if the loan cannot be repaid, they may face personal bankruptcy or at least the loss of personal assets.

A sensible start would be to work with existing tax debt: Contact the ATO and seek an instalments plan to extent payment terms on tax debt. Other creditors, such as suppliers are unlikely to be as facilitative as the ATO and care should be taken when asking key suppliers for extended payment terms — this may give an indicator to suppliers that you are in distress and change how they interact with your business.

STEP 6 | Is there an economic problem with your business?

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KEY POINTS AND TAKEAWAYS:

- Financial problems with businesses can be addressed through a restructure but economic problems are fundamental business problems related to the viability of a business

- If a business has an economic problem, then the owners should consider exiting the industry

ABOUT HALF OF SMES ARE GOING TO CLOSE WITHIN 5 YEARS OF STARTING: IT MAY BE BECAUSE THEY FAIL, MERGE OR BECOME SOMETHING ELSE.

Readers of this checklist are likely to have survived that first five years and have an established business that they wish to preserve. Key factors of their success in surviving the first 5 years are their personal networking skills, business plan effectiveness and marketing skills.

THERE IS NO FORMULA TO FIND BUSINESSES WITH ECONOMIC PROBLEMS, BUT INDICATORS INCLUDE:

- Highly competitive industries where prices have been stagnant for a while — this is common in industries perceived as having a low barrier to entry such as transport and construction
- Industries where there are substitute products/services taking over market share — think of how e-books have affected physical bookstores, or Spotify subscriptions affected music stores
- Industries where profits are being reduced by government intervention/regulation — new food standards can quickly make it more difficult to operate in the farming and dairy industries, for example
- Industries where information technology is disrupting channels and profitability — global fintechs like Wise, Paypal and Revolut have substantially reduced the number of traditional bank and wire transfers

STEP 6 | Is there an economic problem with your business?

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THE DIFFERENCE BETWEEN FINANCIAL AND ECONOMIC DISTRESS HAS BEEN DESCRIBED IN THE FOLLOWING WAY:

- **FINANCIAL DISTRESS** occurs where the business is without fundamental problems, but is highly leveraged and having difficulty paying its debts. On this definition, distress is tied to capital structure.
- **ECONOMIC DISTRESS** also occurs when the business is unable to pay its debts, but occurs where the business is not competitive and has fundamental problems with its business model. Another way of putting this is that a business is under economic distress where that business is not viable.

Where the company is in economic distress, turnaround is usually harder: Directors need to think about ways in which they can pivot the business model into a new and more profitable direction. Consider the cases of Netflix pivoting to online streaming from a DVD mail service, or Amazon pivoting from physical book sales to e-commerce generally, as well as web services and video streaming.

STEP 7 | If a turnaround isn't enough, consider restructuring options

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KEY POINTS AND TAKEAWAYS:

- If a company is insolvent, the directors and owners are committed to saving it, and the underlying business is viable, then restructuring options will need to be considered

- Small business restructuring, pre-pack insolvency arrangements and voluntary administration are the key formal restructuring options for small businesses in Australia

So, what restructuring options might be considered for a financially distressed business?
THE KEY POSSIBILITIES ARE:

- **INFORMAL WORKOUTS.** The directors can attempt to get creditors to voluntarily agree to accept a reduced amount in payment for debts owed. However, few creditors will agree to this if they think they can get a better outcome from calling for full payment of their debt.

- **VOLUNTARY ADMINISTRATION.** This involves an independent insolvency practitioner taking over the company and working towards a deal with creditors (a 'Deed of Company Arrangement' or 'DOCA'). During the voluntary administration, creditors are unable to enforce claims against the company and they are unable to call in director personal guarantees. The voluntary administrator is appointed by directors and assumes responsibility for the company. If agreed to by creditors, the DOCA is implemented and the business either proceeds to regular trading, or is wound up. This option is often not the best one for businesses due to the likelihood that the company will eventually be liquidated because creditors vote down proposals.

- **SMALL BUSINESS DEBT RESTRUCTURING** is an insolvency procedure available for small businesses where debts are less than $1 million. As a 'debtor in possession' model, the directors of the distressed company remain in control of the process throughout, and the process is relatively fast and affordable.

- **PRE-PACK WITH LIQUIDATION OR VOLUNTARY ADMINISTRATION.** This involves the directors of the distressed business arranging for the assets of the business to be sold (at fair market value) to a new corporate entity. In many cases, those directors go on to oversee the new entity. This is distinguished from illegal phoenix activity as the assets are only transferred for fair consideration. A pre-pack will require approval from a liquidator or voluntary administrator, however it can be a useful way of preserving the business as a going concern where distress relates to financing.

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FINAL THOUGHTS — THE STEPS TO TAKE WHEN YOU SUSPECT INSOLVENCY

At a certain point, many distressed business directors face a situation where they go to pay a bill, and there is no money in the bank to do so.
Does this mean the company is insolvent? Perhaps, perhaps not.

To determine insolvency, the business needs to get clear on its financial situation, and seek out professional advice to work out what the next best steps are.
By following the steps set out in this checklist, business directors can reach an informed view on whether their business is insolvent, and also evaluate whether they need to steps for formal insolvency or restructuring.

WHERE TO LEARN MORE

Our resources, and hyperlinks to read them, are set out below:

- What your professional adviser should do to help you
- Zombie Companies: Is your business the walking dead? Complete guide for SMEs
- Prepack Insolvency Arrangements whitepaper
- Complete guide to voluntary administration
- Safe harbour restructurings
- Small business restructuring process
- Insolvent trading: Complete explanation for SMEs
- The complete guide to illegal phoenix activity

Company liquidation:

1. Ultimate guide to liquidation part 1: What is liquidation?
2. Ultimate guide to liquidation Part 2: Preparing for liquidation
3. Ultimate guide to liquidation Part 3: Responding to liquidation

ABOUT SEWELL & KETTLE

Sewell & Kettle

AT A GLANCE:

- Specialise in commercial litigation, securitisation and insolvency challenges
- Take appointments in the Small Business Restructuring Process
- Provide court advocacy, legal analysis and business restructuring
- Undertake complex debt and asset recovery operations
- Multidisciplinary firm that provides both specialist legal and accounting services
- Operate with a business mindset to deliver maximum financial returns to clients
- Fight hard for clients and do everything to protect their rights
- Speak to clients in plain English and treat them with the utmost respect
- Established in 2006

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ABRT BOARD

One offering of interest to SMEs is a review of business viability and owner/director asset protection

Contact us to obtain an evaluation about whether small business restructuring is suitable

ABOUT SEWELL & KETTLE

ABOUT OUR FIRM PRINCIPAL BEN SEWELL:
Ben is an expert in insolvency law and practice, with 20 years experience as a specialist lawyer.

- Recognised as an industry thought leader
- Participated in a landmark Australian-first case
- Known for providing personal attention to clients
- Multidisciplinary approach through both legal and accounting expertise
- Both a Lawyer and Registered Liquidator (Restructuring Practitioner)

Ben **has been identified as** a thought leader by the NSW Law Society for the new safe harbour for directors and chaired its Insolvency Reform Masterclass in 2018 and 2020.

Ben **has the practical and technical knowledge** to help directors develop a restructuring plan for their insolvent business. Ben is both a lawyer and restructuring accountant and he takes a multidisciplinary approach to client problems. Ben has represented a range of clients **as an advocate** in the NSW, Victorian, Queensland and Federal Courts.

Ben **is known for providing personal attention** to his clients and for treating client relationships as his most important asset.

Our firm Principal, Ben Sewell, explains why the future of insolvency advice for SMEs is multi-disciplinary:

"My firm is a multi-disciplinary professional practice that offers a complete advisory service for financially troubled small and medium-sized businesses. Business owners that seek insolvency advice from their tax agent, a proposed insolvency practitioner and a commercial lawyer usually get mixed up. Why? Because if you go to a barber they'll suggest that you get a haircut. A tax agent will find a tax problem, an insolvency practitioner will suggest voluntary administration and a commercial lawyer will suggest a new corporate structure. Without a holistic (multidisciplinary) approach my experience is that business owners may miss a narrow window to turnaround their financially trouble business and they also put their personal assets at risk due to procrastination."