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Business restructuring, not simply a cost cutting

Summary

This financial crisis with various phrases of bailout, downturn, distress and much more negative terms, recovery time seems beyond our prediction. In such movement, this note reiterates a few crucial steps commonly applied as a vital measure to overcome difficulties.

Steps to do

- Sale of under-utilized assets or implementation of assets co-utilization scheme.
- Outsourcing of operations such as payroll and technical support to a more efficient third party.
- Reorganization of functions such as HR, accounting, sales, marketing, and distribution plus a concentration on cross-selling and revenue generating activities.
- Moving of operations such as manufacturing, researching to lower-cost locations.
- Renegotiation of labor contracts to reduce overhead.
- Refinancing of corporate debt to reduce interest payments.
- A major public relations campaign to reposition the company with target consumers.
- Retention of corporate management sometimes "stay bonus" payments or equity grant plans (equity vs. wage, bonus).
- Forfeiture of all or part of the ownership share (enticement of new enthusiastic shareholders).

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Last but not least

Proper diligence should be paid at all steps of your restructuring plan. Commercial risks during restructuring process shall soon cover by business growth but sometime legal and litigation risk may trigger more than an amount.

Please do not hesitate to let us know should you have any questions or need our support regarding the above.

Disclaimer

Information herein has been obtained from many sources believed to be reliable but DNAS makes no representation about its completeness or accuracy. It is not intended and should not be relied upon as legal advice in all circumstances.