

# **GGI European Conference in Berlin. Early stage approach under discussion in DCRI Practice Group - Claudio Ceradini to moderate.**

What is clear in Italy as in most of European countries is that only a few of distressed company sort really out of their problems. Most of them enter a bankruptcy procedure which terminates the company with a liquidation throughout a legal insolvency procedure. Less than 10% approach their situation promptly enough to file a creditor composition plan or a restructuring agreement application. Furthermore, the majority of the companies which succeed in reducing their debts fail in performing their restart plans, and go back to insolvency, damaging creditors twice.

An early stage approach of financial crisis would be more than useful, and would in average save costs and enterprises, the debtor itself and sometimes a material part of the chain value. The real question is how to get there? Why entrepreneurs are not able to see how fast insolvency grows in their company? Which one of the legal options available in Europe has the best track record and positive feedback? What can advisors do, or improve, to have a better approach to early stage crisis in small cap especially?

Probably the relationship between entrepreneurs and their small and family based companies goes above and beyond business and profit, involving human feelings and enlarging family to employees, staff and stakeholders, so that to detect the end of the game seems like accepting a family member death. On top of that, personal pride and the need to defend social status can make things tougher, and rational decisions hard to be taken. Probably the right way to improve legal solutions would be to tailor them on small cap dimension and peculiarities.

Those questions will be the background of Debt Collection, Restructuring and Insolvency Practice Group during next GGI European Conference in Berlin. We will go deeper in legislation comparison, moving from Vienna World Conference PG. On the other hand, we will open our discussion on what advisors can do, and what entrepreneurs should do to better manage and solve their company financial crisis.

We will try to answer five apparently simple questions:

1. Why entrepreneurs can't realise crisis growing up in their company?
2. How many bankruptcy procedures are filed in your country every year? How many creditor composition plans (or similar)? How many restructuring

agreements (or similar)?

3. Are there legal solutions or approaches available in your country to support the „early stage“ approach? How do they work? Are they successful? What should change to make them more efficient?
4. How is general attitude and sensitivity for the so called „fresh start“?
5. Is the situation different between large and medium / small companies?
6. Should banks and financial institutions develop a peculiar approach?

See you all in Berlin