



## **When Value Leaks: The First Battle in Every Turnaround**

by Daniel Vnuk • June 23, 2026

### **Executive Summary**

Value rarely disappears from a distressed company in one dramatic event. More often, it leaks gradually through weak cash discipline, deteriorating collateral, neglected customer relationships, fragmented execution, and management attention consumed by crisis rather than recovery.

The first battle in every turnaround is therefore not immediately about debt restructuring, asset sales, or financial engineering. It is about identifying where recoverable value is escaping and stopping that leakage before strategic options disappear.

In stressed situations, good people can produce poor outcomes when organizational systems remain designed for growth while the company has already entered crisis mode. Speed without verification, delegation without oversight, optimism without evidence, and functional targets without enterprise alignment can all accelerate value destruction.



Effective restructuring begins with a verified fact base, not management narrative. It requires downside discipline, controls installed at the actual leakage points, and incentives aligned with survival, liquidity, asset protection, customer retention, and operational continuity.

Ultimately, restructuring is both technical and human. Frameworks and controls matter, but they only work when people understand the situation clearly enough to act. The strongest turnaround professionals combine analytical discipline with humility, because value is often lost in places no one initially wants to examine.

### **Key Takeaways**

**1. Value leakage is usually systemic, not isolated.**

The most damaging losses often occur between departments, where procurement, operations, sales, finance, and management assumptions are not properly connected.

**2. Cash leakage is not simply overspending.**

It is poor timing, weak forecasting, and failure to understand which payments preserve options and which merely continue old habits.

**3. Collateral value must be actively protected.**

Assets do not retain recovery value simply because they remain on the balance sheet or in the loan file. Maintenance, documentation, access, insurance, and updated valuations matter.

**4. Customer relationships are recovery assets.**

In distress, customers may not leave immediately, but weaker service, delayed delivery, lower quality, and reduced engagement can quietly destroy the commercial base required for turnaround.

**5. Management attention is a scarce restructuring resource.**

Busy management is not the same as effective management. In crisis, leadership must shift from explaining symptoms to changing the underlying economics.



**6. Organizational friction destroys execution.**

A restructuring plan can fail even when each department has a reasonable plan in isolation. Dependencies must be tested across finance, operations, sales, legal, and cash.

**7. A verified fact base is the starting point.**

Forecasts, budgets, and management narratives are not enough. Cash, collateral, legal exposure, operational performance, and customer behavior must be independently tested.

**8. Downside scenarios protect options.**

The purpose of downside analysis is not pessimism. It is to understand how much time, liquidity, and room for error the company still has.

**9. Controls must be installed where value is escaping.**

Weekly cash reviews, escalation triggers, asset protection plans, customer monitoring, and accountability routines are practical tools for stopping leakage.

**10. Incentives must change in distress.**

A company cannot ask people to behave differently while still rewarding the behavior that created or prolonged the loss.

**11. The human dimension is execution risk.**

Fear, fatigue, defensiveness, and loss of trust can undermine even technically sound restructuring plans.

**12. Real restructuring begins by stopping the bleeding.**

Before value can be rebuilt, the company must first stop value from leaking away through avoidable, unmanaged, and untested decisions.



## **When Value Leaks: The First Battle in Every Turnaround**

*Twenty years in banking and restructuring teach a lesson that no spreadsheet can fully capture: value does not usually disappear in one dramatic moment. It seeps out quietly, day by day, decision by decision, until one morning the numbers no longer reconcile with the story management has been telling itself.*

Cash falls below forecast. Margins deteriorate despite cost-cutting. Asset values weaken without any obvious market shock. Customer relationships cool before revenue visibly declines. Boards approve restructuring plans built on assumptions that have not been properly tested. Capable teams work harder than ever, yet the real value drain continues somewhere else in the system.

This is not a story about incompetence. It is a story about how good people, under pressure, lose value when they confuse activity with progress, optimism with strategy, and local targets with enterprise recovery.

### **The Nature of Leakage: What Two Decades in Restructuring Reveal**

Value leakage is not a single event. It is a pattern. And like most patterns, it becomes visible only when someone steps back far enough to see the whole picture.

In the early years of credit and restructuring work, it is tempting to believe that turnarounds are decided by the big moments: the debt write-downs, the asset sales, the dramatic boardroom confrontations, the refinancing negotiations, the enforcement decisions. Those moments matter. Sometimes they matter enormously. But they are rarely where value first starts to disappear.

The decisive work often happens much earlier, in the weeks and months before the visible crisis arrives. It happens in procurement decisions, customer conversations, maintenance deferrals, cash forecasting errors, legal assumptions, operational handoffs, and management meetings where no one asks the uncomfortable question.

Consider a mid-sized manufacturing company that had been in distress for eighteen months. The management team was exhausted, but still determined. They had cut costs,



renegotiated supplier contracts, implemented a new ERP system, and produced detailed recovery plans. On paper, they had done many of the right things.

And yet the company was still losing money.

The problem was not immediately visible in the headline financials. It emerged only after the operating model was examined across functions rather than within individual departments. The procurement team had been given aggressive cost-reduction targets. They met those targets by switching to cheaper suppliers. The cheaper suppliers delivered lower-quality materials. Lower-quality materials increased defect rates. Defect rates slowed production. Slower production delayed customer deliveries. Delayed deliveries triggered penalty clauses and damaged customer trust. The margin erosion caused by those consequences far exceeded the original procurement savings.

The leakage was not located in a single department. It existed in the space between them.

No one had connected the dots because no one was looking at the whole system. Procurement had hit its target. Production was explaining its delays. Sales was defending customer relationships. Finance was tracking the deterioration after the fact. Each function had a partial explanation. None had the full picture.

This is the kind of leakage that restructuring professionals learn to identify. It is rarely obvious. It is almost always systemic. And it requires a different kind of thinking to stop.

## **The Five Places Where Value Leaks Most Often**

After years of distressed situations, certain patterns become familiar. Value leaks in predictable places. The challenge is not merely knowing where those places are, but having the discipline to look at them early enough.

### **1. Cash**

Cash leakage is the most visible form of value loss, but it is also one of the most misunderstood. It is not simply a question of spending too much. It is about spending on the wrong things, at the wrong time, without understanding the trade-offs.



In distressed companies, cash discipline is often interpreted as aggressive cost suppression. That can be dangerous. A company may freeze all discretionary spending, including maintenance, to preserve liquidity. On the surface, this looks prudent. In reality, it can create a much larger cash drain later when equipment breaks down, production stops, and emergency repairs cost several times more than routine maintenance would have cost.

The same applies to working capital. Companies sometimes delay collections in order to protect customer relationships, without fully recognizing that each day of delayed payment is a day of financing cost the company may no longer be able to afford. Others pay suppliers early to capture small discounts, while ignoring that the same cash could have been used to service debt, preserve covenant compliance, or avoid a more damaging default.

Cash leakage is not about frugality. It is about timing.

A distressed company does not have the luxury of treating every euro of cash as equal. The same amount of cash can have radically different value depending on when it is spent, what it protects, what option it preserves, and what risk it prevents. A maintenance payment that protects production continuity may be more valuable than a cosmetic cost reduction. A supplier payment that protects critical supply may matter more than a marginal discount. A debt service payment that preserves creditor confidence may buy time that the business cannot otherwise obtain.

Cash forecasting therefore becomes more than a finance exercise. It becomes a management discipline. The company must know not only how much cash it has, but what each cash decision does to the recovery path.

Weak cash control is rarely just a liquidity problem. It is a governance problem. It shows that the company is still making decisions without understanding their timing, consequence, and opportunity cost.

## **2. Collateral**

Collateral leakage is more subtle, but no less destructive. In stressed situations, assets that were once carefully maintained begin to deteriorate. This is not always



intentional. More often, it is the result of competing priorities, reduced resources, and the false comfort that physical assets will retain value simply because they remain on the balance sheet.

They often do not.

Real estate used as collateral may appear stable in management reporting, but its realizable value can deteriorate quickly when maintenance is deferred, access is restricted, documentation is incomplete, occupancy declines, permits are unresolved, or environmental issues remain unaddressed. Machinery may still appear in the fixed asset register, but its value may be impaired by lack of servicing, missing spare parts, outdated software, removed components, poor storage, or the absence of maintenance records.

In one stressed credit situation, a property securing a significant exposure had originally been well-maintained, well-located, and professionally valued. Over time, maintenance was deferred to preserve cash. The roof developed leaks. Technical systems began to fail. External areas were neglected. None of these issues looked dramatic when viewed individually. Together, they changed the appraiser's view of the asset.

When the updated valuation arrived, the property was worth materially less than expected. The company had not lost value because of a market collapse. It had lost value because no one had been actively protecting the asset.

This kind of leakage is often invisible in monthly management reports. The balance sheet still shows the asset. The loan file still contains the old valuation. The collateral description still sounds reassuring. But when the company needs to refinance, sell, restructure, or negotiate with creditors, the true condition of the asset suddenly matters.

By then, the loss may already be embedded.

Collateral is not protected by documentation alone. It is protected by monitoring, maintenance, access, legal clarity, insurance, valuation discipline, and operational



control. When those disciplines weaken, recovery value begins to leak long before formal enforcement begins.

### **3. Customer Relationships**

Customer leakage is particularly painful because it is often preventable. When a company enters distress, management attention naturally turns inward. Cash, lenders, lawyers, shareholders, auditors, suppliers, employees, and restructuring plans consume the agenda. Customers become an assumed constant.

That assumption is dangerous.

Customers may not leave immediately. In fact, customer leakage often starts quietly. Delivery reliability weakens. Response times slow. Product quality becomes inconsistent. Account managers lose authority. Service teams are reduced. Development pipelines are paused. Commercial decisions become defensive. Customers sense instability long before revenue reports confirm it.

A company in distress may stop investing in key account management because client engagement looks discretionary. It may delay product development because engineering resources are redirected to cost-reduction projects. It may reduce customer service headcount because it is an easy cost line to cut. It may stop visiting strategic customers because management is absorbed by creditor negotiations.

Each of these actions can look rational in isolation. Together, they can weaken the very relationships that any recovery depends on.

The impact often arrives with a delay. Customers do not always terminate immediately. They reduce order volumes, diversify suppliers, extend decision cycles, negotiate harder, or stop awarding new business. By the time the deterioration appears in revenue, the commercial franchise may already be impaired.

This is where many restructuring plans become unrealistic. They assume revenue stability while simultaneously cutting the capabilities that protect revenue. They



assume customers will remain loyal while the company becomes harder to deal with. They assume the order book is secure while service levels are declining.

A distressed company cannot preserve every relationship. But it must identify which customers are essential to recovery and protect those relationships with intention. Customer retention is not a marketing issue in a turnaround. It is a value protection issue.

#### **4. Management Attention**

Management attention is one of the most expensive assets in a distressed company because it is scarce, fragile, and almost impossible to measure.

In stress, the management team becomes consumed by crisis. Meetings multiply. Calls with lenders intensify. Lawyers require instructions. Suppliers need reassurance. Employees need answers. Board members want updates. Forecasts need revisions. Cash reports need explanations. Every day becomes urgent.

The management team is busy. Often extremely busy. They work longer hours, approve more documents, attend more meetings, and make more decisions than before. From the outside, it looks like intense management activity.

But activity is not management.

In many distressed companies, management attention shifts from changing the economics of the business to defending the existing narrative. Leaders spend their time explaining variances, negotiating standstills, managing internal anxiety, and responding to the latest pressure point. They deal with the urgent while the important remains neglected.

A chairman once described this perfectly: "We are so busy cleaning up the mess that we have no time to understand how the mess was made."

That sentence captures a central problem in many turnarounds. The same leadership team that operated the company into distress, or at least failed to prevent the deterioration, is often expected to manage the recovery under even more



pressure. Their effort increases, but their mental model may remain unchanged. They intensify activity without changing the quality of decision-making.

Real recovery requires a different kind of management attention. It requires time to understand cause and effect. It requires the courage to stop low-value activity. It requires a shift from explanation to intervention. It requires management to ask not only "What do we do next?" but "What keeps creating the problem?"

Without that shift, management attention itself becomes a leakage point. The company spends its most valuable decision-making capacity on symptoms while the underlying value drain continues.

## **5. Organizational Friction**

Organizational friction is the leakage that many restructuring professionals recognize, but too few address with enough force. It occurs in the spaces between functions, in the gaps between decision-making and execution, and in the handoffs where responsibility becomes blurred.

A restructuring plan can fail even when each department has done competent work. Finance may prepare a detailed recovery plan. Operations may prepare a credible cost-reduction plan. Sales may prepare an ambitious revenue forecast. Each plan may be internally coherent. Together, they may still be impossible.

Finance assumes operations will cut costs by twenty percent. Operations assumes sales will maintain volume. Sales assumes operations will maintain delivery quality and production reliability. Procurement assumes cheaper inputs will not affect defect rates. HR assumes headcount reductions will not impair execution. Legal assumes deadlines are manageable. The board assumes all of this has been reconciled.

Often, it has not.

When assumptions are not explicitly tested across functions, the restructuring plan becomes a collection of departmental ambitions rather than an enterprise plan. The result is predictable. Finance cuts budgets before operations has designed a



workable cost reduction path. Operations implements changes that damage sales performance. Sales misses targets because delivery constraints were not reflected in the forecast. Procurement delivers savings that create quality problems. Each department can defend its actions. The system still fails.

No one is wrong individually. The system is broken.

Organizational friction destroys value because it creates hidden execution risk. It allows management to believe that decisions have been made when, in reality, dependencies have not been resolved. It makes plans look aligned in presentations while they remain misaligned in operations.

Stopping this form of leakage requires more than coordination meetings. It requires explicit ownership of dependencies, tested assumptions, escalation discipline, and a management rhythm that connects finance, operations, sales, legal, and cash. In a turnaround, alignment is not a soft concept. It is an execution control.

### **Why Good People Allow Leakage to Continue**

Value leakage is rarely the result of incompetence or malice. More often, it is the result of how organizations are designed to operate.

Most companies are built for growth, not for crisis. Their structures, processes, incentives, and cultures assume that conditions will generally remain manageable. When performance is strong, this can work well. Speed is valued. Delegation is encouraged. Optimism is rewarded. Risk-taking is tolerated. Functions pursue their targets with relative autonomy because the overall direction is positive.

In distress, the same characteristics become dangerous.

Speed without thoroughness leads to mistakes. Delegation without oversight leads to fragmented decision-making. Optimism without evidence leads to false comfort. Risk-taking without downside analysis leads to value destruction. Local targets that made sense in growth mode can become destructive when liquidity is tight and enterprise value is fragile.



The difficulty is that organizations do not change their operating culture overnight. The same people who were praised for speed, growth, and commercial ambition are suddenly expected to operate with discipline, caution, verification, and downside awareness. They may try harder. They may work longer hours. They may genuinely want the recovery to succeed. But they often continue using the same mental models that contributed to the problem.

This is one reason external perspectives can be valuable in restructuring. Not because external advisers are inherently smarter. They are not. The value lies elsewhere. An external perspective is not trapped inside the company's established narrative. It can challenge assumptions that insiders have stopped seeing. It can identify leakage patterns that have become normalized. It can ask questions that internal teams may avoid because the answers are uncomfortable.

The strongest restructuring work does not replace management judgment. It sharpens it. It creates a disciplined environment in which assumptions are tested, facts are verified, decisions are sequenced, and consequences are made visible.

### **The Discipline Framework: What Actually Works**

Stopping value leakage does not require a complicated theory. It requires discipline, humility, and a willingness to face facts before the facts become irreversible.

A practical framework has four elements.

#### **Step One: Separate evidence from narrative**

This sounds obvious, but it is almost never done properly.

A verified fact base is not a forecast. It is not a budget. It is not a management estimate. It is not a set of assumptions presented in a well-formatted spreadsheet. It is a documented, independently verified account of what is actually happening now.

That distinction matters.



In distressed situations, management narratives often remain optimistic long after the evidence has deteriorated. Revenue forecasts assume delayed customer orders will return. Cash forecasts assume collections will arrive on time. Cost savings assume no operational disruption. Asset values assume no deterioration. Legal risks are described as manageable. Refinancing discussions are described as promising.

Some of those statements may be true. Many require verification.

A credible fact base should include:

- Cash balances reconciled to bank statements, not only to internal forecasts
- Working capital assumptions tested against actual collection and payment behavior
- Collateral values assessed by independent appraisers, not only by internal finance teams
- Legal positions reviewed by external counsel where material exposure exists
- Operational performance validated through site visits, not only through management reports
- Customer and supplier positions checked against actual behavior, not only relationship narratives

A “verified fact base” that merely reproduces management’s preferred interpretation is not a fact base. It is a narrative dressed in Excel.

The gap between narrative and evidence is where value often leaks. The company believes it has more time than it has. Creditors believe collateral is stronger than it is. Management believes customers are more loyal than they are. Boards believe plans are more executable than they are. Every untested assumption becomes a potential leakage point.

The first discipline in any turnaround is therefore not forecasting. It is verification.

### **Step Two: Price the downside before it prices you**

Once the fact base is established, it must be stressed.

Downside analysis is not pessimism. It is survival discipline. The purpose is not to predict exactly what will happen. The purpose is to understand how much room for error the company has before options disappear.



A practical restructuring process usually requires at least three scenarios:

- The base case: what is likely to happen if nothing changes
- The downside case: what happens if collections delay, margins weaken, costs rise, or customer behavior deteriorates
- The severe downside case: what happens if multiple adverse events occur at the same time

The value of this exercise is not the precision of the forecast. It is the visibility it creates. If the downside case shows that the company runs out of cash in six months, waiting for the base case to materialize is not a strategy. It is a gamble. If the severe downside case shows that collateral coverage breaks under modest value deterioration, enforcement assumptions need to be reconsidered. If customer loss in the downside case destroys the recovery plan, customer retention must become a central restructuring priority rather than a commercial afterthought.

A company in distress must understand its vulnerability before the market, creditors, suppliers, or customers price that vulnerability for it.

Too many companies build restructuring plans around what they hope will happen. Better plans are built around what the company can survive if things go wrong. That difference is critical. Hope may support morale, but downside discipline protects options.

### **Step Three: Install controls at the leakage points**

Once leakage points are visible, controls must be installed where value is actually escaping.

Controls are often misunderstood. They are not bureaucracy for its own sake. Properly designed controls create visibility, accountability, and decision discipline. They prevent the organization from drifting back into old behavior.

The controls should match the leakage pattern. If cash is leaking through weak forecasting, the company needs weekly cash reviews with actuals compared against forecast, variance explanations, and immediate corrective actions. If collateral is deteriorating, the company needs asset inspections, maintenance tracking, insurance verification, and updated valuations. If customer relationships are weakening, the company needs account-level monitoring, escalation of service failures, and active retention plans for key customers. If



management attention is being consumed by low-value activity, governance routines must be redesigned so that critical issues receive priority.

Examples of effective controls include:

- Weekly cash reviews based on actual bank data, not only internal reports
- Rolling short-term cash forecasts with variance analysis and accountable owners
- Clear escalation triggers when liquidity, collateral, customer, or operational thresholds are breached
- Defined decision rights for urgent restructuring actions
- Asset protection plans for material collateral
- Customer retention monitoring for key accounts
- Regular stress testing of assumptions against current evidence
- Accountability for outcomes rather than activity

These controls must become part of the company's operating rhythm. One-off reviews do not change behavior. A report prepared for lenders does not create discipline by itself. A restructuring plan that is not embedded into weekly management routines remains a document, not a control system.

The purpose is not to slow the company down. The purpose is to stop decisions from being made blindly.

In a turnaround, the absence of control is not flexibility. It is leakage.

#### **Step Four: Stop rewarding the behavior that created the loss**

The final discipline is incentive alignment.

This is often the hardest part because incentives are deeply embedded in organizational culture. People may be formally measured by one set of objectives and informally rewarded by another. They may be told to preserve cash while still being praised for revenue growth. They may be told to protect asset value while being rewarded for short-term cost cuts. They may be told to support restructuring while their bonus logic still reflects pre-crisis priorities.



If people are rewarded for hitting budget, they will manage to budget, even if that means deferring maintenance, delaying necessary investment, or taking operational shortcuts. If they are rewarded for short-term profit, they will protect short-term profit, even if it damages customer relationships or asset value. If they are rewarded for functional targets, they will optimize their function even when the enterprise suffers.

This is how good people create bad outcomes.

In a distressed situation, the hierarchy of priorities must change. The most important outcome is survival. That usually means liquidity preservation, asset protection, customer retention, operational continuity, and creditor confidence. Everything else must be judged against those priorities.

This does not mean freezing the business. It means making sure the organization does not continue rewarding behavior that made sense in a different phase of the company's life but is now destroying value.

Realigning incentives requires uncomfortable conversations. It requires boards and management teams to admit that previous performance measures may now be counterproductive. It requires clarity about which behaviors matter in distress and which ones no longer do. Most importantly, it requires consistency. People cannot be asked to behave differently while being rewarded for the old behavior.

That is a recipe for frustration and failure.

## **The Human Dimension**

Frameworks, controls, and discipline matter. But restructuring is never only technical. It is also human.

Distressed situations are emotionally exhausting. The people involved are often tired, anxious, defensive, and uncertain. They have been through months or years of pressure. They have made sacrifices. They have worked long hours. They may have lost confidence in the plan, in each other, and sometimes in themselves.



This matters because no restructuring plan is executed by a spreadsheet. It is executed by people under pressure.

It is not enough to tell a management team what to do. Their behavior must be understood. Resistance to change is often rooted in fear: fear of failure, fear of blame, fear of job loss, fear of losing control, fear of admitting that previous decisions were wrong. A technically correct restructuring plan can fail if it ignores those human realities.

Many recovery strategies fail not because the financial architecture is wrong, but because the people expected to implement it do not believe in it, do not understand it, or do not trust the process behind it. Operational teams may resist financial measures that appear disconnected from reality. Management teams may defend projects that have become value destructive. Boards may delay hard decisions because no one wants to own the consequences. Advisers may treat internal teams as obstacles rather than allies, creating resistance where alignment is needed.

This is one of the most underestimated dimensions of restructuring. The work requires both firmness and empathy. Firmness, because distressed situations cannot be managed through vague consensus and endless delay. Empathy, because people rarely change behavior simply because a consultant, lender, or board member tells them to.

Restructuring requires people to see the situation clearly enough to act. That means replacing blame with evidence, replacing ambiguity with decision rights, replacing defensive narratives with verified facts, and replacing fear with a credible sequence of actions.

The human dimension is not a soft add-on to restructuring. It is part of execution risk.

### **Where to Start**

When value is leaking across the organization, the temptation is to fix everything at once. That temptation should be resisted.

A distressed company rarely has the capacity for wholesale transformation at the beginning of a turnaround. Management attention is limited. Cash is limited. Trust is limited. Credibility



is limited. Trying to solve every problem immediately can overwhelm the organization and dilute focus.

The better approach is to identify the single most critical leakage point: the one that is most damaging, most urgent, and most fixable. Address it immediately. Build evidence. Create momentum. Show the organization that disciplined action can produce results. Then move to the next leakage point.

In many cases, the right starting point is cash.

Cash is the fundamental metric because it buys time. Time allows the company to stabilize operations, protect assets, negotiate with creditors, retain customers, and redesign the recovery plan. Without cash visibility, almost every other decision becomes guesswork.

Starting with cash does not mean ignoring the rest of the business. It means establishing the discipline required to address it. The company must stop accepting fuzzy forecasts, optimistic assumptions, and explanations without evidence. It must understand actual cash, forecast cash, committed cash, discretionary cash, and trapped cash. It must know which payments preserve value and which payments simply continue old habits.

Once the cash position is understood, the company can use the breathing room to address structural issues. It can protect critical collateral. It can stabilize customer relationships. It can correct operational friction. It can renegotiate creditor positions from a stronger factual base.

This sequence is not glamorous. It is not dramatic. It rarely produces the kind of moment that looks impressive in a board presentation.

But it works.

Restructuring is a series of deliberate, sequential actions. Each action must preserve or create the conditions for the next one. Trying to leap directly to transformation while value continues leaking is one of the common mistakes in distressed situations. First stop the bleeding. Then redesign the system. Then rebuild value.



## **A Final Observation**

After two decades in credit, banking, and restructuring, one trait consistently separates the strongest restructuring professionals from the merely technical ones. It's humility.

Technical expertise matters. Analytical ability matters. Judgment matters. Negotiation skill matters. But humility is what keeps those strengths useful.

The best restructuring professionals know that they do not have all the answers at the beginning. They listen carefully. They ask better questions. They test assumptions. They do not fall in love with their own analysis, because they understand that the situation on the ground is always more complex than the model suggests.

They also know that restructuring is not about the adviser. It is about the company, its employees, its customers, its creditors, and the value that can still be preserved. The task is not to appear clever. The task is to create the conditions for recovery.

Humility also creates trust. Stakeholders in distressed situations are usually skeptical, defensive, and fatigued. They have heard promises before. They have seen plans fail. They are alert to arrogance and empty confidence. A restructuring professional who approaches the situation with discipline, evidence, and humility is more likely to earn the trust required to make difficult decisions executable. That does not mean being passive. Humility in restructuring is not weakness. It is the discipline to let facts overrule ego, to let evidence challenge assumptions, and to recognize that value is often lost in places no one initially wants to examine.

The first battle in every turnaround is therefore not about debt, assets, or structure. Those battles come soon enough. The first battle is about stopping value from leaking away while there is still enough time, liquidity, trust, and organizational energy to create it again.

That is where real restructuring begins.

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