



AMERICAN
BANKRUPTCY
INSTITUTE

2019 Winter Leadership Conference

Yes, You Need Them: The Value of Financial Advisors and Investment Bankers in § 363 Sales

*Hosted by the Asset Sales and
Financial Advisors & Investment
Banking Committees*

Sheila T. Smith, Moderator

Gordon Brothers; Brookline, Mass.

Rachel Ehrlich Albanese

DLA Piper; New York

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AlixPartners, LLP; Chicago

Ken Mann

Equity Partners HG LLC; Easton, Md.



Order of Optimism

The Value of Financial Advisors and Investment Bankers In 363 Sales

Carrienne Basler, AlixPartners
Ken Mann, Equity Partners
Rachel Ehrlich Albanese, DLA Piper LLP (US)
Sheila Smith, Gordon Brothers

December 2019

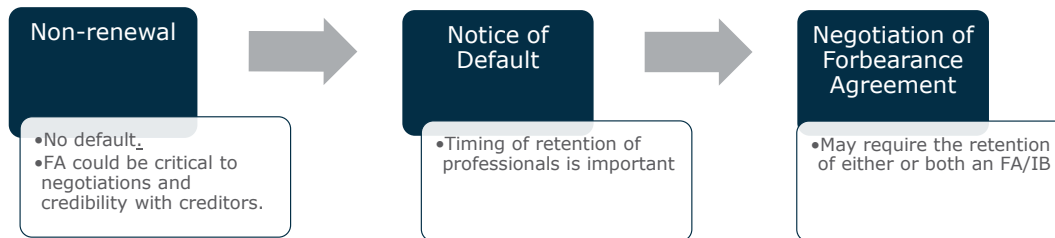
When a company's performance erodes and enters a period of uncertainty and transition there is often an "Order of Optimism" aka denial. What is the first action they take?

- a) Ask the bank for more money
- b) Stretch the payables
- c) Cut costs
- d) Sell underperforming assets

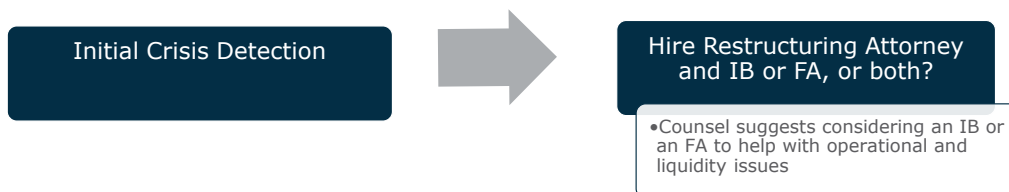


The Order of Optimism: Inflection Points and Perspectives

*The Borrower & **The Bank***



*The Borrower, The Bank, & **The Attorney***



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In your experience what type of professional gets hired first when a company contemplates a bankruptcy:

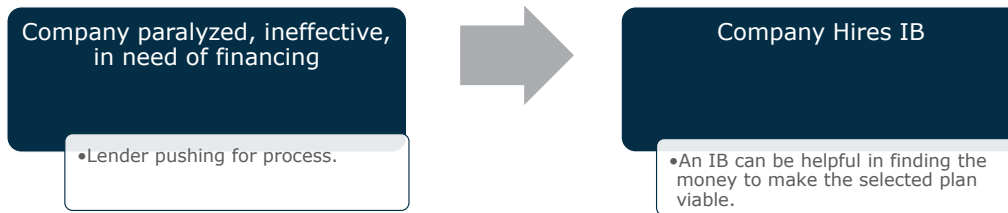
- a) An Investment Banker
- b) A Financial Advisor
- c) An Attorney
- d) A new lender



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The Order of Optimism: Inflection Points and Perspectives

*The Borrower, The Bank, The Attorney & **The Investment Banker***



*The Borrower, The Bank, The Attorney, The Investment Banker & **The Financial Advisor***



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What's most important in selecting an Investment Banker for a 363 sale?

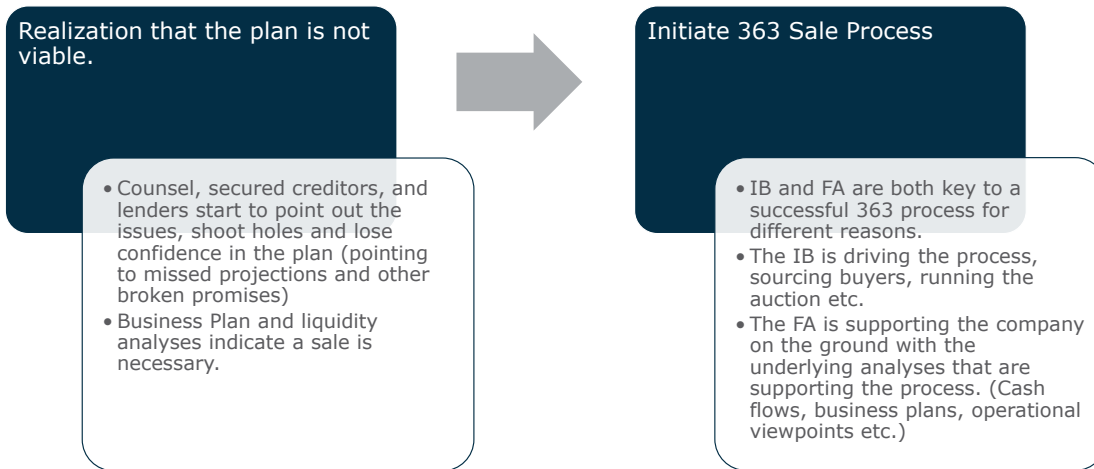
- a) Industry-specific experience
- b) Distressed/363 experience
- c) Overall cost and fee structure
- d) Track record of speed to completion



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The Order of Optimism: Inflection Points and Perspectives

*The Borrower, The Bank, The Attorney, The Investment Banker, The Financial Advisor & **The Judge***



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What attributes are most important in selecting an Financial Advisor?

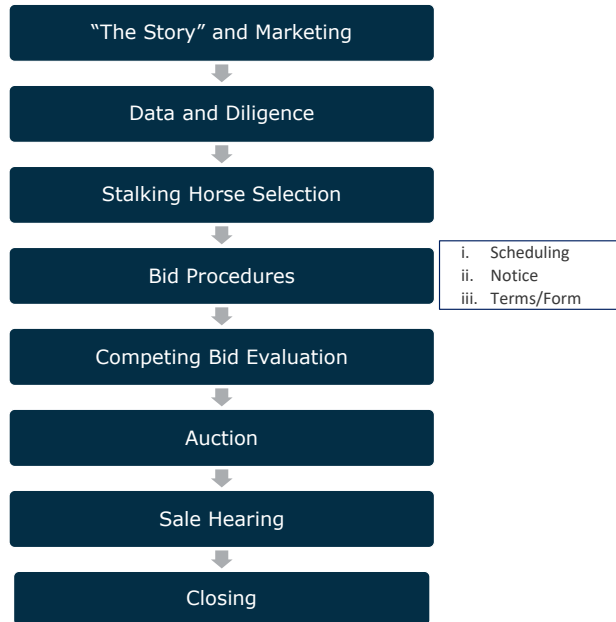
- a) Industry-specific experience
- b) Distressed/363 experience
- c) Overall cost and fee structure
- d) Personality/chemistry between FA and client



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Process Summary

The 363 sales process commences in bankruptcy



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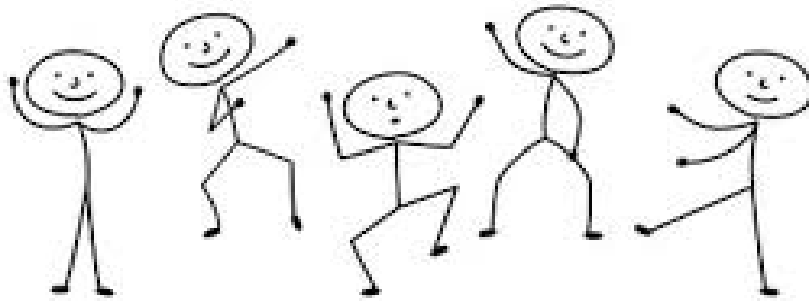
Threats to success mitigated by professionals

- Expectations
- Lack of Runway
- Narrow Process
- Motivation and Effectiveness of Existing Management
- Stagnant or Non-Existent Stalking Horse
- Looming Valuation Issues / Constituent Buy-in
- Unresolved Ownership / Lender Disputes
- Attacks on Procedures / Lack of Unification and Trust
- Unanticipated Closing and Post-Sale Costs
- Special Circumstances (unique industry and entity issues)
 - Franchises – Franchisor Approval
 - Healthcare – Provider Numbers

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Kumbaya / Harmony

- Clear Mandates / Alignment
- Transparency and Communication
- Respect and Trust
- Teamwork



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QUESTIONS?

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