

The things you need to know about Business Rescue that your lawyer will never tell you.

1. Business Rescue is a noble idea, certainly an improvement on its predecessor Judicial Management but the reality is however quite different. The legal fees and costs of a Business Rescue is hideously expensive. **More expensive than a liquidation.**
2. Business Rescue has become synonymous with **asset stripping**. In a recent case where I was the legal representative of a big civils company a certain faction opposed our application for liquidation and brought an application for Business Rescue instead. As part of their Application they appended the CV's of 2 Business Rescue practitioners. These practitioners were in fact the Business Rescue practitioners of major companies (as they say no names no pack drill). They were not back street practitioners and neither were the lawyers.
 - i. Be that as it may, of the 22 companies that they were responsible for, not one made it. **Not one!** The CIPC company search revealed a further disturbing pattern. By and large, and within 3 months the companies went into liquidation after the attorneys and the Business Rescue practitioners have taken their fees and sold certain valuable assets.
3. In practice Business Rescue seems to be opposite of the noble idea encapsulated in the Act. Not that it came as a surprise; many legal practitioners and academics forewarned the legislator of this. Of course, the legislator has its own collective mind which they struggle to apply but nonetheless it is what it is.

The bottom-line is this: If your company goes into Business rescue the probabilities are against you, and you will probably go into liquidation
4. However, all is not doom and gloom. My research did reveal certain attorneys and Business Rescue practitioners that **had many turnaround successes**. In fact, there are some business practitioners that have a better than average record. That actually do

their job well, and can be trusted to actually help you take advantage of the six months moratorium on debt repayment. They are out there but they are rare.

5. I do believe that we have somewhat of a **window of opportunity** here. We are all in the same boat. Creditors are likely to defer debt repayments as they in turn will seek indulgences to protect their cash reserves to jumpstart their businesses. There is a window where companies will be allowed to conduct business in insolvent circumstances. **A soft Business Rescue may thus be the answer.** The advantages that a Business Rescue would have gained through the Business Rescue procedure kind-of vanishes in the light of the Practice Note.
6. Business Rescue practitioners usually **restructure and liquidate assets**. They do not find root causes. They save the patient through amputation. They do not try to heal the root cause of the disease. This they do in the debt repayment moratorium period. If it works it works, but if it doesn't you are worse off than ever before, and your creditors get even less than before.
7. **A soft Business Rescue is a fraction of the cost.** At this time, we would get the same indulgences as far as debt is concerned but we will be able to act far more pro-actively than in a hard Business Rescue. We will not only be able to curb costs but also put business growth and optimisation measures in place. We need 6 months and I think we have it.

Irrespective of which direction you are leaning towards click the link on the website to schedule a free Zoom Consultation of 30 mins **where we will walk you through your various options.** Be it Liquidation, Business Rescue, A soft Business Rescue or a Business process improvement program.

We will also ask you **to download our information fact sheet** and populate same before you join the meeting. It will help us get to the gist of your challenges and help us to formulate an action plan quickly.