



## RESCUING THE GOLDEN GEESE

The Companies Act of 2008 introduced the concept of Business Rescue to South Africa. Since then it has had the effect of saving dozens of companies that may otherwise have been liquidated. Stefan Steyn of Business Rescue Partner discusses its uses.

### **What is Business Rescue?**

It's a temporary moratorium placed over a struggling company, during which time no creditor can take action against the company. It involves the evaluation of the business by a Business Rescue practitioner and returning it to solvency.

### **What is the magic formula used?**

There is no magic formula. Business Rescue buys you time. No one can kill your company while you are under Business Rescue.

### **What are its objectives?**

The objectives are to keep the company running, so that you retain employment for the staff members and avoid losses to suppliers that are incurred when a business goes into liquidation.

### **Does Business Rescue apply to all companies?**

All companies and CCs, whether big or small, can enter Business Rescue.

### **When should a company enter Business Rescue?**

A company should be in Business Rescue if it cannot pay its debts as they become due and management sees that they are no longer able to meet their obligations.

### **Is this practice used in other countries?**

Yes, we are late in getting involved. Business Rescue is common practice in the United States. Donald Trump has twice filed for Chapter 11 (as it is known there) and today runs a thriving business.

### **How do you enter Business Rescue?**

Usually, a company's directors make that decision; anyone who is not a director of the company has to go through the courts. They then have to appoint an accredited practitioner.

### **What is needed for Business Rescue to be successful?**

- The company must have a working business model.
- A good Business Rescue practitioner or team.
- Post-commencement funding. If a company has large debtors, they are often the source of the funding.

### **How does a company under Business Rescue function?**

It functions normally, but the Business Rescue practitioner is the boss for as long as the company is in Business Rescue.

### **Is the selection of a practitioner critical?**

It is vital to select a good practitioner. Both legal and financial skills are necessary and your practitioner must be a person of high ethical standards.

### **What sort of success rate is being achieved?**

Last year our firm undertook nine rescues ourselves and in assistance to the following Senior Business Rescue Practitioners: Zaheer Cassim, Connie Myburgh, Jay Pema, Dawie Van Der Merwe and Juanito Damons. Of them, seven are going as planned and two have had to be liquidated. The estimated number of jobs saved runs into the thousands. The estimated combined turnover of all these rescues exceeds R1 billion. The numbers speak for themselves... •

This article was commissioned by Business Rescue Partner. For information call 011 789 1605 or visit [www.businessrescuepartner.co.za](http://www.businessrescuepartner.co.za)