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Deloitte Restructuring Survey 2024

Directors’ dilemma: a crisis of confidence in the boardroom

April 2024

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Foreword

We are delighted to publish our *Deloitte Restructuring Survey 2024*. This year, our survey expanded to four African countries: South Africa, Kenya, Nigeria, and Ghana – the last of which made its Restructuring Survey debut. Thanks to an exceptional response rate across these regions, with 213 responses marking a 42% increase from 2023, we have produced a dedicated report for each jurisdiction. This report focuses on the South African restructuring market, where we recorded 131 responses in 2024, up from 122 in 2023. Our heartfelt thanks go to all participants who contributed their valuable time to our survey.

Despite 2023 bringing the most severe load-shedding on record, soaring interest rates, port crises, and election year uncertainties, the survey unveiled a surprising dip in pessimism among respondents. Whether this truly heralds a change in sentiment, or a resignation to the circumstances we find ourselves in, remains to be seen. Our survey respondents seem to align with the latter view: when asked when they expect the South African economy to recover to pre-pandemic levels, the majority said it would take over three years.

Survey respondents expect the restructuring activity needed to assist with this economic recovery to take an informal route, with business rescue continuing to take a back seat. Operational restructuring, advisor-led, and management-led informal restructuring were the processes identified to take centre stage during 2024. However, the main hurdle to achieving success in an informal process continues to be the late identification of distress. The C-Suite typically turns to internal teams to respond to early warning signs, and it is only when late-stage distress signals materialise that engagement with external stakeholders ratchets up.

Each year, as we analyse our survey results, a clear theme emerges. This year, that theme was evident after conducting our first few interviews! Weak board governance was identified as the internal factor most likely to trigger distress, followed in third place by weak financial controls. A stronger focus on governance – across all levels of the company – is a clear call to action for both healthy and stressed businesses. Our ability to grow and develop skilled and qualified directors who can navigate periods of uncertainty and volatility can only assist in improving a board's ability to both identify early warning signs of distress and take appropriate, timely, and corrective action. This will be critical if the future of restructuring lies in operational and informal processes.

Once again, increased activity in business rescue is predicted for 2024. This is the fourth consecutive year that an increase has been anticipated despite the fact that the prior three years have not yielded the expected watershed of business rescue cases. Will 2024 finally be the year of business rescue filings?

In a year where the reform of the Companies Act is on the agenda, it is very disappointing that none of the desired changes highlighted by our respondents are included in the draft bill. Better protection of post-commencement financing (PCF), specialised insolvency courts and a new unified Insolvency Act were the top three changes respondents suggested to improve our current insolvency legislation. One can imagine that with just these three changes, significant efficiency could be brought to bear for companies, creditors, and other stakeholders alike.

I wish to extend a massive thank you to my incredible team across Africa. A significant number of hours were invested to conduct the survey and to produce this report, all during an exceptionally busy period. Without my team's drive and dedication, this survey would not be possible.

Survey highlights

42% increase in overall response rate

3 desired insolvency legislation changes include better protection for PCF, specialised insolvency courts, and a unified Insolvency Act

60% of the C-Suite use internal teams to deliver operational restructurings

Governance at board-level was identified as the most likely internal trigger of distress

Jo Mitchell-Marais
Africa Turnaround & Restructuring leader

South Africa's economy: resigned to the "new normal"?

South Africa's economy: resigned to the "new normal"?

For the first time in the three years we have asked how respondents feel about growth prospects, the level of pessimism amongst South African respondents has fallen, from the record high of 81% in 2023 to 75% in 2024 (see Figure 1).

Falling pessimism

On the face of it, there does not appear to be a solid foundation for receding pessimism. On one hand, inflation seems to be easing and, accordingly, survey respondents expect the repo rate to increase only by 50bps this year (see Figure 2). On the other hand, load-shedding, although not quite at the ignominious levels seen in 2023, persists, and as shown in Figure 3, infrastructure investment remains at a historically low ebb. The rand has been steadily weakening and the repo rate remains at levels last observed during the global financial crisis (see Figure 4).

Consumers have arguably been the hardest hit. As Figure 5 demonstrates, real GDP growth has struggled to surpass 2% and labour productivity growth has turned negative, with no signs of reversing. These indicators help explain why real wages have been declining since 2019 and non-essential spending as a proportion of GDP has been on a downward trend (see Figure 6).

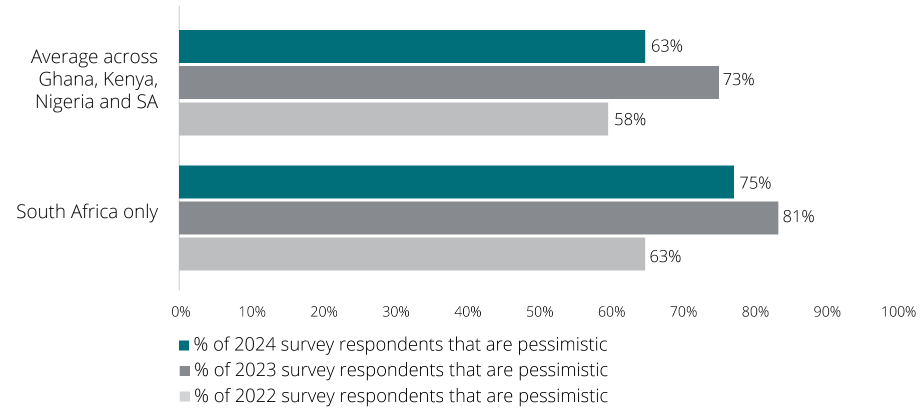
What, then, accounts for the falling pessimism?

Interviews conducted with survey respondents provide a clue. As one restructuring banker memorably put it: "Interest rates go up or down, presidents are voted in or out, and everyone just gets on with things". In other words, South Africans may now be so accustomed to their "new normal" that the lack of a new major crisis has reduced overall pessimism.

> "Interest rates go up or down, presidents are voted in or out, and everyone just gets on with things."
>
> **– Restructuring banker**

Figure 1:

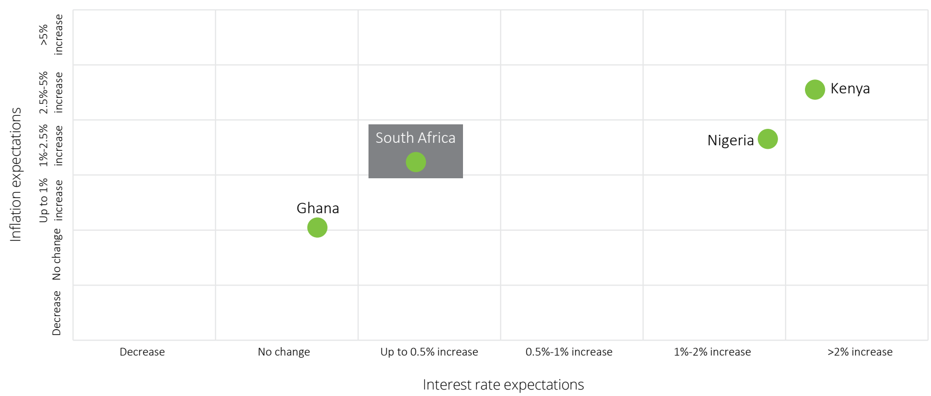
Survey respondents that are pessimistic about growth prospects in their region in 2024



Source: Source: Deloitte Restructuring Survey 2022, 2023 and 2024 results | Respondents: All regions and stakeholders

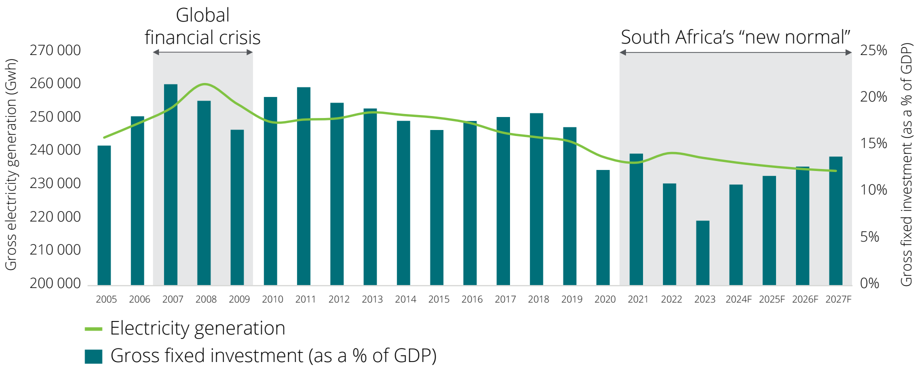
Figure 2:

How do you expect interest rates (→) and inflation (↓) to change in your country in 2024?



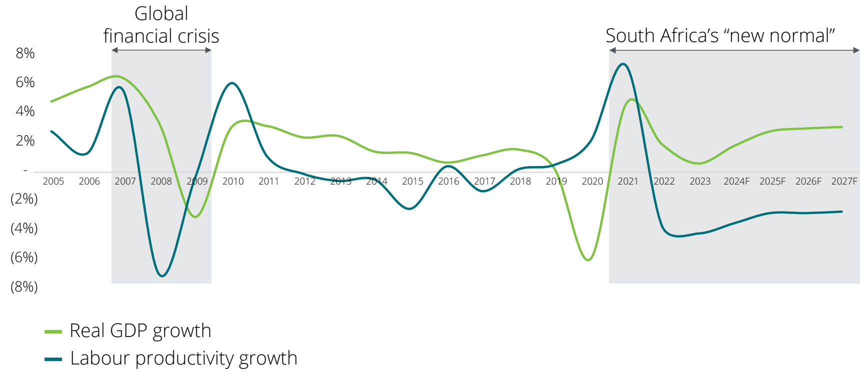
Source: Deloitte Restructuring Survey 2024 results | Respondents: All regions and stakeholders

Figure 3:
South African infrastructure indicators



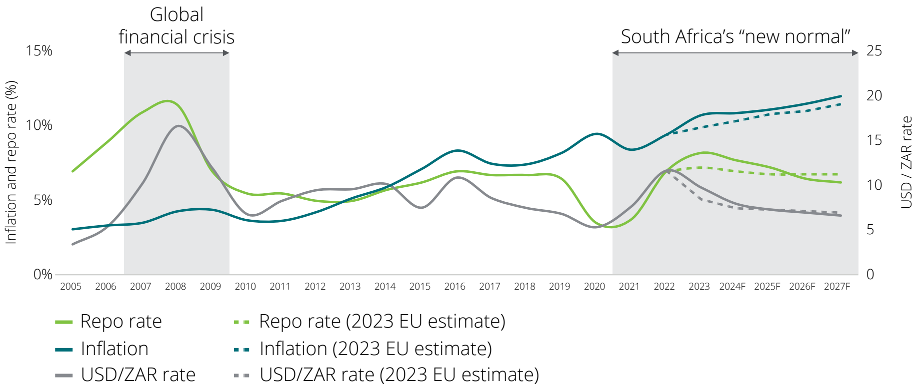
Source: Economist Intelligence Unit

Figure 5:
South African productivity indicators



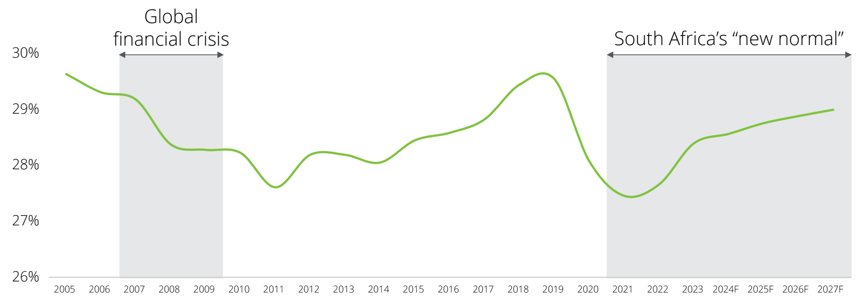
Source: Economist Intelligence Unit

Figure 4:
South African monetary policy indicators



Source: Economist Intelligence Unit

Figure 6:
South African non-essential spending as a % of GDP



Source: Fitch

Accepting the "new normal"

As shown in Figure 7, the absence of a major crisis does not necessarily mean South Africa is out of the woods. The upcoming election in May is looming large in respondents' minds as political uncertainty was ranked as the top external risk facing companies. Moreover, the impact of corruption, the second largest risk selected, is manifesting in the deteriorating state of transport and water infrastructure at the time of writing.

Concurrently, the headwinds facing consumers (as outlined above) have placed a significant strain on many retailers. The recent wave of cautionary announcements from retail companies (see Figure 8) meant we anticipated that survey respondents would rank the retail sector as the most at risk in 2024 (see Figure 9).

The agriculture sector has emerged as a new entry in the top five sectors at risk this year, reflecting the impact of recent shocks, such as avian flu in the poultry sector. Ultimately, these upstream risks have a downstream effect on consumers, who bear the cost, keeping the spotlight on the agriculture sector in 2024 for its potential impact on inflation expectations.

While there are macroeconomic successes for South Africans to acknowledge and celebrate – such as recently reduced load-shedding, the growth of alternative electricity generation sources, and easing inflation – the "new normal" is expected to persist for the foreseeable future. Survey respondents concur, estimating on average that the economy will need more than three years to recover, as indicated in Figure 10.

In the meantime, South Africans will continue to do what they do best: keep calm and carry on.

Figure 7:
South African respondents' top five risks

1	Political uncertainty
2	Corruption
3=	Lower consumer confidence
3=	Currency risk
5	Emigration of talent

Source: Deloitte Restructuring Survey 2024 results | Respondents: South Africa only, all stakeholders

Figure 8:
South African retailers that have issued cautionary announcements

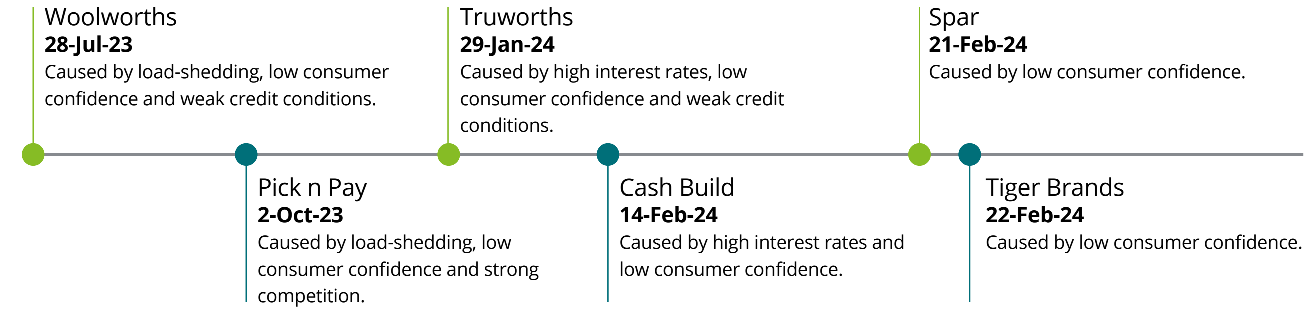
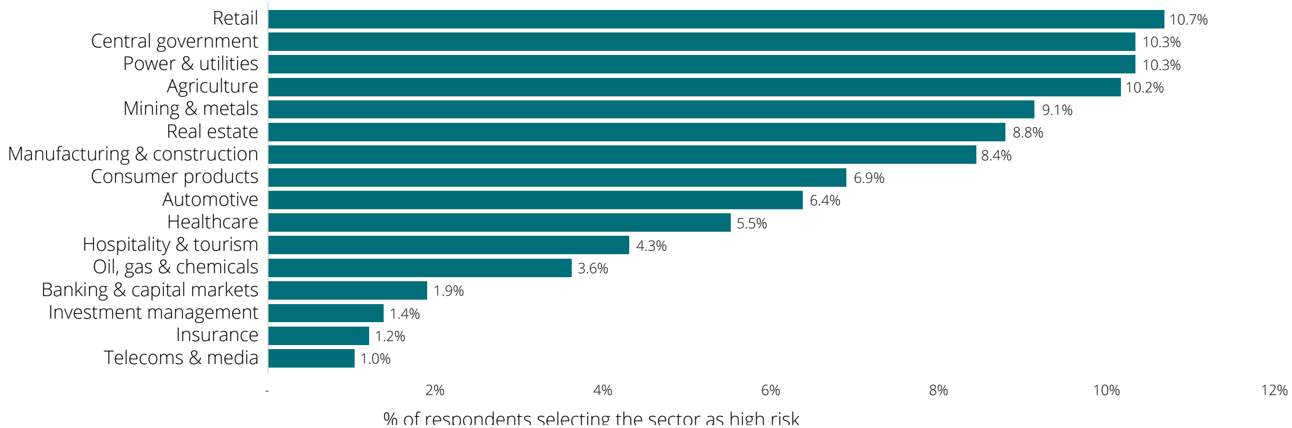
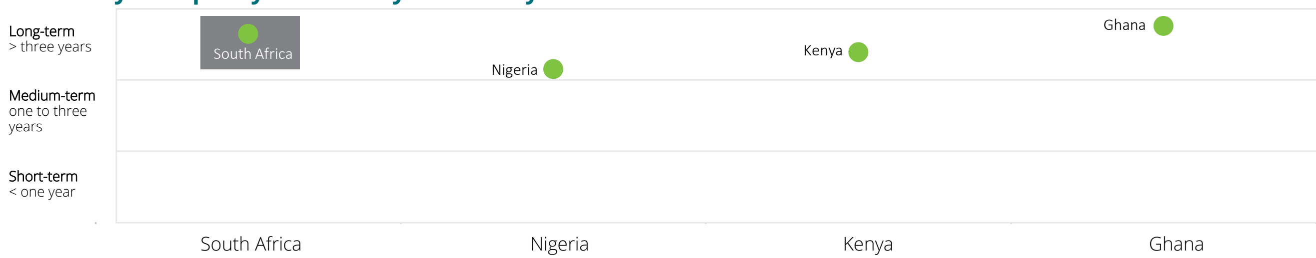


Figure 9:
Sectors South African respondents believe will be at risk in 2024



Source: Deloitte Restructuring Survey 2024 results | Respondents: South Africa only, all stakeholders

Figure 10:
When do you expect your country's economy to recover?



Source: Deloitte Restructuring Survey 2024 results | Respondents: All regions and stakeholders

Business rescue – losing its lustre?

Business rescue – losing its lustre?

Since the reintroduction of the Restructuring Survey in 2021, we have asked respondents about their expectations for business rescue activity over the coming year. With each survey, a majority of respondents predicted an increase, and this year is no exception: 64% of respondents expect an uptick in business rescue activity (see Figure 11). However, when considering the likelihood of business rescue being chosen as a restructuring process, it ranked fourth, just ahead of other formal processes like liquidation and creditors' compromise (see Figure 21).

What is concerning is that reasons cited as to why the anticipated increase did not materialise in 2023 (as shown in Figure 12) have not been addressed in the market. Limited access to PCF was earmarked as the main reason predicted business rescue activity did not materialise. The cost of the process and the perception of BRP skills ranked second and third.

While BRP fees are just one aspect of the overall cost, with advisor fees making up the balance, there is a marked preference for a retainer plus success fee arrangement over the hourly rate model specified in the Companies Regulations, 2011 - Chapter 6 (reg 128) (see Figure 13). Discussions with industry stakeholders reveal that a retainer offers predictability, while a success fee (with appropriately defined success) aligns the interests of all involved parties.

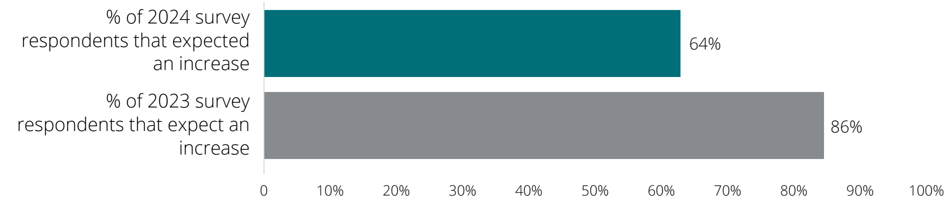
The Companies Amendment Bill (B27-2023) proposes adjustments for unpaid rent to landlords during business rescue in section 135 (post-commencement finance) but overlooks the reforms survey respondents most desire in the Companies Act. Enhancements such as PCF protection, specialised Insolvency Courts, and a unified Insolvency Act were the top three changes cited (see Figure 14). Considering the age of the Insolvency Act No 24 of 1936, an updated unified Insolvency Act covering both liquidation and business rescue would be a significant advancement. The lack of attention paid to Chapter 6 in the Draft Bill does lead one to ask whether business rescue is losing its relevance?

Perhaps the changes desired by respondents are too big, too much of a challenge – a unified Insolvency Act and specialised courts do not happen overnight. However, the lack of either or both can also be a contributing factor to the reduced business rescue filings in the market and may further lead to 2024 once again falling short of respondent's predictions for increased activity.

"Success fees make things a whole lot easier because we then have a stick to get the BRP to deliver."

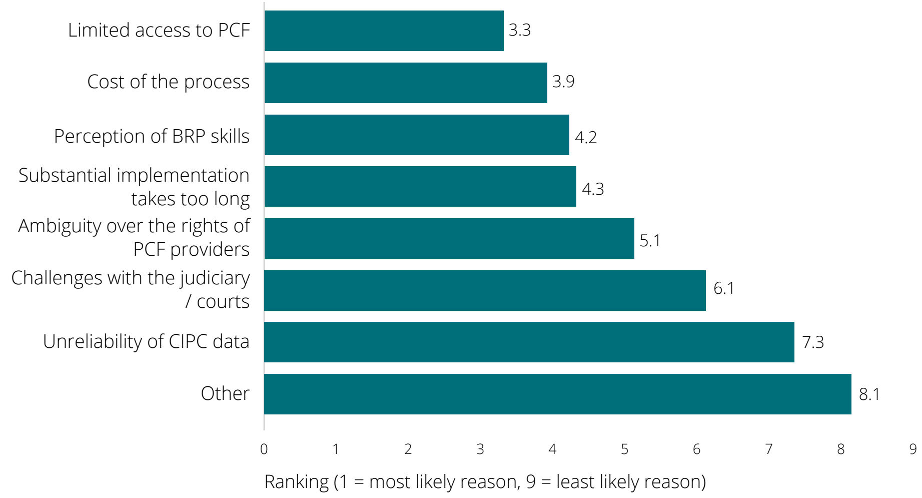
– Restructuring banker

Figure 11:
How do you expect the level of business rescue activity to change over the next 12 months?



Source: Deloitte Restructuring Survey 2024 results | Respondents: South Africa only, lenders and practitioners only

Figure 12:
Respondents' views on why business rescue activity did not materially increase in 2023 as expected



Source: Deloitte Restructuring Survey 2024 results | Respondents: South Africa only, lenders and practitioners only

Figure 13:
What type of fee structure would you consider appropriate for a business rescue process?

Source: Deloitte Restructuring Survey 2024 results | Respondents: South Africa only, lenders and practitioners only

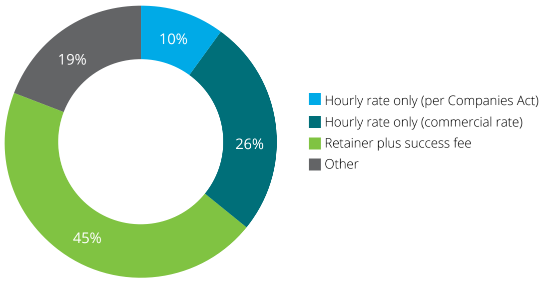
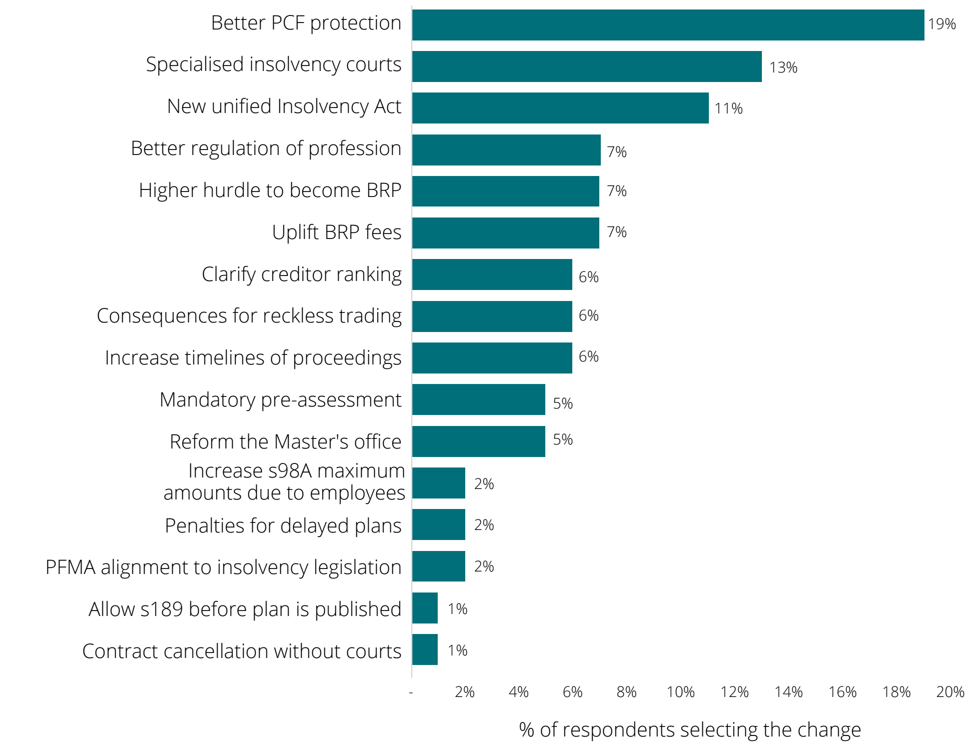


Figure 14:
What one change would you make to insolvency legislation in South Africa?

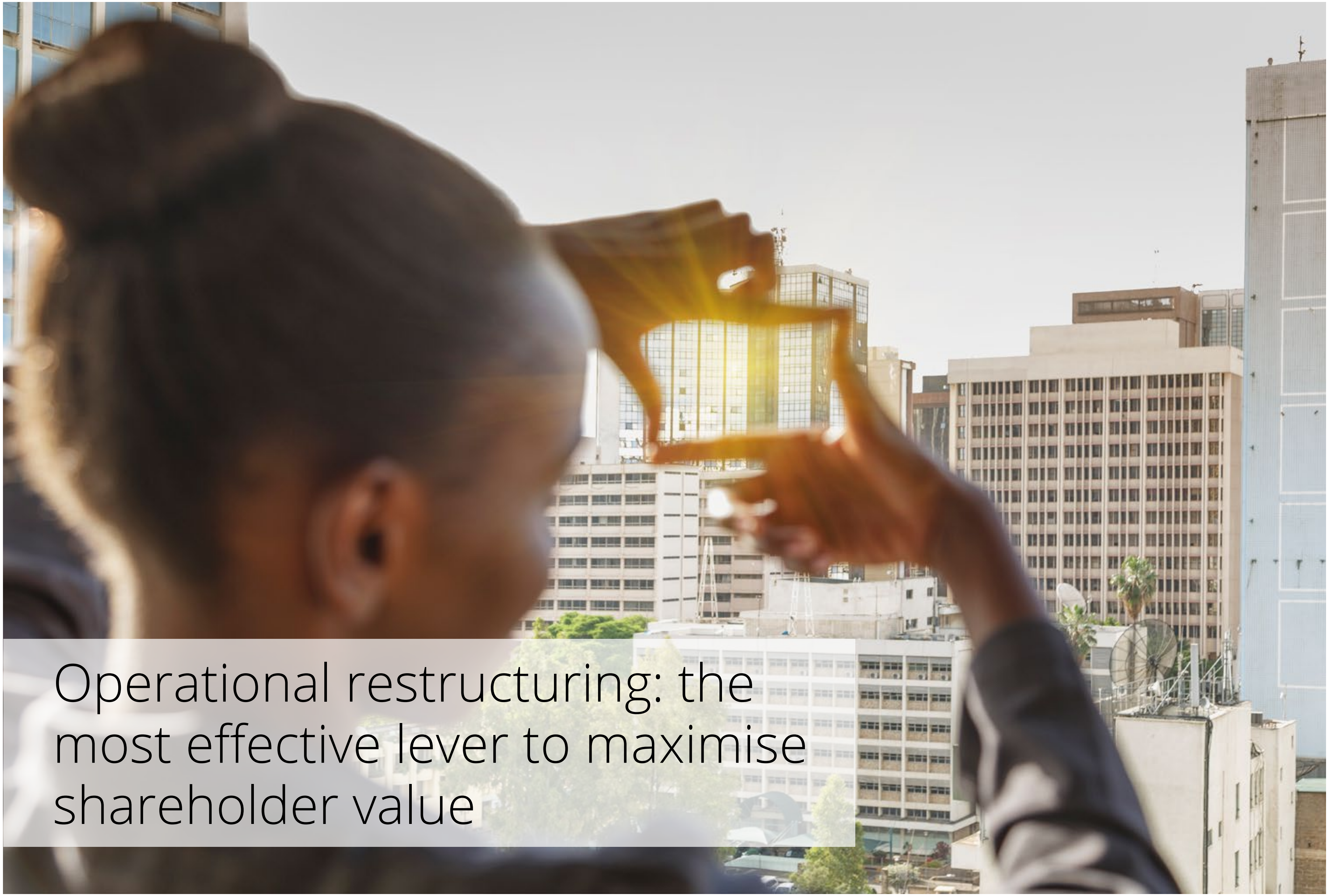


Source: Deloitte Restructuring Survey 2024 results | Respondents: South Africa only, lenders and practitioners only

Please note that this question required a ‘free form’ entry of respondents, which we have summarised and categorised for presentation purposes.

“We need an insolvency act that wasn’t written before World War 2, Apartheid, and a time when we were still on the gold standard!”

– Restructuring banker



Operational restructuring: the most effective lever to maximise shareholder value

Operational restructuring: the most effective lever to maximise shareholder value

Against the backdrop of the 'new normal' of sluggish growth in the South African economy, cash preservation is front-of-mind for both lenders and the C-Suite (see Figure 15).

This is not simply a defensive play. The Covid-19 pandemic and the treadmill of global supply shocks that followed (e.g. geopolitical tension in the Red Sea and the Israel-Gaza conflict) have taught effective business leaders much. Cash / cost management activity such as targeted cost reduction and initiatives to unlock cash trapped in the working capital cycle (which, for this report, we will refer to as 'operational restructuring') is, according to C-Suite respondents, the most effective route to maximising shareholder value today (see Figure 16).

In other words, we are in a world where 'cash is king'.

Data from our latest Deloitte Stability Index[1], a model that tracks the level of financial distress for listed companies in ten jurisdictions across Africa including South Africa, shows that the average profitability gap between the strongest and weakest companies has widened since 2013 (see Figure 17). This demonstrates how challenging it can be to implement an operational restructuring successfully.

"Our biggest risk as a country lies in the supply chain – just look at the Cape Town and Durban ports sagas."

– Distressed financier

1 For more information on the Deloitte Stability Index, please visit https://www.deloitte.com/za/en/services/financial-advisory/perspectives/deloitte-stability-index-2023.html

Figure 15:
Short-term priorities for companies (next 12 months):

Lender views on areas that should be prioritised:

1	Cash preservation for the business
2	Protect market share
3	Repay debt
4	Protect jobs
5	Grow market share
6	Pursue acquisitions
7	Return cash to shareholders

C-Suite views on areas that will be prioritised:

1	Cash preservation for the business
2	Protect market share
3	Grow market share
4	Protect jobs
5	Repay debt
6	Pursue acquisitions
7	Return cash to shareholders

■ priorities in same order ■ difference in priorities

Source: Deloitte Restructuring Survey 2024 results | Respondents: All regions, C-Suite and lenders only

Figure 16:
The most effective levers to maximise shareholder value:

Lender ranking from most to least effective:

1	Cost reduction
2	Working capital optimisation
3	Investment in technology
4	Geographic expansion
5	Pursue strategic acquisitions
6	Sell non-core assets
7	Sustainability and ESG

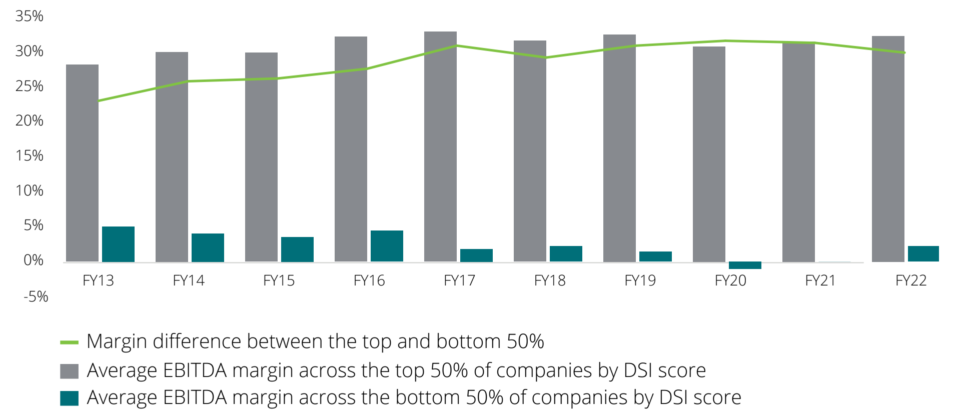
C-Suite ranking from most to least effective:

1	Working capital optimisation
2	Cost reduction
3	Investment in technology
4	Sell non-core assets
5	Geographic expansion
6	Pursue strategic acquisitions
7	Sustainability and ESG

■ defensive levers ■ expansionary levers

Source: Deloitte Restructuring Survey 2024 results | Respondents: All regions, C-Suite and lenders only

Figure 17:
Average EBITDA margin for the top and bottom 50% of companies in the Deloitte Stability Index



Source: Deloitte Stability Index (DSI)

What are some of the hurdles to creating a leaner, more competitive organisation?

The survey identifies three primary obstacles to achieving a leaner, more competitive organisation through an operational restructuring:

1. Divergent C-Suite and board agendas

As previously noted, executives who responded to our survey ranked operational restructuring initiatives as the most effective levers to maximising shareholder value. This aligns with lender views, but not necessarily with board agendas.

When asked what is most important to their boards, C-Suite respondents were quick to highlight strategy, while cash / cost management ranked second-to-last (see Figure 18). A board that is less focused on operational restructuring makes motivating for funding and resources to drive these efforts more difficult, which directly leads to the next hurdle.

2. Low priority

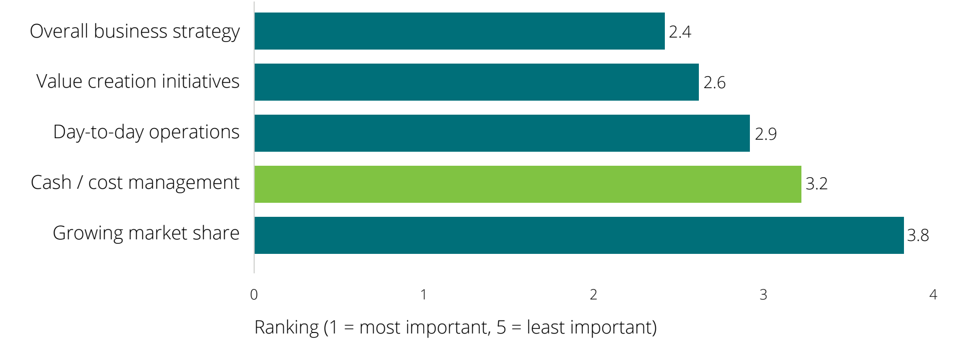
C-Suite respondents ranked day-to-day operations first when asked what they consider the main impediments to a successful value creation strategy (Figure 19). This is expected but may reveal the need to draw on additional resources while operational restructuring initiatives are being implemented.

However, the second biggest hurdle – lack of funding – makes finding these additional resources challenging and goes a long way to explaining why executives lean on their employees to deliver value creation initiatives such as operational restructuring (see Figure 20).

> "The lack of capacity and experience of board members is increasingly proving to be a challenge."
>
> **– Business rescue practitioner**

Figure 18:

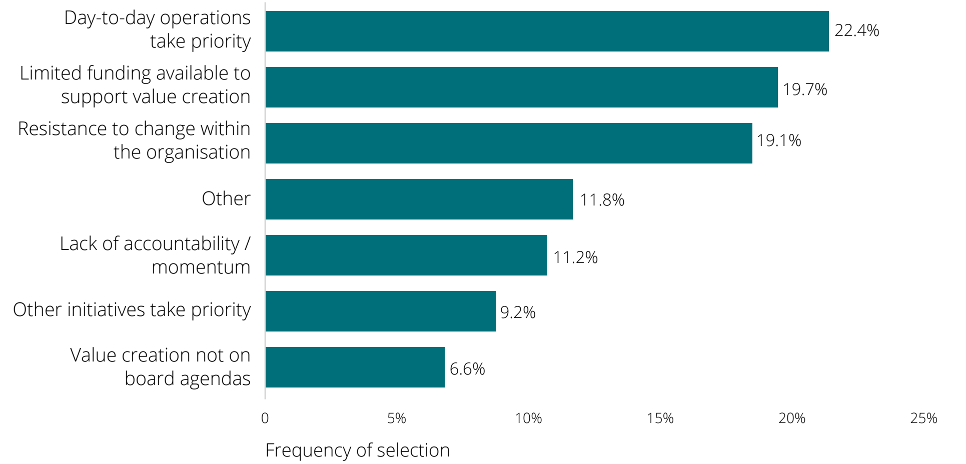
What is the relative importance of the following areas to your board's agenda?



Source: Deloitte Restructuring Survey 2024 results | Respondents: All regions, C-Suite only

Figure 19:

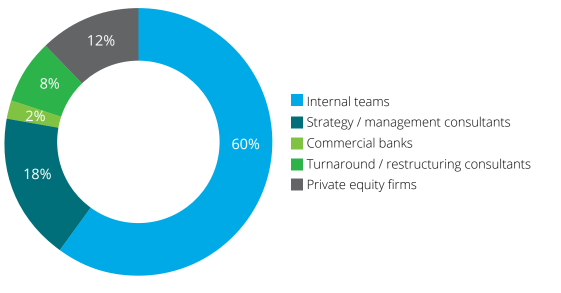
What do you consider to be the main impediments to the successful implementation of value creation levers in the current economic environment?



Source: Deloitte Restructuring Survey 2024 results | Respondents: All regions C-Suite only

Figure 20:

Who do you partner with to identify and deliver value creation opportunities?



Source: Deloitte Restructuring Survey 2024 results | Respondents: All regions, C-Suite only

3. Internal resistance

A successful operational restructuring requires organisational culture change and the implementation of difficult decisions. These initiatives can be a bitter pill to swallow in the short-term but yield long-lasting benefits as the company becomes leaner, more agile, and better able to compete in increasingly challenging markets. If executives mainly use existing employees to deliver this change, to what extent will these individuals who see the short-term pain first-hand be motivated to drive implementation, particularly if these projects are in addition to their existing workload?

Considering the C-Suite ranked 'resistance to change' as the third biggest impediment to successful implementation, they may have seen this conflict of interest first-hand.

Conclusion

In our experience, a successful operational restructuring programme is most likely to be achieved when:

i. the board buys in to the process and, ideally, a subcommittee of the board has oversight over the project;

ii. at least one executive sponsor, who reports directly to the CEO and the board subcommittee, is responsible for the project;

iii. certain experienced employees are temporarily reassigned to focus on the delivery of the project under the executive sponsor's direction; and

iv. if capacity and / or experience are a challenge, temporary professional help is sought from operational restructuring experts.

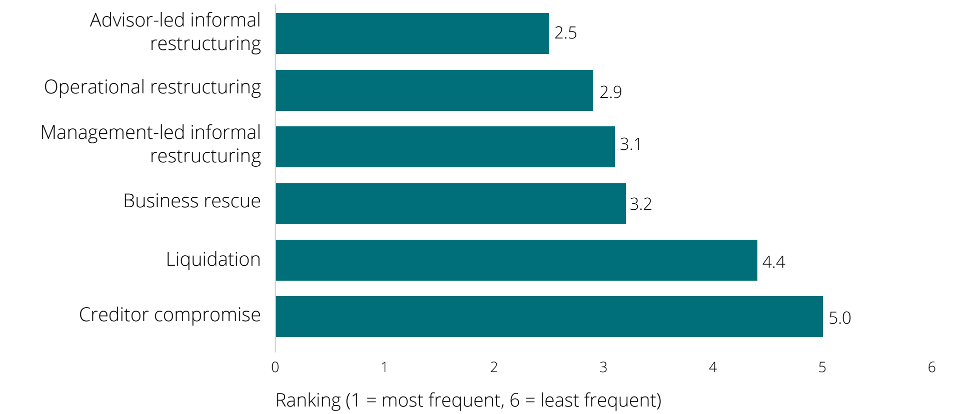
Respondents to our survey rank operational restructuring as the second most likely form of restructuring and insolvency activity in South Africa in 2024 (see Figure 21). There has, therefore, never been a more apt time to get operational restructurings right.

"In many cases, boards of distressed companies don't know what they don't know"

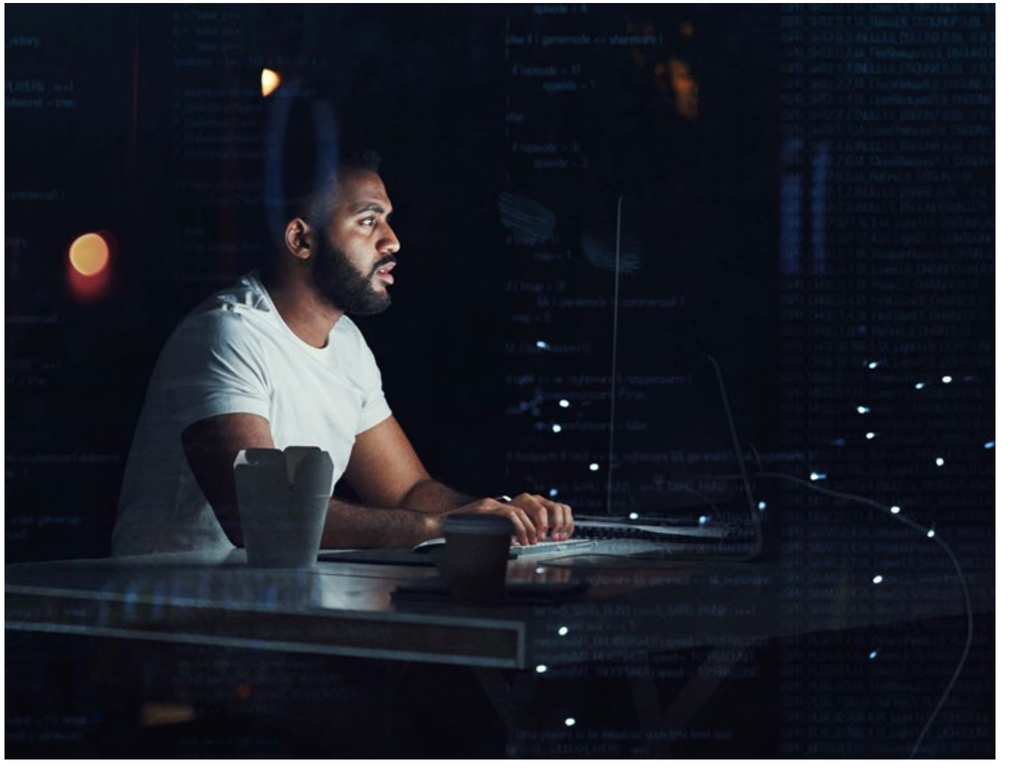
– Business rescue practitioner

Figure 21:

What form do you expect restructuring and insolvency activity to take over the next 12 months?



Source: Deloitte Restructuring Survey 2024 results | Respondents: South Africa only, lenders and practitioners only



Informal restructuring: time for turnaround directors?

Informal restructuring: time for turnaround directors?

Informal turnaround and restructuring mechanisms – whether operational, advisor-led, or management-led – are anticipated by respondents to be the most common in 2024 (see Figure 21 in the previous section).

This outcome is, in theory, good news for creditors as Figure 22 shows that respondents believe that informal restructuring delivers the best returns to unsecured creditors: 57% for advisor-led and 53% for management-led.

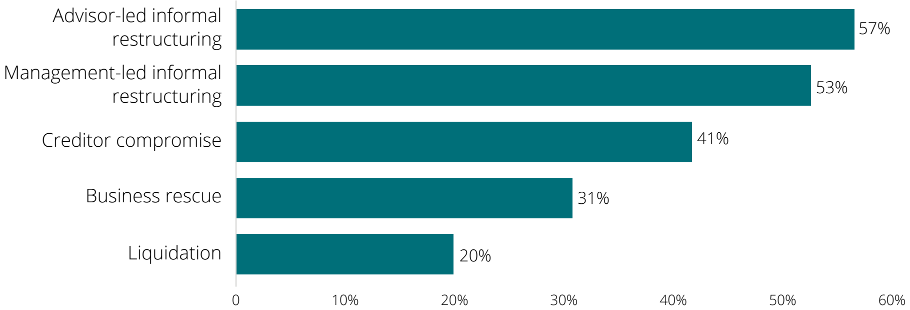
The onus is on lenders to identify distress early

However, C-Suite attitudes to alerting creditors to distress have not changed. As Figure 23 shows, executives will only engage their lenders when late-stage indicators such as a covenant breach arise.

Putting ourselves in executives' shoes, this may not be unreasonable. We know from experience that, if not handled delicately, the perception of a restructuring by shareholders, suppliers, customers, and employees can create a self-fulfilling prophecy that drives deeper distress (see Figure 24). Executives may also, understandably, ask: 'If I run to my lenders and shareholders every time there is a bump in the road, am I really a leader?'

Figure 22:

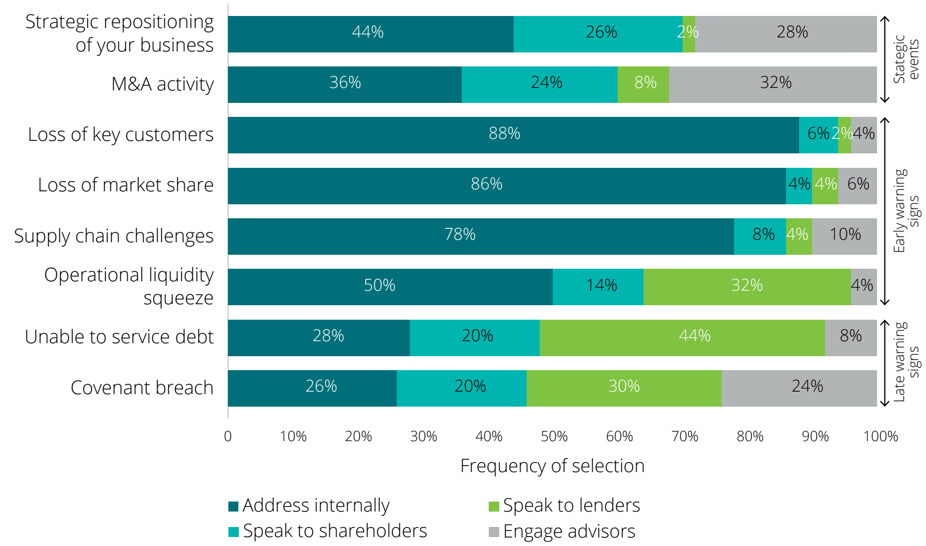
South African respondents' estimate of the % recovery unsecured creditors could expect under the following restructuring mechanisms



Source: Deloitte Restructuring Survey 2024 results | Respondents: South Africa only, lenders and practitioners only

Figure 23:

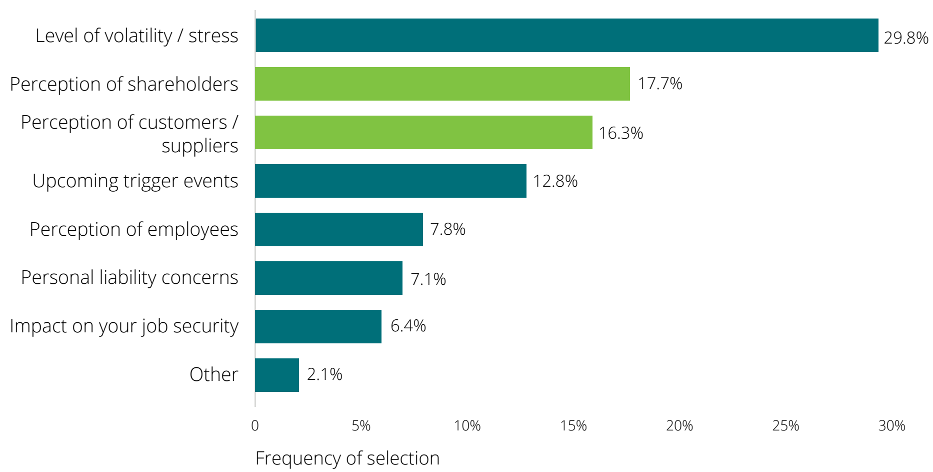
What would your first course of action be in response to the following events?



Source: Deloitte Restructuring Survey 2024 results | Respondents: All regions, C-Suite only

Figure 24:

What factors influence whether you seek support from external parties (lenders, lawyers, advisors) in the face of volatility and stress in your business?



Source: Deloitte Restructuring Survey 2024 results | Respondents: All regions, C-Suite only

Weak board governance facilitates distress

Let us take as read that the C-Suite is unlikely to flag distress to stakeholders. What, then, of those with a fiduciary duty to monitor signs of distress and subject to personal liability if found to be recklessly trading, i.e. the directors of the business? Worryingly, our survey finds that the most likely internal driver of distress over the next 12 months is expected to be weak board governance (see Figure 25).

In our experience, this is driven by the reaction (or lack thereof) of boards to the signs of distress. Boards typically lack the expertise to navigate choppy waters, with individuals often retreating to the safe harbour of their area of proficiency and failing to ask crucial questions of executives such as:

- What is our liquidity runway over the next 12-24 months?
- When is our lowest point of liquidity over this period, and what assumptions does this rely on?
- What is our Plan B if the stars do not align?
- Which of our stakeholders do we need to engage with if Plan B occurs?

Proactive monitoring and action is key

It is thus up to lenders to proactively identify the early signs of distress and take appropriate action.

Covenants are one form of monitoring, and we have seen this implemented effectively where two levels are set: (i) a traditional 'hard' covenant that, if not remedied, triggers an event of default, and (ii) a 'soft' discussion covenant that triggers a meeting between lenders and management.

Lenders also have other monitoring levers available. Closely examining information undertakings, for example, particularly those that are forward-looking and treating the partial or full breach of these clauses with the same seriousness as covenant breaches or missed payments. For lenders who are also transactional bankers, using data analytics to scan transactional data for warning signs can be powerful.

These types of proactive interventions can prevent the status quo where survey respondents highlight late-stage indicators such as actual missed debt service and covenant breaches as the factors they expect to trigger restructuring processes in 2024 (see Figure 25).

Figure 25:

Factors that will trigger distress / restructuring in South Africa in 2024

Internal factors triggering distress:

1	Weak board governance
2	Lack of cash management
3	Weak financial controls

Factors triggering a restructuring process:

1	Actual missed debt service
2	Over-stretched trade creditors
3	Actual covenant breaches

Source: Deloitte Restructuring Survey 2024 results | Respondents: South Africa only, lenders and practitioners only

The responsibility of advisors

Figure 22 shows that respondents believe the gap between average unsecured creditor recoveries does not widely vary between advisor-led and management-led processes, possibly due to perceived costs. Cost, however, is not only measured in rands, but relative to the value brought to a process.

We believe that restructuring advisors that have a deep knowledge and appreciation of the constraints lenders operate under are more likely to deliver value to both corporates and lenders.

This means acting as the bridge between companies and lenders by providing the lenders the information they need to make credit decisions least painfully for the company. Figure 26 shows that, in practice, lenders need the following at a minimum:

i. **Short-term cash flow forecasts:** lenders need to be made aware of any "showstopper" events that result in the company running out of liquidity while restructuring negotiations are being concluded, and the plan to manage the resulting cash shortfall.

ii. **Business plan:** lenders will place reliance on the business for a period, even in restructurings that contemplate one-off deleveraging events (e.g. asset sales) as the credit risk view will be "what happens if there is a delay?" A clearly articulated, bankable business plan is therefore always required.

iii. **Financial forecasts that delever the business:** most lenders will start from an exit mandate when distress is discovered and will need reliable financial forecasts that are integrated with the business plan to move from this position. In almost all cases, some form of deleveraging will need to be demonstrated.

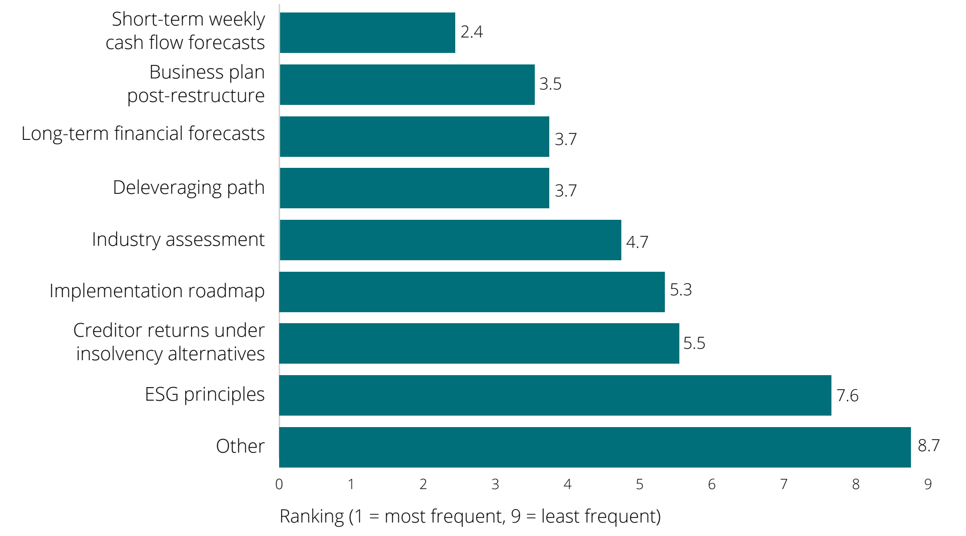
Proactive monitoring by lenders and strong stakeholder management by advisors will undoubtedly improve outcomes in informal restructuring.

However, we believe that a renewed focus is needed on the boardroom. Directors need better education on their fiduciary duties and strong action needs to be taken against directors found guilty of reckless trading.

Above all, experienced restructuring professionals and directors with previous experience at companies that have been restructured should be encouraged to specialise as turnaround directors that lend their support to the boards of distressed businesses. This, in our view, provides executives that are reluctant to seek external help with the support they need and will result in better outcomes, ultimately to the benefit of South Africa's bruised economy.

Figure 26:

What elements in an informal restructuring plan do your credit committees require in order to make an informed decision?



Source: Deloitte Restructuring Survey 2024 results | Respondents: All regions, lenders only

"We need specialist turnaround directors by encouraging good directors to stay in distressed companies and build the skillset."

– Restructuring banker

Addressing weak board governance

Addressing weak board governance

Since its launch in 2016, the *Deloitte Restructuring Survey* has consistently highlighted the need for earlier identification of distress to prevent adverse restructuring outcomes. The 2023 survey revealed a concerning trend: companies seldom seek help at an early stage. Our call to action was to restructuring professionals to utilise the tools available to them to trigger conversations and interventions early, allowing sufficient time for restructuring processes to run. We noted that stakeholder buy-in and time were crucial components of a successful informal restructuring process.

All of this still holds true for this 2024 survey. However, a worrying theme is emerging: that weak governance at the board level is contributing towards distress. Although alarming, this is not surprising given the recent spate of restructuring engagements in the market where the all-too-common theme is that the board could have, and should have, done something much, much earlier.

But distress doesn't happen overnight. It creeps up slowly, slowly, and then suddenly.

During the 'slowly, slowly' stage, directors should be taking the time to acknowledge the potential issue, identifying the risks if this issue is not addressed, monitoring the corrective action plan, proactively engage with the necessary stakeholders, and engaging professionals when capacity and capability requires. However, in practice, advisors are generally called in at the point when a covenant is breached or a repayment has not occurred, despite these triggers being evident in forecasts months in advance.

Directors have a fiduciary duty to the company and its stakeholders. However, there appears to be little to no consequence in South Africa for breaching this duty. The inability to act on a timely basis and take preventative, proactive steps to address financial distress is evidenced through a very low conviction rate of delinquent directors.

In the United Kingdom, one can log into the Insolvency Service website and view the convictions under their Company Directors Disqualification Act 1986 for the past three months. Whilst most convictions relate to tax violations, 'trading to the detriment of creditors' and 'trading whilst insolvent' are frequent reasons for being disqualified. Despite there being a real consequence of disqualification, restructuring professionals in the UK will still say that matters are also brought to them too late. This may tell us that consequences alone may not be enough.

Is turnaround, restructuring and insolvency education the key to unlocking enhanced director competence?

There is plenty of training available to those taking the reins via board appointments: governance processes, fiduciary duties, meeting protocols, ESG, reporting etc. However, how much training time is dedicated to the critical aspect of understanding when you're in the 'slowly, slowly' phase? How many directors really understand their duty when it comes to financial distress? And in understanding their duty (particularly under s129(7)), are actively monitoring their financial distress status at every board meeting?

If education is the long-game, what of the short-game?

To restore confidence in the boardroom, our call to action in this 2024 survey is to restructuring professionals and directors with previous experience of a company that has been restructured, to specialise as turnaround directors, strengthening the board where there is both a perceived and real weakness. This not only allows for a different lens through which to look at performance, but will provide much-needed support for the C-Suite when trying to navigate, escalate and mitigate distress.

Survey methodology

The *Deloitte Restructuring Survey* is an annual survey of restructuring professionals and C-Suite executives, which was conducted across South Africa, Ghana, Kenya, and Nigeria. Survey responses were collected between 11 January 2024 and 9 February 2024. We are delighted to report a 42% increase in the overall survey sample size to 213 (compared to 150 in 2023).

The survey questions were tailored to stakeholder groups and regions. For example, all respondents answered questions in relation to macroeconomic risks, while only the C-Suite were asked about how they maximise shareholder value. As a result, the sample size varies by question, but we ensured that the response rate per question was sufficient before including it in our analysis.

We are delighted to report a

42%

increase in the overall survey sample size

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