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Corporate rescue service sign of recessionary times

By Pat Boyle

Firms struggling under the combined evils of high interest rates and a crippling sterling exchange rate are being offered a lifeline by a new consultancy outfit.

And it is a sign of the stressful times in which we live that David Murray, director of Corporate Rescue Services, can report that business is booming.

"What is even more disconcerting is that people are willing to jump at settlements of just 30p in the pound," he says, adding that such a situation would have been unknown a few years ago.

There could be worse to come if, as Mr Murray predicts, the sterling crisis does not bite for another six months. "Companies exporting into Britain whose profits have been hit by the sterling crisis will struggle on for another six months, using up all of the trade credit available to them," he says. Only after that will the real impact of the crisis be felt.

According to Mr Murray the Government's special £50m. rescue package for exporters is a "temporary measure and not a solution." In any event, he says, it will primarily be of

use to exporters from labour intensive industries such as clothing manufacturers.

Corporate Rescue will specialise in rescuing troubled firms which are deemed to be potentially viable. It is not an insolvency specialist and would have to be called in before the receiver, examiner or liquidator arrived at the doorstep.

"The long term economic interests of the country are best served by rescuing companies which are potentially viable rather than forcing such companies into liquidation" said Mr Murray.

The most important step in any such reorganisation are the negotiations with creditors. But Corporate Rescue also undertake informal reorganisations of a company's structure.

Corporate Rescue will take its fees as a percentage of the savings which it has made for each client. Mr Murray says that normally that would work out at 5% of the savings involved.

Before setting up Corporate Rescue Mr Murray was a financial specialist with accountant's Haughey Boland. His partner in Corporate Rescue is Carlow based accountant Bobby Miller.