

GETTING TO KNOW...



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Interview by Orla McCoy, INSOL Fellow,
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“We want to continue to promote the harmonization of insolvency law in Europe and promote the implementation of the European directive. All with the aim of demonstrating the importance of the role of insolvency administrators in society.”

Tell us how you came to have a career in insolvency and restructuring?

I studied law in Germany and France and business administration in St. Gallen, Switzerland. It was clear to me that I wanted to work in the legal and business management fields. Insolvency administration and restructuring work is the ideal combination. In my opinion, both perspectives are important for handling proceedings and restructuring companies.

Can you tell us about your experience in managing businesses?

I have been with PLUTA for more than 20 years and have been a Managing Partner for six years.

I also worked as Managing Director (CRO) for a German electrical engineering company with more than 500 employees at several locations in Europe. That was a very intense time. We restructured the complete group. We repositioned the company, implemented numerous restructuring measures and finally sold it to a private equity investor. Before that, I was a board member at a US chemical company, which we successfully sold to a German listed company.

From the various corporate insolvencies you have worked on in recent years, is there a case that sticks in your memory?

I have handled around 500 corporate insolvencies in recent years so it is difficult to pick just one. At an automotive supplier, support from the last remaining investor was initially rejected by part of the workforce and the works council. We succeeded in keeping the investor on board and convincing the employees. Today the company is very successful.

The insolvency of a major German construction company also kept us busy for several years. It was an unusual proceeding, as we continued large construction sites as insolvency administrators. Among other things, we built a canal on the Danube and a flood channel on the Rhine. In the proceedings, we were able to save a large number of jobs by achieving a last-minute sale.

We also recently managed the listed company windeln.de: an e-commerce company which was one of the largest baby milk powder retailers in China. It was an exciting international case, but in the end we had to close the business because no investor was willing to invest in the company. However, we were able to sell the domain and trademark rights. That is also part of our job. We can put companies that can be restructured on a sound footing and preserve jobs, while unprofitable companies disappear from the market.

What was your most difficult case?

I would like to mention two cases here. The insolvency of an insolvency administrator who was arrested for embezzlement. We continued to handle all his insolvency proceedings. This was a special case that was difficult because funds had disappeared. Only after years of negotiations were we able to reach an agreement with the insolvency administrator on repayment of the misappropriated funds.

Another case was also very challenging because the general conditions were not easy, but here there was a happy ending. A well-known long standing department store from southern Germany with around 170 employees was in insolvency proceedings. We wanted to avoid closure at all costs. The financial situation was problematic, but we optimized operations and implemented numerous restructuring measures. The 100-year-old company then continued to exist for almost 20 years before it was then sold to a large group.

What makes insolvency administration and restructuring so exciting?

There are several factors. Insolvency is an exceptional situation for many of those involved. Both legal and business know-how are important. Empathy is crucial. We have direct contact with many people and need to work collaboratively to save the company that is in trouble. To do this, we have to quickly become acquainted with complex issues and make decisions quickly.

Can you tell me about your experience of working in the USA?

I held a management position in the USA for almost two years. It was an unmissable experience which I greatly value. The openness and essential optimism of the American people are impressive. It was an unusual role in that I was tasked with finding a partner company for a critical IT project, and ultimately found one that specialized in a completely different industry. An Enterprise Resource Planning System for shoe retailers was reprogrammed so that our company's chemical production could be run successfully. Everything worked, but something like this is only possible in the USA.

Can you tell us how, in your current firm (PLUTA), you coordinate work with international partners?

Being part of the BTG Global Advisory network affords me the opportunity to think outside the box. An exchange with foreign partners is important in order to understand the different processes of national insolvency proceedings. In addition, you can observe and assess the tensions between insolvency systems' differing 'toolboxes' (Chapter 11, Scheme of Arrangement, etc.) when it comes to insolvency proceedings of international groups.

In Europe, you are the president of the EIP (European Insolvency Practitioners Association). What do you see as your main task?

I am now in my second year in office and the work is intense. Previously, I was vice president of the association. We want to continue to promote the harmonization of insolvency law in Europe and promote the implementation of the European directive. All with the aim of demonstrating the importance of the role of insolvency administrators in society. Administrators play an important role in rescuing companies in difficult situations. They should continue to do so in the future.

And what is your assessment of the European Commission's draft directive?

At the end of 2022, the European Commission published a draft directive that leaves member states little room for manoeuvre in terms of legal implementation. The proposal for an insolvency procedure without an administrator has come in for particular criticism. It could, arguably, lead to creditors' interests no longer being taken into account, which would have significant implications for the availability of credit and finance - the lifeblood of commercial activity. Above all, the proposal appears to overlook the fact that an insolvency administrator has an objective function in the economic cycle. He or she ensures that assets do not simply "disappear". The role of the insolvency administrator must remain as it is, and that is what I will be advocating for as EIP president.

Finally, tell us a few things about yourself that our readers might not have expected. You speak German, English and French. What other language would you like to be able to speak?

Italian. I envy my wife, who can speak Italian fluently. We like to spend our vacations in Italy.

What do you like to do most on your days off?

Enjoying the mountains in the summer and skiing, snowboarding and ski touring with the family in the winter. My wife is a prosecutor. We both work full time, so we enjoy the days off with our three children. And in the evenings I like to read books - especially novels and crime thrillers.

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