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Kylene Weyers, a senior associate in dispute resolution at Cliffe Dekker Hofmeyr, said yesterday that there were 361 licensed business practitioners in the country by October 2020. Photo: LinkedIn

SA needs more business rescue experts as many companies crumble

By Banele Ginindza  12h ago



SOUTH Africa faces a shortage of business rescue experts as financially distressed companies are on the brink of collapse from the double whammy of Covid-19 exacerbated by last week's looting and unrest.

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The civil unrest South Africa experienced last week has placed 50 000 jobs at risk, according to research published by PriceWaterhouse Coopers (PwC), and it indicated that national gross

domestic product growth could be 0.4 percentage points lower this year.

Kylene Weyers, a senior associate in dispute resolution at Cliffe Dekker Hofmeyr, said yesterday that there were 361 licensed business practitioners in the country by October 2020.

Only 85 of those were senior practitioners with more than 10 years of experience in the industry.

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Only 23 percent of practitioners had at least 10 years experience, so the junior practitioners were having to deal with matters they were unprepared for, he said.

“There are far too few experienced practitioners. The cases we are dealing with are completely unprecedented and far more complex,” Weyers said, making the call for more accreditation by the Companies Intellectual Property Commission (CIPC).

She appealed to turnaround specialists to join the CIPC pool to lend a hand in the coming months and years ahead as more businesses required intervention.

Weyers also pointed out that other opportunities had opened up for previously informal business turnaround specialists to enter the fray.

Most small and medium enterprises have gone further down the rung to prove financial stability or their future prospects, he said.

“The looting has eroded their ability to prove prospects of financial continuity; business infrastructure has been destroyed and stock has been stolen, making it harder for businesses,” Weyers pointed out.

Figures from credit bureau TPN for the pandemic period so far show 442 businesses have entered business rescue with the rent often renegotiated as part of the business rescue plan which has added additional pressure to the commercial real estate sector.

Business liquidations, perhaps not surprisingly, have spiked during the pandemic period, with 2 275 failed businesses liquidating since the shock of the hard lockdown in April 2020. The expectation is that there will be more failed businesses in the coming months.

PwC had estimated that for the financial year 2020 to 2021, there would be approximately 400 business rescues with the number expected to be much higher as significantly more companies went into rescue after October last year.

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banele.ginindza@inl.co.za

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