Corporate Financial Distress A Complete Guide To Predicting Avoiding And Dealing With Bankruptcy Wiley Finance

A comprehensive look at the enormous growth and evolution ofdistressed debt, corporate bankruptcy, and credit risk default This Third Edition of the most authoritative finance bookon the topic updates and expands its discussion of corporatedistress and bankruptcy, as well as the related markets dealingwith high-yield and distressed debt, and offers state-of-the-artanalysis and research on the costs of bankruptcy, credit defaultprediction, the post-emergence period performance of bankruptfirms, and more.

The financial ratios coming out of financial statements can reflect some of the characteristics of companies in different aspects, but generally, it has been proved that weak management is the main cause of financial distress. So, the distress of companies can be the reflection of its management condition. Consequently the distress score of companies should be considered as a new variable in prediction of financial distress model. Among the methods applied to compare the efficiency of different statistic models, the ROC curves analysis are often used in the fields of psychology and bio-physics to measure a diagnosis test and to compare the performance of various models for two-category results. Therefore, concerning the topic of this research and the use of ROC curves in predicting the financial distress of corporations, current research aims at designing Logit model using the distress score of the corporations and investigates the predictability of this new variable. Also, a model based on the DEA is designed and finally for better analyzing the results are compared with the Logit models.

How to steer your business through times of financial distress and achieve sustained profitability Corporate Turnaround Artistry is a complete guide for entrepreneurial companies in times of financial distress—presenting effective strategies and proven methods to revive and rehabilitate your business. Uncertain economic times have significantly altered the financial resources available to struggling businesses. Narrowing margins and mounting internal and external pressure has taken their toll on many companies. Fortunately, most businesses can be repaired while maintaining their existing revenue structure. Offering practical steps that go beyond simple cost-cutting and sales-building advice, this invaluable guide teaches you how to control cash, secure financial relief, and develop a comprehensive turnaround plan that your employees, customers, and creditors will support. Business leaders and entrepreneurs often fall into the trap of assuming new debt when tough times strike. Author and Certified Turnaround Practitioner Jeff Sands shows that to many struggling businesses, more money is no longer the answer to the problem. Expert advice on topics including cashflow stabilization, short and long-term profit sustainability, lean management techniques, and more, provides the framework to timely and efficient corporate turnaround. From identifying the initial cash crisis to meeting with creditors and developing a plan, this essential resource will help you: Stabilize your financial liabilities and re-structure your debt Implement effective turnaround strategies without significant changes to your corporate structure Preserve the positions of your current employees and their community Give yourself a fresh start with a lean and agile business Thousands of businesses fall into financial stress every year—oftentimes in sudden and dramatic fashion—leaving CEOs and owners asking the question “How do I save my business”? Corporate Turnaround Artistry: Fix Any Business in 100 Days provides the answer.

This book, divided into three main parts, will offer a complete overview of the concept of corporate financial distress, emphasizing the different typologies of corporate paths included in this broad concept. It will reorganize and update academic literature about the evaluation of corporate financial distress from the first studies about failure prediction to the most recent contributions. It will also provide evidence about the evolution of going concern standards in both international and U.S. contexts. Moreover, an in-depth analysis of this broad concept will permit the identification of a set of research questions to be investigated from both theoretical and empirical points of view, and will be of interest to academic researchers and doctoral students of accounting, auditing and finance, professionals, and standard setters.

?The work of Martin Schmuck empirically investigates the phenomenon of financial distress and corporate turnaround in the automotive supplier industry. Based on a sample of 194 publicly listed automotive suppliers, the effectiveness of managerial, operational, financial, and asset restructuring activities is analyzed in a multivariate research setting. Archetypes for successful turnarounds are identified and matched with strategies of non-distressed companies.

Papers from a conference held March 1991 under the joint sponsorship of the New York University Salomon Center and a number of interested corporate contributors

This survey provides a synthetic and evaluative survey of issues in corporate financial distress and bankruptcy. This area has moved into a public domain as a result of the recent global financial crisis that witnessed failures of many venerable institutions that got rescued by the government. Hence, this survey highlights the resolution mechanisms not only in the private domain but also in the public domain, and it uses corporate finance paradigms to interpret some of the far-reaching developments in financial distress of systemic nature. This survey's theoretical anchor is a framework for the delineation of economic distress and financial distress. The difficulty in disentangling the dichotomy has been a central challenge in the empirics relating to financial distress, corporate bankruptcy, and the use of apparently cost-effective private mechanisms for resolving financial distress. This review devotes ample space on the discussion of conditions under which privatization of bankruptcy succeeds and fails, and the recent empirics on the subject. The review also grapples with the efficiency of bankruptcy codes and regimes, given the frequent usage of court-supervised mechanisms. The fundamental efficiency question about the bankruptcy law is whether the law effectively rehabilitates economically efficient but financially distressed firms and liquidates economically inefficient firms. This survey provides an ongoing debate in law and in economic theories about the efficiency of the U.S. bankruptcy code. Moreover, it examines a linkage between financial distress and corporate governance, which has received growing attention. The review goes beyond the United States to take a look at comparative bankruptcy codes around the world with a focus on bankruptcy reform issues in emerging economies. Finally, this survey takes us into a public domain and systemic financial distress. This is inspired by the recent global financial crisis. Is the standard bankruptcy procedure (e.g., those embedded in Chapters 11 and 7) sufficient for resolving systemic financial distress? The review attempts to answer this question in the context of the recently adopted landmark legislation, particularly the Dodd-Frank Act's Title II (Receivership), which governs the resolution of systemically critical institutions.

A comprehensive look at the enormous growth and evolution of distressed debt, corporate bankruptcy, and credit risk default This Third Edition of the most authoritative finance book on the topic updates and expands its discussion of corporate distress and bankruptcy, as well as the related markets dealing with high-yield and distressed debt, and offers state-of-the-art analysis and research on the costs of bankruptcy, credit default prediction, the post-emergence period performance of bankrupt firms, and more. Edward I. Altman (New York, NY) is the Max L. Heine Professor of Finance at the Stern School of Business, New York University. He received his MBA and PhD in finance from the University of California, Los Angeles. Edith Hotchkiss (Chester Hill, MA) is Associate Professor of Finance at Boston College. She received her PhD from the Stern School of Business and her BA from Dartmouth College.

Corporate Financial Distress and Bankruptcy has moved into a public domain due to the recent global financial crisis that witnessed failures of many corporations that were rescued by the government. This survey will highlight the resolution mechanisms for corporate financial distress and bankruptcy not only in the private domain but also in the public domain and will use corporate finance paradigms to interpret some of these far-reaching developments in financial distress of systemic nature.

This book presents a study which makes the first attempt to construct a particular financial distress prediction model for growth enterprises on the Growth Enterprise Markets in Hong Kong and mainland China. This study firstly establishes two financial distress prediction models: one incorporating financial factors and the other incorporating non-financial and macroeconomic factors. Based on these two models, the present work develops a financial distress prediction model, which uses all the three sets of factors. It has been found that the model including firm-specific non-financial and macroeconomic factors performs better in predicting growth enterprises' financial distress than does the model including firm-specific financial factors. Moreover, the model that considers all the three sets of factors has better predictive ability than does the model that incorporates firm-specific financial factors. It can be envisaged that investors, auditors and policymakers of the special markets would find the conclusion of this work extremely useful.

This thesis identifies typical patterns of corporate financial distress and examines securities issued by different types of firms in order to prevent and resolve financial distress. Existing theories and findings are contrasted with new case study evidence and interview results. The main findings are as follows. First, different distress patterns evoke different financial reengineering and restructuring methods. Firms can potentially avert financial distress by issuing securities when the increased financial distress risks are due to risky assets or poorly designed capital and incentive structures. However, firms cannot avert financial distress by simply issuing securities when the increased distress risks result from poor performance (economic distress). Such firms must engage in turn-around measures to resolve their operational problems. Second, financial instruments employed in and prior to financial distress very often represent some type of mezzanine finance, though the securities may differ substantially with regard to allocated cash flow and control rights, depending on the type of distress. In financial distress, the recognition that security issues not only raise funds but, in addition, allocate cash flow rights, control rights, and liquidation rights, becomes increasingly important. Third, financing decisions of financially sound firms differ from the financing decision of firms approaching or entering financial distress. Specifically, the financing decision of such firms is determined by (1) the firm's asset risks and the associated cash flow variance, (2) its operating performance, and (3) its existing debt level (leverage) and debt structure. Overall, firms seeking to prevent or attenuate financial distress issue securities that mitigate conflicts of interest, overcome information problems, and transfer risks to new investors. The mezzanine instruments employed can be more debt-like. Firms seeking to resolve f...L.

This book explores methods and techniques to predict and eventually prevent financial distress in corporations. It analyzes the effects of the global financial crisis on Italian manufacturing companies and, more specifically, whether the crisis has increased the number of firms that are likely to fail. In the first chapter, the authors widely discuss the Corporate Financial Distress as well as the process and costs incurred. The second chapter is based on a review of the most used statistical models, splitting them into accounting-based and market-based models. The following chapter is dedicated to the methodology and the empirical analysis on Italian manufacturing companies from different industries. The last chapter presents practical evidence from Italian manufacturing companies during the recent financial crisis.

A comprehensive guide to making better capital structure and corporate financing decisions in today's dynamic business environment Given the dramatic changes that have recently occurred in the economy, the topic of capital structure and corporate financing decisions is critically important. The fact is that firms need to constantly revisit their portfolio of debt, equity, and hybrid securities to finance assets, operations, and future growth. Capital Structure and Corporate Financing Decisions provides an in-depth examination of critical capital structure topics, including discussions of basic capital structure components, key theories and practices, and practical application in an increasingly complex corporate world. Throughout, the book emphasizes how a sound capital structure simultaneously minimizes the firm's cost of capital and maximizes the value to shareholders. Offers a strategic focus that allows you to understand how financing decisions relates to a firm's overall corporate policy Consists of contributed chapters from both academics and experienced professionals, offering a variety of perspectives and a rich interplay of ideas Contains information from survey research describing actual financial practices of firms This valuable resource takes a practical approach to capital structure by discussing why various theories make sense and how firms use them to solve problems and create wealth. In the wake of the recent financial crisis, the insights found here are essential to excelling in today's volatile business environment.

A comprehensive look at the enormous growth and evolution of distressed debt markets, corporate bankruptcy, and credit risk models This Fourth Edition of the most authoritative finance book on the topic updates and expands its discussion of financial distress and bankruptcy, as well as the related topics dealing with leveraged finance, high-yield, and distressed debt markets. It offers state-of-the-art analysis and research on U.S. and international restructurings, applications of distress prediction models in financial and managerial markets, bankruptcy costs, restructuring outcomes, and more.

"A Wiley-Interscience publication."Includes index. Bibliography: p. 355-361.

This chapter aims to dynamically improve the method of predicting financial distress based on Kalman filtering. Financial distress prediction (FDP) is an important study area of corporate finance. The widely used discriminant models currently for financial distress prediction have deficiencies in dynamics. Based on the state-space method, we establish two models that are used to describe the dynamic process and discriminant rules of financial distress, respectively, that is, a process model and a discriminant model. These two models collectively are called dynamic prediction models for financial distress. The operation of the dynamic prediction is achieved by Kalman filtering algorithm, and further, a general n-step-ahead prediction algorithm based on Kalman filtering is derived for prospective prediction. We also conduct an empirical study for China's manufacturing industry, and the results have proved the accuracy and advance of predicting financial distress in such case.

This dissertation, "Financial Ratios, Discriminant Analysis and the Prediction of Corporate Financial Distress in Hong Kong" by Ho-cheong, Chan, ???, was obtained from The University of Hong Kong (Pokfulam, Hong Kong) and is being sold pursuant to Creative Commons: Attribution 3.0 Hong Kong License. The content of this dissertation has not been altered in any way. We have altered the formatting in order to facilitate the ease of printing and reading of the dissertation. All rights not granted by the above license are retained by the author. DOI: 10.5353/th_b3126310 Subjects: Bankruptcy - China - Hong Kong Corporations - China - Hong Kong - Accounting Financial statements - China - Hong Kong Discriminant analysis

This book explores new topics in modern research on empirical corporate finance and applied accounting, especially the econometric analysis of microdata. Dubbed “financial microeconometrics” by the author, this concept unites both methodological and applied approaches. The book examines how quantitative methods can be applied in corporate finance and accounting research in order to predict companies getting into financial distress. Presented in a clear and straightforward manner, it also suggests methods for linking corporate governance to financial performance, and discusses what the determinants of accounting disclosures are. Exploring these questions by way of numerous practical examples, this book is intended for researchers, practitioners and students who are not yet familiar with the variety of approaches available for data analysis and microeconometrics. “This book on financial microeconometrics is an excellent starting point for research in corporate finance and accounting. In my view, the text is positioned between a narrative and a scientific treatise. It is based on a vast amount of literature but is not overloaded with formulae. My appreciation of financial microeconometrics has very much increased. The book is well organized and properly written. I enjoyed reading it.” Wolfgang Marty, Senior Investment Strategist, AgaNola AG

Financial distress and crises for businesses can be used to implement substantial organizational changes and turnaround the damage done to achieve financial equilibrium in the short term and financial stability in the long term. Plans, methodology and tools are provided here to examine how this turnaround can be achieved.

Predict, Avoid, Manage—and Even Profit From—Bankruptcy With this new Second Edition of the first definitive guide This new edition of the premier business failure, insolvency, default, and bankruptcy guide provides financial professionals of every stripe with a master reference to the latest banking, credit, investment, legal, financial, and management thought and practice. To help readers combat corporate distress in the '90s and beyond, distinguished author Edward I. Altman includes coverage of… Unique statistical tools—author-developed techniques for assessing firms' distress potential, measuring debt price movements, benchmarking debt investor and market performance, establishing the present value of loans, and so much more. Junk bonds—Altman revisits this market to provide an in-depth analysis of the role and risk-return trade-offs of this controversial source of finance Emerging trends—complete explorations of debtor-in-possession lending, prepackaged bankruptcy, and the epidemic of fraudulent conveyance suits resulting from ill-conceived restructurings An evaluation of the Chapter 11 process, now under public scrutiny and criticism Bankruptcy reorganization case histories—real-world data to help readers carry out debtor valuation analyses and restructurings, featuring Duplan Corporation and Wheeling Pittsburgh Steel Corporation With this wealth of authoritative information and practical guidelines, bankruptcy creditors, debtors, investors, and third party professionals will have everything they need to predict, avoid, manage, and profit from corporate distress. "Corporate Financial Distress and Bankruptcy is an excellent analysis of an increasingly important topic. Professor Altman is the premier scholar in this area, and this book is a fitting reflection of that scholarship." —Ben Branch, Trustee Bank of New England Corporation Professor of Finance, University of Massachusetts "Corporate Financial Distress and Bankruptcy is an indispensable resource for all who are interested in bankruptcy. Ed Altman has collected, in a single volume, the history, legislative facts, statistics and analytic methods that I search for time and time again. This book is outstandingly comprehensive and up-to-date." —Martin S. Fridson, Managing Director Securities Research and Economics, High Yield Research Group Merrill Lynch

Philipp Jostarndt studies distress-induced changes in ownership and control, success factors in distressed equity infusions, and firms' choice between in- and out-of-court debt restructurings. In addition, he analyzes the determinants of survival, acquisition, and bankruptcy as alternative paths to exit financial distress. He includes both the firm perspective as well as the market valuations of the undertaken restructurings and, where applicable, relates the findings to the microstructure of Germany’s revised bankruptcy legislation.