

**BANKRUPTCY
CAN RESET
GOVERNANCE
but only if
leadership is
prepared to lead
through it.**

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**Bankruptcy is not only a
legal event.**

It is a governance test under pressure: who controls information, who protects liquidity, who decides fast enough, and who turns court protection into operational discipline.

**Court protection can
buy time.**

Leadership determines whether that time becomes recovery, or merely a more expensive delay.

**The reset only
works when
decisions, cash
discipline and
stakeholder control
are redesigned
together.**

Bankruptcy creates a window, not a solution

The filing may pause enforcement, but it does not automatically restore trust, liquidity or decision quality.

01

Information becomes contested

Management narrative outruns verified cash, collateral, creditor exposure and operating facts.

02

Liquidity becomes consumed

Court time is consumed by burn, vendor pressure, leakage and weak variance control.

03

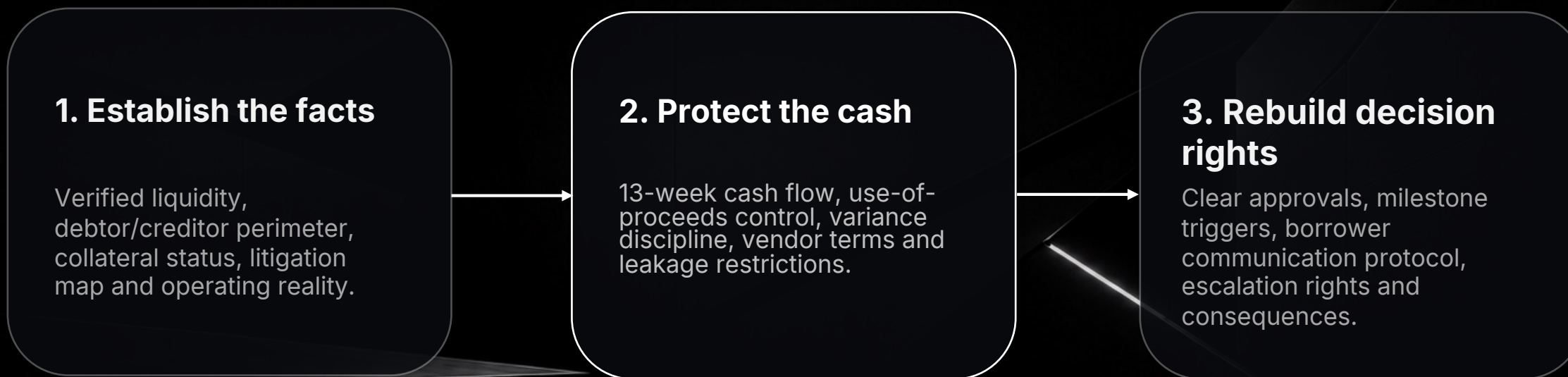
Decisions become political

Stakeholders defend positions instead of turning protection into a restructuring cadence.

Bankruptcy resets governance only when leadership uses the protection period to impose facts, controls and milestones.

What leadership must do during the reset

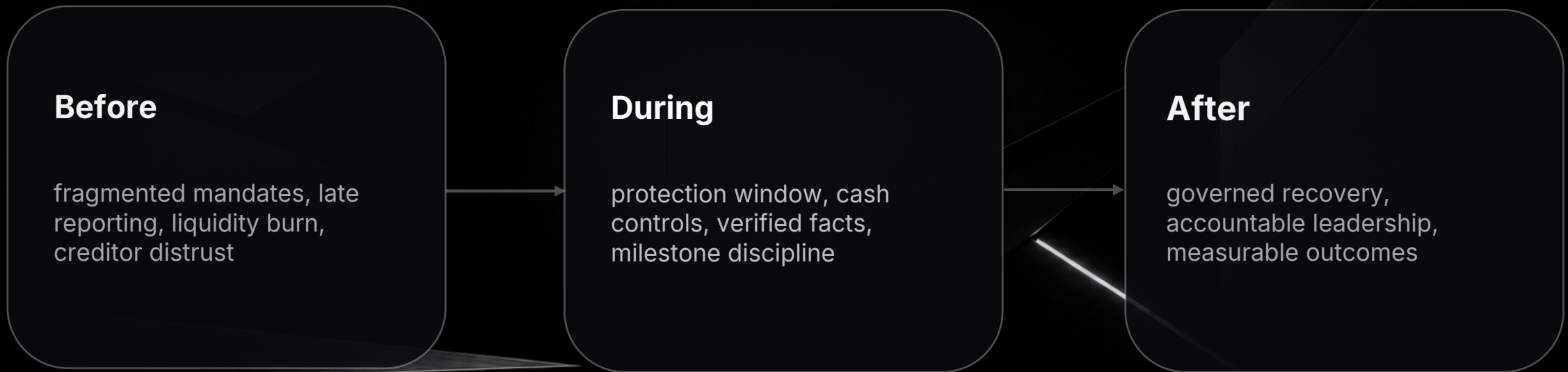
Three operating mandates separate a governance reset from a court-supervised drift.



The purpose is not to survive the procedure. The purpose is to convert legal protection into financial discipline.

The reset mechanism: from drift to governed recovery

Bankruptcy only changes outcomes when the governance model changes with it.



Governance reset indicators

- management decisions become time-bound
- cash is reported weekly
- milestones carry consequences
- creditor communication is controlled

The reset mechanism: from drift to governed recovery

Board and credit committee questions

A bankruptcy process should be tested as a governance mandate, not only as a legal procedure.

- Q1 Do we have one verified liquidity baseline?
- Q2 Who controls information and borrower communication?
- Q3 What decisions must be made in the first 30 days?
- Q4 Which milestones carry consequences?
- Q5 Is leadership using protection to restructure – or to delay?

The real test is not whether bankruptcy can stop pressure. It is whether leadership can turn that pause into a governed recovery path.

Bankruptcy may create the legal pause. Disciplined leadership must turn it into governed recovery.

Open to exchanging perspectives with senior peers navigating complex restructuring, recovery and governance challenges.

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