



Greenberg Glass Group

Background

Greenberg was a well established group providing a commercial glass installation both as an emergency service and under some longer term contracts. The group employed over 500 staff operating out of two main operations centres and a series of depots around the country. Historically, book debt collection was weak and in 2007 the group suffered a loss when some £1.2m of bad debts were written off. Latterly, Greenberg won some large, long term contracts. Management did not appreciate how radically these contracts altered the financial dynamics of the business, placing considerable further strain on cashflow. Creditor pressure mounted, culminating in the severance of credit insurance cover in September 2008. Thereafter, glass suppliers demanded pro-forma terms.



MCR Involvement

The management were in disarray and sought urgent advice from MCR. A thorough IBR was undertaken revealing a cash-flow shortfall in excess of £1m and by late October, insolvency was unavoidable. David Whitehouse and Phil Duffy of MCR Manchester were appointed as Administrators. Potential 'going concern' purchasers of the group quickly lost interest when the burden of wage arrears, pension and TUPE liabilities were fully appreciated. Consequently, swift and substantial redundancies became unavoidable, leaving only skeleton staff to assist with collection activity. MCR quickly developed an alternative strategy of selling the various depots as independent business units.

£4.4m was owed on the Invoice Discounting facility and the ledger was weakened by poor records and reconciliation. MCR Receivables Management rapidly, fully reconciled the ledgers and so reduced the risk of counter-claims. On 22nd November, the IT suite and records of the 'Emergency' business were destroyed in a deliberate and catastrophic fire in the head office in Huddersfield. Within 10 days, MCR had recovered the sales ledger data and transferred the collection function to the Liverpool operations centre.

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Outcome

In only two months, 14 of the 16 depots were sold for a total of £463k to various parties including former managers. In the first two months of the Administration 55% of the ID advance was recovered and MCR Receivables Management remain confident that the Bank should recover the ID exposure in full, notwithstanding the potentially disastrous fire in Huddersfield. MCR has successfully fielded a series of diverse challenges during the Greenberg administration and sold the vast majority depots in a short period, recreating many jobs. The Bank should make a full recovery. The Greenberg case clearly demonstrates MCR's tenacity and ability to handle difficult cases to deliver the very best possible outcome for the clients.

Client Testimonial

"The Greenberg insolvency included a series of unexpected challenges requiring rapid reconsideration of the intended approach and swift responses to some most unexpected developments, not least of which was the fire in the Huddersfield premises. That MCR was able to overcome these issues and deliver such a great result reflects well on the quality of the firm and its people".

Graeme Kane - High Risk Director - HBoS

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FOR FURTHER ASSISTANCE, PLEASE CONTACT

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