



# THOUGHT LEADERS

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When you work in and around the bankruptcy business, it's easy to become a good listener.

Business owners and other high-level stakeholders more often than not dedicate every facet of their being to company operations. They manage staffs, supply chains, finances and a thousand other items.

So when things get tough, emotions run high and they occasionally need a shoulder to lean on, as well as some critical and worthwhile advice on where to turn and what to do next.

Four experts with close ties to the bankruptcy sector discussed what they have heard from company officials, advice on what's ahead and much more alongside Hodgson Russ LLP partner Garry Graber during this month's Thought Leaders session.

The months since mid-March when the coronavirus pandemic took hold, have been a roller coaster in this realm.

"We work with clients who have complex businesses and run into complex business issues," said Joseph Heim, a partner at Dopkins & Company LLP.

Inquiries from businesses run the gamut, he said. During the best of times, people typically want advice on how to grow a business or transition to the next generation.

In the current landscape, Heim said they are looking for words of wisdom that could aid in their recovery from steep drops in revenue, loss of personnel and disruptions in the supply chain.

David Fiegel, founder and president of Blackbird Asset Services, and Charlie Maclay, a founder of Next Point LLC, rounded out the panel alongside Graber and Heim.

Each is a past president of the local chapter of the Turnaround Management Association, a trade group with a diverse roster of professionals in corporate renewal and restructuring.

"While everyone is caught up in the Covid-19-induced problems that we have today, it wasn't that long ago that people were absolutely panicking in the context of the Great Recession, which came onto us in almost as surprising a way as Covid has," Graber said.

The economy, of course, bounced back a decade ago. No

# HELP IS ALL AROUND



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Joseph Heim, partner, CPA and certified fraud examiner at Dopkins & Company LLP, suggested that companies beef up their online presence. "We're advising clients to conserve your cash and rethink your business model. Communicate with your lenders because we know that PPP funds will run out. Look further into your business."

▶ HODGSON'S TAKE

*"Lenders in general have been very lenient so far in giving their customers a break. That's even true of residential landlords. There's going to come a time when banks, lenders and landlords start to exercise their legal remedies."*

**GARRY GRABER,**  
Partner, Hodgson Russ LLP



with DAVID FIEGEL, JOSEPH HEIM and CHARLIE MACLAY



# Many options exist for companies that are uncertain about the future

*“A company must have the ability to pivot into new markets though new products. ... The innovative will survive. The stale and boring will not.”*

**CHARLIE MACLAY,**  
Founder, Next Point LLC



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one knows this time how quickly it will shape up or, for that matter, when the pandemic will end. Some industries, however, have been thrashed more thoroughly than others.

Maclay, a certified treasury professional, said the pandemic’s collateral damage could be widespread, and could even pose problems for industries that have long been insulated.

“It’s the second and third level of impact that’s going to hit you,” he said.

A spike in bankruptcy filings seems to be inevitably on the horizon, Graber said. But the root cause for some businesses may predate the pandemic.

“There were a number of industries that were already very challenged – not because of economic times, but because of technology,” he said.

Retail and energy are among the ones at the top of that pack, Graber said.

“What Covid-19 has done is accelerate the descent of those companies into either going out of business or going into bankruptcy,” he said. “I don’t think we’ve seen anything yet (compared to what’s coming) because so far only the weak and crippled have fallen. A lot of what otherwise would be really strong businesses are struggling right now.”

The panelists said federal assistance programs, such as the U.S. Small Business Administration’s Paycheck

Protection Program, coupled with court closures and other factors have staved off bankruptcy for some businesses.

“Some of these companies have been perpetually kicking the can down the road,” Fiegel said.

Debt restructuring, Heim said, is an avenue that can be a stepping stone when looking to repair a ruptured business model. When a business is stressed, he encourages clients to evaluate their situation, communicate with parties to whom they are indebted, and take a look around for new funding sources.

“Lenders want open communication,” he said. “There are tools that we utilize in assisting our clients with forecasting cash flow.”

With banks and lenders doing their best to work with businesses during this tumultuous time, Fiegel sees a pent-up demand that will eventually spill over in needs for services from companies such as his in auctioning, liquidation and valuation.

“A lot of the banks are on stand-down and they’re not taking any action against creditors that are unable to pay,” he said. “Everyone’s kind of waiting this out. The resounding message that I’m receiving is get ready because there’s a big tsunami coming.”

Maclay said societal changes arising from this juncture in history already look like they will be more far-reaching than what the U.S. saw following the terrorist acts of Sept. 11, 2001.

“I believe there’s going to have to be a lot of businesses that have to be innovative or they’re going to turn into buggy-whip companies because they’re just not going to be able to keep up with the market,” he said. “It goes beyond just the market of slowing our economy.”

*“In my experience, I’ve found that it’s the people who look at the entirety of their situation and say if I cooperate with all these professionals who are around the table and listen to them, then they can help get me out of the situation that I’m in.”*

**DAVID FIEGEL,**  
Founder and president, Blackbird Asset Services LLC

### ► CLOSER LOOK AT THOUGHT LEADERS

Thought Leaders is an ongoing series of discussions with Western New York business leaders and attorneys at Hodgson Russ LLP.

Ten times a year, leaders in diverse industries meet for a roundtable discussion moderated by Business First journalists.

The conversations are usually held in the law firm’s Pearl Street offices in Buffalo, but have shifted to a virtual format during the Covid-19 crisis.