

# New, Out-of-Court Alternatives Are the Next Evolution of Corporate Restructuring

*Teneo Insights | March 2026*



## Key Takeaways

- While in-court processes are the right choice in many instances, alternatives increasingly merit a look
- Innovative, out-of-court processes can be the right option for some companies and stakeholders
- These processes can provide similar outcomes to in-court processes while improving cost efficiency and speed

## Overview

In-court business restructurings or wind-downs facilitated through the U.S. Bankruptcy Code are well known for providing a helpful combination of structure and flexibility, but they are not a one-size-fits-all solution. Deciding when and how to use these powerful restructuring and dissolution processes requires stepping back and evaluating the core goals of a restructuring: cost efficiency, maintaining control and maximizing speed and efficiency.

For instance, Chapter 11 reorganization carries a relatively high cost structure consistent with its complexity and can be an “overpowered” process relative to alternatives, while Chapter 7, which governs liquidations, can take additional time, cost more money and involve relinquishing control in ways that may erode value for the stakeholders it is designed to protect.

Together with company advisors, key financial stakeholders including owners, sponsors and debtholders are increasingly realizing that the best way to wind down a company may not be to cede control to a court process and incur significant costs as a result, but rather to leverage an increasingly large base of knowledge and pursue a bespoke approach.





## When Staying Out of Court Is Preferable

Teneo's recent experience demonstrates the particular advantages out-of-court processes can provide in certain industries. Here are some examples.

### **Law and Other Professional Services Firms**

By the time a law or other professional services firm is ready to dissolve, many key revenue- and reputation-generating professionals have often already left or are on their way out the door. This departure leaves only an "empty shell" that can effectively wind itself down.

Dissolutions leave behind obligations, receivables and pending cases, but generally with lower levels of long-term debt and less complex capital structures than in-court restructurings are designed to resolve. Wind-downs of professional services firms can be more conveniently handled by a liquidation manager working through the existing legal entity to marshal and liquidate assets, including collecting receivables and distributing recoverable proceeds to creditors.

In addition to helping conserve cash for the parties to whom it is owed, out-of-court processes provide a meaningful additional layer of privacy and help keep both sensitive information (e.g., client lists) as well as disputes among former colleagues out of the public eye.

### **Private Equity-Backed Companies**

In a populist political environment where private equity firms are especially unpopular, out-of-court restructurings and dissolutions that facilitate portfolio company wind-downs while avoiding unwanted attention can be particularly attractive to sponsors. Such processes allow private equity firms to avoid making detailed financial information available on a public court docket that could be misused against them later, including in a future deal or restructuring.

In addition to minimizing unwanted scrutiny, lower-cost alternatives to in-court processes can help private equity sponsors minimize unproductive overhead spending and losses for investors.

### **Infrastructure and Renewable Energy Projects**

Privately owned infrastructure and renewable energy projects are increasingly hitting roadblocks amid changing regulations, tax incentives and uncertain demand.

This is due in part to the fact that such projects frequently depend heavily on Power Purchase Agreements, government licenses or other long-term contracts. However, an in-court process risks triggering change-of-control provisions with financiers and utilities or jeopardizing tax benefits, creating further uncertainty and eroding the project's value.

Moreover, if a restructuring is needed before a project can generate revenue, staying out of court can minimize the kind of scrutiny that could delay or jeopardize completion by avoiding notice to contractors, customers, etc. By staying outside of court, projects can protect long-term contracts,



reduce costs, avoid disruptive proceedings, maintain stakeholder confidence and pursue customized solutions that align with their complex financing structures.

## Looking Ahead

In-court proceedings are the right choice in many situations because they combine certainty with flexibility while preserving assets for their ultimate rightful owners. But out-of-court alternatives are rapidly gaining in popularity because they provide increasingly innovative and effective mechanisms to advance these aims, ones that are sometimes more efficient, cheaper and more flexible than the in-court processes they complement.

As demand continues to rise,<sup>1</sup> corporate restructuring professionals are responding with an expanded menu of tailored offerings to meet the needs of companies and their stakeholders.

## Key Contacts



**Nathan Cook**  
Head of U.S. Financial Advisory  
[nathan.cook@teneo.com](mailto:nathan.cook@teneo.com)



**Gary Polkowitz**  
Senior Managing Director  
[gary.polkowitz@teneo.com](mailto:gary.polkowitz@teneo.com)

---

<sup>1</sup> [Interactive: Trends in Large Corporate Bankruptcy and Financial Distress – Midyear 2025 Update](#)



## **Teneo is the global CEO advisory firm.**

We partner with our clients globally to do great things for a better future.

Drawing upon our global team and expansive network of senior advisors, we provide advisory services across our five business segments on a stand-alone or fully integrated basis to help our clients solve complex business challenges. Our clients include a significant number of the Fortune 100 and FTSE 100, as well as other corporations, financial institutions and organizations.

Our full range of advisory services includes strategic communications, investor relations, financial transactions and restructuring, management consulting, physical and cyber risk, organizational design, board and executive search, geopolitics and government affairs, corporate governance and ESG.

The firm has more than 1,800 employees located in 50+ offices around the world.

**teneo.com**