The Distressed Acquisition Office: Diligence, Liquidity and Control in 30 Days

A Command Structure for Evidence, Cash, Stakeholders and Executable Downside Protection

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Abstract

A distressed acquisition compresses decisions that a conventional transaction can sequence over several months. The target may be losing cash, suppliers may be restricting terms, lenders may be enforcing rights, employees may be leaving and reliable information may be incomplete. The buyer still needs to understand what it is acquiring, who can sell it, which operations can continue, how much liquidity is required and which protections can be enforced. Speed therefore depends on a disciplined command structure and a traceable evidence base.

This paper presents a 30-day Distressed Acquisition Office for a buyer evaluating a GCC operating business. It joins a 30-day calendar, a 13-week cash curve, issue triage, stakeholder mapping and a control-rights matrix. The office converts diligence into seven decision routes: price, perimeter, condition, protection, funding, control or withdrawal. It also links signing and completion to a funded Day One and a controlled first 100 days.

The 30-day timetable, cash figures, scores and scenario are illustrative management assumptions. They do not predict sale authority, cash consumption, creditor behaviour, regulatory approval, completion, recovery or investment return. Insolvency and transaction rules differ among the UAE federal regime, financial free zones, Saudi Arabia and other jurisdictions. Qualified legal, insolvency, competition, tax, accounting, valuation, employment, data-protection and sector advisers should confirm the current position for the parties, assets, security, contracts and proposed route before any commitment.

JEL Classification: G33, G34, K22, M10

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1. Establish the mandate and authority before the first request

A distressed acquisition begins with an operating mandate, not a data-room checklist. The buyer should state the capability, customer access, assets or market position it seeks; the cash it can expose; the control it requires; the risks it will not assume; and the time by which the opportunity ceases to be attractive. A written mandate gives the decision team a basis for refusing activity that consumes time without reducing uncertainty.

The mandate should distinguish four objects that are often blurred under pressure. The first is the legal seller and its authority to transfer shares, a business or assets. The second is the operating perimeter needed to serve customers after completion. The third is the liability perimeter that follows the chosen route. The fourth is the funding perimeter, including purchase consideration, cure payments, working capital, restructuring costs, capital expenditure and contingency. A buyer can agree a low headline price and still inherit an uneconomic total funding requirement.

Authority should be tested before sensitive diligence begins. The team needs to know whether directors, shareholders, secured creditors, an insolvency officeholder, a court or a combination of parties controls the process. Security enforcement, moratoria, creditor committees, statutory approvals and avoidance rules can affect what can be transferred and when. The UAE federal framework provides preventive settlement, restructuring and bankruptcy procedures, subject to its scope and exclusions.[1][2] Saudi Arabia provides seven bankruptcy procedures, including protective settlement, financial restructuring and liquidation variants.[3][5] ADGM and DIFC operate separate insolvency regimes within their respective jurisdictions.[6][7]

The buyer should appoint a single transaction sponsor and a Distressed Acquisition Office lead. The sponsor owns the capital decision. The office lead owns the evidence register, cash model, workplan, issue decisions, stakeholder map, document architecture and closing readiness. Named leaders for finance, operations, legal, commercial, tax, people, technology, compliance and integration should have explicit decision rights. Advisers provide specialist conclusions; management retains the investment decision.

The office should open with a one-page decision charter:

1. the acquisition objective and required operating perimeter;
2. the maximum capital at risk, including post-completion liquidity;
3. mandatory legal, integrity, continuity and return gates;
4. the seller's stated authority and the evidence required to confirm it;
5. the daily decision forum and escalation route;
6. the evidence standard for price, funding and completion; and
7. the circumstances that require a pause or withdrawal.

This charter prevents urgency from becoming permission to accept unsupported assumptions. It also gives the seller and advisers a clear route for resolving the few matters that can change the decision.

2. Determine the legal route and transaction perimeter

The legal route determines which rights and liabilities move, which approvals are needed and how much continuity the buyer can preserve. A share acquisition may keep the operating entity, contracts, workforce and licences together, subject to change-of-control and regulatory provisions. Historical liabilities remain within the company. An asset or business acquisition can select assets and assumed obligations, yet it may require individual transfers, novations, employee steps, licence replacement, data migration and operational cutover. An insolvency process may permit a supervised sale, subject to the governing law, officeholder powers, creditor interests and court or committee oversight.

The office should prepare a route memorandum within the first three business days. It should identify the entities, place of incorporation, centre of main interests where relevant, active insolvency or enforcement process, shareholder and board powers, material security, pending petitions, court orders, creditor approvals and statutory restrictions. The memorandum should state which conclusions are supported by primary documents, which await counsel confirmation and which depend on future consent.

In the UAE, Federal Decree-Law No. 51 of 2023 and its Executive Regulations apply within their defined scope. The law excludes, among others, entities governed by special insolvency regimes in certain free zones and Central Bank-regulated banks, financial institutions and insurers.[1][2] A transaction involving ADGM or DIFC entities therefore requires analysis under the applicable financial-free-zone regime.[6][7] In Saudi Arabia, the Bankruptcy Law and Implementing Regulations allocate powers among the debtor, bankruptcy trustee, creditors, court and Bankruptcy Commission according to the procedure.[3][4]

The route memorandum should then connect legal form to an operating-perimeter schedule. For every customer contract, licence, site, employee group, system, data set, supplier, bank account, intellectual-property right, permit, inventory pool and insurance policy, the schedule should state:

- current legal owner and operating user;
- whether it transfers automatically, needs consent, must be replaced or stays behind;
- the deadline and evidence for transfer;
- the consequence if unavailable on Day One; and
- the temporary service or workaround, if lawful and practical.

The transaction perimeter is viable only when the surviving pieces can operate together. A production line without environmental approval, a customer book without assignable contracts, a platform without data rights or a distribution business without key employees may have little going-concern value. UNCITRAL's Legislative Guide recognises going-concern sale and other restructuring techniques as tools for preserving value, within a predictable and efficient insolvency framework.[8] The World Bank's principles similarly emphasise transparent, predictable regimes that preserve viable businesses and reallocate productive assets efficiently.[9]

Table 1. First 24-hour evidence request

Evidence stream	Minimum first release	Decision supported	Escalation trigger
authority and process	constitutional documents, ownership, board authorities, petitions, orders, officeholder appointment, sale protocol	seller authority and route	authority cannot be evidenced
liquidity	bank balances, daily cash, 13-week forecast, aged receivables and payables, payroll and tax calendar	survival runway and funding	cash control or completeness unclear
security and debt	facility letters, security register, guarantees, defaults, waivers and enforcement notices	consent, priority and payoff	disputed priority or imminent enforcement
customers and revenue	top contracts, current orders, churn, disputes, change-of-control and assignment terms	revenue continuity	consent-dependent material revenue

Evidence stream	Minimum first release	Decision supported	Escalation trigger
operations	sites, inventory, suppliers, licences, maintenance, health and safety, systems	Day One viability	critical dependency lacks lawful continuity
people and data	employee list, payroll, key roles, claims, data map, access rights and incidents	workforce and data continuity	key-person or unlawful-access risk

The request is a management starting point. The governing procedure and adviser instructions determine access, privilege, confidentiality and authority.

3. Stand up the 30-day command structure

The Distressed Acquisition Office operates as a short-cycle control system. It maintains one source register, one issues register, one cash model, one stakeholder map, one transaction timetable and one decision log. Each fact has a source, date, owner and confidence description. Each issue has a decision route, monetary or operating relevance, responsible executive and deadline. Documents can remain in specialist workstreams; conclusions should converge in the office record.

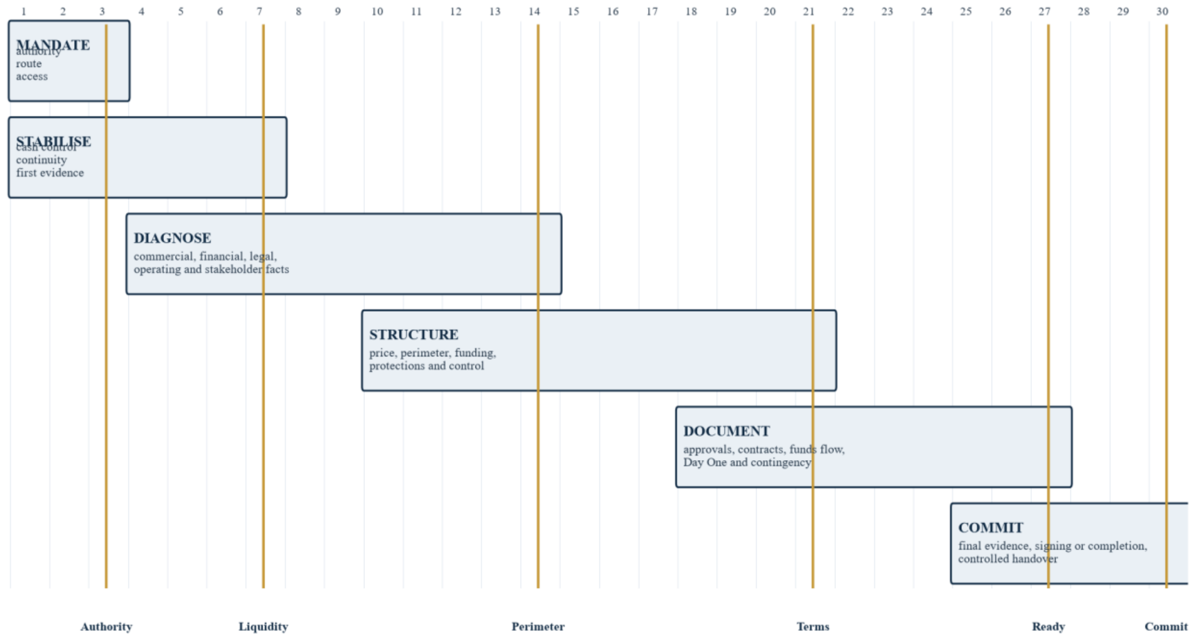
The daily rhythm should match the target's cash and operational volatility. A 30-minute cash and continuity call reviews opening cash, receipts, critical payments, stock-outs, service incidents, employee departures and stakeholder actions. A 45-minute diligence decision call reviews only matters that can change price, perimeter, protection, funding, control, timing or withdrawal. A sponsor call approves changes to the investment case and escalates matters that the office cannot resolve under delegated authority.

The office needs controlled access. The buyer should separate unrestricted commercial information, personal data, competitively sensitive information, privileged material and information subject to court or officeholder controls. Clean-team or adviser-only arrangements may be needed before competition approval or where competitors are involved. The evidence register should record who received each item and the lawful purpose for access.

Figure 1 organises the 30 days around six gates. Calendar days are illustrative. The legal process, creditor actions, authority reviews, data access and operational events can require a longer period or an earlier decision.

Figure 1. Illustrative 30-day acquisition calendar

THIRTY DAYS ARE MANAGED AS EVIDENCE AND CAPITAL GATES



Timing is an original management assumption. Each gate requires verified evidence and the approvals applicable to the transaction.

The office should publish a short internal dashboard after each daily cycle. It shows cash headroom, critical continuity incidents, unresolved authority items, issues by decision route, stakeholder changes, document status and the next irrevocable action. Management should be able to trace every headline to source evidence.

4. Stabilise cash and continuity in the first 72 hours

Liquidity diligence begins with control over the opening bank position. The office should obtain direct statements or read-only bank evidence, reconcile restricted and unrestricted cash, identify trapped balances, review overdraft and sweep arrangements and list every account, signatory and payment mechanism. A balance in the ledger is not equivalent to cash that can legally and operationally fund the acquired business.

The team should build a daily cash bridge for the first two weeks and a weekly view to week 13. Receipts are analysed customer by customer, including invoice status, dispute, offset, assignment, collection route and concentration. Payments are analysed by legal due date, continuity consequence, priority, security, employee impact and statutory exposure. The office should document the authority for any payment prioritisation. Insolvency law and director duties can constrain selective payment and the use of company resources.

IAS 7 explains that cash-flow information helps users assess the ability to generate cash and the timing and certainty of those flows.[12] IAS 1 requires management to assess going concern and consider available information for at least 12 months from the end of the reporting period, while disclosing material uncertainties under the applicable conditions.[11] A 13-week model serves a different operational purpose; it gives the acquisition office a short-cycle view of receipts, payments, minimum operating cash and funding triggers. It does not replace the reporting-entity assessment.

Continuity should be protected through a critical-payment protocol. The protocol groups payments into payroll and employee safety, taxes and statutory items, utilities and essential infrastructure, critical suppliers, secured debt and other obligations. Legal and insolvency advisers should confirm priorities, restrictions and approvals. The buyer should avoid funding a target through informal advances whose ranking, security, use and repayment are unclear. UAE law provides mechanisms concerning new financing in applicable restructuring contexts; Saudi procedures also address secured or guaranteed financing and stakeholder approvals under the governing provisions.[1][3][5]

Table 2. Liquidity action ladder

Headroom signal	Management response	Evidence required	Control condition
more than eight weeks	validate collections and recurring costs; protect working capital	bank evidence, receipts, payables and order book	weekly forecast reconciliation
four to eight weeks	activate collection sprints and vendor continuity plans	customer-level receipts and supplier dependencies	daily cash review
two to four weeks	freeze discretionary spend; negotiate standstills and funding documents	authorised payment list and stakeholder consents	dual approval and use-of-funds reporting
less than two weeks	run daily survival plan; prepare lawful contingency or controlled shutdown	direct bank visibility and critical service map	sponsor, counsel and officeholder approval as applicable
funding condition failed	stop unprotected exposure; reassess transaction route	failed condition and revised downside case	written investment decision

Actions depend on legal authority, insolvency duties, security and the operating facts. The sequence does not establish payment priority.

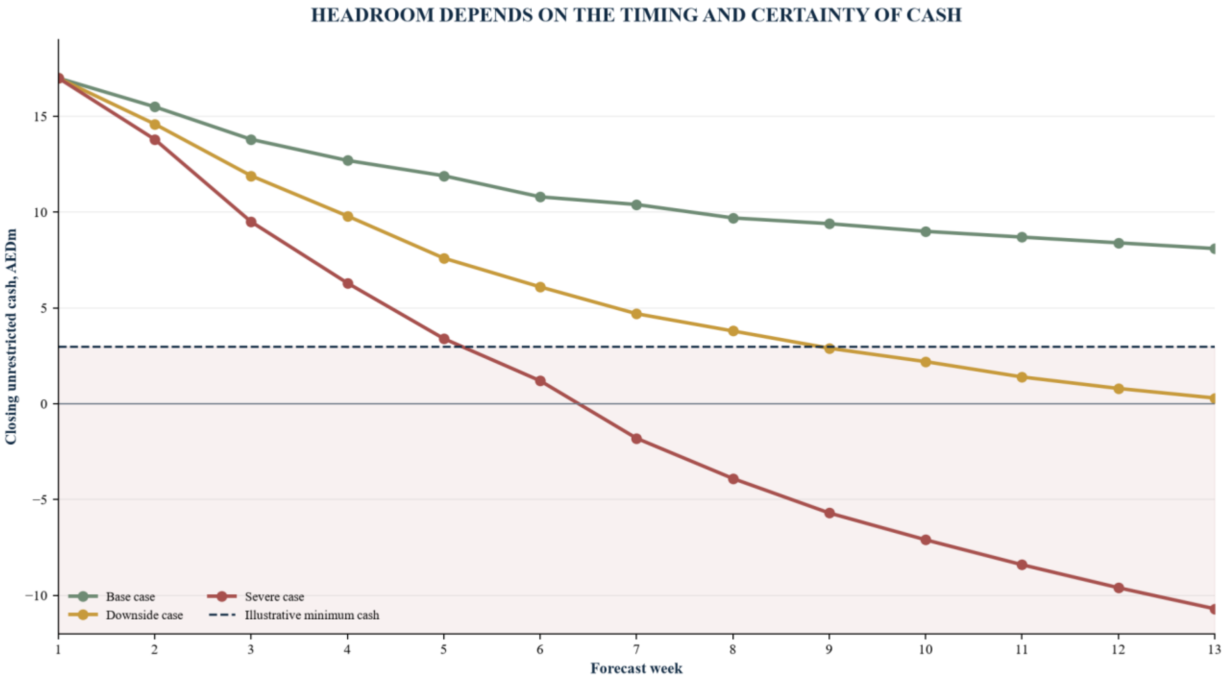
5. Build a 13-week cash curve with scenario ranges

The 13-week model should be simple enough to update daily and detailed enough to drive decisions. It begins with verified opening unrestricted cash. It models customer receipts by expected date and probability, payroll by pay cycle, taxes by legal deadline, suppliers by operating consequence, rent and utilities, debt service, professional costs, capital expenditure, restructuring costs and acquisition funding. It shows minimum cash, cumulative funding need and the week in which each control action must occur.

Three cases can expose timing risk. The base case uses the office's best supported assumptions. The downside case delays uncertain receipts, increases critical supplier payments and removes uncommitted savings. The severe case tests customer loss, operational interruption or delayed completion. Scenario probabilities should not be invented to produce a single expected value. Decision makers benefit more from seeing the conditions that produce each case and the capital required to remain solvent and operational.

The model should reconcile forecast to actual at least weekly. Variances are separated into timing, volume, price, one-off and model errors. A favourable timing variance is not a permanent saving. An uncollected receivable should remain outside usable cash until its collection evidence supports inclusion. IFRS 9's expected-credit-loss framework reinforces the relevance of probability-weighted cash shortfalls and timing, although the acquisition office model is an operational tool rather than a substitute for the accounting measurement.[13]

Figure 2. Illustrative 13-week cash curve



Amounts are hypothetical management assumptions in AED millions. They do not forecast a transaction or target.

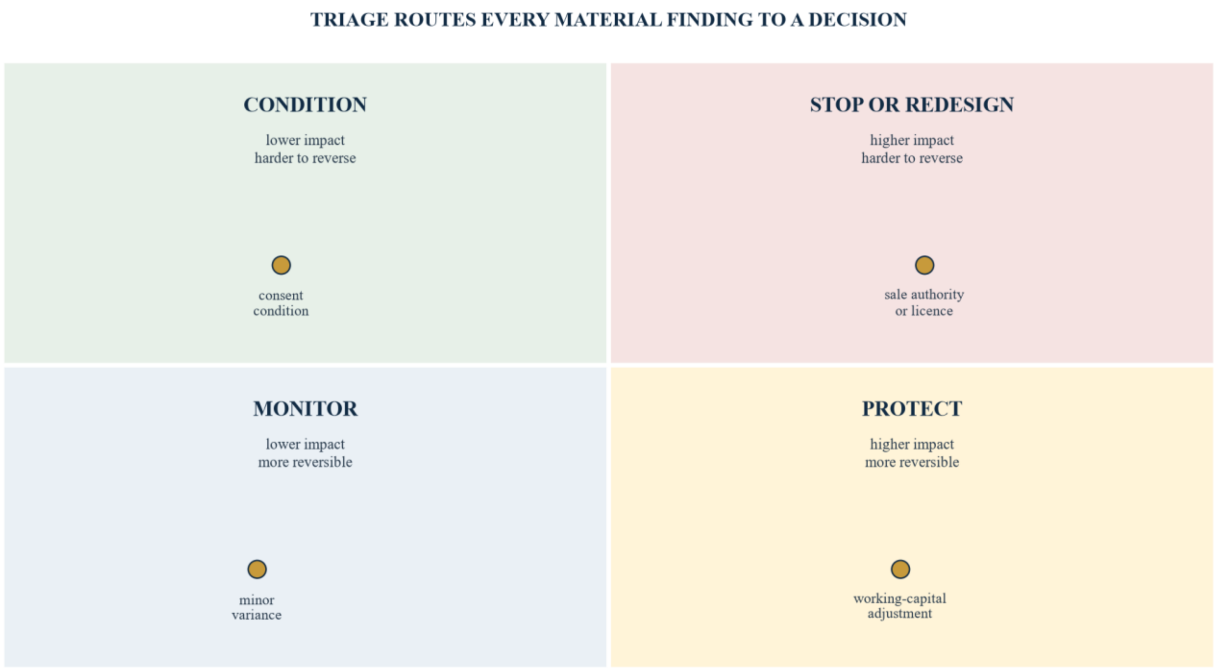
The illustrative curve shows why the office should agree funding triggers before cash is exhausted. In the severe case, minimum cash is breached in week five and cash becomes negative in week seven. The buyer would need to change the transaction, secure controlled funding, reduce the operating perimeter or withdraw. The figure does not prescribe the lawful response.

6. Triage issues by value, continuity, legality and reversibility

A distressed process cannot investigate every issue to the same depth. The office should triage each finding through four lenses. Value asks how the matter affects enterprise value, debt, working capital, investment or recovery. Continuity asks whether customers, employees, systems, licences or supply can operate. Legality asks whether the route, transfer, payment, funding or intended action is permitted. Reversibility asks whether the buyer can correct the matter after completion without disproportionate loss.

The triage score directs attention; it does not replace judgement. A low-value sanctions, ownership or safety issue can still stop a transaction. A high-value accounting adjustment may be addressed through price if evidence is reliable. Each issue must produce one or more decision routes: reprice, remove from the perimeter, make completion conditional, obtain contractual protection, fund a remedy, secure control, or withdraw.

Figure 3. Issue-triage decision map



The map is an original management tool. Scores support prioritisation and do not override legal, integrity or safety gates.

Table 3. Issue-to-response register

Finding	Decision question	Primary response route	Evidence needed to close
seller authority uncertain	can the asset be transferred with good title?	condition, route redesign or withdrawal	court order, corporate authority, officeholder power and security release
cash forecast unsupported	how much funding is exposed and when?	funding cap, control or withdrawal	direct cash evidence, customer receipts and critical payments
material contract cannot transfer	does the remaining perimeter operate?	condition, perimeter change or reprice	counterparty consent or executable replacement
historical liability cannot be quantified	can exposure be bounded or excluded?	indemnity, escrow, perimeter change or withdrawal	claim file, adviser estimate and enforceable recourse
key team at risk	can service continue through Day One?	retention, condition and transition control	signed arrangements and succession plan
system or data access unlawful	can the buyer operate compliantly?	condition, transition service or perimeter change	rights, lawful basis, security design and migration test

The response is selected after evidence review. Several responses may apply to one issue.

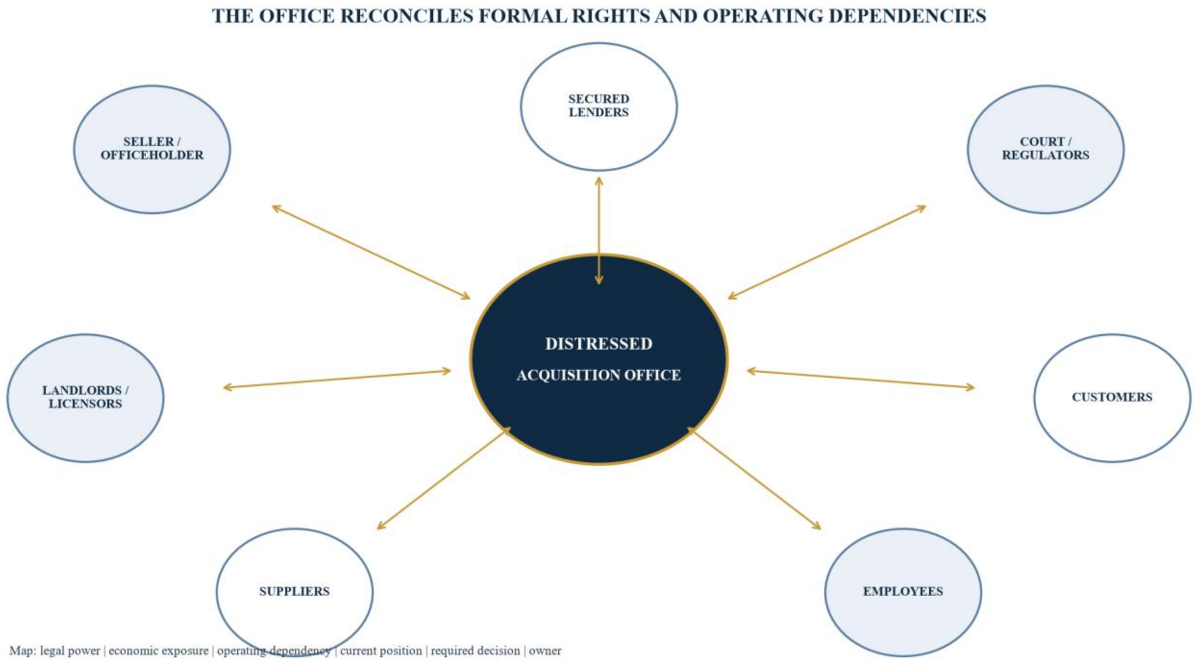
7. Map stakeholders, incentives and decision power

Distress changes stakeholder behaviour. A secured lender may favour a rapid sale, a supplier may demand arrears, an employee may require certainty, a customer may seek an alternative provider and a regulator may prioritise continuity or compliance. The office should map legal power, economic exposure, operating dependency, current position, required decision and engagement owner for each stakeholder.

The map should separate formal authority from practical influence. A customer may have no formal approval right and still determine the value of the business. A landlord may control access to a critical site. A minority shareholder may hold reserved-matter rights. A creditor committee may have statutory functions in an applicable procedure. Saudi guidance describes roles for creditor committees in areas including asset sales, financing and contracts, subject to the particular procedure and governing provisions.[5]

Stakeholder engagement should use one approved fact base. The buyer should avoid representations about job security, payment, contract continuation or regulatory outcomes that it cannot support. Every commitment should have an owner, authority, funding source and written record. Inside-information, confidentiality, competition and data restrictions should shape who receives which information.

Figure 4. Distressed-acquisition stakeholder map



Relative positions are illustrative. The office should replace them with transaction-specific authority, exposure and dependency evidence.

The office should update the map when an enforcement step, missed payment, customer decision, employee departure or regulatory request changes leverage. Stakeholder positions are evidence, not constants.

8. Diligence the operating perimeter under time pressure

Operational diligence asks whether the purchased perimeter can fulfil customer commitments on Day One and generate cash thereafter. The office should trace the service or production chain from customer order to cash receipt. At each stage it identifies the entity, site, licence, employee, system, data, supplier, working capital and approval required. This dependency chain is more useful than a broad process description.

Customer diligence should begin with direct contract evidence, invoices, fulfilment, credits, collections, disputes, renewals, termination rights and concentration. The team should distinguish contracted revenue, order backlog, recurring usage, management pipeline and aspirational opportunity. It should test whether revenue depends on founder relationships, loss-making pricing, informal rebates or non-transferable rights.

Supplier and inventory diligence should connect aged payables to continuity. A creditor balance does not show whether the supplier has stopped shipment, asserted title, holds customer-owned property or is the sole qualified source. Inventory should be tested for ownership, location, condition, obsolescence, consignment, liens and the demand that will convert it to cash. Capital expenditure should be separated into maintenance, compliance and growth.

Technology and data diligence should verify ownership, licences, hosting, privileged access, cyber incidents, resilience, source-code availability and separation from seller systems. In Saudi Arabia, the Personal Data Protection Law includes requirements relevant to disclosure and transfers outside the Kingdom.[17] The buyer should confirm the lawful basis, transfer conditions, minimum-data principle, security and data-subject implications. Equivalent analysis is needed under the laws governing other entities and data sets.

The operating test should culminate in a Day One bill of materials: every asset, person, permission, service, payment and system needed for the first day, week and month. Missing items become conditions, transition services, funded remedies or changes to the perimeter.

9. Diligence liabilities, security, claims and avoidance risk

The liability review should start with a complete legal-entity and security map. It identifies lenders, facility amounts, accrued interest, default, guarantees, pledges, mortgages, account charges, assignment, retention of title, set-off, intercompany balances and enforcement notices. Counsel should confirm perfection, priority, release mechanics and the effect of the chosen insolvency or sale process. Management should avoid assuming that an asset sale automatically produces clean title.

Claims diligence should cover litigation, arbitration, regulatory investigations, tax, customs, employee claims, pensions or end-of-service obligations, environmental matters, product liabilities, warranties, fraud and related-party transactions. The office should distinguish filed claims, threatened matters, management awareness and matters discovered from source evidence. Each exposure needs a range, timing, defence, insurance or recourse assessment and a route into transaction terms.

Avoidance and antecedent-transaction rules can affect pre-sale transfers and payments. Saudi Bankruptcy Commission guidance describes look-back analysis, including longer periods for related-party transactions, subject to the law and facts.[5] UAE and financial-free-zone regimes have their own provisions.[1][6][7] The office should refer unusual asset transfers, preferences, security grants, related-party payments and undervalue transactions to qualified insolvency counsel.

Purchase accounting should be addressed before the investment paper is final. IFRS 3 requires the acquisition method for a business combination within its scope, including recognition and measurement of identifiable assets and liabilities and goodwill or a bargain purchase.[10] A bargain purchase requires reassessment before gain recognition. IAS 36 governs impairment testing for relevant assets and cash-generating units.[14] IFRS 5 addresses measurement and presentation for qualifying assets held for sale and discontinued operations.[15] These standards do not determine the cash purchase price; they can materially affect post-completion reporting and the credibility of the buyer's value bridge.

10. Convert findings into price, perimeter and protection

The investment model should bridge from operating evidence to total capital at risk. It begins with maintainable revenue and margin, then adjusts for customer loss, one-off trading, underinvestment, working capital, debt-like items, liabilities, taxes, restructuring, separation and the liquidity required to reach a stable operation. Buyer-specific upside belongs in a separate case with explicit timing, cost and probability assumptions.

The headline purchase price should be reconciled to cash paid at completion and to total funding. Debt repayment, arrears, cure payments, employee obligations, adviser fees, capital expenditure, systems separation and contingency can exceed the equity consideration. A low or nominal price is not evidence of a low-risk acquisition.

Findings should be routed into executable terms:

- price adjustment for measurable and accepted value differences;
- excluded asset or liability where the operating perimeter remains viable;
- completion condition for authority, consent, release, funding or continuity;
- warranty for a factual state within the seller's knowledge and capacity;
- indemnity for a defined exposure, subject to enforceability and credit support;
- escrow, holdback or deferred consideration for recourse where lawful;
- covenant controlling conduct before completion;
- transition service for a time-limited dependency; and
- withdrawal when exposure cannot be bounded or control cannot be secured.

Seller creditworthiness matters. An indemnity from an insolvent entity may have little economic value. The buyer should analyse escrow, guarantee, insurance, price retention or structural exclusion where available and lawful. The transaction document should state evidence standards for each condition and the person authorised to accept satisfaction.

Competition review belongs in the timetable before control is implemented. UAE Federal Decree-Law No. 36 of 2023 requires prior notification for an economic concentration when the applicable criteria are met and provides a review timetable under the law and implementing framework.[18][19] Saudi Arabia's current Economic Concentration Review Guidelines explain notification and review for qualifying transactions.[20] The office should calculate filing requirements from verified group, target, market and revenue facts, then design information controls and completion mechanics around the result.

11. Secure control rights before new money is exposed

Control is a package of legal rights, operating access and enforceable approvals. Equity ownership alone may not give the buyer timely authority over cash, contracts, data, employees and capital allocation. The office should map each right to the document that creates it, the person who can exercise it, the condition that activates it and the remedy if breached.

Pre-completion controls should respect the seller's continuing legal responsibility and competition restrictions. They can include information rights, ordinary-course covenants, consent for exceptional debt or asset transfers, access to prepare integration and agreed steps for preserving critical operations. The buyer should avoid premature control before approvals and completion.

Where the buyer provides interim or completion funding, the use-of-funds schedule should identify permitted payments, bank controls, reporting, milestones, security or priority where lawful, draw conditions, default rights and unused-funds treatment. Insolvency and financial-assistance analysis may be required. A funding document should agree with the cash model and transaction perimeter.

Figure 5. Control-rights matrix

CONTROL IS DEFINED BY RIGHTS, ACCESS AND REMEDIES

	VISIBILITY	CONSENT	EXECUTION	REMEDY
CASH AND BANK ACCESS	mandatory	mandatory	document	mandatory
NEW DEBT AND SECURITY	document	mandatory	monitor	mandatory
ASSET DISPOSAL	document	mandatory	monitor	mandatory
MATERIAL CONTRACTS	mandatory	mandatory	document	document
KEY PEOPLE	document	document	document	document
SYSTEMS AND DATA	mandatory	mandatory	document	mandatory
BUDGET AND CAPEX	mandatory	mandatory	document	document
CLAIMS AND SETTLEMENTS	document	mandatory	monitor	mandatory

Rights are illustrative. Counsel should confirm legality, drafting, enforceability and any insolvency or competition restrictions.

Table 4. Control-rights schedule

Control domain	Required right	Evidence before exposure	Failure response
liquidity	direct visibility, authorised payment protocol and use-of-funds reporting	bank mandate, signed protocol and tested reporting	suspend draw or escalate under documents
debt and security	restriction on new borrowing, guarantees and security	covenant and complete security register	condition, consent or default remedy
operating perimeter	preservation of assets, licences, contracts and inventory	verified schedule and exception approval	price, perimeter or withdrawal decision
governance	reserved matters, reporting and delegated authority	constitutional and transaction documents	delay control transfer or revise route
people	access, retention authority and succession for critical roles	signed arrangements and funded plan	continuity contingency
systems and data	lawful access, security, separation and transition	rights schedule, testing and incident review	transition service, remediation or stop

The schedule separates economic intent from the instrument that makes a right executable.

12. Protect Day One and the first 100 days

Completion should occur only when the business can operate and the buyer can exercise the agreed controls. The closing room should contain authority, conditions, approvals, releases, funds-flow instructions, ownership transfer, bank access, licence evidence, insurance, key contracts, employee steps, system access and the Day One operating pack. The office should distinguish documents signed in advance, documents released at completion and actions confirmed after funds move.

Day One priorities are continuity, cash control, safety, legal compliance, employee communication, customer service and evidence preservation. The buyer should secure banking, accounting access, payment authority, inventory and site control, system credentials, incident reporting and critical supplier contact. Communications should be consistent with the transaction documents and approved employment, regulatory and customer positions.

The first 100 days should be structured around three horizons. Days 1 to 10 stabilise cash, service, people and access. Days 11 to 30 validate the operating baseline, reset the forecast and resolve inherited control failures. Days 31 to 100 execute the funded turnaround plan, including commercial focus, working capital, cost actions, governance, systems, compliance and leadership. Each initiative needs a baseline, owner, investment, milestone, evidence and stop or redesign threshold.

Turnaround research cautions against treating activity volume as effectiveness. Sudarsanam and Lai studied 166 potentially bankrupt UK firms and found that recovery and non-recovery firms adopted similar categories of strategy; implementation effectiveness differed.[23] Trahms, Ndofor and Sirmon's review frames turnaround through the interaction of decline, strategic response, management and context.[22] Hotchkiss and Mooradian's study of 55 Chapter 11 acquisitions found evidence of asset redeployment and post-acquisition operating improvement in its historical US sample.[21] These studies support disciplined execution questions. Their samples, jurisdictions and periods do not predict the outcome of a GCC transaction.

13. Apply the office to an illustrative 30-day scenario

Consider a hypothetical regional technical-services company with annual revenue of AED 180 million, reported EBITDA of AED 12 million and opening unrestricted cash of AED 17 million. A lender has issued a reservation-of-rights letter. Payroll is due in nine days. Two suppliers have reduced credit terms. The largest customer represents 22 per cent of revenue and can terminate following a change of control. The seller proposes a share sale within 30 days.

The buyer's first-day mandate caps total initial exposure at AED 55 million and requires uninterrupted service to the top five customers. The figures are illustrative management assumptions. They do not represent a forecast, valuation or recommendation.

During days 1 to 3, the office verifies the seller's corporate authority, lender security, bank balances, payroll, tax calendar and operating licences. Counsel identifies that lender consent and security-release mechanics are required. The cash team rebuilds the forecast from bank evidence and customer-level receipts. The severe case shows a minimum-cash breach in week five.

During days 4 to 14, commercial diligence removes AED 3 million of one-off margin from maintainable EBITDA and identifies an unprofitable contract whose exit cost requires analysis.

Operations finds one site dependent on a licence held by another seller entity. Technology review identifies seller-controlled credentials and a data-hosting arrangement that needs lawful separation. People review identifies six critical managers and overdue employee balances.

The office routes the customer change-of-control right and site licence to completion conditions. It routes the EBITDA adjustment and exit cost to price. It routes credentials and hosting to a tested transition service. It routes employee balances and forecast headroom to the funds-flow and liquidity package. The lender release becomes a condition that cannot be waived without the sponsor and counsel.

During days 15 to 21, the buyer proposes an asset perimeter after comparing continuity, liabilities and transfer execution. The final route remains subject to verified licence, contract, employment, tax and insolvency advice. The buyer's model includes AED 24 million of purchase and cure payments, AED 16 million of 13-week liquidity and AED 9 million of separation and compliance expenditure, with AED 6 million of contingency. The sum equals the illustrative AED 55 million exposure cap.

Table 5. Illustrative 30-day decision record

Issue	Illustrative effect	Office response	Residual uncertainty
one-off margin	AED 3m EBITDA removed	rebase price case	future trading remains uncertain
customer change of control	22% of revenue exposed	completion condition and direct continuity plan	customer decision remains open
site licence dependency	one operating site exposed	transfer, replacement or perimeter change	authority timing remains open
week-five minimum-cash breach	AED 16m liquidity package modelled	controlled funding with draw conditions	collections and supplier behaviour vary
employee balances	amount under verification	funds-flow reserve and legal review	final claim population remains open
seller systems	access depends on transition	tested service agreement and migration milestone	separation execution remains uncertain

Amounts and responses are hypothetical management assumptions. Actual outcomes require verified evidence and qualified advice.

During days 22 to 27, the office reconciles the purchase agreement, funding documents, releases, consents, transition services, funds flow and Day One pack. Every condition has an owner, evidence and acceptance authority. During days 28 to 30, the sponsor receives the final paper showing total capital, cash cases, unresolved risks, protections, control rights and the funded 100-day plan. A decision to proceed would remain conditional on satisfaction of the mandatory gates.

The scenario shows how speed arises from decision architecture. It does not show that every distressed acquisition can or should complete in 30 days.

14. Maintain professional and jurisdictional boundaries

This paper is general research and a management framework. It is not legal, insolvency, restructuring, competition, tax, accounting, valuation, employment, data-protection, sector-regulatory or investment advice. The applicable position depends on the parties, entities, jurisdiction, procedure, security, assets, contracts, workforce, data, conduct and timing.

Official English translations may state that another language version prevails. Advisers should check current legislation, implementing rules, court or authority practice and procedural status. The UAE federal law, ADGM, DIFC and Saudi sources cited describe distinct regimes. A group transaction may engage more than one regime.

The calendar, cash curve, triage map, stakeholder map, control matrix, numerical scenario, thresholds and scores are original illustrative management assumptions. They have not been statistically validated. They do not estimate sale authority, liquidity, creditor recovery, approval, completion, turnaround success or investment return.

Academic evidence also has boundaries. The cited acquisition and turnaround studies use historical samples outside the GCC or review prior research.[21][22][23] Their findings guide questions about asset redeployment, strategic response and implementation. They do not establish causal results for a particular target.

15. Implementation conclusion

A distressed acquisition can be executed at speed when the buyer manages evidence, liquidity and control through one decision office. The mandate defines the desired operating perimeter and maximum capital. The route memorandum establishes who can sell and under which regime. The first 72 hours stabilise cash and continuity. The 13-week model identifies funding triggers. Triage converts findings into price, perimeter, conditions, protections, funding, control or withdrawal. The stakeholder map reconciles formal authority and practical dependency. The control-rights schedule makes the investment terms executable.

The 30-day calendar is a governance discipline rather than a promise of completion. Each gate requires evidence. The office should delay, redesign or stop when authority, title, liquidity, continuity, legality or control cannot be supported. It should also prepare a funded Day One and first 100 days before new money is exposed.

The board's final paper should contain the source register, route, operating perimeter, cash cases, issues and responses, stakeholder positions, total capital, transaction protections, control rights, conditions, funds flow and Day One plan. This record gives decision makers a traceable basis for committing capital under pressure and gives management a controlled basis for operating after acquisition.

Appendix A. Distressed Acquisition Office opening checklist

- Confirm the acquisition objective, required operating perimeter, capital limit, control objective and mandatory gates.
- Evidence seller, board, shareholder, officeholder, court and creditor authority under the applicable route.
- Obtain direct bank evidence, rebuild the 13-week cash model and agree payment and funding controls.
- Map customers, licences, sites, people, systems, data, suppliers, inventory, security and transition dependencies.
- Route every material issue to price, perimeter, condition, protection, funding, control or withdrawal.
- Maintain one source register, issue register, stakeholder map, decision log and closing timetable.

Appendix B. Completion and Day One checklist

- Confirm authority, title, security releases, regulatory approvals, creditor consents and conditions with qualified advisers.
- Reconcile purchase consideration, cure payments, debt, arrears, liquidity, separation expenditure and contingency to total capital.
- Test bank access, payment authority, payroll, insurance, licences, customer service, inventory, sites, systems and incident escalation.
- Document reserved matters, information rights, use of funds, governance, delegations and remedies before exposing new money.
- Issue consistent, approved communications to employees, customers, suppliers, lenders and regulators.
- Reforecast cash and reset the operating baseline during the first 30 days; release turnaround investment through evidenced milestones.

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Chennakeshav Adya is an independent researcher whose work focuses on corporate finance, value creation, private capital and transaction execution. His research translates financial, commercial and operating evidence into decision frameworks for boards, investors and management teams.