The first EATP networking event took place on 29th June in London, hosted by Squire Patton Boggs. Wolfgang Maschek from their Belgium office, set the scene. He then joined the panel of Jens Rinze, a colleague from Germany, Jukka-Pekka Joensuu (EACTP President, Finland), Lukas Fecker (TMA Europe President, Switzerland) and Ian Gray (EACTP Board Member, UK).

Wolfgang outlined the background, noting the half-truths and uncertainty leading up to the Referendum and that this was as nothing compared to the uncertainty today as a result of the Leave vote. These are unchartered waters not only for the UK, but for the other 27 member states. Despite the slim 52% to 48% majority, all political parties have said they will abide by the result, even though two thirds of MPs were in favour of Remain and the Referendum is not legally binding. Indeed, although at 72% the turnout was the highest since 1992, this still only meant that 37% of eligible voters voted Leave. Moreover, the Referendum is still subject to the sovereignty of Parliament and Article 50 of the Lisbon Treaty requires an Act of Parliament. In the meantime, one thing is true: no one could have predicted the ensuing chaos, including David Cameron resigning and the possibility of a second referendum for independence in Scotland. And if the results of the Referendum were to be overturned, how would the electorate react and how much more chaos would there be?

Although the Conservative party are in no rush to exit the EU, Jean Claude Juncker, President of the European Commission, in particular, wants to start the 'divorce' proceedings immediately. However, they cannot be started until Article 50 of the Lisbon Treaty is invoked. How long will it take the UK to disentangle itself from the political, legal and social ties of the EU? Exit is unknown territory. The only example is Greenland in 1982, where there was a similar 52% to 48% split. Their exit took three years, due to arguments over fishing rights. Two years is not enough.

For business there is therefore uncertainty. The Markets expected Remain to win. The shock outcome has led to sterling trading at its lowest level since 1935 and the UK's credit rating being downgraded leading to more expensive government debt. If more of the dire predictions come true, there will be increases in insolvency and increased need for restructuring skills. The EU Insolvency Regulations will apply in the EU FROM June 2017 but will now not apply in the UK. Thus the representations made by the EACPT to the UK government as well as those it has been making to the EU are important to get across the Turnaround industry's views and their clients' needs.

The scene setting was followed by a discussion that emphasised the uncertainty of the present situation, including how to approach matters from the clients' point of view. Clients need a survival strategy and that may be moving the company to the EU before the UK exits. It will depend on the state of the business today and its likely state in the future. In any event, it is essential to find out the client's wishes and above all to stay calm. Indeed, excellent businesses will survive in the face of changing economics, especially those that are strongly creative as in design and fashion. After all, a weaker pound is good for exporters. On the other hand, many manufacturers have to import the raw materials. One thing is clear: prices in the shops and transportation will increase and put pressure on inflation. Being a net importer a weaker pound has generally led to a deteriorating balance of payments. It was also pointed out that it took nearly 20 years for the UK recapitalisation industry to adjust to going into the EU, so exiting may take 'at least 15 years to reposition' and the effect will be negative. Turnaround professionals will need to spot where the losers are in UK industry.

So just which British companies will benefit from the weaker pound is debatable. Already, the biggest trend is digitalisation which has resulted in workforce numbers being drastically reduced. Being digitally based, financial services are very mobile and the workers are generally highly educated and not loyal to the UK, but willing to work anywhere. With the UK's downgraded rating, investment has dropped by 15% with some going to Ireland instead. Additionally, UK airlines are very dependent on EU rules and regulations. It is the most liberalised market in the world and with Brexit this would end for UK airline companies. Easyjet has already commenced discussions about moving to be within the EU.

The discussion also focussed not only on the broader, critical issue of immigration alongside the rise of popularism and the 'dislocation of viewpoints'. Of the 45 populist parties now in the EU, 32 want exit from the EU. The Leave vote shows that the electorate do not see the benefits accruing from EU membership, they just see the price they perceive they have had to pay for bailing out the banks: the EU merely 'papering over' the cracks of self-serving elites.

However, for those voting 'Leave' the key issue was migration. It was pointed out that the true situation is that the UK has the lowest unemployment for decades at around 5%. The real problem is the failure of government to deal with the estimated 100,000 illegal immigrants per year. The UK Home Office has the capability to process 38,000 a year, so it simply cannot cope. It's the fault of the UK, not the EU. Indeed, the EU is determined that Freedom of Movement of People is fundamental and non-negotiable. This is its core value.

Trying to inject a more positive note, it was suggested that London may not suffer too much. As a financial centre it is very strong. However, so too is Frankfurt and it is possible that the financial services of Asia and Australia who entered through London will now go through subsidiaries in Frankfurt or Ireland. Yet, non-EU Switzerland has grown banking to global pre-eminence and the timepiece industry has been transformed since the 1970s. From a turnaround perspective therefore, London must be preserved as the jewel in the UK's crown, so that in ten years it will be a 'mega-city' integrated as a core of the EU.