

HEIDRICK & STRUGGLES

Bankrupt Energy Companies Can Return with Winning Mindset

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Heidrick & Struggles Identifies 7 Attributes Post-Bankruptcy Boards Need

CHICAGO and HOUSTON, May 9, 2016 /PRNewswire/ -- As bankruptcies in the oil and gas sector hit record levels over the next 24 months, companies seeking to reemerge from Chapter 11 will need to remake their boards of directors. Heidrick & Struggles (Nasdaq: HSII), a premier provider of executive search, leadership consulting and culture shaping worldwide, today released a study identifying seven key attributes of best-in-class directors for post-bankrupt company's boards.



The first wave of bankruptcies have already hit the U.S. oil and gas industry, with 67 Chapter 11 filings in the sector in 2015—a 379% increase over the previous year. As the number of bankruptcies rise with oil prices remaining depressed, companies emerging from bankruptcy must assemble a new slate of board directors who can rise to the challenge of bringing the firm back to financial stability.

Link to full leadership white paper: <http://bit.ly/EmptyTable>

"Re-building a board is not just a requirement coming out of Chapter 11; it is an opportunity to renovate a winning mentality committed to driving shareholder value," said [Les Csorba](#), Partner in Charge of Heidrick & Struggles' Houston.

"New directors on oil and gas boards should have experience in building a winning board culture from scratch and in guiding transformational leadership," Csorba said. "Based on our work for bondholders, creditors, and advisors, we have identified seven essential attributes for directors of companies emerging from bankruptcy."

The seven attributes of effective post-bankruptcy board members

1. *An owner-oriented mind-set*
2. *Transformative thinking*
3. *Well-rounded corporate experience*
4. *Commitment*
5. *Optimism*
6. *Frugality*
7. *Collegiality—and fierce independence*

An owner-oriented mindset:

- Bondholders and creditors of post-bankruptcy companies take on the responsibility of a leveraged balance sheet and a challenged business—their first priority must be to secure board members who share their perspective.

Transformative thinking:

- These enterprises cannot achieve sustainability without implementing major commercial and operational changes to overcome an extremely challenging macroeconomic environment.

Well-rounded corporate experience:

- While some directors may bring specialty skill sets, they should be able to build on broader corporate experience to weigh in on all matters strategic, operational and commercial.

Commitment:

- Active participation and attendance for any board is essential, but directors of post-bankruptcy boards must be prepared to dig in and contribute far more time than the typical board calendar demands.

Optimism:

- New directors must look through the windshield instead of dwelling on problems that took the company to bankruptcy.
- If the assets are attractive and the strategy sound, the company will recover; its partners will want to partner again, candidates will find job postings attractive, and customers will return.

Frugality:

- The debt owners in a bankruptcy are understandably focused on frugality—and as such, board members must be responsible stewards of the company's balance sheet providing prudent oversight of projects, ventures, and corporate initiative.

Collegiality – and fierce independence:

- In particular, post-bankruptcy boards must be comprised of directors who are exceedingly independent and willing to ask tough questions.
- The ideal cultural dynamic in a post-bankruptcy environment includes mutual respect, trust and candor—and all three are related.

"Board directors coming onto these post-bankruptcy companies have a clear recognition that the personal time commitment in at least the first year post-emergence will be significantly greater than the usual non-executive director roles," said [Mark Livingston](#), Global Managing Partner, Natural Resources. "They tend to be energized by the prospect of crafting a new boardroom culture and shaping a new corporate direction with their newly elected colleagues drawing on the best of all their experiences."

About Heidrick & Struggles:

Heidrick & Struggles (Nasdaq: HSII) serves the executive talent and leadership needs of the world's top organizations as a premier provider of leadership consulting, culture shaping and senior-level executive search services. Heidrick & Struggles pioneered the profession of executive search more than 60 years ago. Today, the firm serves as a trusted advisor, providing integrated leadership solutions and helping its clients change the world, one leadership team at a time. www.heidrick.com.

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