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Required: Empathy and Kleenex



Ruby Washington/The New York Times

Robbin L. Itkin of the law firm Steptoe & Johnson has been doing loan workouts for 20 years and now specializes in restructuring debt.

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IT may be hard to see a silver lining in the current economic crisis, but if you happen to be a loan workout specialist, things are looking up.

As banks and other financial institutions grapple with huge loan defaults, they turn to workout specialists for help. These professionals examine a portfolio of loans, identify those in trouble and work with the borrower, the bank and lawyers to resolve problems and create a repayment plan. Not only must they understand how loans are structured, they are also part detective, part diplomat and, often, part therapist.

“It can be rewarding, when you resolve something in a way that is satisfying to everyone. But it can also get ugly,” said Alexander G. Thomson, managing director of the global

real estate practice at Russell Reynolds Associates, an executive search firm based in New York.

Not since the savings and loan crisis of the late 1980s has demand for workout specialists been so intense. Patricia Lynch, an executive recruiter at Tapfin Process Solutions, recruited for the financial services industry during that time. She said that many of those who lost jobs back then became workout specialists. “They were credit and lending professionals, real estate appraisers and attorneys,” she said.

Workout specialists restructure loans owned by commercial entities like banks, private equity funds and corporations. They also work with individual homeowners. The salary depends on the level of experience, but corporate work can pay between \$100,000 and \$250,000, according to recruiters. Specialists who work with individuals or for nonprofit groups that assist those facing foreclosure or with credit card debt are usually paid less than \$100,000.

The problem is finding such specialists.

“Anyone who entered the work force after 1993 had almost nothing but positive real estate markets, except for certain pockets after the tech bubble burst,” Mr. Thomson said. “So a whole generation of people now in finance have no experience in this.”

Most specialists acquired their skills on the job. “We look for people who began their careers as financial or business analysts, or in risk management,” said Mitchell Feldman, president of A.E. Feldman Associates, an executive recruitment firm in Manhattan. “You need to be able to analyze cash flow, do financial modeling, valuations and credit risk analysis.”

Some financial workers who were recently laid off may have a hard time finding jobs as workout specialists because they don’t have the right experience. Those who structured commercial real estate financing deals or have merger-and-acquisition experience — which requires deal-making and negotiating skills — are in the best position to find work in this area, said Stephen B. Selbst, a workout/restructuring specialist with the law firm Herrick, Feinstein in New York.

People with many years of experience are needed to head groups of less-experienced workout specialists, and may be assigned a portfolio of hundreds of millions to several

billion dollars worth of underperforming or nonperforming mortgages, said **Tim Reagan, an executive recruiter with Magellan International** who places workout specialists in banks and large corporations.

Robbin L. Itkin, a partner with the Los Angeles office of the law firm Steptoe & Johnson, has been doing loan workouts for 20 years. She has represented corporations and high-profile, high-net-worth individuals for decades and now specializes in restructuring debt.

Ms. Itkin says a nonfinance-related trait is needed for this kind of work: empathy. “There’s a psychological component in all of this,” she said. “You learn the most intimate facts about someone’s life — how they spend their money, whom they support, what they buy.”

FOR individuals, workout specialists help with mortgage loans and credit card debt. Howard S. Dvorkin, founder of Consolidated Credit Counseling Services in Fort Lauderdale, Fla., a nonprofit credit counseling organization that serves mostly consumers, said that all of his credit counselors do loan workouts. They have a college education and generally 5 to 10 years of experience in finance.

Over the last 18 months, Mr. Dvorkin said, calls to Consolidated have been up 80 percent. Jorge Ruiz, who spent years working for banks generating mortgages, is now one of the organization’s credit counselors. Mr. Ruiz does a financial analysis for clients and creates a budget that enables them to begin to meet their financial obligations.

“We look at what expenses can be eliminated or lowered, such as cable TV, gas bills for transportation, extracurricular activities for kids, whatever it is,” Mr. Ruiz said. “Then I negotiate with the banking institutions and lawyers.”

The hardest part of his job, though, isn’t the negotiations and calculations but witnessing the enormous emotional toll that financial problems have taken. He buys boxes of Kleenex in bulk.

“People come to me because they are in trouble and because they need help. If you do this work, you have to find a way to be strong, because it’s difficult,” Mr. Ruiz said. “People just break down. No one who comes here is having a good day.”