

TMA Chicago/Midwest Podcast Hosted by Paul Musser | Stefan Piotrowski on the Role of CROs in Turnarounds

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In the latest Turnaround Management Association (TMA) Chicago/Midwest podcast episode, host and Insolvency and Restructuring Partner Paul Musser sat down with Partner at Paladin Management Group, Stefan Piotrowski, to discuss the importance of chief restructuring officers (CROs) in distressed situations.

Stefan described how in many assignments, he steps in as an interim officer, wielding day-to-day authority to implement swift, proactive change. He emphasized the CRO's independence in those engagements: unlike traditional financial advisors, CROs assume fiduciary responsibilities, often report directly to the board and possess broad operational latitude.

Stefan also distinguished CROs from independent directors, noting that while both roles require similar analytical and strategic skills, CROs focus on execution and management while independent directors focus on governance and oversight. He then grouped CRO mandates into three overlapping spheres, including operational or transformational initiatives, financial tasks such as liquidity management and stakeholder negotiations, and bankruptcy-related matters. Across all these responsibilities, Stefan said ensuring independence and objectivity as well as expediency are essential to earn stakeholder trust, reconcile diverse interests and reach a consensus under pressure.

Stefan and Paul went on to talk about family-owned versus sponsor-backed companies. Despite generational or emotional dynamics that may complicate family businesses, Stefan stated that the underlying operational and financial challenges do not differ fundamentally and that success in either type of distressed situation hinges on proper communication and an understanding of each stakeholder's perspective.

Finally, their conversation turned to business development and participation in professional organizations. Stefan credited the TMA for fostering knowledge sharing and networking with industry peers and underscored the importance of maintaining contact with new connections, rather than

simply adding them as contacts. He recommended that those starting out in the restructuring industry prioritize the importance of delivering excellent results through good work, as well as cultivating relationships with colleagues and stakeholders met during engagements, so that they may be great resources going forward.

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CONTACTS

For more information, contact your Katten attorney or any of the following attorneys.



Paul T. Musser

+1.312.902.5620

paul.musser@katten.com

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