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TMA Chicago/Midwest Podcast Hosted by Paul Musser | Bernardo Silva on Navigating Distress in Wine and Spirits and Driving Durable Value

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In this episode of the Turnaround Management Association's (TMA) Chicago/Midwest podcast, Restructuring Partner and host Paul Musser sat down with Teneo Senior Managing Director Bernardo Silva, food and beverage industry lead within the company's Management Consulting team. Bernardo is a Chicago-based advisor with over 25 years of experience helping management teams, boards and private equity investors unlock growth and accelerate value creation. Their discussion covered Bernardo's non-traditional path into restructuring, his role in turnaround engagements, the particular distress facing the wine and spirits industry today, and his business development insights.

Bernardo shared that though he is not technically a restructuring professional, he works closely with and has learned much from his peers in the space. In turnaround situations, Bernardo focuses on "margin expansion” through methods such as smart near-term pricing, preventing avoidable costs, including late-delivery and demurrage charges, and cost recovery. He also prioritizes building a durable growth plan for companies in distress, crediting restructuring peers with teaching him to work at pace and be practical.

Paul and Bernardo then turned to the central theme of the conversation: the distress gripping wine and spirits, which Bernardo framed as the aftermath of a "pandemic-induced boom.” With consumption falling since 2023, and now at or even below pre-pandemic norms, many in the industry have been left with weak balance sheets, resulting in a wave of bankruptcies and distressed sales. Distinguishing cyclical headwinds like tariffs from structural change, Bernardo pointed to a new, "sober-curious" generation, the fragmentation of beverage occasions, and competition from legalized cannabis and GLP-1 adoption.

He and Paul then delved into why the sector is uniquely hard to work out, noting that a persistent inventory glut exceeds demand, and that while high-end whiskey grows more valuable over time in the barrel, undercapitalized distilleries struggle to sustain during those cycles and cannot easily tap into that inventory to create immediate liquidity. Wine has been hit hardest, with 6 percent to 8 percent annual volume declines, specifically in California, which accounts for roughly 80 percent of domestic production and is facing particular distress amid labor, climate and agricultural cost pressures, leaving thousands of small family wineries especially exposed. Bernardo flagged the industry's unique challenges, including low-velocity inventory and agricultural risk, and advised beginning any workout with a firm grasp of product and customer profitability. With many wineries too small to justify hiring advisors, he suspects quiet liquidations are common. Both he and Paul agreed that out-of-court solutions and receiverships are often preferred over costly bankruptcies given these cost and recovery considerations.

Finally, on business development, Bernardo stressed that proactive networking with lenders, law firms and advisors is critical in such a tight-knit community. He urged restructuring professionals to take action rather than wait for the phone to ring, in order to intervene earlier in the distress life cycle, adding that because management teams often see raising their hand as an "admission of failure," problems frequently reach lenders too late.

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