Greece. No Way Out But Exit? Example Solution From Corporate Workout.

A business cannot borrow itself into solvency. On the other hand there will be a cost of debt beyond which no business model can survive. What Greece needs to do is examine its business model to get a handle on its revenues and expenses (including unfunded liabilities), examine its balance sheet (including state owned assets) and find a viable business model (from a cash flow and profit perspective) and balance sheet.

A rational creditor would work with Greece to maximize the value of the loans they have already extended to Greece. This could very realistically involve extending more credit to Greece, at easier terms. A rational creditor would only agree to this if there was a formal business plan.

In order that any such business plan was sufficiently reassuring to Greece's creditors, cash flows from tax and other revenue might have to be directed to escrow accounts where a waterfall of priority of cash flows directed cash so as to satisfy basic needs of the Greek government and people, then creditors, then less high priority Greek interests.