



TMA Australia National Conference 2015 – Wrap Up

The Annual TMA Australia National Conference for 2015 saw an unprecedented number of delegates in attendance, once again delivering a world class event. Over 200 delegates from Australia and overseas attended at Crown in Melbourne, where the Conference was opened by the Hon. Julia Gillard and featured a raft of impressive speaker sessions. The popular Gala Dinner sold out again this year, with 500 guests addressed by the CEO of Qantas, Alan Joyce, on the company's origins and in turn a stellar turnaround performance. The dinner also showcased TMA members with the Annual Awards presentation.

A number of themes shone through:

1. Reputation is everything: protect and invest in it.
2. Culture is an important aspect of every sustainable turnaround.
3. Define your purpose: be clear about who and what you want to be, and how you will deliver.
4. Data collection is critical, but using the data properly is more so.
5. Outcomes are important, but don't forget about processes.
6. Be aware of changes in competition and the industry; be flexible with your strategy.
7. Embrace technology and disruption: it's here to stay.

The following is a synopsis of the conference.



DAY ONE

The Hon. Julia Gillard

“Be clear about what leadership style is needed for the circumstance”

The audience was treated to Julia, the person – as someone who genuinely sought to deliver positive lasting change for Australia. In that regard, the Hon, Ms Gillard is proud of her [Government’s] achievements relating to the education system funding reforms and the introduction of Disability Care reform.

The Hon. Ms Gillard shared anecdotes of great leadership under immense pressure in terms of the demands of her time, the need to be ‘on’ the 24-hour news cycle and the enormity of her role as Australia’s first female Prime Minister.

Four key points on leadership:

1. Hone your own sense of purpose
2. Nurture a strong sense of self
3. Overcome the struggle to manage urgent versus important
4. Be clear about what leadership style is needed for the circumstances



Professor Ian Harper – Partner Deloitte Access Economics

“The case for digital disruption is compelling”

Professor Harper outlined the current global context:

- the importance of China to our, and the global, economy;
- how Australia’s economy will change gears;
- GDP growth outlook of below 3 percent; and
- a long term outlook for growth in real national income per person of less than 1.5 percent.

The case for digital disruption and competition policy change to drive productivity growth is therefore compelling. As turnaround professionals, we have an important job in restructuring and repositioning efficient businesses for further growth and opportunity. The key is to do things quickly, and that includes shutting down inefficient businesses as a service to the macro economy (something the banks could take note of).

DAY ONE

Michael O’Keeffe – CEO, Aesop

“Align your culture globally / Store fit-out is key”

Michael O’Keeffe advised his audience to be clear in your strategy and understanding of your position in the market. Aesop adopts an engagement-centric strategy, distinguishing from industry peers such as Body Shop and L’Occitane by focusing on the customer experience rather than just the product. A sound knowledge of Aesop’s consumer demographics translated to ‘trendy areas’ as the focus for the global rollout strategy.

Alignment of culture among the international stores is tough, but can be combatted as long as the company’s overarching principles are the same. With a small budget, the idea is to connect your business with customers who understand the product and its value.



Michael O’Keeffe

Craig Dunn – Non-exec Director including of Stone and Chalk incubator

“Look at your competitors now, and in the future”

Craig Dunn asked his audience to contemplate what competitors look like now, and in the future. In 20 years, 5 percent of GDP is expected to be generated by the technology space. In Australia in particular, tech start-ups struggle with accessing capital. Dunn believes there will be a push at the top level for tax incentives to increase domestic investment and follow the global leads of the US and more latterly the UK, in the fintech space.

Henriette Rothschild – Managing Director, APAC Mature Markets, Hay Group

“The CEO blame game”

Henriette Rothschild spoke of the company culture ‘below the waterline’, citing the myth of the CEO isn’t to blame for problems, nor are they solely responsible for the success or failure of a company. Rothschild said approaches to culture need to be tailored for the market in which you’re operating. She used the example of Kraft’s turnaround in North America.

Ken Matthews – Managing Director CIO Advisory

“Data is more important than the products”

Ken Matthews discussed the nature of the Chief Investment Officer and its traditional counterpart, the Chief Financial Officer. Finance does not trust IT, and the CFO is moulding into the CIO. The need for company Boards to understand technology is imperative, but so too is the need to control unnecessary IT spending and manage these process efficiently. The data is more important than the product. If everyone collects data, how do you get ahead of the curve?



L to R Ken Matthews & Henriette Rothschild

DAY ONE

Gary Pert – CEO Collingwood

Managing the culture, brand and performance of a world class sporting organisation

“Consistency”

Gary Pert’s key point was consistency. Be consistent in the approach to your ultimate vision – in Collingwood’s case – to be a world class sporting organisation.



Peter Yates – Deputy Chairman, The Myer Family Investments Ltd Chairman, Faculty of Business & Economics, Melbourne University

What keeps directors awake at night?

“Reputation is important”

An experienced executive and corporate advisor, Peter Yates has fronted some of the leading boardrooms in Australia. His message was around the change in risk profile and an increased level of conservatism within directors’ post the GFC. Reputation is becoming more and more important.

Kathleen Conlon – Non-Exec Director on lessons from the front line

What keeps directors awake at night?

“Learnings at Board level include taking accountability for problems (and solutions)”

An experienced corporate advisor, Kathleen sits on major domestic Boards. Over time, she has been involved with both blue chip and problem child corporates. A director needs to understand both.



Rick Drury – General Manager Finance, Planning & Performance, NAB

“My experience in turning around a run off lending business in the UK”

Interviewed by Graham Martin (KPMG), who was involved in carving the assets out of the Clydesdale balance sheet for the National Australia Bank, Rick summarised key learnings – a clear strategy well-articulated to members of the team, appropriate incentive structure, aligned management team, a supportive group, recovering economy, prudent and progressive marking of the portfolio and co-ordination between head office and the overseas management of the portfolio and business.



L to R Graham Martin & Rick Drury

DAY ONE

Ray Wilson – CEO of Brisconnections & Christopher Hill, Partner PPB Advisory discussing BrisConnections

“Creating value in the spotlight of a public process”

An interesting and relevant session with the BrisConnections auction featuring in the Australian media. CEO Ray Wilson acknowledged the importance of a light touch by the advisors in dealing with a company’s management in order to work cooperatively together. This approach has helped to drive value as well as retain key staff.

John Silverthorne – Executive Director, VCS Holdings (Aust) Pty Ltd Michael Phillip Director, CarVal Investors

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Viento: saved by the DOCA

“Creative thinking to get an effective outcome.”

- Discussed saving of Viento, a mining services provider in WA, via a DOCA.
- Group had invested in a poorly performing business. DOCA was used to jettison this business whilst retaining core, profitable businesses.

Mark Allison – CEO of Elders, Winner of the TMA Australia’s Large Turnaround of the Year Award

“Stick to what you’re good at”

CEO Mark Allison spoke about changing the company focus from an automotive and forestry one, to a pureplay agribusiness. Elders’ streamlining of the business, selling off non-core operations, and basically ‘sticking at what you’re good at’ meant more profits and better outcomes. In short, strip things back, refocus and realign the business values in order to make it profitable.



NextGen Event (for professionals aged 35 years and under)

Jason Kardach (Borrelli Walsh, Singapore), James Marshall (Ashurst), Clare McComb (NAB), Tim Williams (NAB)

The NextGen session was tailored for a younger audience of turnaround and corporate restructuring professionals. The panelists discussed Australia and the Asia Pacific, and the role of the Chief Restructuring Officer.



DAY ONE

TMA Gala Dinner



Gala Dinner – with guest speaker Alan Joyce, CEO of Qantas

Recognising the best turnarounds and restructurings and highlighting member achievements, TMA handed out awards across four categories, as well as two separate special awards at the Gala Dinner:

Small Company Turnaround of the Year

Withcott Seedlings

(TMA Member firms: Deloitte, Suncorp Bank)

Mid-Size Company Turnaround of the Year

First Engineering

(TMA Member firm: Anchorage Capital Partners)

Large Company Turnaround of the Year

Elders Limited

(TMA Member firms: Elders Limited, PPB Advisory, National Australia Bank, PPB Advisory, Minter Ellison)

Restructuring Deal of the Year

Boart Longyear Ltd

(TMA Member firms: Moelis & Company, Ashurst Australia, Minter Ellison)

Certified Turnaround Professional Student of the Year

David Cambridge, Succession Plus

Member Contribution Award

Michael Sloan, Ashurst Australia

DAY TWO

Debate:

Stressed and distressed clients should/ should not engage with their US bondholders immediately!

L to R Tim Norman, James Marshall, Chris Martin & Lachlan Edwards

Chris Martin, Partner, KordaMentha, **Tim Norman**, Partner, Deloitte, **Lachlan Edwards**, Managing Director & Co-Head, Corporate Advisory, Lazard, **James Marshall**, Partner, Ashurst, **John Nestel**, Partner, Herbert Smith Freehills

Day two of the Conference started with a light-hearted debate where the audience decided on the winner. Following the debate three PE deals were discussed (Peters Ice Cream, Discovery Parks, and Godfreys) highlighting common elements.



Stephen Audsley

Steve Audsley – CEO Peters Ice Cream

“Reputation: hard to build, easy to destroy”

Steve Audsley, a passionate speaker, focused on reputation and noted the recent retail examples of 7/11, Grill'd and Patties Pies. His strategy involves heavily investing in and protecting the Peters brand, one that sells 'joy and happiness'. Audsley told his audience that process is important, however the outcomes must override process. Strategy should be driven by both outcomes and values. Audsley also referenced data collection and accuracy as vital to making correct, informed decisions. Peters doesn't consider itself as a brand that sells a product, but rather, the joy that comes with the customer experience. Retailers are merely the real estate to get the product to the consumer.



L to R Grant Wilckens & Adrian Loader

Adrian Loader – Managing Director, Allegro

“Define your reason for being”

The turnaround of Discovery Parks, which hit problems at the height of the GFC, was discussed by its CEO and lead investor at the time. Key areas of focus during the turnaround included the introduction of 'dynamic pricing', improved MIS sophistication, and making it an attractive company for investment. External economic factors such as people selling homes for holiday parks during the tougher times were able to provide some benefit to Discovery. Any organisation needs to be able to define its reason for being.

DAY TWO

Bernie Bicknell – Chief Operating Officer & Chief Financial Officer, Godfreys

Stephen Allan – Executive Director, Australian Fixed Income Division, Nomura Australia

“Focus on the output, not the process”

Stephen Allan discussed the turnaround of Godfrey’s and its subsequent ASX listing of one of Australia’s most iconic retail brands. Allan said that anyone can take costs out of a business, but that the hard part is keeping them out. Knowing the data and information isn’t effective if the information isn’t used properly, and there is a need to focus on the outputs rather than the process. In retail businesses, it is very difficult to find a trade buyer who can add value via a bolt-on acquisition – in this case the IPO was the best outcome.



Paul Howes – Partner, KPMG

After 15 years in the Australian union movement, Paul’s session focused on Australia’s real productivity challenges outside the sensationalist debates in the political and media arenas. He argued that unions and corporates need to stop fighting and trust each other.

Mike Murphy – Managing Director, Alix Partners (Hong Kong)

Overview session on restructuring trends and factors impacting Asian and global market(s).

Mike provided a detailed analysis of the region including restructuring trends and factors impacting Asian and global markets.

The Hon. Kevin J. Carey, – U.S. Bankruptcy Judge for the District of Delaware

Overview session on restructuring trends and factors impacting US and global market(s).



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