



TMA International NEWS

Second Quarter 2009

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A message from TMA's VP of International Relations



Time to smell the tulips—attend the TMA European Conference in Amsterdam

by Steven J. Weisz

Spring finally arrived, and now summer is just on the horizon. Since our last edition, the financial world has continued to be in a state of flux. While there are signs of stability in many markets, significant underlying economic and financial weakness in many parts of the global economy are still apparent.

The automotive industry and related manufacturing enterprises, for example, continue to be battered, as participants attempt to gain market share in the face of an ever-decreasing demand for new vehicles. Some estimate that in North America, the demand for automobiles will level off at approximately one-third less than its peak level in 2007/2008.

We have now seen Chapter 11 filings for Chrysler and General Motors, as well as the potential sale of Opel to Magna International, a significant player in the global auto parts supply (and now potentially manufacturing) industry.

These are definitely exciting, yet difficult, times for many people, as job losses continue to mount, and

businesses and industries continue to downsize and contract. Turnaround professionals are finding unprecedented opportunities to get involved and find solutions to the troubling issues facing business enterprises throughout the world. I hope you find this edition of *TMA International News* to be thought-provoking and helpful in dealing with the issues and challenges you face in your own practice.

In this issue, I am delighted to introduce Petr Smutny, TMA-Czech Republic president and a director for restructuring services of PwC Czech Republic, with his "Top ten points on how to manage during the crisis."

Jan van der Wal of the South African affiliate also provides a report on the development of the Certified Turnaround Professional (CTP) program in South Africa. Proposed government recognition of the CTP designation would be a monumental accomplishment for turnaround professionals in South Africa, as well as internationally, and could be a catalyst for similar recognition of the certification programs throughout Europe and Asia.

Smell the tulips -continued

This issue also contains a report from Michael Fingland of TMA-Australia on details of events planned throughout the year and in particular, the sixth annual TMA-Australia conference and awards dinner to be held in September. I strongly encourage members to attend this event in beautiful Melbourne, Australia.

Speaking of beautiful places, I can't think of anything better than a trip to Amsterdam in June to smell the tulips, stroll along the romantic canals, visit world-class attractions and attend the TMA European Regional Conference on June 18 and 19. I am pleased to announce that the host affiliate for this conference is the new TMA-Netherlands affiliate. I congratulate the board of TMA-Netherlands on this accomplishment and welcome all its members to TMA.

Registration for the European Conference has been active for some time, and it is clear that it will be a fantastic success. I strongly encourage you to visit Amsterdam for this event, which will feature an array of speakers from all across Europe, including Russia, Poland, Spain and the Czech Republic, as well as TMA President Pat Lagrange, Chairman Arthur Perkins and Immediate Past Chair Bill Skelly.

I am also delighted to introduce the board of directors of provisional affiliate TMA-Brazil who participated in a roundtable discussion for this issue. They provide interesting first-hand insight into the issues and challenges facing business enterprises in Brazil and the turnaround industry in South America.

Eiten Inamura also provides a report on TMA Japan's annual meeting, which included presentations of the TMA-Japan Turnaround of

the Year Award and the first TMA-Japan Student Paper Competition Award. Congratulations to the award winners and to TMA-Japan for organizing another world-class event.

TMA-UK continues to be one of the most active affiliates with the development of a new professional development program. With education earmarked as a major initiative for TMA International over the next few years, it is wonderful to see the same determination and vision at the local level as demonstrated by TMA-UK leadership.

News from TMA headquarters in this issue includes details on keynote speakers for this year's Annual Convention in October. I hope I will have an opportunity to meet many of you there. Please also encourage your local board members or administrator to provide details of events held in your region or country so we can list them in the calendar at the back of each issue. I encourage you to coordinate your travel plans with these local events, as I know TMA members are always delighted to welcome guests with open arms and a glass of cheer.

I wish everyone a productive, busy and yet enjoyable summer. I look forward to reporting to you in the fall on the continued success of TMA International across all of the six continents of Europe, Africa, North America, South America, Australia and Asia. 🌐

Steven J. Weisz is a partner and the practice group coordinator of the Restructuring & Insolvency Group of Blake, Cassels & Graydon LLP. He is past president of the TMA-Toronto Chapter and has been a director of TMA International since 2002. He has served as TMA Vice-President Finance, of University Relations and of International Relations.

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Top 10 points on how to manage during the crisis

by Petr Smutny

During uncertain and volatile times, it is important to make tough decisions early. Here are the top 10 points to help you focus on key value drivers and risks across your business. The future holds success for those who best position themselves to take advantage of the eventual upturn.

Short-term horizon

1. *Analysis: What is your real situation?*

During an economic downturn, your goal posts are moving. It is critically important to work with an exact analysis of your real situation, not with best estimates.

2. *Performance: Act decisively, based on reliable data*

Successful players must demonstrate flexibility and agility. Now more than ever, you need high quality, timely management information and appropriate key performance indicators.

3. *Manage your costs—do not just lower them*

Focus on enhancing operational performance. Focus on savings in targeted and justified areas instead of across-the-board cuts.

4. *Cash is king*

The majority of companies face financial issues during a downturn. In order to manage the crisis successfully, you need to minimize your debt and receivables and maximize your liquidity.

Mid- and long-term

5. *Think ahead; the crisis will pass*

In the short-term, you managed to stabilize cash and minimize costs. In the long-term, you need to preserve your growth drivers and your ability to compete.

6. *Prepare for potential risks*

During an economic downturn, there is mounting pressure to achieve business goals and generate profits. Do not overlook risk management, especially fraud prevention.

7. *Do not forget about tax and legal implications*

Tax planning can have a substantial impact on your liquidity and profitability. All of your actions have tax implications and as such can also affect your profitability.

8. *Communicate*

Evaluate the likely impact of the downturn on your stakeholders and try to understand their positions and needs.

9. *Where to finance from?*

Some financing sources may prove too expensive or may overly restrict your flexibility.

10. *Recognize the value of your people*

In times of crisis, regular and clear communication with your employees is key.

Identify key talents and develop appropriate incentive programs for them.

How to do it?

During growth and stable times, businesses typically do not keep specialized crisis management teams. However, in case of a sudden shift, the lack of such competencies and capacity is critical. 



Petr Smutny is president of TMA-Czech Republic and a director for restructuring services of PwC Czech Republic. He has written several articles on the topic of restructuring and how to manage a business in the downturn.

Southern Africa nearing launch of CTP certification program

by Jan van der Wal

The Board of TMA-Southern Africa has entered into discussions with TMA International to establish the Certified Turnaround Professional (CTP) program locally. This will be done under license from TMA International and in partnership with Services SETA (Services Sector Education and Training Authority), a government agency in South Africa.

Pending approval by TMA International, a provisional Turnaround Certification Governance Board (TCGB)—the equivalent of the Certification Oversight Committee of TMA—has been established, along with a Standards and Academic Sub-Committee.

Earmarked to chair the TCGB is Professor Mervyn King, a business luminary in South Africa who also heads the King Commission on Corporate Governance. The commission is responsible for compliance rules and guidelines for South Africa's new Companies Act, including its new business rescue provisions.

The benefit of having Services SETA as the implementation partner is twofold. Firstly, the CTP designation will be recognized by the South African government. Secondly, Services SETA will apply to the government to have the Turnaround Certification Governance Board recognized as the regulator of business rescue practitioners in South Africa.

In keeping with the business rescue provisions (Chapter 6) of South Africa's new Companies Act that was enacted in April, a business rescue practitioner will take full management control of a financially distressed company in substitution for its board and pre-existing management.

While the new legislation is expected to be implemented by mid-2010, the first CTPs will

not qualify until the end of 2010 at the earliest. To enable these professionals to become business rescue practitioners, the idea of establishing a temporary Turnaround Professional Candidate (TPC) designation is now under discussion. The TPC would be converted to the CTP designation later, should the turnaround

As South Africa begins feeling the effects of the global recession, TMA-Southern Africa's planned certification program could not be coming at a better time.

professional in question meet with CTP eligibility criteria and pass the CTP exams.

Another concept under discussion is the Associate Turnaround Professional (ATP) designation. This would serve as a feeder program for eventually becoming a CTP. It would use the same course material as for CTPs, but would include an entry level exam.

The CTP and ATP programs will also have the CTP-Designate and ATP-Designate qualifications for those who have passed the exams but still lack the required experience.

South Africa, too, is severely affected by the global economic crisis. It is entering into a recession, with rising liquidations statistics and job losses.

Turnaround professional certification will encourage professional excellence, provide an objective measure and recognition of expertise, and provide evidence of an individual's commitment to the turnaround and corporate renewal industry in South Africa.

Therefore, the planned certification program, which will yield a new crop of qualified turnaround professionals, could not have come at a better time.

More information about South Africa's new business rescue legislation will follow in a future edition of *TMA International News*. 

TMA-Australia plans major events, launches newsletter

by Michael Fingland

TMA-Australia will hold its sixth annual conference and TMA Awards dinner September 17-18, 2009, at the Park Hyatt Hotel in Melbourne.

With the theme of “SURVIVE 09—Directions in Turnaround & Restructuring,” this year’s conference will address the need for fine-tuning turnaround management skills and understanding the evolving financial environment in which corporate renewal professionals must operate.

Conference speakers will share their knowledge in an entertaining and informative way, presenting real-life case studies for lessons learned, walking through practical sessions and stimulating innovation.

Among the conference’s special guest speakers will be Eugene Arocca, chief executive officer of North Melbourne Football Club, and professor/author, historian and academic Geoffrey Blainey, AC.

Key topics of discussion will include:

- New workout mechanisms
- Managing assets in hard times
- Class actions in restructuring debate
- Reform to assist workout
- Operational turnarounds in SME
- North Melbourne football club turnaround
- Financial crisis: lessons from history
- Australia and the world in the next 15 years
- Dealing with your bankers
- Case studies and presentations from industry

Conference speakers will include:

- Neil J. Young QC: The Victorian Bar
- Lindsay Maxsted: MD, Align Capital
- Richard Fisher AM: A/Prof, Uni of Sydney
- Colin Nicol: Partner, McGrath Nicol
- Ben Edney: GM Group Strategic Business NAB

The conference will provide participants with opportunities to exchange ideas with colleagues and new acquaintances as well as extend their knowledge of many key industry topics.

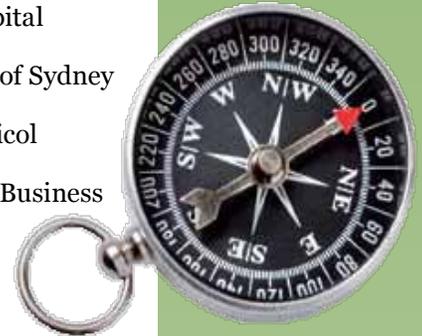
TMA Special Olympics business lunches

July 2009 will see another round of annual business networking lunches where TMA-Australia has partnered with Special Olympics Australia. Their goal is to heighten the awareness of both organizations and raise much-needed funding for Special Olympics athletes and supporters.

Both the Sydney and Brisbane sub-affiliates are expecting 550 and 300 attendees respectively, which is a significant increase over last year.

TMA-Australia Newsletter

TMA-Australia has recently launched a new series of bi-monthly newsletters. Featuring case studies of TMA members in the field, this publication provides a forum for members to share their views and opinions on the changing face of turnaround in Australia. 



**SURVIVE 09—
Directions in
Turnaround &
Restructuring**

**TMA-Australia 6th
Annual Conference**

TMA European Conference to focus on road to recovery

The second annual TMA European Regional Conference will take place at the Marriott Hotel in Amsterdam this year. The event will feature a banquet on the evening of Thursday, June 18, and a day-long session on Friday, June 19. The host affiliate for the conference is TMA-Netherlands,

As the current recession unfolds, the need for cross-border cooperation is anticipated to grow in importance. The conference will aim at identifying the opportunities that the market presents and the evolution of legislation and process across Europe that will be essential knowledge in the practitioner's "toolkit."

Conference topics will include a crisis status update, a round-Europe survey, and a look ahead at the key issues in the road to recovery. Educational sessions will focus on how to survive a crisis, funding turnarounds, legislation updates, and opportunities for entrepreneurs, plus a state-of-play review of Eastern Europe.

The 2009 TMA European Conference will present keynote speakers and panelists who cover a range of professions and jurisdictions and who are all leading professionals in their fields.

The TMA European Conference will take place at the luxury Amsterdam

Marriott hotel. Located across from Leidseplein's fine dining, fashion shopping and entertainment, it is a 5-minute walk to many attractions including the casino, the Rijksmuseum and Van Gogh Museum.

For more details and to register for the conference online, go to www.tma-uk.org. 



recently established as the eighth TMA affiliate in the European region.

For European professionals, this conference, entitled "Turnaround Professionals and the Road to Recovery," will be not only an educational forum, but a networking opportunity to increase contacts across the continent.

Local attractions

Anne Frank Museum—Authentic hiding place and memorial museum of Anne Frank

Artis Zoo—The oldest zoo in the Netherlands and home to some 8000 animals

CanalBus—Amsterdam sightseeing canal boats, hop on-hop off all day long

The Heineken Experience—At the former Heineken Brewery, you'll learn the remarkable story behind the people and the largest beer distributor in the world—includes tasting!

Rijksmuseum—Exhibiting the very best painting, sculptures and applied art of the Netherlands.

Van Gogh Museum—The museum contains the largest collection of paintings by Vincent van Gogh in the world.

TMA Europe Conference

TURNAROUND PROFESSIONALS AND THE ROAD TO RECOVERY

June 18–19, 2009 – Marriott Hotel Amsterdam

Conference program

Friday June 19th

Buffet breakfast and conference registration

Conference introduction—Conference Chairman Edwin den Boer, BDO CampsObers Business Restructuring Services, Utrecht

Keynote speaker: “Have we seen the worst yet?”—Andrew Wilkinson, Managing Director, Goldman Sachs, London

European Survey—A trip around Europe by key industry sector highlighting key local issues and opportunities for turnaround professionals in each market. Panelists:

- UK—Paul Clark, Menzies Corporate Restructuring—*Pre packs and CVA's*
- France—Nicolas Theys, S J Berwin, Paris—*Distressed LBO's*
- Germany—Hans Sautter, BT&T Frankfurt—*Auto Sector*
- Netherlands—Stephan van der Vat, CEO Corgwell/Management Drives, Houten
- Spain—Juan Calvera, Gila & Co., Madrid—*Construction Sector*
- Italy—Eugenio Berenga, AlixPartners, Milan
- Eastern Europe—Timothy Stubbs, Salans Moscow
- Scandinavia

Coffee and networking break

What lies ahead for Europe?—A panel session exploring the future trends for European professionals based on the issues raised in the previous session. John Willcock will seek the opinions of leading turnaround specialists, private equity investors and lawyers on what they see as the key issues ahead.

- Panel Chairman: John Willcock, Editor, Global Turnaround, London
- Eugenio Berenga—Alix Partners, Milan
- Phil Dougall—Sun European Capital Partners, London?
- Lars Westpfahl—Freshfields Bruckhaus Deringer, Hamburg
- Philippe Grabli—Oneida Associés, Paris

Breakout session

Crisis in Funding for SME's

- Panel Chairman Edwin den Boer, BDO CampsObers, Utrecht
- Robert Smits, Krüger & Partners, Rotterdam

- Hans van Schaik, Fortis Commercial Finance, s'Hertogenbosch
- Toby Underwood, BDO Stoy Hayward, Leeds

Lunch

TMA International Strategy—Pat Lagrange, President TMA International

Trends and changes in European insolvency process and law—Panel Chairman: William Skelly, Heenan Blaikie, Vancouver

- Bryan Green, Salans, London
- Armando Betancor, Araoz & Rueda, Spain
- Marcel Wind, Houthoff Buruma, Rotterdam
- Leo Plank, Kirkland Ellis International, Munich
- Anker Sorensen, Reed Smith, Paris

Funding Turnarounds—To affect a turnaround, one needs a viable core business, credible management and finance. Where is the finance coming from?

- Panel Chairman: Alain Le Berre, Managing Director, Huron Consulting Group, London
- Christopher Hart, Lloyds TSB Commercial Finance, London

Tea and networking break

Breakout sessions

Session 1

Opportunities for Entrepreneurial Turnaround

- Panel chairman—Tony Groom, Managing Director, K2 Partners, London
- Frank Nikolaus, Depping Nikolaus & Partner, Essen
- Carlos Gila, Gila & Co., Madrid
- Marc M. Renne, Nimbus Hands-on Investors, Zeist
- James Mawson, Private Equity News, London

Session 2

Opportunities in Eastern Europe

- Panel Chairman: Petr Smutny, Partner, PriceWaterhouseCoopers, Prague
- Anna Maria Puksztó, Salans, Warsaw

Conference closing remarks

Arthur Perkins, Chairman TMA International

Champagne reception

Schedule subject to change

TMA-Brazil leaders tell of vision for their new affiliate

Members of TMA-Brazil's board of directors recently held a roundtable discussion concerning their vision for their affiliate and for turnaround professionals in Brazil. The provisional affiliate anticipates completing their requirements soon and signing up all 119 signatory founding professionals as TMA members. This strong interest reflects a market that is striving for best practices in turnaround management, for continuous evaluation of Brazil's new bankruptcy law, and for networking and training that will include all professionals involved in corporate restructuring. Participants in the discussion:

- **Antonio Cardoso Toro**
(PriceWaterhouseCoopers)
- **Eduardo Lemos**
(Perform, TMA-Brazil President)
- **Eduardo Secchi Munhoz**
(Lilla, Huck, Otranto, Camargo e Munhoz Advogados)
- **Luiz Claudio Galeazzi**
(Galeazzi & Associados)
- **Luiz Fernando Valente de Paiva**
(Pinheiro Neto Advogados)
- **Oscar de Paula Bernardes Neto**
(Integra Associados)
- **Paolo Pellegrini**
(Itau BBA)
- **Renato Carvalho do Nascimento**
(Angra Partners)
- **Sergio Duque Estrada**
(Valormax)
- **Thomas Benes Felsberg**
(Felsberg e Associados, TMA-Brazil Chairman)

Lemos: With TMA-Brazil finalizing its registration process, the time has come to bring it to life. Bimonthly breakfast seminars, sponsored by the local WTC Business Club, have already begun. Other events planned for the year are a seminar-launch of a corporate turnaround book and the annual local congress (in which TMA members planning a trip to Brazil are invited to participate and perhaps lecture, depending on theme and experience match). Management practice, financial solutions and government and institutional relations committees have been constituted and are defining their activity plans. Each is focused on elaborating directives around key themes which will be portrayed through white papers, public relations and events.

The biggest challenges to developing turnaround management in Brazil are: (1) generating primary demand, thus diffusing the culture and promoting the acceptance of turnaround professionals and CROs, especially

in mid-tier and family-owned businesses; (2) streamlining debt and equity funding, which are yet incipient and too conservative to effectively serve distressed finance situations; (3) the legal framework and its efficient application and integration need to be tackled.

Galeazzi: Even though it is expected from us as turnaround professionals to manage companies with little and/or no cash, it is clear that there are many situations where "fresh" money is imperative to perform a successful restructuring. In a judicial restructuring (Brazilian Chapter 11), this is almost always the case. As the corporate recovery law (as bankruptcy law is referred to in Brazil) is new to the country, it is not clear to financial institutions, suppliers and other potential lenders whether the DIP concept is solid enough for them to put new money in a company under judicial restructuring, especially if the bankruptcy procedure should follow.

We have been discussing this topic among ourselves, and the financial solutions committee provides us with the appropriate forum to carry on these discussions, as well as to propose alternatives and amendments to the new law, using TMA-Brazil as a channel to bring the main stakeholders aboard.

The new law will be a constant topic, since the number of filings has increased significantly in the past few months; but it is important not to forget the importance of management skills, because the legal issues are only a part of the problem. Without proper management, there is no business. In this respect, we believe that the management practice committee will be of enormous value. Having qualified professionals dealing with these situations will improve the restructuring environment.

Carvalho: Clearly, we have an important challenge ahead of us. Our new bankruptcy law, which hadn't been fully evaluated during the boom years, is now facing a thorough test. In my view, there are two stepping stones towards achieving a context in which restructuring will be viable and possible: (1) train and prepare people to handle restructuring processes; (2) create funding options for companies. Those efforts will certainly depend upon a deep discussion of how to amend and improve the bankruptcy law and integrate it with other countries (Model Law).

Estrada: The moment is right for the inauguration of TMA-Brazil. The credit crunch that followed the global financial crisis at the end of 2008, coupled with a relevant decrease in demand for goods and services, has brought serious challenges for Brazilian companies (and their stakeholders). A few are now under recovery, and many others may soon experience a certain level of restructuring.

TMA-Brazil is consolidating its role as a serious forum for the exchange of professional experiences, for disseminating knowledge through congresses, courses and certifications, for creating public awareness and respect of the role of the turnaround professional, and for helping to devise new, creative and responsible administrative, legal and financial alternatives

to keep companies alive and well, equipped for the market rebound expected in 2010.

Pellegrini: Although with the new Brazilian Chapter 11 law there were significant improvements, Brazil still has much room for developing a more appropriate legal, institutional and business environment for companies with viable businesses, but facing financial challenges or distress. TMA may play a pivotal role in bringing more light to these discussions by helping legislators and courts, financial system regulators and banking executives to come up with more forward-looking sets of decisions/regulations. These will help creditors keep the flow of new liquidity to deserving companies with appropriate legal protection and regulatory treatment.

Bernardes: TMA-Brazil will reach out to a broad spectrum of professionals, including secured and unsecured creditors, suppliers, tax authorities, labor representatives and debtors. The purpose will be to fully understand their concerns about current legislation and to build a proactive agenda for improvement, with support from all interested parties.

Munhoz: The organization of TMA-Brazil is surely a landmark in the process of building a solid and longstanding turnaround culture in our country. By exchanging experiences and deepening knowledge through TMA's roundtables and events, turnaround professionals will have the opportunity to enhance their abilities to coordinate the restructuring process more efficiently. TMA-Brazil's activities will certainly catalyze these elements towards better institutions and better legal framework. These are important pre-conditions for giving distressed companies, creditors and investors the right incentives to find creative solutions for financing and recovery.

Toro: Brazil has historically paid a high price for not dealing adequately with underperforming companies. Companies' values have been destroyed, taking jobs, taxes and prosperity away because management/restructuring skills and the funding and legal environment have not been favorable to turning around so

"The organization of TMA-Brazil is surely a landmark in the process of building a solid and longstanding turnaround culture in our country." —
Eduardo Secchi Munhoz

TMA-Brazil—continued

many troubled businesses within reasonable time frames.

The inception of TMA-Brazil is a step in the right direction. It will boost networking and the exchange of knowledge available on this subject and disseminate it to a broader audience. Occurring simultaneously with the consolidation of the new bankruptcy law, the increasing attention being paid to this issue by top-notch professionals and organizations, along with the maturity of Brazilian capital markets, will certainly contribute directly to the development of the practice—and indirectly to the preservation and soundness of economic activity in the country.

Paiva: The 60-year-old bankruptcy legislation that was recently replaced stimulated hidden agendas that worked around the law and hence harvested mistrust in corporate recovery, keeping away sound turnaround professionals and investors. The new legislation provides safer mechanisms for distressed financing and also incorporates worldwide-accepted instruments into Brazilian law. Our new law, however, is only recent, and the country finds itself in cultural adaptation away

from those condemnable practices and toward transparent and universally accepted ones. TMA-Brazil, from its outset, should exercise a fundamental role in this local cultural transition, while fostering more integration and sharing with other countries.

Felsberg: We formed TMA-Brazil to gain recognition for the importance of restructuring activity in Brazil. We join together to train and accredit, to exchange information on restructuring experiences and techniques, to network and to help improve the legal framework so that restructuring can be done in an effective and efficient manner. We want to do all these things in a context that allows us to benefit from the experiences of colleagues from other countries who have the same objectives as we do.

Our aim is to interact not only in the domestic market, but also internationally, to the extent our activity requires it. I am proud that we were able to gather in TMA-Brazil an impressive group of leading professionals who represent the absolute best this country has to offer in the different professions that are involved in restructuring activity. 🌐



Renato Carvalho do Nascimento is a founding Partner of Angra Partners, a private equity and advisory firm. He has been involved in restructuring processes, including Brasil Ferrovias R\$3.4 billion restructuring and Kepler Weber R\$550 million recovery. Previously, he had worked in corporate finance in the United States and Europe.



Antonio Toro is a partner at PricewaterhouseCoopers in charge of business restructuring services in Brazil. His experience includes financial restructuring, feasibility studies, valuations, M&A and auditing. Toro has been elected to the prominent Leader's Forum Group organized by the Brazilian financial newspaper *Gazeta Mercantil*.



Luiz Fernando Valente de Paiva is a partner in the litigation area of the São Paulo office of law firm Pinheiro Neto Advogados. He advises financially distressed companies, investors and creditors concerning turnaround and insolvency. He was a member of the Joint Ministerial Committee that drafted the final wording of the new Brazilian bankruptcy law.



Eduardo Lemos, TMA-Brazil's president, is managing partner for Perform Management & Consulting. He has been involved with early turnaround, market and operational performance improvement, interim management and consulting assignments in Europe, South America and the Middle East. He is a member of the Brazilian Institute of Corporate Governance.



Luiz Galeazzi is managing director in Galeazzi & Associados and has more than 11 years of project leadership experience in high-value management consulting. He specializes in crisis management and strategic operating plans. Galeazzi has also led judicial and extra-judicial recoveries covered by the new and old Brazilian bankruptcy law.



Paolo Pellegrini is executive director of Banco Itau BBA. He has extensive practical experience in helping companies to raise capital through equity and debt and is involved with the lending and underwriting business. He also has an oversight role on major negotiations with corporate clients that face financial distress or are restructuring debt.



Thomas Felsberg is the managing partner at Felsberg, Pedretti, Mannrich e Aidar Advogados e Consultores Legais. He has been involved in the debt restructuring of many large companies and has extensive domestic and international experience in insolvency law. Instrumental in drafting the Brazilian law on corporate debt restructuring, he has published several

articles on the subject and spoken at conferences around the world. He currently serves as chairman of TMA-Brazil.



Oscar Bernardes is a partner with Integra Associados, a consulting and investment firm focused on distressed assets and/or start-ups. He has more than 35 years of experience in business management and is a board member of several major corporations in Brazil and abroad.



Eduardo Secchi Munhoz is partner in the law firm of Lilla, Huck, Otranto Camargo e Munhoz. He is also a judge in the São Paulo state tax court. Munhoz is author of the book “Empresa Contemporânea e Direito societário—grupo de sociedades e poder de controle” and numerous articles.



Sergio W. Duque Estrada is founding partner of Valormax Financial Consulting, a financial advisory firm focused on local and cross-border restructurings, recovery and M&A transactions. He has occupied key executive positions in major international banks and in BNDES development bank. He is a board member of several Brazilian companies and public institutions.

TMA-Czech Republic helps improve efficiency of new insolvency law

TMA-Czech Republic members recently participated in a discussion with local representatives of the Association of Insolvency Trustees. The topic of this informal panel was improving cooperation between insolvency trustees and managements of filing companies during insolvency proceedings.

The purpose of the discussion was to explore ways to speed up the process and enable

efficient solutions of restructuring cases under the new insolvency law in the Czech Republic.

As a result of this meeting, the Association of Insolvency Trustees will publish a list of approved trustees that will include their professional profiles. It is anticipated that this will help improve the transparency and overall trust in the entire insolvency process, which in the past has been viewed as a gray area of restructuring. 🌐

TMA-Japan's annual meeting features awards, economic discussions

by Eiten Inamura

On March 28, during a cherry blossom week in Tokyo, TMA-Japan held its sixth annual meeting at the Keio Plaza Hotel Tokyo. More than 140 members and guests attended the meeting, which was followed by an award ceremony and two special seminars.

Turnaround of the Year Award

The fourth annual TMA-Japan Turnaround of the Year Award was presented to CEO and board chairman Yasuyuki Maruyama and the staff of Phoenix Seagaia Resort in Miyazaki, Kyushu Ireland.



CEO Yasuyuki Maruyama (center) and VP-HR Yosuke Nakamura (right) of Phoenix Seagaia Resort accept the 2009 Turnaround of the Year Award from TMA-Japan president Konomi.

Located at Nichinan-Kaigan in Kyushu Ireland, noted for its beautiful seacoast, the resort consists of hotels, convention halls (used for the 2000 Okinawa Summit), cottages, a hot spring spa, a swimming ocean dome, the champion Phoenix Golf Country Club and other sports facilities.



The never-profitable Ocean Dome, symbol of the Phoenix Resort, was expected to attract 2.5 million visitors annually. The best it did was in 1995, when it drew 1.25 million visitors.

The resort was developed by a joint public/private venture, Phoenix Resort KK (funded in 1987), licensed under the Act for the Development of Comprehensive Resort Area. In 1993, Ocean Dome, which covered a 150-yard beach, was opened, followed by hotels with a total of 1,000 guest rooms.

But because of a shortage of guests and continued low operations during the 1990s following the end of Japan's bubble economy in 1989, Phoenix Resort was bankrupted with more than 330 trillion yen of debt in 2001.

Ripplewood Holdings took over the property and spent more than 7.5 trillion yen for renovation of dining rooms, the hot spring spa, golf courses and other facilities. In 2005, Maruyama was recruited to preside over the resort's board of directors. With his motto "Restore Pride of Seagaia," he aimed at closer communication among operational units, innovation in management of operations and renewal of marketing strategies and programs.

In 2007, Phoenix Resort reported operating profit for the first time in 20 years since its incorporation, as the unprofitable Ocean Dome was closed for good.

Student Paper Competition

This year, TMA-Japan launched its first Student Paper Competition to encourage research and study in turnaround management in graduate courses. A student in Keio University's MBA course, Takaaki Koike, was the first to receive this award. Koike's paper discussed the basis and standards for detecting indications of insolvency at an earlier stage of trouble in business operations.



Takaaki Koike (left) accepts the first TMA-Japan Student Paper Award from Professor Yoshinobu Konomi.

Economic recovery keynote

Keynote speaker Mikio Endo, Industrial Revitalization of METI, spoke on how the global financial crisis and economic recession has affected Japan. He noted that total debt of bankrupted companies amounted to 12 trillion yen for 2008 (seventh worst year since 1945), while 34 listed companies were bankrupted, overtaking a historical record set in 2003. Transportation, general construction and property developers and wholesalers were the top three industries in terms of number of bankruptcies.

Endo reported on various government plans to revitalize industries in Japan by focusing on materials and energy savings. The plan includes first-year depreciation of investment in manufacturing systems for improvement in productivity and “Eco” credits for home appliances that may save electricity. The government is preparing for cash rebates and reduction of taxes and dues.

Endo also discussed the proposed establishment of the Industrial Innovation Corporation, which would function as a catalyst for exchange and/or consolidation of intellectual properties for possible innovation in manu-



Following his talk on the global financial crisis, keynote speaker Mikio Endo (right) chats with Eiten Inamura.

facturing. Many enterprises, such as material processing and parts manufacturers in Japan, have grown their technologies and know-how for their own use, but have not extended their application. Likewise, in research institutions of universities, many patents and study cases are unused and stored in laboratories. The proposed corporation would attempt to make wider use of these resources.

It is also expected that distressed companies in local cities, which would maintain differentiated technologies, would be financially supported by the Industrial Innovation Corporation. The budget includes 84 billion yen for capitalization and 800 billion yen of credit facilities for the corporation.

At closing, Endo confirmed that government will continue to assist distressed small and medium-sized enterprises. Further, the government may provide credit facilities for larger corporations through a government financial institution under the current credit crunch situation in Japan.

Global economy discussion

Yoshio Ichiryu, CEO Ichiryu & Associate and former METI Vice-Minister of General Affairs, spoke about changes in global economic society and the prospects and challenges for small and medium-sized enterprises. He related several success stories of unique enterprises and identified keys for success. Management is run by human beings, he concluded, and accordingly, wisdom and courage is of utmost importance for business success. 🌐



Yoshio Ichiryu spoke to annual meeting attendees about the effect of the global economy on Japan's small and medium-sized businesses.

TMA-UK initiates educational program featuring turnaround fundamentals

In today's challenging economic climate, TMA-UK leadership has felt an increasingly urgent need to provide business executives with a better understanding of the processes involved in corporate turnaround and restructuring.

In response to this need, TMA-UK director of membership and public relations David Hole and recently appointed TMA-UK director Dominic Reimbold have created and are now conducting a professional development program entitled "Fundamentals in Turnaround Management."

As David Hole sees it, "Managers and professionals at all levels urgently need to understand turnaround before events overwhelm them."

The program seeks to serve a diverse group of professionals:

- Experienced professionals currently in corporate roles
- Professional services practitioners from private equity
- Accountants—practice and industry
- Lawyers—practice and industry
- Bank workout and support teams

- Owner managers and interim managers at the CEO, CFO or COO level
- Workforce planning and recruitment specialists

Program structure and content

The one-day program is structured in defined and complementary sessions. Morning sessions clarify definitions of turnaround, essential diagnostics, best practices and decision-making criteria—past vs. current situations. Afternoon sessions focus on strategy formulation, leading into implementation.

The program is uniquely designed for small interactive groups (10 to 15 delegates) and is based on case study, peer discussion, current market developments, video input, and the knowledge of industry-recognized practitioners and current/past TMA-UK presidents.

Program content deals with fundamental issues, but from different perspectives. Turnaround models used are based on three different approaches: quantitative; experiential; people and process.

By using these varied approaches, the program enables participants to grasp the concepts of turnaround management from their own perspectives, which facilitates their learning process. It also reinforces the principle that

Program content deals with fundamental issues, but from different perspectives. Turnaround models used are based on three different approaches.

“one size does not fit all.” Every situation will be at a different stage of distress or underperformance, so discussion focuses on four stages of turnaround.

Program benefits

In April 2009, TMA-UK was granted certification status and can now certify events, training and annual conferences as Continuing Professional Development (CPD). Students in the “Fundamentals in Turnaround Management” program receive full CPD points. They also get a CD with full delegate notes, case studies and selected articles.

To further enhance the learning experience, the price of the program includes a year’s discounted TMA-UK membership. Not only is this a benefit for program participants, but for TMA-UK’s long-term stability, as well.

“Fundamentals in Turnaround Management” programs have been held in Manchester and London, drawing a mix of attendees from the UK and beyond—not only from other European countries, but from as far away as Mexico.

More training programs are scheduled in London for July and September. Additional dates for 2009 in UK and European venues will be announced along with more training topics.

The TMA-UK initiative coincides with the TMA International Education Oversight Committee’s three-year plan by:

- Identifying TMA’s core curriculum/evaluation of existing materials.

- Soliciting input from TMA’s membership for content and delivery methods
- Forming individual committees/task forces of subject-matter experts to oversee and develop content.
- Establishing guidelines for content development and continuity in educational offerings.
- In year one, focus on “core” programs with broad appeal, including those that already exist within the TMA education structure (Body of Knowledge, 13-Week Cashflow, Troubled Loan Workouts, Nuts & Bolts Program).

TMA-UK believes that 2009/10 will be milestone years in terms of growth of its membership. It also anticipates an exciting time in which TMA will demonstrate its leading role in the European turnaround community, serving as a reference point for key stakeholders, political leaders, other professional associations and the lending sector.

TMA-UK is confidently poised to respond to the unique opportunities that the current global turbulence is providing. 🌐



TMA-UK leaders David Hole and Dominic Reimbold have created an educational program —“Fundamentals in Turnaround Management”—to reach a diverse group of turnaround professionals.

News from TMA Headquarters

Three keynoters scheduled for 2009 Annual Convention

TMA's 2009 Annual Convention will take place October 7-9 at the JW Marriott Desert Ridge hotel in Phoenix, Arizona. Keynote speakers for this year's event will be:



Zbigniew Brzezinski

One of the world's foremost experts on international relations offers his perspectives on global affairs and the complex issues facing the new U. S. administration. Currently professor of American foreign policy at Johns Hopkins University's School of Advanced International Studies, Zbigniew Brzezinski offers audiences an in-depth analysis of the events of the day, discussing U.S. foreign policy, global trouble spots, and the political and business implications of the evolving global marketplace.



Fred Barnes

A reporter with 25+ years of experience covering Washington politics shares an insider's look at the U. S. presidency and Congress. Fred Barnes takes audiences beneath the surface of headline events, using his skills as a journalist to map the political landscape and chart a course for the future. He is the executive editor and co-founder of the news publication *The Weekly Standard*.



Ed Webster

One of the members of the smallest team ever to scale a new route up Mt. Everest without supplementary oxygen tells how team work made it possible to accomplish such an audacious ascent. Ed Webster is an acknowledged expert on the history of Mount Everest, George Mallory, and Tenzing Norgay. An author, lecturer, publisher and photojournalist, Webster has written two definitive mountain-climbing guidebooks. His photographs have been published worldwide in publications ranging from *Popular Mechanics* to the *New York Times Sunday Magazine*.

News from TMA Headquarters

Recordings of Spring Conference educational sessions available

Recordings of eight educational sessions from TMA's 2009 Spring Conference are now available for purchase.

To buy any of the recordings online, go to http://www.dcpvideronline.com/tma/?event_id=TMA9 or visit TMA's website at www.turnaround.org, and click on Career Development/Educational Materials.

Here are summaries of each recording:

Good Enough for Government Work? Trends in Restructuring Municipalities

Moderator: Charles M. Moore, CTP, Conway MacKenzie, Inc.

Panel: Patrick Darby, Bradley Arant Rose & White LLP; Douglas P. DeAngelis, Fifth Third Securities, Inc.; Sara L. Kistler, Office of the U.S. Trustee; Marc A. Levinson, Orrick, Herrington & Sutcliffe LLP

As pension and health care costs soar and property tax rolls decline, more and more municipalities are facing looming deficits and credit agency downgrades. This panel explores the burgeoning world of municipality restructuring, including elements unique to municipalities, key differences between Chapter 9 and Chapter 11 and case studies of recent restructurings that are occurring in and out of court.

Houses of Paper: Financial Institution Restructurings

Moderator: Holly Felder Etlin, CTP, AlixPartners, LLP

Panel: John Dubel, Dubel & Associates; Marcia L. Goldstein, Weil Gotshal & Manges LLP; Timothy R. Pohl, Lazard Freres & Co. LLC

A panel of experts discusses financial institution restructurings. The discussion covers:

- *Crisis of confidence*—is liquidation the only alternative? How can you preserve value in an environment based primarily upon counter-party agreements? What portions of operations can be isolated and sold as going concerns? Crafting global resolution strategies for complex contingent claims.
- *Dealing with regulators*—governance, capital requirements and reserves. Planning liquidity for the next downgrade, or how low can you go? Managing multi-party investigations while trying to run a business.
- *Maintaining credit quality* and access to bail-out funds: how do you quickly assess portfolio assets?
- *Strategies to retain human capital*
- *Multi-national institutions*: Is the cross-border protocol enough? Avoiding insolvency proceedings in multiple jurisdictions.



News from TMA Headquarters

Turnaround or Turn Around and Run! Real Problems with Real Estate

Moderator: Navin N. Nagrani, Hilco Real Estate LLC

Panel: Vincent Belcastro, CIT Commercial & Industrial Group; Ronald Glass, GlassRatner Advisory & Capital Group LLC; Joel A. Holsinger, Fortress Investment Group; George N. Panagakis, Skadden, Arps, Slate, Meagher & Flom LLP



A panel of restructuring and real estate experts discuss some of the real issues with real estate. The discussion covers:

- The real estate restructuring wave—residential to retail to ... what's next?
- Restructuring/workout/liquidation issues with real estate leases
- Declining real estate values impacting term loans?
- Is the debt buyer the new norm for today's real estate investor?
- The workout lender's dilemma—wait for sunshine or cut losses and liquidate?
- Real estate and restaurants—are sale-leasebacks still a valid strategy for M&A?

Secrets of the Trade: Insider's Guide to Maximum Cash for Unusual Assets

Moderator: Baker A. Smith, CTP, BDO Consulting Corporate Advisors LLC

Panel: David A. Birdsell; Ross Dove, GoIndustry DoveBid; Thomas E. Pabst, Great American Group

When selling a distressed company, what do you do when your cash proceeds come up short from receivables, inventory, and real estate? Will you get top price for weird stuff, or will the junk dealer make the profit? How can you recognize a "diamond in the rough?" How do you find somebody willing to buy unusual or intangible assets? This panel features top experts who will share insider secrets to maximizing recovery where you least expect it.

Don't Call Us, We'll Call You: Financing in Today

Moderator: Thomas C. Carlson, Jefferies & Company, Inc.

Panel: Douglas J. Bacon, Latham & Watkins LLP; Brent P. Hazzard, GE Commercial Finance; John Mostofi, Bank of America

- What financing is available in today's markets?
- Are there any "cash flow" loans available?
- Is there a "Second Lien" or "Mezzanine" market?
- Are asset revaluations impacting advance rates?
- Are there any "hot" sectors?
- Is the DIP market open?
- Is acquisition financing available?

Strategic Alternatives for Distressed Businesses

Moderator: Jonathan Friedland, Levenfeld Pearlstein LLC

News from TMA Headquarters

Panel: Patrick M. Goy, Lincoln International LLC; Kenneth R. Yager, MorrisAnderson; Thomas J. Salerno, Squire Sanders

Bankruptcy is the best known but not always the optimal option for a troubled company and its constituents. Other options include composition agreements, ABCs, friendly foreclosures and orderly wind-downs followed by state law dissolution. The panel discusses, using short, plain-English hypotheticals, how to decide what option is best in various situations. The panel highlights how the “best” option will often depend on who you represent and how small changes in the facts can impact strategy significantly.

How Rainmakers Make it Pour

Moderator: Suzanne Koenig, SAK Management Services LLC

Panel: Theodore L. Koenig, Monroe Capital LLC; Carmen Lonstein, Baker & McKenzie LLP; Deirdre A. Martini, Wachovia Capital Finance; Keith J. Shapiro, Greenberg Traurig LLP

At last, the answers to business development and deal flow! All the questions you’ve been wanting to ask but didn’t know to whom or where to go for the answers. This session will help. Learn from the pros on how to more effectively market your services, differentiate your firm and build your business. Assembled on the panel are top business builders in insolvency/bankruptcy, commercial and asset-based lending, and financial advisory services to share with you their strategies and tactics for building and growing their businesses. In this period of slowness in the turnaround and workout business, it is more important than ever to market effectively and to land more competitive engagements.

A Clear Voice in a Crowded Room: Communicating and Differentiating Your Value to Win Engagements

Nicholas T. Miller, Clarity Advantage Corporation

Why should we work with you and your firm? A prospect’s question, easy to answer in this economy, yes? Or, maybe not. After the third interview, consultants’ answers about experience blend into babble; clients make corporate life-and-death decisions on the basis of price, PowerPoint slides and tie colors. How can we speak with clear voices in those crowded rooms? How can we more clearly distinguish ourselves and our firms from others on the issues that matter?

Highlights of the discussion include:

- Critical discovery questions that frame answers to your questions
- The three critical elements of personal positioning
- A dynamic five-point framework for positioning and differentiating our firms from competitors’
- Specific before-and-after examples that demonstrate impact. 🌐



2009 Calendar

JUNE

- 3 – **United Kingdom**–North–Chapter meeting–6:00 P.M.
- 3 – **United Kingdom**–London–Chapter meeting–6:00 P.M.
- 4 – **Southern Africa**–Executive Committee meeting–4:00 P.M.
- 9 – **Germany**–Rhein/Main–Chapter meeting–6:30 P.M.
- 17– **Canada**–Montreal–Spring Networking Cocktail,
Hotel Nelligan– 5:30 P.M.
- 18-19 – **Netherlands**–**TMA Europe Conference—Turnaround
Professionals and the Road to Recovery**, Marriott
Hotel Amsterdam
- 22 – **United Kingdom**–North West–Chapter meeting–12:00 P.M.
- 24 – **Southern Africa**–Breakfast lecture–7.30 A.M. (TBC)
- 24 – **United Kingdom**–South Coast, Kent & Sussex–Chapter
meeting–6:00 P.M.

JULY

- 2 – **Southern Africa**–Executive Committee meeting–4:00 P.M.
- 7 – **United Kingdom**–Midlands–Chapter meeting–6:00 P.M.
- 8 – **United Kingdom**–Thames Valley–Chapter meeting–6:00 P.M.
- 14 – **Germany**–München– Chapter meeting–6:30 P.M.
- 15 – **United Kingdom**–London–Chapter meeting–6:00 P.M.
- 22 – **Southern Africa**–Breakfast lecture–7.30 A.M. (TBC)

AUGUST

- 6 – **Southern Africa** – Executive Committee meeting - 4:00 P.M.
- 12 – **Germany**–Rhein/Ruhr– Chapter meeting–6:30 P.M.
- 19 – **Southern Africa** – Breakfast lecture 7.30 A.M. (TBC)
- 20 – **Southern Africa** – Board meeting -4:00 P.M.

To place information on the calendar regarding events in your area,
please contact Donna Steigerwald at dsteigerwald@turnaround.org.