



# TMA International NEWS

## Second Quarter 2010

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- Global economy recovery . 3
  - TMA-Europe conference . . 4
  - Grass-roots training by  
TMA-Finland . . . . . 7
  - TMA-Taiwan annual  
conference . . . . . 8
  - News from TMA  
headquarters . . . . . 10
- 

A message from TMA's VP of International Relations



## Progress in TMA international affiliate development continues

by Alan Tilley

**I**nternational growth is a TMA key strategic objective. With more than 1,500 members outside North America, and growing, there is a focus on both TMA international affiliates' internal growth and the addition of new affiliates.

TMA-Spain moved from provisional to fully approved status recently. Our thanks go to TMA-Spain president Carlos Gila for his tremendous efforts in getting this affiliate off the ground. There is certainly a growing demand for turnaround in that country, with Spanish banks reluctant to recognize writeoffs of underperforming loans and the country's economy in deep recession.

Other particularly significant recent developments include the rapid

membership growth in Holland following the 2009 Amsterdam conference, which was timed to coincide with the TMA-Netherlands launch.

Also noteworthy is the excellent performance of TMA-Brazil, where the membership count has risen from a standing start to a robust 172.

Elsewhere, TMA affiliates are in formation in Turkey, Romania and Ireland. Discussions are in process for Hong Kong to operate as a regional affiliate for emerging Southeast Asian economies and to open doors into mainland China. Interest from Portugal is also being followed up with the possibility of supporting a local conference in Lisbon in September.

At the TMA-Europe regional conference in June, a workshop for emerging

European affiliates was arranged prior to the conference. Representatives from Switzerland, Denmark, Serbia, Romania, Turkey, Russia and Poland participated in a discussion on the benefits of TMA and the practical issues in affiliate formation.

The meeting was a useful vehicle to encourage new TMA affiliate formation, and consideration is being given to a follow-up meeting in Eastern Europe later in the year.

Most of the representatives of the emerging European affiliates stayed on as observers to the ensuing TMA-Europe affiliate presidents' meeting to get a flavor of cross-border networking and educational opportunities.

At that meeting, the European affiliate presidents committed to further regional cooperation. Issues to be addressed and developed include increased regional secretariat support, annual Europe conference support, funding, sponsorship and educational development.

At the conference itself, 120 delegates and speakers from 16 different countries heard keynote speeches from Dr. Andreas Dombert of the Deutsche Bundesbank and from U.S.

industry leader Harvey Miller. Miller engrossed the audience with his considered insights on U.S. restructuring, post-Lehman Brothers and GM.

The conference also featured presentations by leading European professionals covering most jurisdictions on legal and significant case developments.

Next year, we look forward to a regional conference in Southeast Asia, provisionally in Taipei, Taiwan. In Europe, the 2011 conference will be held in Helsinki, Finland, on June 9-10. Thought is also being given to a South American conference as a vehicle to advance development on that continent.

As the industrialized world's economy struggles to stabilize after the recession of 2007-09, TMA is committed to making an ever-increasing contribution to the development of better restructuring practice globally. 

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*Alan Tilley is a principal of Bryan Mansell and Tilley LLP specializing in international and European cross-border turnaround and restructuring. He was TMA-UK President 2005/6 and has served on the TMA International Committee since 2004.*

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# Global economy on slow path to recovery

Report from the 2010 TMA-Europe Conference

In his opening session at the TMA-Europe annual conference in Berlin on June 11, Dr. Andreas Dombret, executive member of the Deutsche Bundesbank, gave an encouraging view of the state of the world economy to the 120 assembled delegates and speakers.

“There is both good and bad news,” Dombret said. Economic recovery is stronger than expected with upward revisions to GDP forecasts. However, the pace of recovery is uneven, and dangers lurk in a possible sovereign debt crisis, while the Greek debt crisis has weakened the Euro.

Overall, financial markets have stabilized in recent months, and economic recovery has been gathering steam; but it would be premature to conclude that financial conditions have normalized. While the banking system’s health is generally improving, some banks remain vulnerable, and bank lending remains weak.

The failure to reign in sovereign debt in industrialized countries is the major downside risk, as governments attempt to balance budgets and restore credibility without inducing a “double dip” recession.

While up to now there has been no observable impact of the Greek crisis on the real economy outside of Greece, concerns are rising about insufficient cooperation and consolidation possibly undermining the process of normalization of the global financial system.

The multi-speed nature of the global recovery is likely to continue and exacerbate current account imbalances over the medium term.

## Good news: Robust recovery

GDP growth (calendar adjusted)	2009	2010	2011
USA	-2.4	+3.2	+3.2
Japan	-5.2	+3.0	+2.0
UK	-4.9	+1.3	+2.5
Euro area	-4.1	+1.2	+1.8
Germany	-4.9	+1.9	+2.1
China	+8.7	+11.1	+9.7
OECD	-3.3	+2.7	+2.8

## Bad news: Recovery uneven across and within regions

GDP growth (calendar adjusted)	2009	2010	2011
USA	-2.4	+3.2	+3.2
Japan	-5.2	+3.0	+2.0
UK	-4.9	+1.3	+2.5
Euro area	-4.1	+1.2	+1.8
Germany	-4.9	+1.9	+2.1
China	+8.7	+11.1	+9.7
OECD	-3.3	+2.7	+2.8

Forecasts from OECD Economic Outlook May 2010

It is hoped that the regulatory environment is better adjusted to monitoring the recycling of these imbalances than before. In any event, the uncertainty will provide restructuring professionals with a continuing stream of challenges in the foreseeable future. 🌐

- | Global economy now back on growth track.
- | Performed better than anticipated.
- | Recovery expected to continue... .. after most severe recession since WW II in 2009.

- | Output expanding at varying speeds:
  - | Growth strong and close to pre-crisis levels in some EMEs in South and East Asia and Latin America; ...
  - | ... recovery in some OECD member much weaker.
- | US on the verge of self-sustaining recovery; growth in Europe more subdued.

## TMA-Europe Conference focuses on new approaches to new problems

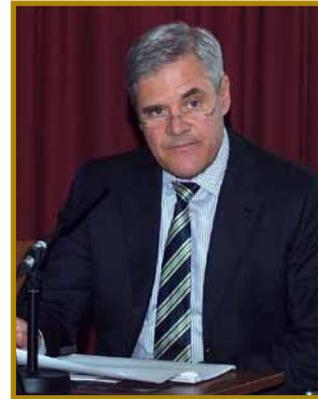
The city of Berlin was the setting for this year's third TMA-Europe Conference entitled "European Turnaround—new tools, new approaches, new problems."

The once divided city, now Germany's capital, provided an appropriate backdrop to the era of increasing cooperation between the West and East of the continent. Once again, the annual conference attracted some of Europe's most prominent restructuring professionals as speakers and panelists.

Dr. Ulf Merbold, German physicist and one of only a few European astronauts, was the featured speaker at the pre-conference reception and dinner hosted by conference chairman Lars Westpfahl.

Dr. Merbold spoke to the hundred assembled delegates and speakers of his experiences in space exploration, explaining the day-to-day problems of life in a space shuttle and showing astonishing views of planet earth. His message—that we need to preserve the limited resources available to mankind—resonated with the audience and put into perspective the more earthbound activity of enterprise value

preservation, which was the subject of the following day's conference.



Keynoter Dr. Andreas Dombret spoke of the improvement in— and uncertainties of—the global economy.

The conference began for the 120 delegates with a welcome address by Hans-Joachim Weidtmann of TMA-Germany and a keynote speech by Dr. Andreas Dombret. Recently appointed member of the board of directors of the German Federal Reserve (Bundesbank) and director of its fi-

ancial stability, markets and statistics department, Dombret provided the audience with figures showing that the global economy is in fact recovering better than expected, though in an unbalanced manner. He also noted that the overall economic outlook was still uncertain and named the currently deteriorating public budgets and sovereign debt in Europe as the major risk to global financial stability.

Dr. Dombret was followed by keynote speaker Harvey Miller, industry veteran and distinguished legal practitioner with Weil, Gotshal & Manges LLP, New York. Miller provided personal insights into the GM and Chrysler bankruptcies and told of his experience during the crucial 78 hours before the Lehman Brothers filing. His participation in such momentous decision-making meetings captivated the audience.



German physicist and astronaut Dr. Ulf Merbold spoke of his experiences in space exploration at the pre-conference reception and dinner.



German astronaut Ulf Merbold (front center) joined with TMA leaders participating in this year's TMA-Europe Conference. (From left) TMA VP of International Relations Alan Tilley, TMA International President Lisa Poulin, conference chair Lars Westpfahl, Merbold, TMA-Germany President Frank Nikolaus, TMA International Executive Director Linda Delgadillo, Harvey Miller, TMA International Chairman Pat Lagrange.

Miller also reported on the legislative challenges with regard to Chapter 11 proceedings, the increasing use of Sec. 363 sales and their advantages and disadvantages compared to full Chapter 11 plan proceedings.

In a panel session on operative restructurings, moderator Nils Kuhlwein von Rathenow (Roland Berger, Düsseldorf) was joined by panelists Eugenio Berenga (Alix Partners, Milan), Peter Briggs (Alvarez & Marsal, Munich) and Marcel Windt (Houthoff Buruma, Rotterdam). They discussed the scarcity of funding in different jurisdictions and the difficulties in obtaining DIP financing in the current economic environment.



Restructuring regimes in Russia, Turkey and Romania were discussed by (from left) Valeriu Nistor, Gordon W. Johnson and Alexander Yerofeyev.

The final panel session of the morning provided an update on restructuring regimes in major Eastern European economies—Russia, Turkey and Romania. Discussion focused on their deficiencies and strengths, including the developments of pre-packaged plans. Panel moderator Gordon W. Johnson (EM Advisors, USA) was joined in the discussion by Alexander Yerofeyev (Ernst & Young, Moscow), Candace Gülez (Nexia, Istanbul) and Valeriu Nistor (SOAR, Bucharest).

The afternoon conference activities began with presentations of landmark case studies on cross-border multi-jurisdictional restructurings. They included:

- La Seda de Barcelona: Richard Tett (Freshfields Bruckhaus Deringer, London)
- Carlos Gila (Gila & Co., Madrid)
- Alan Tilley (Bryan Mansell & Tilley, London)
- Thomson S.A.: Neil Devaney (Bingham, London)
- Monier: Andrew Wilkinson (Goldman Sachs, London)
- Icelandic banks: J. Eric Ivester (Skadden, Chicago), Dan McElhinney (Epiq Systems, New York)

The variety of the case studies and their significance and size included French “sauvegarde” and “cram down,” using English law scheme of arrangement proceedings for non-UK-owned companies. The cases demonstrated the great diversity of restructuring tools available and the flexibility to transverse jurisdictions to



Industry veteran Harvey Miller provided personal insights into the GM and Chrysler bankruptcies and told of the crucial 78 hours before the Lehman Brothers filing.



Nils Kuhlwein von Rathenow and Eugenio Berenga were among the panelists discussing operative restructurings.

## TMA-Europe Conference (contd.)



TMA-Germany President Dr. Frank Nikolaus led a lively discussion on multi-jurisdictional out-of-court restructuring regimes.

achieve desired results. The panelists' firsthand experience of innovative approaches to save value demonstrated also the progress that professionals have made in adapting new processes to old problems.

An address by Steffen Koch on behalf of INSOL Europe and a final panel session concluded the conference events. Moderated by Dr. Frank Nikolaus, President of TMA-Germany, the panel focused on the comparison of multi-jurisdictional out-of-court restructuring regimes. Panelists included:

- Antonin Besse (Freshfields Bruckhaus Deringer, Paris)
- Mario Lisanti (Norton Rose, Milan)
- Jesper Trommer Volf (Accura Advokataktieselskab, Denmark)
- Bryan Green (Gordon Brothers Europe, London), Chris Hart (Lloyds TSB, London)

During this session, a vigorous discussion emerged on the various out-of-court regimes in different jurisdictions and the willingness

to embrace these pre-formal process methods. Dr. Nikolaus put to the test and compared the most distinctive features of the different out-of-court restructuring tools from country to country.

The third TMA-Europe Conference was closed by TMA International Chairman Pat Lagrange who thanked all the delegates for their attendance, the panelists and speakers for their contributions, and the steering committee and administrative staff, particularly Pauline North and Katharina Weimer, for organizing the conference. He gave notice of the next conference to be held in June 2011 in Helsinki, Finland.

Once again, the TMA-Europe conference brought together a broad cross-section of professionals and nationalities. Sixteen countries were represented, including non-members from prospective new chapters.

The enthusiastic atmosphere as delegates networked and exchanged experiences across the various jurisdictions demonstrated the importance of this event to the restructuring world. It also confirmed the contribution of TMA members toward making innovative processes in value preservation of distressed European companies.

### TMA European Affiliates

With TMA affiliates in UK, France, Germany, Finland, Sweden, Czech Republic, Netherlands, Italy and Spain, plus significant interest in Eastern Europe, TMA's international and European growth has reached the point that members can now benefit from wider regional networking and educational opportunities. TMA plans to build on this framework to develop its regional presence in Europe for the benefit of its members. 🌐



Among the presentations of landmark case studies on cross-border multi-jurisdictional restructurings was one on Icelandic banks discussed by J. Eric Ivester and Dan McElhinney.

# Grass-roots training for real-life turnarounds

## TMA-Finland develops multi-skilled consultants who are able to face complicated challenges

by Risto Pennanen

**C**omplex challenges need multi-skilled transformers. Even the deepest turnaround talents are helpless if their skills are too limited. Knowledge of financial statements, taxation, crisis management, business strategy and many other subjects are vital to achieve success.

Because that kind of versatility was hard to find in Finland, about four years ago, TMA-Finland started educating turnaround management consultants (TMC).

“Our goal is to develop consultants with a wide understanding of turnaround situations,” says Mia Örndahl who organizes TMC education in Helsinki.

A huge majority of those consultants work with small and midsize firms. They’re not likely to discuss strategies in the lobby bar of a five-star hotel. Instead, they have to be ready to fight with bare hands in a muddy box.

Even the TMC course coaches have more grass-roots turnaround experience than they do academic background. Though strong theoretical knowledge is valuable, understanding of an entrepreneur’s life is an absolute necessity.

### Not for youngsters

The need for the one-year TMC course is evident. Course #8 is in session now, and #9 will start in November.

More than 130 Finns have participated in the TMC courses. That is a remarkable number in a small country, and it was not achieved by lowering the bar. Every single participant has had a strong background as an auditor, lawyer, CFO or in some similar role. All participants have been involved in turnaround processes before entering the course. For those reasons,

customers can trust that a TMC consultant knocking on the door has a wide and realistic view of turnaround situations.

The value of the multi-skilled turnaround specialist is particularly evident during a recession. One of TMA-Finland’s goals is to spread turnaround understanding in state organizations that provide services for entrepreneurs. Finnvera, a state-owned specialized financing company, has already sent employees to every TMC course during these recessionary years. Finnvera uses turnaround expertise to aid in its role of providing loans and guarantees for small and midsize firms.

### Facts and networks

The TMC course includes one or two lectures every month, along with homework and an exam. The most important component, however, is demonstration of a real turnaround case. Despite the challenging content, the course is not only about facts. “It seems to be extremely valuable for participants to create networks and to learn valuable lessons from each other,” says Örndahl.

Those networks and lessons are supported by a once-a-year TMC supplementary course. TMA-Finland also plans to develop short courses, which might be created around single themes. “One theme might be ‘how to meet a customer in a crisis.’ That kind of subject seems to be really important for consultants,” Örndahl says. 🌐



Mia Örndahl organizes TMA-Finland’s turnaround consultants training program.



Risto Pennanen is a founder of Attention Communication, a Helsinki-based consulting firm focused in communication strategies. He has worked for more than 20 years within the business journalism and communications business. Pennanen provides advisory services for TMA-Finland.

**Conference  
Keynoters**

TMA Chairman  
Patrick Lagrange  
and TMA-Australia  
Chairman Ian  
Johnson



# TMA-Taiwan conference focuses on restructuring after financial crisis

Corporate restructuring in the post-“financial tsunami” era was the main theme of this year’s TMA-Taiwan annual conference.

Held on April 6-7 in Taipei, the one-and-a-half-day conference engaged global leaders in the turnaround sector in a dialog about how to provide domestic enterprises with the best practice on corporate government and risk management.

A secondary theme of the conference focused on new strategies for organizational restructuring.

The conference’s keynote speakers included TMA Chairman Patrick C. Lagrange who spoke on corporate governance and risk management in the United States. Another keynoter was TMA-Australia Chairman Ian Johnson who presented the Australian experience and perspective on investment in turnaround. A third keynote address was delivered by Min-Chih Hsuan, Vice Chairman Emeritus, United Microelectronics Corporation, who shared his

experiences of corporate restructuring in the technology industry.

General sessions and panel discussions covered these topics:

- 🌐 Latest developments in turnaround management—United States, Japan, Australia and Taiwan
- 🌐 Opportunities and challenges of developments of Asia-Pacific enterprises following the financial tsunami
- 🌐 Case study of turnaround management—Japan Airlines
- 🌐 Latest developments of financial restructuring and supervision after the financial tsunami
- 🌐 Risk management of enterprises during expansion

An academics session featured a panel discussion on the legal frameworks of corporate restructuring in Hong Kong, United Kingdom, United States, Australia and Taiwan. 🌐



**Academics Session: Legal Frameworks of Corporate Restructuring in Hong Kong, United Kingdom, United States, Australia and Taiwan panelists** (from left): Alan CW Tang, Partner, Grant Thornton Hong Kong; Ian Johnson, Chairman, TMA-Australia; Dr. Emily Lee, Professor of Faculty of Law, University of Hong Kong; Patrick C. Lagrange, Chairman, TMA; Dr. Wen-Yeu Wang, Professor of Laws, National Taiwan University; Dr. Chi-Hsi Chao, Consultant, Chien Yeh Law Office



Min-Chih Hsuan, Vice Chairman Emeritus, United Microelectronics Corp. (left) accepts a token of appreciation for his participation as conference keynoter from TMA-Taiwan President Dar-Yeh Hwang.



**Risk Management of Enterprises during Expansion panelists** (from left): Spenser Y. Ho, Partner in Charge, Chien Yeh Law Office; Dr. Grace Chu, Chief Risk Officer, Shin Kong Financial Holding Co., Ltd.; Thomas M.F. Yeh, Vice Chairman, Polaris Financial Group; Dr. Nai-Ping Yin, Professor, Department of Money and Banking, National ChengChi University; Jun-Chih Li, Managing Director, PricewaterhouseCoopers Taiwan



**Opportunities and Challenges of Developments of Asia-Pacific Enterprises after Financial Tsunami panelists** (from left): Cheng-Mount Cheng, Chief Economist of Citibank Taiwan Limited; Arthur Chiao, Chairman, Taiwan Electrical and Electronic Manufacturers' Association; Dr. Eric T. Wu, Chairman, Shinkong Synthetic Fibers Corp.; Tadashi Mizushima, CEO, Daiwa Quantum Capital in Japan; Dr. Chung-Hsing Chen, President, Global Financial Services



Eiten Inamura, vice-president, TMA-Japan, and Daiwa Quantum Capital managing director Rex Y. Wang discuss the turnaround of Japan Airlines.



**Latest Developments of Turnaround Management—United States, Japan, Australia and Taiwan**

presented by (from left) Dr. Yihong Hsieh, Professor, School of Law & Business, Soochow University, Taiwan; Ian Johnson, Chairman, TMA-Australia; Francis Kuo-Hsin Liang, Vice Minister, Ministry of Economic Affairs; Patrick C. Lagrange, Chairman, TMA; Eiten Inamura, Vice-President, TMA-Japan



**The Latest Developments of Financial Restructuring and Supervision after Financial Tsunami panelists** (from left):

Dr. Joseph Hu, Professor, IMBA Program, National Chengchi University/Former Country Manager of Standard & Poor's, China; Tadashi Mizushima, CEO, Daiwa Quantum Capital, Japan; Dr. Rebecca Chung-Fern Wu, Professor, NTU Department of Accounting; Dr. Simon Dzung, President, China Development Industrial Bank; Dr. Yung-San Lee, Chairman, Li Ren Foundation

# News from TMA Headquarters

## Bush, Barry and Teerlink to speak at TMA Annual Convention

The Turnaround Management Association's 2010 Annual Convention will be held Wednesday through Friday, October 6–8, 2010, at the JW Marriott Grande Lakes hotel in Orlando, Florida. To reserve a room at the JW Marriott Grande Lakes, click [here](#) or call 1-800-576-5750, and mention TMA to receive the discounted rate of \$276 per night. Discounted hotel rates expire on Monday, September 6, 2010, and are subject to availability. TMA cannot guarantee that the room block or hotel will not sell out prior to the conference.

### Keynote Speakers:

#### Thursday, October 7

**8:30 A.M.–9:45 A.M. (time reflects entire opening session)**

#### **Jeb Bush, former Florida governor**



Jeb Bush is former governor of Florida and now heads his own consulting business with clients that range from small technology start-ups to Fortune 500 companies. He is also chairman of Foundation for Excellence in Education, a national organization focused on education reform. He will offer insight on the key challenges facing America today.

#### Thursday, October 7

**7:45 P.M.–9:45 P.M. (time reflects entire dinner program)**

#### **Dave Barry, syndicated humor columnist**



Dave Barry was a syndicated humor columnist for 25 years. His work has appeared in more than 500 newspapers in the United States and abroad. In 1988, he won the Pulitzer Prize for Commentary. Barry has written a total of 30 books, two of which were used as the basis for the CBS-TV sitcom *Dave's World*. He will entertain with his humorous take on relationships, work, kids, technology and life in general.

#### Friday, October 8

**12:15 P.M.–3:00 P.M. (time reflects entire lunch program)**

#### **Richard Teerlink, retired chairman, Harley-Davidson**



Richard Teerlink is the retired chairman of Harley-Davidson and a part of the team that led to the revitalization of this American icon. He describes the process of this transformation in the book *More Than A Motorcycle: The Leadership Journey of Harley-Davidson*, which he co-authored with Lee Ozley. He will share the lessons learned in the Harley-Davidson turnaround to illustrate how creating and sustaining change requires collaborative efforts.

# News from TMA Headquarters

## TMA e-learning courses offer convenience, 24/7 accessibility

**T**MAccess on-demand e-learning courses are designed to meet the needs of busy professionals. Available 24/7, these interactive courses can be completed at the student's convenience.

E-learning course students can:

- Study one section at a time, or complete an entire course in one sitting.
- Pause and resume whenever they want.
- Test their knowledge with section quizzes and a final test covering all sections of each course.

### Troubled Loan Workouts Course

Students of the Troubled Loan Workouts course will learn the early warning signals of a failing business, what information must be gathered, and the five steps of the turnaround process. This course breaks down the complex legal, business, and personal issues that must be resolved in a very short period of time in the highly charged atmosphere of a company in crisis.

Cost for this course, which includes a pdf Study Guide, is \$150 for TMA members, \$200 for nonmembers. Upon successful completion of the course and the final test, students will be awarded 4.5 hours of CTP credit.

### Thirteen-Week Cash Flow Course

The accepted industry standard for use in restructuring companies, the model focuses

on the most important near-term objectives to ensure a troubled company's survival and how to use this tool to provide direction as the company moves toward longer-term stability. This course also outlines targets to meet to gain credibility with lenders and other important constituencies.

Cost of the Thirteen-Week Cash Flow course is \$125 for TMA members, \$175 for nonmembers. Upon successful completion of the course and the final test, students will be awarded 3.5 hours of CTP credit.

CLE and CPE credit is pending for these courses.

To order, click [here](#), or go to [www.turnaround.org](http://www.turnaround.org) and click on TMAccess E-learning Programs.

Questions? Contact Quinn Meyer, Education Manager, at 312/334-2580 or [qmeyer@turnaround.org](mailto:qmeyer@turnaround.org).

### 2010 Spring Conference Recordings

For those who missed a live event or concurrent session, or wish to share them with colleagues, recordings of the panel presentations offered at the 2010 Spring Conference are now available for purchase.

For pricing and format information and to order, please click [here](#), or visit the TMA website at [www.turnaround.org](http://www.turnaround.org). 

## Webinar Archives

Archives of TMA's live webinar programs provide the opportunity to learn from industry experts from the convenience of your home or office computer—any time of day or night.

Click [here](#) to get a complete listing of webinar archives, or visit the TMA website at [www.turnaround.org](http://www.turnaround.org).

