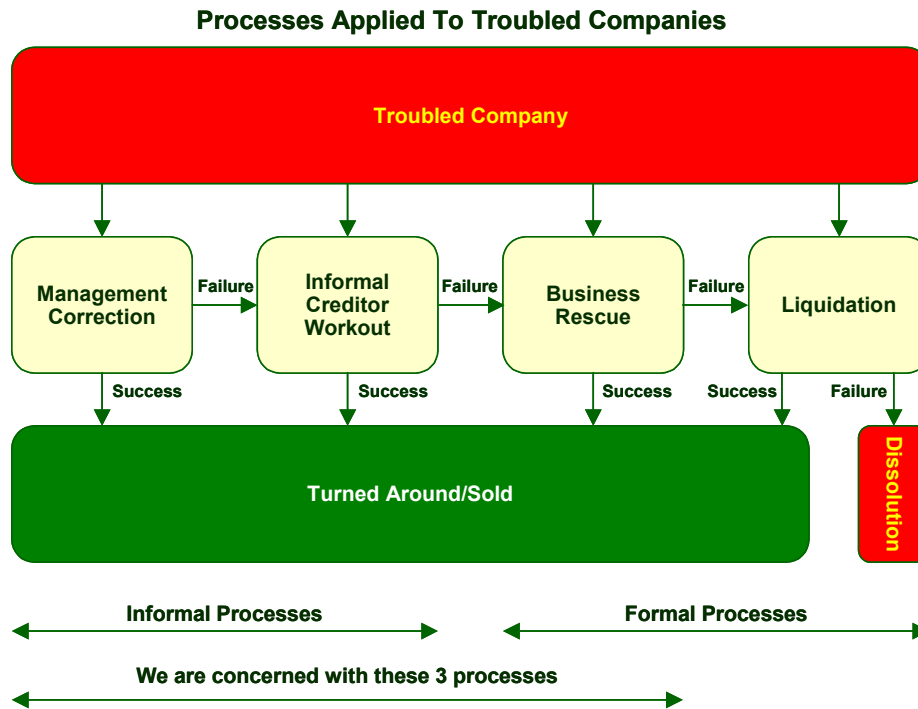


# WORK GROUP SESSION 6 HANDOUT PACK

## 1. A CONCEPT FOR GOING FORWARD

### 1.1 UNDERSTANDING THE PROCESSES APPLIED TO TROUBLED COMPANIES

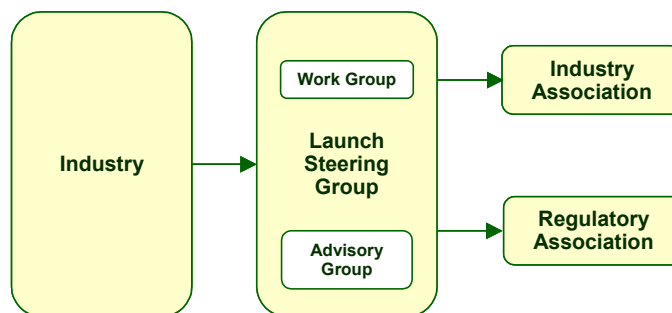


We are concerned with the first 3 processes, viz:

- Management correction
- Informal creditor workout
- Business rescue

### 1.2 UNDERSTANDING OUR OBJECTIVES

The mission of the Launch Steering Group is to both **promote** and **regulate** the turnaround industry. Initially, a SA chapter of the TMA was pursued, but TMA (US) did not allow us to regulate. Accordingly, it was decided to pursue two separate associations.



The respective missions and purposes of the two associations follow below in 1.4

**a. The Industry Association**

- The Work Group proposed to form an industry association along the lines of the TMA, but not affiliated to the TMA. The Advisory Group agreed with this proposal.
- This association can be formed much quicker than the SA chapter of the TMA, since we don't have to include all the TMA by-laws and go through the whole affiliation process. The existence of this body will be beneficial in forming the regulatory association.
- Permission was sought from TMA (US) to use the name TMA for this body, but it was not enthusiastically received. The name used in this document for the industry association will therefore be "TASA" or "Turnaround Management Association of South Africa".
- Once the industry/professional bodies have been established, the Work Group can once again address the issue of affiliating the industry association with the TMA i.e. to become a chapter.

**b. The Regulatory Association**

- The term "business rescue" is normally used to refer to a **formal** business rescue process. It is therefore appropriate to use as in a regulatory association's name rather than an industry association name. The name used in this document for the regulatory association will therefore be "BRASA" or "Business Rescue Association of South Africa". An alternative, if we wish to include the name "Professionals", could be "ABRP" or "Association of Business Rescue Professionals", but to add "SA" to the acronym makes it even more unpronounceable.
- Patrick Daly has already compiled the Memo and Articles of Association of "ABARP" or "Association Of Business Assessment And Recovery Professionals" which provides an excellent platform for the establishment of the regulatory association.

**c. Change To Our Name**

It is proposed that we change our name from the "Launch Steering Group for the formation of the SA Chapter of the TMA" to "Task Group for organising the turnaround and business rescue industries".

**1.3 WHERE DO THESE ASSOCIATIONS OPERATE?**

	<b>Management Correction</b>	<b>Informal Creditor Workout</b>	<b>Business Rescue</b>
<b>TASA</b>	Industry association stretching across all 3 sections		
<b>BRASA</b>	Management may require that turnaround professionals are members of BRASA, but it is not compulsory		Compulsory BRASA membership

**1.4 RESPECTIVE DRAFT MISSIONS**

<b>TASA DRAFT MISSION</b>	<b>BRASA DRAFT MISSION</b>
To be a representative body and forum in which its members irrespective of colour, creed or gender will associate to promote the turnaround industry, and for purposes of information exchange, networking,	To regulate all the activities of its members who shall at all times be registered members of a recognized professional body as approved by the

education, and raising standards in the turnaround industry.	Association.
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## 1.5 RESPECTIVE DRAFT PURPOSES

(For articles of association)

TASA DRAFT PURPOSES	BRASA DRAFT PURPOSES
<p>Set 1:</p> <ul style="list-style-type: none"> <li>• Cultivate and promote the turnaround profession;</li> <li>• Practice their profession in accordance with the Constitution of the Republic of South Africa, so as to provide an effective and professional service to all stakeholders as independent practitioners with the highest integrity being mindful of community interests, the constitutional rights of individuals, and a sustainable economy.</li> <li>• Raise the visibility of the TMA and professionals involved in the rescue of distressed business;</li> <li>• Encourage, foster and promote the interests of those having a common interest in the commerce, business, trade, or profession of turnaround management;</li> <li>• Eliminate and reform abuses in such areas;</li> <li>• Obtain and distribute reliable information as to the reputation and standing of the professionals practicing in such areas;</li> <li>• Stimulate, encourage and promote cooperation and friendly exchange among its members and others;</li> <li>• Establish an environment and create opportunities for corporate managers, turnaround consultants and managers, accountants, appraisers, attorneys, lenders, financial advisors, other service providers and representatives from government and academic institutions to associate for educational, networking and business meetings focused on the turnaround profession;</li> <li>• Establish a forum for the exchange of industry information and knowledge,</li> <li>• Acquaint and inform the business community and the general public as to its objectives;</li> <li>• Act as research counsellors and</li> </ul>	<ul style="list-style-type: none"> <li>• To regulate all the activities of its members who shall at all times be registered members of a recognized professional body as approved by the Association, including admission criteria and codes of practice.</li> <li>• To put in place such regulatory processes and procedures necessary and which may become necessary to ensure that all its members carry out their duties in a professional and ethical manner and with a view to achieving the objectives of the Association.</li> <li>• To facilitate and promote the practice of business rescue.</li> <li>• To enhance and uplift all its members from previously disadvantaged groups, particularly such individuals specifically defined as designated people in the Employment Equity Act, Act 55 of 1998.</li> <li>• To provide such training and courses necessary to facilitate skills transfer amongst all its members, particularly in the practice of business rescue.</li> <li>• To ensure equal representation of members of the Association in respect of gender and race.</li> <li>• To work together with and in furtherance of such objectives and aims of all the Masters of the High Court, State Attorneys and professional bodies in respect of such Legislation and proposed Legislation relating to business rescue, and any and all Legislation aimed at curtailing and/or preventing unemployment within the country.</li> <li>• To maintain and enhance the prestige, status and dignity of the professionals.</li> <li>• To encourage and promote efficiency and responsibility of the professionals in relation to the practice of business assessment and recovery.</li> <li>• To uphold the integrity of the professionals.</li> </ul>

<p>consultants particularly to those engaged in turnaround, all of the same to be done without profit to the Association and for the mutual benefit of its members;</p> <ul style="list-style-type: none"> <li>• Promote higher standards and better methods turnaround management, with particular focus on developing previously disadvantaged individuals;</li> <li>• Promote the interests of the business community by educating the public about the turnaround profession;</li> <li>• Promote integrity within the turnaround management industry;</li> <li>• Publish and distribute trade publications for the benefit of the industry and the general business community;</li> <li>• Encourage the use of the services of turnaround management within the general business community;</li> <li>• Encourage the fostering of academic research and development of the field;</li> <li>• Provide such civic, commercial, industrial and social features as will promote these purposes;</li> <li>• Sponsor a specialist certification program to further these purposes that shall establish objective standards for the certification of turnaround professionals.</li> </ul> <p><b>Set 2: The points below to be worked in too (from Werksmans)</b></p> <ul style="list-style-type: none"> <li>• To promote high standards of practice and improved methodologies in turnaround management;</li> <li>• To foster professional development opportunities for turnaround professionals, enhancing the necessary competencies for successful practice;</li> <li>• To serve as a knowledge-base for information and research pertinent to the turnaround business;</li> <li>• To aid corporate South Africa and turnaround professionals in the revitalisation of distressed companies and close corporations, the retention of jobs, the conversion of performing and non-performing assets into productive assets and to provide value in underperforming companies;</li> <li>• To promote the image of TMA (SA) as a premier professional community</li> </ul>	<ul style="list-style-type: none"> <li>• To uphold and improve the standards of professional conduct and qualifications of professionals.</li> <li>• To provide for the effective control of the conduct of the professionals.</li> <li>• To promote uniform practice and discipline among the professionals.</li> <li>• To encourage the study of law relating to business rescue and any other similar Statutes and laws concerning the administration, the assets, liabilities and financial affairs of any individual, Close Corporation company or any other legal entity.</li> <li>• To advance the theory and practice of business rescue in all it aspects.</li> <li>• To represent generally the views of the professionals insofar as same may relate to business rescue.</li> <li>• To co-operate with the Minister of Justice and all Masters with the view to enacting such necessary Legislation to promote, extend and consolidate the objects, powers and scope of the Association.</li> </ul>
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dedicated to corporate renewal and turnaround management, and its members as professionals committed to the highest standards of practice.	
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**1.6 PROPOSED NEXT STEPS**

- Timetable for establishing both TASA and BRASA
- Seeing Enver Daniels re BRASA