

Minutes

South African Chapter of the Turnaround Management Association

Minutes of the 2nd Meeting of the Launch Steering Work Group

Date: Monday 24 May 2004
Time: 16h00 – 19h00
**Venue: 6th Floor 4 First Place Bank City
Johannesburg**

In attendance:

Barnard, Krisjan	ABSA (alt. Trevor Mergatroyd)
Bicker-Caarten, Jan	RMB
Claassen, Stephan	FNB
Daly, Patrick	Daly Incorporated
Gordon, Rowan	CMS
Graham, Ricardo	Maximus Business Turnaround
Greenhill, Noah	JSE/ ALTX
Leigh, Martin	RMB
Reynolds, Philip	Deloittes (alt. John Evans)
September, Themba	Corporate Renewal Partners (Chairman)
Taggart, Robin	Nedcor
Vacy-Lyle, Michael	FNB
van der Walt, Jan	Corporate Renewal Partners
Winer, Paul	Werksmans

1. Welcome

The Chairman opened the meeting by welcoming all present.

2. Apologies were received from:

Trevor Mergatroyd
Christo Faul
David Burdette

3. Approval of previous meetings minutes

The minutes from the meeting held on 17 May 2004 at RMB were approved.

a. Matters arising from the minutes

There were no matters arising

4. Ricardo Graham's (Maximus Business Turnaround) presentation on the UK Society of Turnaround Professionals ("STP") and the Association of Business Recovery Professionals ("R3")

- With the assistance of Maximus's UK business partner, Begbies Traynor, 2 UK organizations – the STP and R3 (Rescue/ Recovery/ Renewal) were researched for purposes of allowing the Working Group to decide whether the TMA was the most appropriate organization for South Africa;
- The STP is an independent body that helps stakeholders in distressed companies identify experienced/ skilled turnaround professionals;
- The STP regulates its members within agreed standards;
- R3 (changed name from Society of Practitioners of Insolvency) has a close association with the STP and is the organization that represents insolvency professionals in the press and at government;
- R3 carries out research on turnarounds and insolvencies in the UK and runs courses and training workshops and conferences for insolvency practitioners;
- The STP was established as a defense mechanism against American turnaround practitioners taking control of the UK market place;
- The STP and R3 are specific to the UK and have no international representation;
- The STP has been struggling to attract corporate membership since its inception in 2000.

5. Is the TMA the appropriate choice for South Africa?

a. Create a unique SA organization?

It was agreed that the TMA constitution would be adopted and amended to specifically take account of the South African circumstance.

The TMA has a long and successful track record with 6700 members in 33 chapters worldwide – including NZ, Australia and Canada, countries whose insolvency regulation and business rescue frameworks are being used as templates for the development of the South African framework.

The TMA is internationally recognized and will add considerable credibility to the South African organization.

b. Interaction with the development of the current legislation in SA

It was agreed that the Working Group press ahead with the creation of the SA chapter of the TMA in order to create a base from which to build and ultimately become the recognized turnaround administrative body within the legislation being developed.

6. List of questions to pose to the USA TMA Execs:

- a. What are the benefits of joining the TMA – specifically for SA?
- b. What are the typical problems faced by new chapters – specifically NZ and Australia? What lessons can we learn?
- c. Degree of independence from the USA
- d. How does the TMA regulate turnaround managers?
- e. The networking opportunities

7. Conference call with USA TMA Executives

USA/ Canada TMA Execs involved in the discussion:

John Rizzardi

Steven Weisz (Canada)

Ward Mooney

Linda Delgadillo

- a. The benefits of joining:

The TMA is multi-disciplinary and non-exclusionary in its membership.

It provides considerable networking opportunities for turnaround practitioners and professionals.

It provides global education and skills development by offering conferences/ publications/ and interaction with international practitioners (allows for development of international best practices in turnarounds)

It sets a code of ethics that turnaround practitioners must adhere to adding credibility to its members.

- b. Lessons to be learned from new international chapters:
Work closely with the USA established chapters and International staff when establishing a chapter.
Strong and dedicated local leadership is required.
The leadership must be proactive and interact often with USA TMA mentors.
- c. Degree of dependence on parent USA TMA:
Each country is independent of each other with the TMA constitution specifically tailored to each countries circumstance.
- d. How are members regulated?
Other members and chapter itself will tend to filter out members guilty of malpractice – these members will get a bad reputation and not get referral work from other members of the TMA.
- e. Networking Opportunities
Global networking opportunities at the quarterly held TMA conferences in the USA and at the annual USA conference.
TMA will have a significant involvement at the annual INSOL conference in Australia in 2005.
Global training and conferences are currently being considered.
Local conferences will facilitate extensive networking and skills development in South Africa.

8. Chairman proposed the formation of the SA chapter of the TMA

- a. Legal sub-committee to progress with drafting the Memo and Articles of Association in line with the international constitution, but specifically tailored to the SA environment.
- b. Membership sub-committee
Paul Winer and Jan vd Walt reported that very good progress had been made regarding the eligibility of members and qualification criteria.
The membership committee to report back fully at the next meeting.
- c. Role of Department of Labour
It was noted that the Dept of labour was working at establishing a grouping of turnaround managers to be appointed by employees of failing companies.
Job preservation is an important concern and as such it was recommend that the SA TMA establish what the Dept of labour hopes to achieve with a view of co-coordinating efforts.

9. Preparation of a Mission Statement

A team was established to write the SA chapters mission statement. The team included:

Robin Taggart
Stephan Claassen
Jan Bicker-Caarten
Rowan Gordon

The USA TMA mission statement was to be considered and the SA statement was to specifically include BEE and other issues specific to the SA environment. An emphasis was also placed on job preservation.

The Minister to be approached with a draft version of the TMA Mission statement when the concept is first introduced.

10. Timing of approach to government

It was agreed that members of the work group known to the Minister arrange a meeting this week (team to include Patrick Daly, Martin Leigh and Stephan Claassen).

A road show is to be kicked off once the government officials have been consulted. The road show to include presentations to The South African Institute of Chartered Accountants; The Law Society; The Chartered Institute of Secretaries, amongst others.

11. Press Releases

Phil Reynolds (alt. for John Evans) indicated that good progress had been made regarding a press release on Turnaround Management in SA, scheduled for June publication in the Business Day.

It was noted that the approach to government regarding the introduction of the TMA as the SA administrative body of turnaround practitioners happen before this press release.

12. The next meeting

The next meeting to be held at 16h00 – 19h00 at FNB Corporate 4 FirstPlace Bank City, 6th Floor, on Monday 31 May 2004.