

KordaMentha



C-suite support

Your support in times of need.

kordamentha.com



C-suite support

Support with a different mindset.

C-suite executives and their teams operate at the epicentre of an organisation. They bring together financial, strategic and operational considerations to ensure a sound financial basis for sustained performance and growth.

A high performing executive function positions an organisation for the future. It is critical in times of challenge and distress as key stakeholders will be focused on financial performance, options and cash management.

As organisations strive to manage their budget position, prioritise expenditure allocations and do more with less, our approach drives rapid and focused financial and operational productivity improvement.

When faced with complex financial, commercial and operational challenges, public and private sector organisations turn to us to provide a different skill set and way of thinking. We bring focus and a bias to action that has been developed through years of partnering with clients during times of distress.

We bring a different mindset to financial, structural and operational challenges and options by diagnosing, planning and implementing holistic transformational change, as well as providing focused support to executives and their teams.

What makes us different?

We do more than advise. Our team are experts in understanding complex commercial issues and working with diverse stakeholder groups.

Our experience and hands-on approach enables us to provide support to stretched executive teams. We are most valuable when tackling entrenched problems that may be impeding the commercial viability of the business or organisation and impacting its future growth.

We work with our clients to own the problem, develop a range of solutions and partner with internal teams to implement the preferred option. Our implementation approach balances stakeholder management, time sensitivity and cost, and is always delivered with empathy.

How we work with clients

We work best when partnered with clients. Our senior team is highly versatile and skilled at building and leading implementation teams from within the organisation.

Measurable results Our clients come to us when they need results. We collaborate to agree on desired client outcomes upfront. Success is based on achieving measurable results and delivering performance across financial, operational and cultural key performance indicators (KPIs).

Implementation partners We partner 'in the trenches' by providing additional bandwidth to executive and operational teams, which can include embedding our turnaround professionals into an organisation in key leadership or support roles. In bringing a proprietor's perspective, we see the organisation's challenges as our responsibility to solve and we work collaboratively to make meaningful change.

Flexibility We know that large, complex commercial challenges require agile thinking and flexible delivery models. We provide commercial insight by bringing best-in-class business and commercial turnaround expertise, with the flexibility to source complementary, top-tier specialists to support our clients' technical challenges.

Bias to action Our turnaround and transformation plans narrow an organisation's focus and prioritise action. Our strong implementation capability and bias to action builds confidence and momentum with the turnaround. To break inertia and ensure delivery of results, we use our experience and judgement to achieve rapid progress in uncertain environments.

Our focus on successful implementation

We bring an evidence-based approach to our work with a strong emphasis on action and results, delivered through a three-phase process: Diagnose, Plan, Implement.

Indicative activities

Diagnose

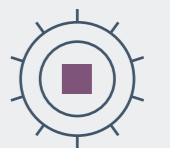
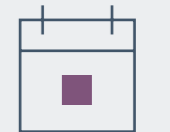
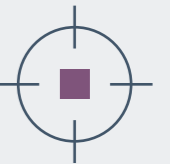
- Understand the current business model and operating environment.
- Review existing historical and forecast financial models created by the business, including three-way financial models and short-term cash flows.
- Understand budget build and review processes, and the performance management framework used to monitor and track progress.
- Understand the structure of, and adherence to, financial controls and delegations, including procurement processes.

Plan

- Partner with key personnel to develop cooperative plans and opportunities.
- Develop detailed cost-out programs, including stakeholder engagement and communications strategies and plans.
- Rebuild zero-based financial budgets at divisional and group levels.
- Develop KPIs and performance management framework.
- Determine appropriate financial delegations and reset controls.
- Understand key interdependencies, sequencing challenges and opportunities.

Implement

- Project-manage implementation and track progress.
- Lead difficult negotiations with creditors and impacted stakeholders.
- Set up finance-function-led transformation office to engage and drive change.
- Roll out and implement financial management and framework structures.
- Assume interim c-suite and crisis management roles.



Case studies

Billabong

Outcomes and benefits delivered

- Successfully refinanced with term debt and equity placement.
- Implemented new systems and processes for oversight of short and medium-term liquidity requirements.
- Revised the finance team reporting structure.
- Managed the finance information flow to the board advising on forecast performance, liquidity and risk management.

Background

Billabong was an ASX-listed wholesaler and retailer of surf, skate and snow apparel and equipment with \$1.4 billion in revenue across Australasia, Europe and the Americas.

Billabong needed an interim financial manager with restructuring experience to lead improvement in the global finance function during and after refinancing.

Approach

In addition to providing an interim head of transformation, KordaMentha placed an experienced director to head the international finance team for nine months, and a financial modelling expert to support financial planning and analysis.



Central Adelaide Local Health Network

Outcomes and benefits delivered

- >\$150 million financial improvement.
- Delivered South Australia's first activity-based budget.
- Modelled to funding source, and successfully renegotiated funding.
- Delivered \$65 million reduction in spend on services and supplies in six months.

Background

Central Adelaide Local Health Network (CALHN) is South Australia's largest healthcare network with circa 13,300 staff, five hospitals, and a \$1.8 billion annual budget.

CALHN was an organisation in systemic distress, forecasting a \$274 million FY19 forecast budget overrun.

Approach

KordaMentha team members assumed a range of interim senior management positions including State Administrator and key support roles to the heads of human resources, operations, information and finance.

Slater and Gordon

Outcomes and benefits delivered

- Streamlined the business with a renewed focus on its core business.
- Divested 12 unprofitable legal practices, transferred/exited circa 250 employees and transferred circa 1,400 client files.
- Contributed to FY19 EBIT profit of \$33 million.

Background

Slater and Gordon is an iconic Victoria-based law firm, providing personal injury and general law services for retail consumers.

Slater and Gordon narrowly avoided insolvency via a recapitalisation backed by a US hedge fund. In Australia, Slater and Gordon reported a \$67 million EBIT loss in FY17 with circa 1,100 staff operating in 51 locations.

Approach

We provided interim CFO, HR and marketing services and participated in the recruitment of permanent replacements. Whilst in these roles, a special situations team was set up to analyse performance of business units and develop a rationalisation and cost-out plan.

Fitness First

Outcomes and benefits delivered

- Significantly reduced costs, including exiting leases of 24 sites with NPV lease liabilities of circa \$160 million.
- Introduced and facilitated transition to a new transactional banker.
- Assisted with recruiting a permanent CFO.

Background

Fitness First is one of the world's largest operators of fitness clubs, with its Australian operations comprising over 100 sites, 5,000 staff and 300,000 members.

At its point of need, a global turnaround and financial restructure was required to address circa \$900 million of debt and a liquidity crisis.

Approach

We were appointed interim CFO/Chief Restructuring Officer and embedded in the business with a small team for 12 months to lead the development and implementation of the turnaround strategy and plan.

How we can help you



Focused advisory and program management

Clients seek our assistance in providing independent, commercially focused advisory and program management services.

This may include:

- Business plan reviews, where we assess the strategic plans and financial outlook of the organisation.
- Financial analysis and forecast reviews, where specialised support is required to evaluate financial projections and outcomes.
- The establishment and ongoing implementation of complex program management offices and functions.

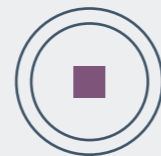


Full scale turnaround and transformation

We work with clients through the diagnosis, planning and implementation phases. We collaborate to design and implement transformation processes for entire organisations as well as more focused subsidiary or business unit engagements.

Our work can include:

- Development of detailed financial forecasts and associated modelling.
- Cost-out identification and implementation.
- Cash flow and working capital management and optimisation.
- Interim management roles and filling critical vacant positions.
- Workforce and industrial relations negotiations and stakeholder management.
- Stakeholder and media management.



Cash and working capital

During an organisational turnaround, cash is 'king'. We identify and implement immediate and long-term strategies to forecast, generate and track cash to improve cash flow and working capital management.

We identify the near and medium-term liquidity position and key cash flow drivers, and implement improvements, such as:

- Improving cash forecasting. For example, by building a rolling, 13-week cash flow forecast.
- Improving inventory management practices.
- Developing cash preservation strategies.
- Identifying opportunities to unlock cash from non-productive assets.
- Managing communications to vendors, customers, employees and shareholders.



Financial management and controls

We understand the importance of stabilising financial performance. We identify an organisation's key drivers of financial performance to better inform decision making and implement improved financial management.

We review and improve an organisation's processes, policies or procedural changes to better manage finances and associated operating controls.

We develop detailed ground up budgets and forecasts, design and implement procurement controls to rapidly reduce spending (including support functions) and provide CFO services, such as team structuring, organisational controls, management and risk reporting.

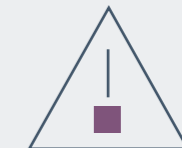


Performance improvement and cost-out

We prepare and implement cost reduction strategies. Additionally, we streamline operations to focus on achieving and sustaining cost reduction and avoid pursuit of short-term targets at the expense of longer-term success.

To ensure performance improvement, we may redesign and implement changes to internal functions and processes to better align with strategy, while instituting strong performance management frameworks.

We also establish regular performance meetings with clear and measurable KPIs, structured reporting and stakeholder engagement.



Interim and crisis management

We can assume interim c-suite or leadership roles within an organisation.

This may involve:

- Embedding specialists into operational teams within the organisation to provide leadership support and project management capabilities.
- Leveraging our extensive experience with complex stakeholder management issues at all levels (including governmental, financiers, politics and media) to guide organisations through sensitive and high-risk transformations.
- Drawing on our wide network of industry experts to provide an independent and external perspective, or to take specialised interim management or board positions.

“KordaMentha assumed the role of Chief Restructuring Officer and led a small but highly effective team supplemented by our own resources.

From our time working with the KordaMentha team it was very evident that they are very experienced in assisting organisations facing diverse challenges and understand the need to identify and progress the high value/high impact issues. They were trusted by all stakeholders and provided advice without fear or favour throughout their engagement.”

Chief Financial Officer, Retail and Logistics

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