

KordaMentha



Unlocking value in the workforce

Driving change in complex
workforce environments.

kordamentha.com



Unlocking value in the workforce

Setting the course during an unsettling time.

As investors, boards and management consider the best way to navigate financial, strategic and operational challenges, the discussion will inevitably turn to labour costs. Keeping your workforce engaged throughout a transformation process is critical. Whilst difficult decisions may need to be made, staff and unions deserve to be treated with respect, empathy and dignity.

In delivering an organisational turnaround, careful stakeholder and union engagement mitigates the possibility of industrial unrest and ensures

the business is set up for sustained success. Stakeholders respond favourably to being included, at the earliest opportunity, in the design and consultation stages of significant reform.

We act for companies and government organisations that are navigating change and that have financial, operational and reputational value at risk.

What makes us different?

We do more than advise. We work alongside our clients to achieve rapid progress and transformation of their most pressing workforce related issues.

Our experience and hands-on approach has delivered significant benefit and sustained outcomes to a wide range of public and private sector clients, including state and federal government departments, hedge and private equity funds, large not-for-profits and corporates.

We work with clients on business-critical and time-sensitive projects that are strategically important to the ongoing success, and even viability, of the organisation.

How we work with clients

We develop and implement strategies that deliver the change required for a successful re-set or transition of a partial or entire workforce.

Measurable results Our clients come to us when they need results. We hold ourselves to account to achieve rapid change and measurable, sustainable enhancement of performance. Our success is measured by our client's improvement across financial, operational and cultural key performance outcomes.

Implementation partners We partner 'in the trenches' by providing additional bandwidth to executive and operational teams. This can include embedding our workforce and industrial relations professionals into an organisation. In bringing a proprietor's perspective, we see the organisation's challenges as our responsibility to solve and we work collaboratively to make meaningful changes.

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

Bias to action Our strong implementation capability and bias to action builds confidence with all stakeholders through industrial relations and workforce transitions. We apply the best available insight and evidence in our decision-making to ensure rapid and effective progress through difficult and complex situations.

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

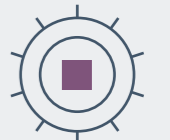
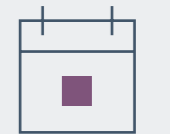
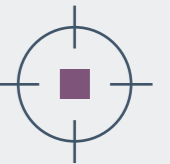
- Understand the current business model and operating environment.
- Perform a short, sharp review of the organisation's workforce related performance and challenges, focusing on culture, leadership and industrial relations.
- Undertake a full labour diagnostic to understand cost drivers.
- Review key enterprise agreements and industrial instrument constraints.
- Engage with staff and stakeholders to gain on-the-ground insights.
- Identify any legal or other expertise required.

Plan

- Perform a deep dive into key industrial issues likely to be encountered during implementation.
- Develop a detailed plan including all initiatives required to achieve performance improvement.
- Where appropriate, engage external specialists to contribute to the development of strategic plans or resolve specific issues.
- Develop focused industrial relations and stakeholder management plans.
- Understand key interdependencies, sequencing challenges and opportunities.

Implement

- Lead the operational execution of plans, including the management of industrial and stakeholder relations, communication and team coordination.
- Lead difficult negotiations with impacted stakeholders.
- Facilitate separation and redeployment processes, including employee and union consultation.



Case studies

Arrium

Outcomes and benefits delivered

- Earned the trust and support of unions to create a stable industrial relations platform.
- Renegotiated two enterprise agreements to include a 10% wage reduction and four-year term.
- Achieved a zero-redundancy rate during an 18-month administration period.

Background

Arrium is Australia's leading steel long products manufacturing and distribution business with circa 6,500 employees across 150 sites, 2.6 million tonne p.a. steel-making capacity and 10 million tonne iron ore export capacity.

Approach

Cross-functional teams worked across Australia to stabilise the business and provide a runway for the sale process. This included establishment of the OneWhyalla committee, a group of diverse representatives in the Whyalla community to ensure ongoing communication and access to Administrators. Close relationships were formed with unions to stabilise the unionised workforce.



Masters Home Improvement

Outcomes and benefits delivered

- Australia's largest ever solvent business exit, with all sites vacated on time and on budget.
- Found jobs for over 1,600 Masters staff.
- External outplacement services provided to all employees not internally redeployed.

Background

Masters Home Improvement (operated by retailer Woolworths Limited) had 63 sites in metropolitan and regional Australia, 6,500 staff and \$1 billion in home and hardware stock. Following a failure to gain significant market share, KordaMentha was engaged to assist Woolworths and Masters complete Australia's largest-ever solvent business exit.

Approach

We implemented a business exit strategy to complete an orderly wind down of the business with locations closing within 16 weeks.

Our guiding principles adopted a 'people first' approach, as we balanced people, commercial and legal considerations while managing intense media interest and scrutiny.

Central Adelaide Local Health Network

Outcomes and benefits delivered

- Industrial relations strategy to support the recovery plan.
- New organisation structure, reducing spans of control and embedding new leaders.
- Labour management initiatives and workforce controls to stabilise FTE growth from +6% year-on-year to negative.

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 budget overrun.

Approach

As one of the four recovery program workstreams, our People, culture and governance workstream provided direct and focused support to CALHN's Executive on workforce matters, whilst taking a lead role in resetting critical relationships with unions.

Slater and Gordon

Outcomes and benefits delivered

- A streamlined business with a renewed focus on its core business.
- Divested 12 unprofitable legal practices, transferring/exiting circa 250 employees and transferring circa 1,400 client legal files.
- Led union negotiations and executed a new enterprise agreement in an expedited timeframe of circa three months.

Background

Slater and Gordon is an iconic Victoria-based law firm, operating both personal injury and general law services. 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 and had 1,100 staff operating in 51 locations.

Approach

A KordaMentha Partner acted in the role of interim Chief Human Resources Officer and supported recruitment of our replacement. We renegotiated a new enterprise agreement and delivered a nationwide organisational restructure to support the rationalisation and cost-out.

How we can help you



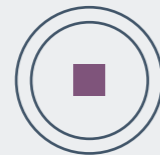
Strategic industrial relations and union management

Clients seek our assistance to navigate uncertainty and avoid delays to implementing organisational change.

We work to understand the relationships, agreements and history, then develop a strategy to support the organisation to deliver its objectives.

Our hands-on approach includes:

- Regular meetings with unions to reset the relationship and minimise future interference.
- Negotiation support for enterprise agreements, either behind the scenes or as the lead.
- Establishment of new operating rules and procedures.
- Review, prioritisation and resolution of day-to-day industrial relations operational matters.

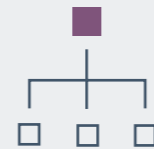


Enterprise agreement solutions

Leveraging our extensive experience within complex environments, we work to understand the enterprise agreement landscape, identify opportunities for simplification and, if appropriate, garner support for consolidation.

We are often asked to either support management or take a lead role in all elements of the negotiations and employee communications program.

Combining our extensive industrial relations experience and financial analysis capability, we can maximise existing enterprise agreements. Our specialist skillset and independent perspective enables us to understand and interpret enterprise agreement terms so as to achieve maximum benefit.



People and organisation design

An effective organisational framework is imperative for ongoing success.

We help organisations to understand their culture and how best to align their functions to support the overarching strategy of the organisation.

This may include:

- Developing a labour framework aligned to operational needs and financial objectives.
- Improving labour management and controls, such as recruitment measures and optimisation of the labour base.
- Assisting with industrial relations challenges, including strategy, negotiations and implementation of transformation.



Employee separation and redeployment processes

The challenges in implementing a workforce reduction, redeployment or business separation process are complex and require an assessment of industrial agreements and accepted custom and practice.

We navigate the process and stakeholders to develop and implement large-scale programs that include:

- Developing a compelling case for change that considers the views of all stakeholders.
- Preparing detailed implementation and stakeholder plans and supporting collateral.
- Leading the implementation, including meetings with staff and unions.



Labour management and controls

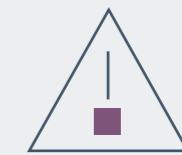
We find our clients can achieve considerable financial savings through a focus on labour management and controls.

We undertake a full labour diagnostic, gaining understanding of the drivers of labour use and current recruitment controls to approve permanent and temporary positions.

Once understood, we work with clients to develop a labour framework that is aligned to operational needs and financial objectives.

This may include:

- Developing and implementing appointment and recruitment controls.
- Resetting procurement delegations for use of contingent labour.
- Developing and implementing timesheet review and compliance processes.



Identify new and existing change leaders

Periods of change create a rare opportunity to identify and fast-track change leaders. Identifying and empowering these individuals helps advance progress and entrench cultural change.

Through initial interviews with management and employees, we identify individuals who can play a leading role in stabilising the business and positively influencing employee attitudes toward change.

Our work includes:

- Assessment of board and management capability through one-to-one interviews and surveys to identify issues, understand effectiveness to perform the role and deliver significant change.
- Identification of key change leaders and implementation of retention strategies.
- Planning and delivery of leadership development programs.

“As circumstance would have it, the Enterprise Bargaining Agreement under which a large percentage of our staff are employed expired at the peak of our crisis. KordaMentha assumed responsibility for leading the negotiations with the Australian Services Union and reached agreement with them in very challenging circumstances.”

Chief Executive Officer, Legal services

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