



The 333–TMA Survey is the first of its kind in Australia, offering a unique insight into the causes, challenges, responses and successes of corporate turnaround activity during the recent financial crisis.

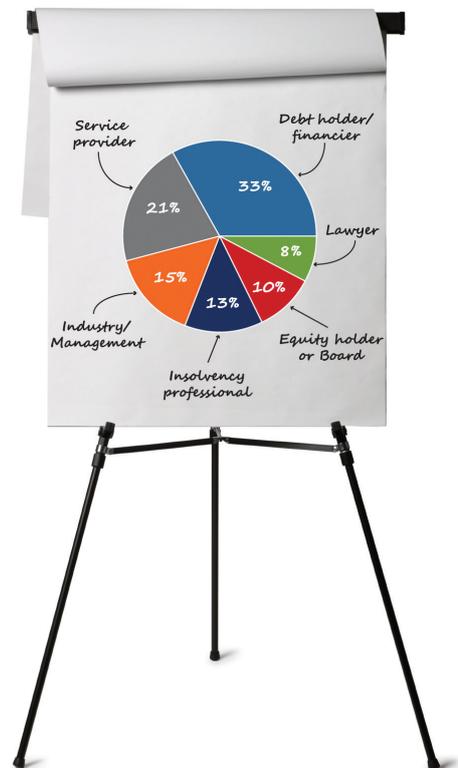
The survey focussed on ‘real’ problem solving and gaining a deeper understanding of what works and what doesn’t work.

### Definition

We consider “turnaround” as a situation where a company would likely have failed without an intervention. To answer this survey, attempted turnaround(s) did not have to be successful (i.e. could have ended in administration or receivership).

### Profile of respondents

There were 117 respondents from all constituencies involved in corporate turnaround in Australia including management, financial stakeholders and advisors.



# 333-TMA Survey

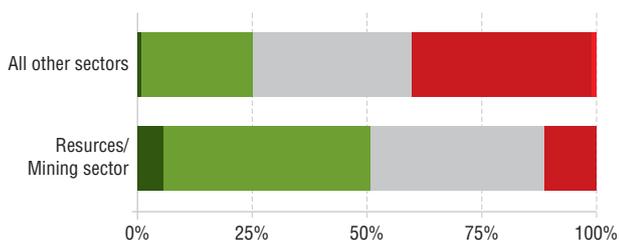
## Insights from the Australian Turnaround Industry

### Turnaround environment

#### Australian Economy

##### Expected Australian economy performance over the next 12 months

Respondents have outlined a two speed Australian economy, with only 25% believing the non-resource sector will improve in the next 12 months.



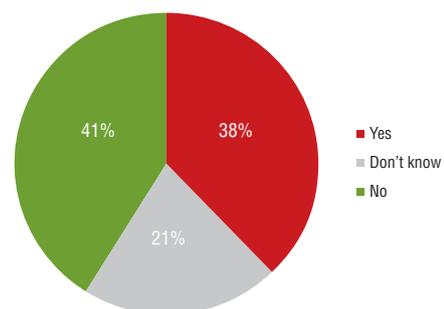
Respondents were also asked to assess the greatest risks to the Australian economy over the upcoming 12 months. Not surprisingly, key influencers were global or overseas factors.

In order of priority these were:

Factor	% ranked as a risk
Another episode of global liquidity or financial crisis	56%
China economic shock	53%
US weakness	49%
European Union weakness	26%



#### Is Australia's regulatory environment hampering business turnarounds?



Opinion is divided on whether Australia's regulatory environment is currently hampering business turnarounds. Of those 38% who believe it is hampering business turnarounds, 85% of those cite directors' personal issues or insolvent trading as the major barriers.

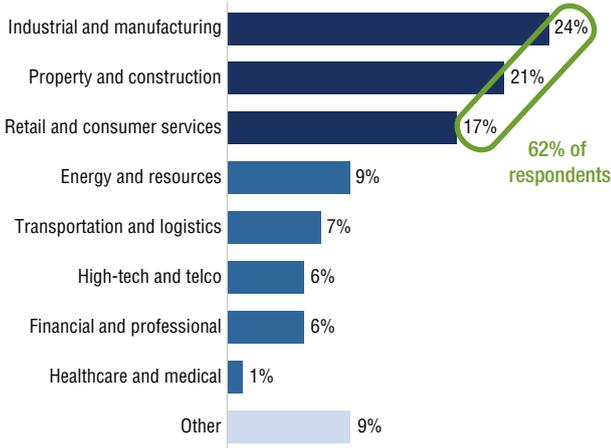


# In the trenches

## Profile of turnarounds

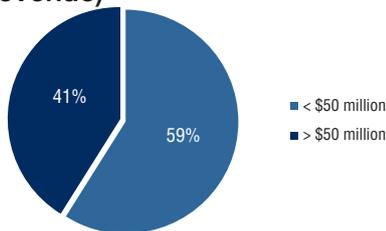
The turnarounds analysed have the following profile.

### Industry breakdown



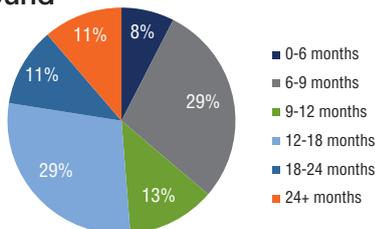
### Company size (revenue)

The average revenue of companies is \$150 million.



### Length of turnaround

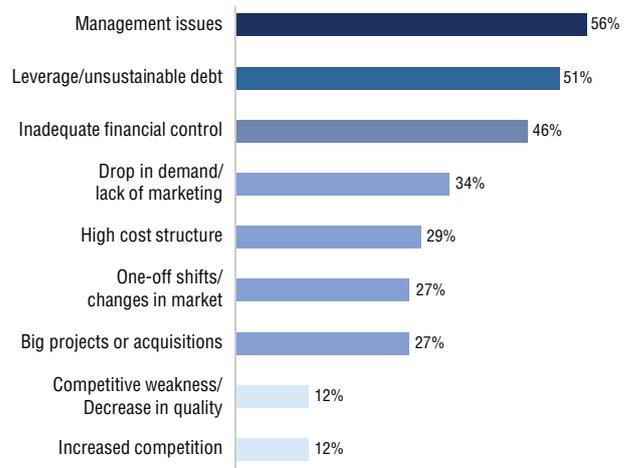
The average length of each turnaround is 12 months.



## Main causes of business distress

The three large causes of distress were primarily internally focused issues – management issues (56% of respondents list as a cause); unsustainable debt levels (51%); and inadequate financial control (46%).

As well as these listed issues, a number of respondents also outlined debtor-related problems as major causes of distress. These broadly fell into two categories – large payment defaults and insolvencies.



## Solutions used in turnarounds

Businesses pursued a holistic approach to turnarounds with all initiatives ‘in play’ and a number of them used concurrently to achieve success.

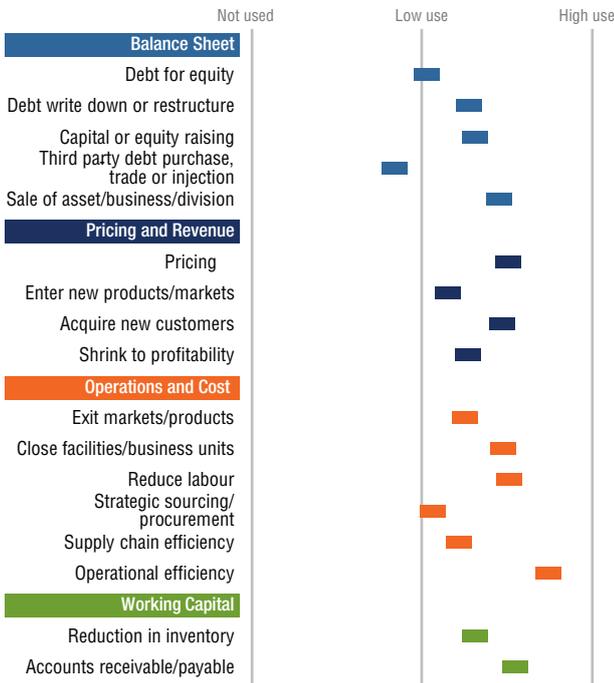
Of note were the facts that:

- 85% of turnarounds included either a capital raising or debt restructure; and

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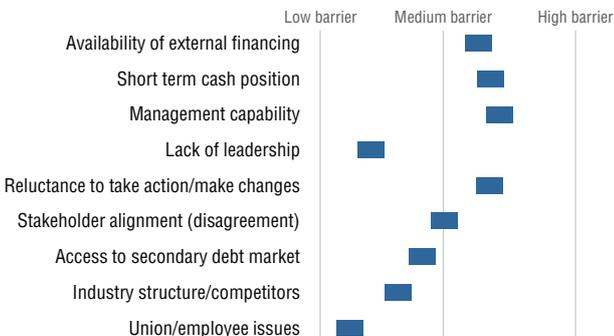
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- 62% of turnarounds had at least one significant initiative from each of the four categories of solutions.



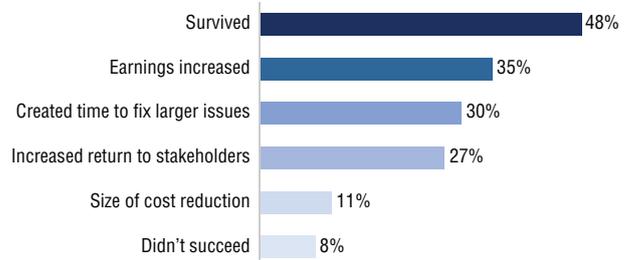
### Barriers to successful turnarounds

Financing and people-related challenges head the list of barriers which need to be overcome for a successful turnaround.



### Measures of success

While there are numerous measures of success, the key indicators are based on survival, return to stakeholders, and creating time.



48% of respondents listed survival as a key metric for success.

### Further information

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