

**Deloitte.**

Recover & Transform  
Fast forward to stronger earnings





When money and time matter, Deloitte is there to rapidly stabilise your business, distil the key issues and drive your recovery and transformation.

Partnering with you are our recovery and transformation specialists, who combine with our functional and industry experts to resolve the issues that really matter, and rebuild confidence and momentum with a laser like focus on the bottom line.

The outcome? A bankable program – delivered – that gets you back to winning again.



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# Are you feeling the pressure?

Australia is experiencing a period of unprecedented disruption. Industries and markets are changing faster than companies can adapt, leaving many under pressure.

Earnings pressure and industry challenges are widespread



## Mining & Mining Services

Dependencies on China's slowing economy and increasing supply driving lower commodity prices and aggressive sourcing, and impacting margins.



## Transport

Margin squeeze driven by key market disruptors such as B2C growth, aggressive sourcing and disintermediation by digital players.



## Manufacturing

Lower currency providing some relief, however labour productivity and retail duopoly continue to apply margin pressure.



## Energy

Lower price growth, excess supply and regulatory change leading to cost out pressures are causing stress.



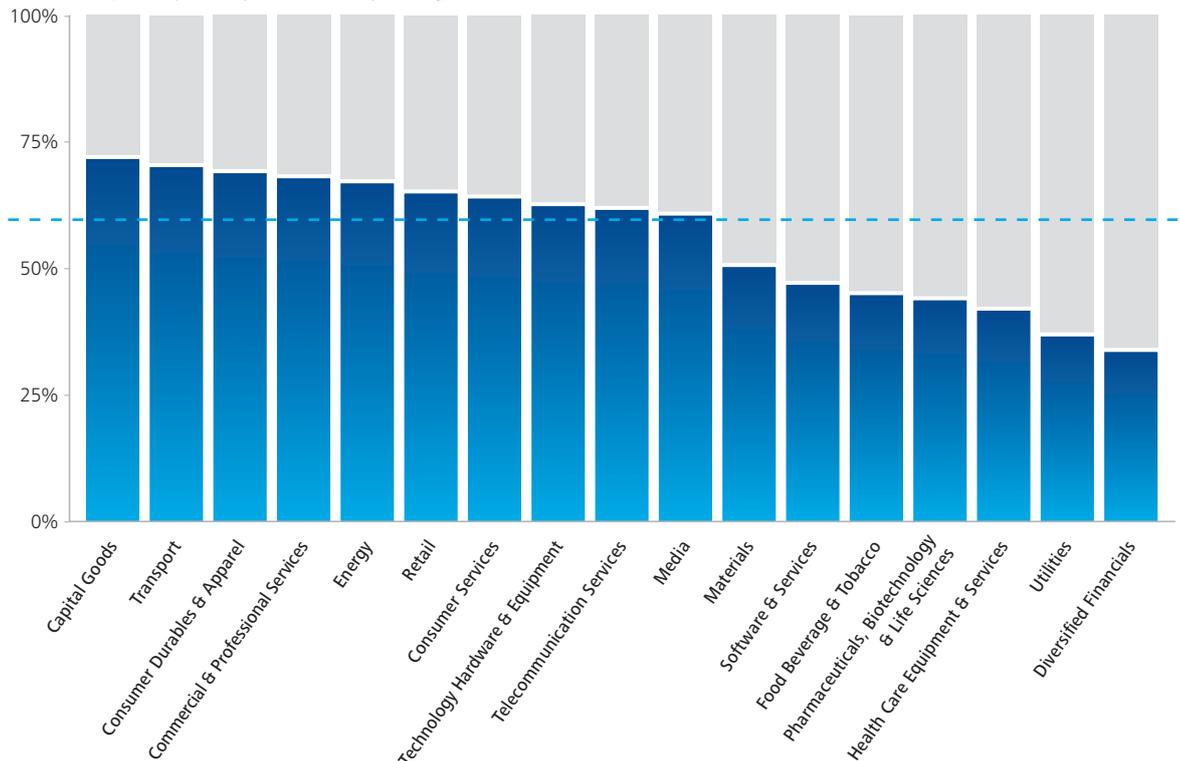
## Retail

Margin reduction due to increased competition from overseas players, digital disruption and ongoing pressure on disposable income.

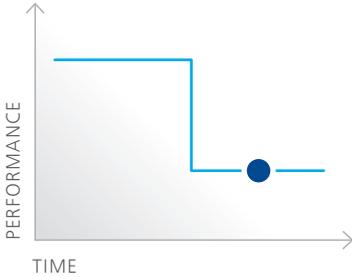
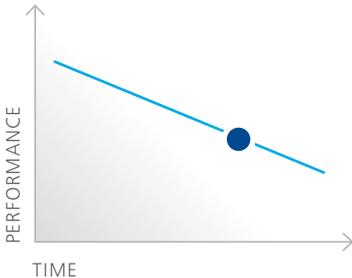
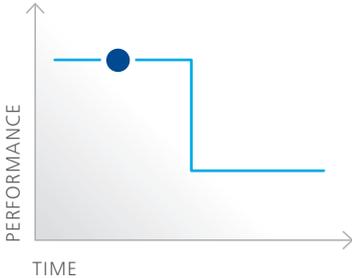
% OF COMPANIES WITH A NEGATIVE CHANGE IN OPERATING MARGINS\*

59% of companies with negative margin movement compared to the prior year

Negative EBITDA % Mvt  
\*EBITDA as % of revenue



## Three types of problems are emerging

	Description	Examples
<p><b>HISTORICAL DISRUPTION</b></p>  <p>A line graph with 'PERFORMANCE' on the vertical axis and 'TIME' on the horizontal axis. The line starts at a high, constant level, then drops vertically to a lower, constant level. A blue dot is placed on the lower level line.</p>	<p>A step change in performance driven by a structural change in market or industry dynamics. Impact on sales, earnings and free cash flow is larger and faster than business can respond to.</p>	<ul style="list-style-type: none"> <li>• Branded food manufacturers battling low-priced private label products</li> <li>• Requirement to improve productivity in power industry to meet Australian Energy Regulator's (AERs) determinations</li> <li>• Entry of low-cost competitors into the health and fitness industry.</li> </ul>
<p><b>GRADUAL DECLINE</b></p>  <p>A line graph with 'PERFORMANCE' on the vertical axis and 'TIME' on the horizontal axis. The line starts at a high level and slopes downward steadily. A blue dot is placed on the downward-sloping line.</p>	<p>A continued downward trend in industry attractiveness and/or a company's ability to compete, resulting in diminishing performance and potential loss of market share.</p>	<ul style="list-style-type: none"> <li>• Decline of newspaper circulation as consumers shift to online content and social media</li> <li>• Retailers losing market share to new global entrants providing value at lower prices</li> <li>• Increasing consumer deliveries impacting economics of transport companies (e.g. more consumer online orders).</li> </ul>
<p><b>FUTURE DISRUPTION</b></p>  <p>A line graph with 'PERFORMANCE' on the vertical axis and 'TIME' on the horizontal axis. The line starts at a high, constant level, then drops vertically to a lower, constant level. A blue dot is placed on the high level line, before the drop occurs.</p>	<p>A step change in performance is expected to occur in the future due to new entrants, new business models, regulatory change or economic shifts.</p>	<ul style="list-style-type: none"> <li>• New digital business models reshaping the transport industry</li> <li>• On-demand viewing behaviour changing the linear advertising and media market</li> <li>• Manufacturers going direct to the consumer and bypassing traditional retail channels</li> <li>• Mining project shift from major construction to production phase.</li> </ul>

# Are you addressing the underlying causes, or burning time and money?

In this environment, fast and effective recovery and transformation isn't straight forward. Identifying and addressing the underlying cause of underperformance is critical if you want to make the most of your scarce resources.

## Distilling the root causes from the symptoms focuses your recovery

When the tide turns, it is easy to know that you have a problem, but often hard to work out why. In these situations, it is also easy to waste scarce resources addressing issues that don't really matter in the long run. When you distil the root causes from the symptoms, you bring a laser-like focus to your recovery.



### Financial

- Major project over-spend
- Absence of budget / forecast
- Lack of financial controls
- Poor financial decision making



### Strategic

- Bad acquisitions / investment
- Unsuccessful new market entry
- Failed partnerships and joint ventures
- Non-core growth



### Operational

- Poor management and leadership
- Incomplete integration
- Weak corporate culture
- Lack of corporate governance



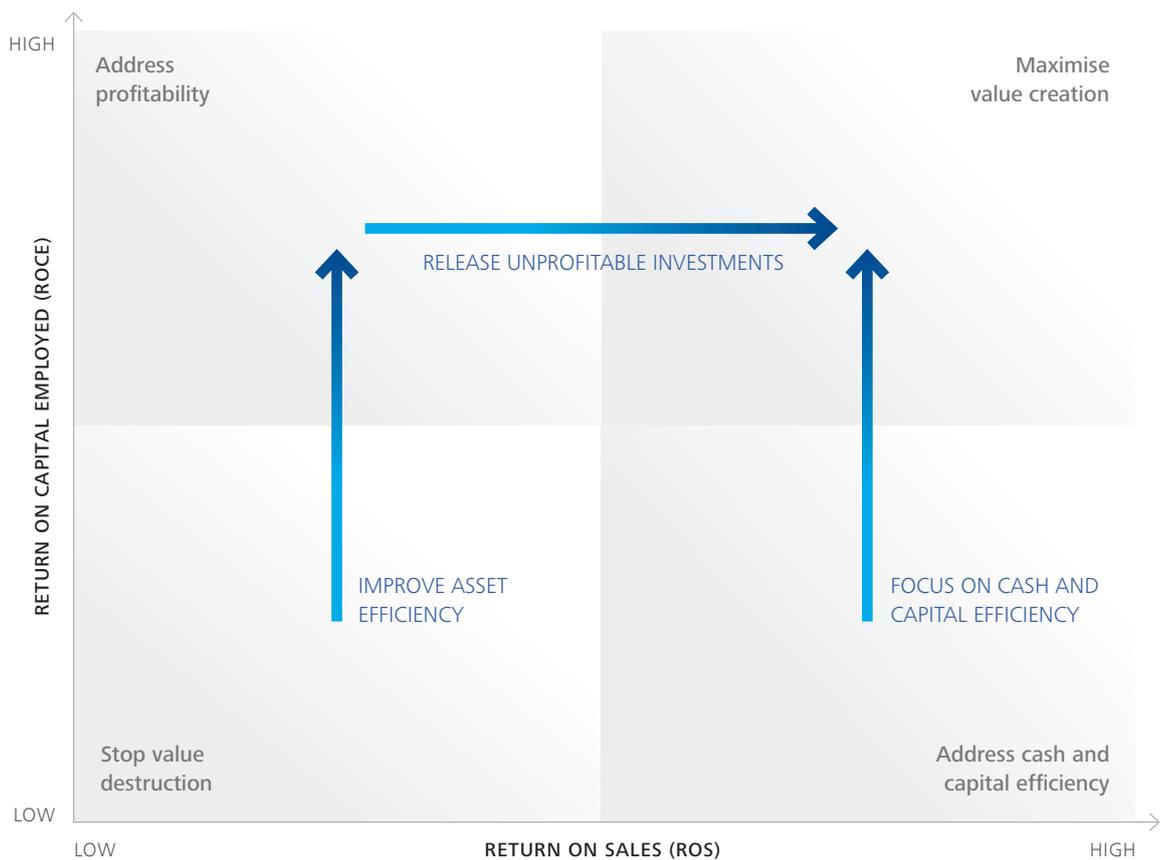
### Market

- Regulatory change
- Market / demand swings
- FX movements
- New entrants

## Your top three priorities define your critical path back to winning again.

There are often thousands of things that could be done to recover and transform your business. But, typically, as few as three key priorities will make the difference. The challenge is that, while these 'hinge points' are often obvious in hindsight, they are hard to see when you start out.

When you make it your mission to focus on what matters most to close the gap between current and winning performance – your top three, not your 1000 – you make the most of your scarce time and money.

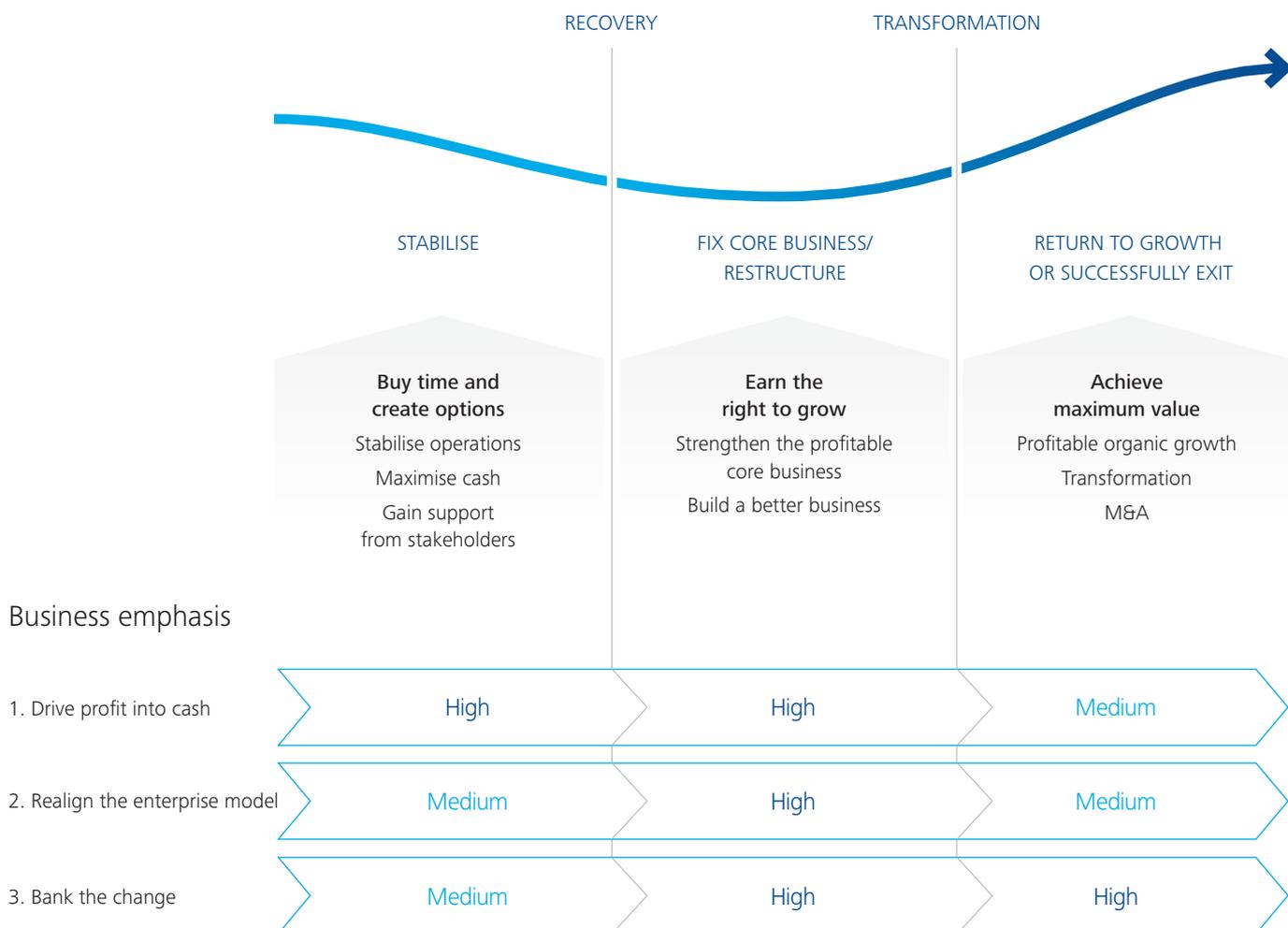


# What drives recovery and transformation success?

When time, capability and money is limited, recovery and transformation provides rapid results.

A focused and coordinated effort is required to recover and transform without burning the business and your team

Recovery and transformation links together a series of sprints to stabilise, fix the core and return the business to growth.



## Guiding principles for fast, effective recovery and transformation

What's needed to plan the work, is different to what is needed to work the plan. Doing this at speed under pressure can be chaotic and overwhelming. Achieving a fast, effective recovery and transformation requires new guiding principles that are more art than science.



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### 1. Leadership

Know when to be the 'general', 'diplomat', 'people leader' and 'strategist', while maintaining focus on the end goal



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### 2. Pragmatic decision making

Have a definition view with an overriding urgency to act and a mission to focus on what matters most



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### 3. Pre-emptive culture change

Get the business acting, behaving and feeling like it has already turned around as possible, with a team driven to achieve goals



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### 4. Systemise the journey

Drive planned outcomes rather than ad-hoc results with a model and high cadence governance



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### 5. Communication

Ensure deliberate engagement with internal and external stakeholders at the right time to keep goodwill intact.

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# Recover & Transform

## Fast forward to a time when you're winning again

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“Deloitte gave us the confidence to make tough decisions”

Business unit Managing Director,  
\$2.5b fast moving consumer goods company

“A collaborative style with a strong focus on results”

CEO, \$1.3b apparel manufacturer, wholesaler and retailer

“We didn’t expect so much to be done by now”

Head of Strategy,  
\$1.5b logistics service provider

### Our commitment



#### CONFIDENCE

Confidence that the real root causes of business underperformance are identified and addressed quickly.



#### MOMENTUM

Speed to insight and a bias for action. Parallel planning and execution to drive early wins and momentum.



#### BANKABILITY

Laser-like focus on the bottom line as, at the end of the day, revenue is vanity, profit is sanity and cash is reality.

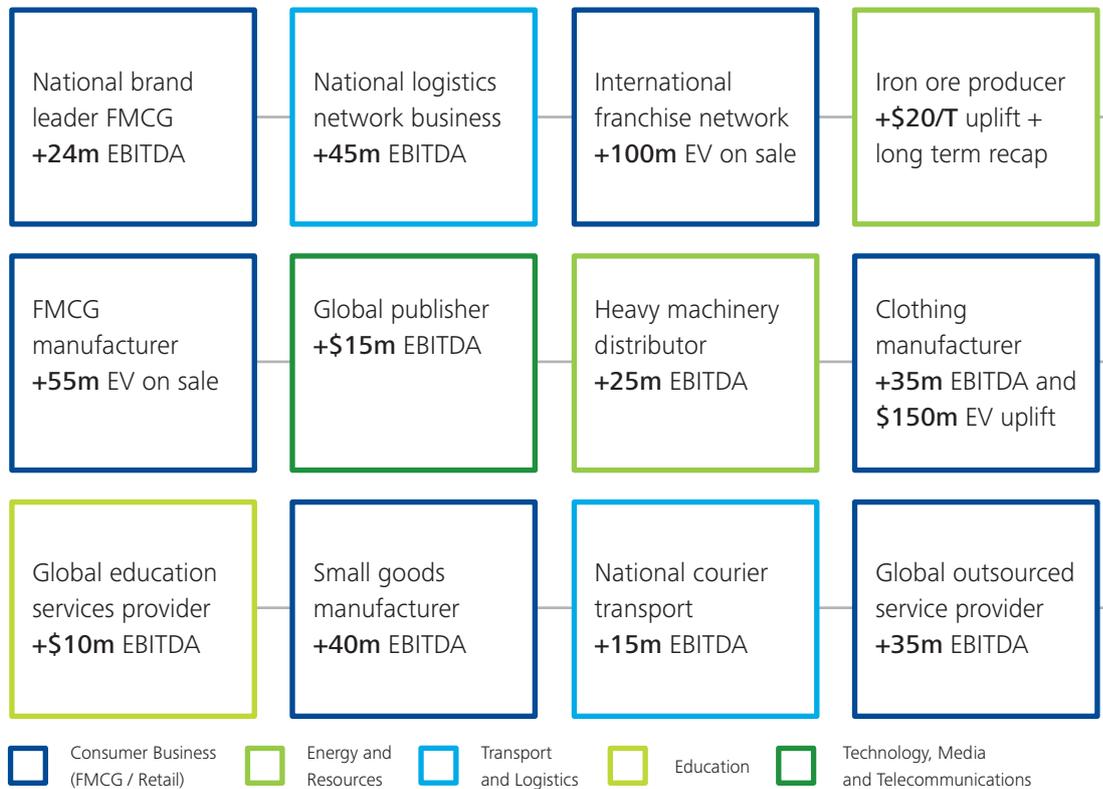


#### COLLABORATION

Collaboration and co-creation side-by-side with your teams to drive adoption and step change capability.

# Our offering: A fast forward approach

## Selected experience in industries under pressure



## Our services include:

### One Eighty Lab

#### Fast forward with direction

Senior leadership workshop focused on the individual, with the objective of creating a personalised turnaround plan.

### Profit+

#### Fast forward to returns

Full recovery and transformation program, including Scan+Triage and Implement+, to step change quality of earnings.

### Exit+

#### Fast forward to value

Value creation in preparation for IPO or private equity exit through enterprise-wide profit improvement.

### Scan+Triage

#### Fast forward with focus

Rapid assessment to provide clarity, comfort and focus on what the options are, where the money can be found and how to bank the change.

### Implement+

#### Fast forward to results

Implementation with a turnaround mindset, using tools, accelerators and a unique approach to deliver on plan and to budget.

### Underpinned by our Four Ds

Embedded in each of our services are our Four Ds – Data, Digital, Design and Deloitte Access Economics – to accelerate, expand and focus their impact.

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