



INSIDER RECAP: GLOBAL CORPORATE TRANSFORMATION LEADERSHIP FORUM

New Year's Update

In mid-January, 26 Alvarez & Marsal professionals from 6 countries came together in Jupiter, Florida for two days of discussion around the firm-wide corporate transformation initiative. We discussed the formation of a common global voice to market and uncovering greater synergies with our private equity, restructuring and other competencies. We also looked at how to best serve our clients and how to keep a pulse on where the market is going.

What is corporate transformation?

Our Corporate Transformation practice brings enterprise wide change with speed and scale to clients: speed in that the need for change is urgent and scale, because of the magnitude of such change on an entire business. It is the ability to manage complicated dynamics (entrenched executives, competitive dynamics, Board dynamics and at times, activist investors) and the ability to communicate the often difficult messages about the case for change and its order of magnitude. Corporate Transformation work is not solely cost cutting. Cost reduction has significant benefits, but it is only one part of the transformation journey.

What do we do?

As transformation advisors, we take the initiative amidst complex dynamics and generate value for our clients. We have highly sophisticated stakeholder management skills. While strategy becomes a commodity in the market and many consulting firms are offering a steady stream of insights rather than action, our ability to manage stakeholders (management and the Board) and bring about change is highly valued by the market. We lead change through a focus on operations and the balance sheet.

Who are our clients?

1. C-Suite members who recognize the company has a problem are the type of executives looking for our kind of consulting.
2. Boards of Directors
3. Chief Transformation Officers

Our Commitment to Staying True
Who are we?

We must be authentic and true. We play to our pedigree, not the audience. In other words, we must build off of our restructuring heritage.



FROM THE INSIDE OUT

On the competition (key considerations)

- As we become better known in the market, we will need to develop competitive tools to showcase that we are the most effective firm to deliver the change clients seek. We are piloting our Corporate Transformation Services methodology in late February and our merger integration tool is proving effective in some of the most complex acquisitions in the marketplace.
- Our competition is co-opting what we do. We have to get ahead of it.

What do we want to continually improve upon as we go to market?

The Front End

How do we better read situations related to the Board, CEO, management?

Adjusting the Volume

How do we avoid *scaring* people with “restructuring” and instead engage and find the levers to gauge their mindset and perception better?

Setting Expectations

As we think of our continued evolution, we can always work harder to set expectations so that clients see that *tough love* is required. We shouldn’t change who we are, but instead remain steadfast in our approach.

Relationship Management

What is the resistance we are facing? What are our primary challenges in helping our clients today?

- Some clients aren’t ready for transformation today but we are still able to offer solutions or address specific pain points and build up to enterprise wide change.
- Often times, those within an organization who are tasked with delivering transformation see us as a threat.
- If the company is performing well in the eyes of management, then there is a greater resistance to change. A crisis gives the C-Suite more authority to drive change.

Fees & Pricing

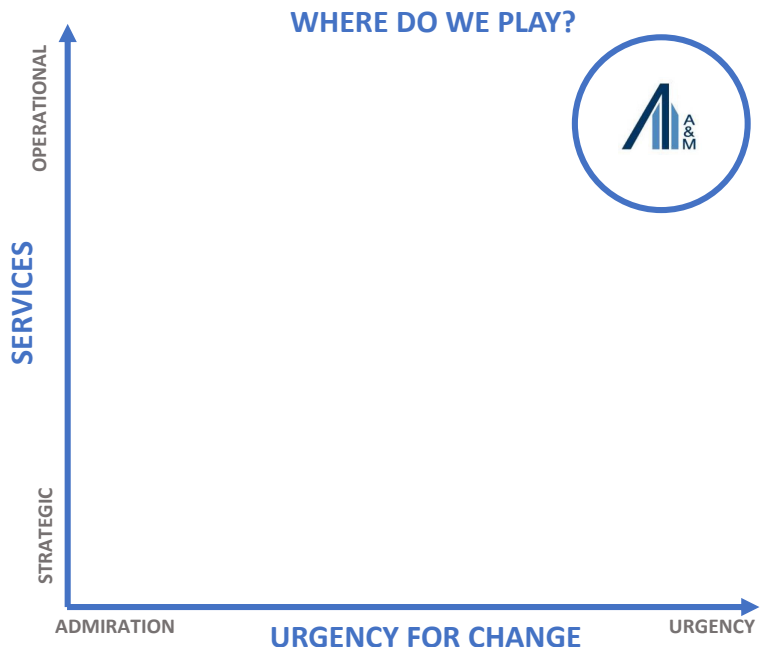
It appears that that if we get Phase I of the work we are pitching, we will get the rest. Why? The highest value is implementation.

We also need to think more creatively about value based billing.

Targeting

Where do we play?

Our clients typically have operational needs and a high degree of urgency for change





The A&M Activist Alert

Our Activist Alert is A&M's proprietary model looking at over 30 key factors to assess the potential risk of a company becoming an activist target. The tool is statistically robust and provides an outside-in activist lens to flag the valuation and performance anomalies that spur activist investor interest. Our modeling focuses on P&L/Operations, Balance Sheet, Stock Market measures, and Governance.

The Activist Ecosystem

The activist ecosystem is comprised of law firms, banks, activist investors, investment funds (private equity, hedge funds), proxy solicitors, crisis communications firms and research firms. The ecosystem is a small tight knit community. We are actively introducing ourselves to the key players and the response is highly encouraging.

Atlantic Bridge

A&M is committed to seamless service and value delivery for our global clients. *Atlantic Bridge* is a European based initiative looking to build global transformation relationships. The initiative focuses on bringing together MDs from around the world to discuss ways in which we can create the greatest impact for cross Atlantic engagements.

**THE MARKETPLACE,
ESPECIALLY INVESTORS, ARE
GIVING US THE OPPORTUNITY
TO BE OURSELVES VIA THE
NEED FOR AN OPERATIONAL
APPROACH.**

A&M Inside – Digital Disruption

Change is happening at an unprecedented rate and technology will evolve at a speed that surpasses most organizations' ability to change. With that, companies must go on offense to survive and compete.

Our clients and businesses across all industries are facing enabling technologies and disruption. We are integrating 3 capabilities into our clients' businesses and processes to make them more effective.

During our discussion, we highlighted three capabilities and tools that are enabling disruption:

1. Data science and analytics

- A&M can look at the descriptive (what has happened), the predictive (what could happen) and the prescriptive (what should we do).

2. Digital workforce

- A&M is seeing outsourcing firms struggling with this in particular.
- We will look at what businesses can do with professionals that have historically done those routine tasks.

3. Digitalization

- We are solving for how our clients can *digitize* assets to run their respective businesses more effectively or reinvent the customer experience.
- IoT (the Internet of things) – answering questions like: *how does a business digitize a plant or manufacturing?* A&M can take how a client runs their business today to another level (via supply chains, customer experience, and other cores services).

GLOBAL LEADERSHIP FORUM PARTICIPANTS

ANSWERS ARE ONE CLICK AWAY



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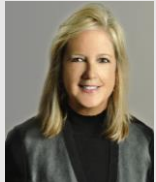
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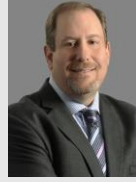
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