

Continuous Innovation: *Certified Turnaround Professional Designation Now Available to Lenders*

Today, with more than 7,000 members in 34 chapters around the world, the Turnaround Management Association is the leading organization dedicated to corporate renewal. As such, the TMA's mission is to serve as a forum for corporate renewal professionals from all disciplines, and to promote the highest standards of practice. Recently, the TMA embarked upon a certification program to further these goals.

By Thomas D. Hays, III

The Genesis of Turnaround Certification

As with company management or any type of consulting practice, the turnaround profession in its early days had few barriers to entry and even fewer official ethical standards. Most practitioners had come from public accounting so-called "workout specialists." Many of these early turnaround practitioners were concerned about the lack of differentiation between those who had made a career commitment to turnaround management vs. those who were just transitioning in their careers and advertised themselves temporarily as "consultants" until they found a more permanent position. As a result, in the summer of 1987, roughly three dozen turnaround practitioners met at the Frank Hawkins Kenan Institute of Private Enterprise at the University of North Carolina in Chapel Hill in what essentially became the formation meeting of the Turnaround Management Association (TMA).

Today, TMA is the world's leading organization dedicated to corporate renewal. It has more than 7,000 members in 34 chapters in North America, Australia/New Zealand, Europe and Asia, and is a multidisciplinary community of highly skilled professionals including turnaround and crisis managers, attorneys, lenders, accountants, appraisers, asset disposition specialists and others, addressing the complex issues facing underperforming companies. TMA's mission is to serve as a forum for corporate renewal professionals from all disciplines, and also to promote high standards of practice and foster professional development. TMA embarked upon a certification program to further these goals.

ACTP Is Born

The Association of Certified Turnaround Professionals (ACTP) was founded as a sister organization by TMA in 1993 and remains the sole international organization dedicated to developing, monitoring and maintaining a program of certification for professionals engaged in the turnaround, crisis management, restructuring and renewal of troubled organizations. In response to concerns over low barriers to entry in the turnaround management profession, and concerns that inexperienced practitioners could damage the profession's reputation, TMA sought to create objective measures by which the practical experience, knowledge and

integrity necessary for completing workouts, restructurings and corporate renewal successfully could be recognized.

Gary Brooks, CTP, chairman of Allomet Partners Ltd. and one of TMA's founders, was appointed by then-TMA Chairman Thomas Allison, CTP, in 1993 to get the certification program up and running. Brooks said he had been a vocal proponent of certification for practitioners because of what he called "the dilution of the term 'turnaround professional'" as it related to corporate renewal, believing it had been unduly broadened to include anyone who called oneself by that title.

Tom Allison made establishment of the certification program a major goal for TMA because he believed the program would help validate the relatively new organization. ACTP, incorporated in August 1993, hired Prof. Harlan Platt of Northeastern University in Boston as the first faculty dean as well as locating the ACTP program there. Professor Platt was charged with developing a Body of Knowledge for ACTP, along with review courses and certification exams covering accounting and finance, law and management.

CTPs are expected to serve clients independently, competently, and professionally and to exercise unprejudiced and unbiased judgment on each client's behalf.

The first CTP exam test was given in 1994. The initial group of test-takers included four TMA chairmen — Tom Allison, now of Huron Consulting Group's Corporate Advisory Services; John M. Collard, chairman of Strategic Management Partners, Inc.; William J. Hass of TeamWork Technologies, Inc.; and Thomas D. Hays, III of NachmanHaysBrownstein, Inc. The certification program has since grown steadily, and there are now more than 305 individuals who hold the CTP designation, with dozens more having passed the certification test and completing other requirements for certification.

In 2003, ACTP completed an update of its Body of Knowledge and named Prof. James K. Seward of the University of Wisconsin at Madison as its new faculty dean. Seward further updated the Body of Knowledge as well as materials for review courses, and rewrote the three-part certification examination.

Certification Requires Commitment

Proponents of the CTP program maintain that certification not only provides evidence of a professional's commitment to the corporate renewal profession, but also attests to a level of expertise that non-certified professionals might have a difficult time proving. Completing the certification process provides a turnaround professional with a solid foundation to operate successfully in the profession, and may influence future earning power.

To become certified, individuals must meet stringent standards of education, experience, and professional conduct. CTPs are expected to serve clients independently, competently, and professionally and to exercise unprejudiced and unbiased judgment on each client's behalf. ACTP's Standards Committee enforces these requirements by reviewing applications carefully, checking reference and background information, and overseeing the Body of Knowledge, certification examination and review courses.

In addition to passing the three-part certification examination, certification candidates are required to:

- agree to abide by TMA's Code of Ethics;
- possess a bachelor's degree from an accredited college or university or possess a minimum of ten years of consulting experience;
- possess a minimum of five years of consulting experience, at least three of which have been in turnaround or restructuring management;
- provide recommendations from three professional peers, no more than one of whom works with the same firm;
- submit letters from at least three clients confirming the turnaround nature of the assignments undertaken on their behalf and attesting to the applicant's professional expertise;
- provide five case studies confirming the turnaround nature of the assignments undertaken and evidencing the applicant's experience;
- reveal any pending disciplinary action or prior public discipline, criminal conviction, malpractice judgment or admission of malpractice, and any refusal, denial or revocation of a license to practice or a certification administered by another professional body; and
- submit to a background check by the ACTP Standards Committee.

In addition, the names of certification candidates who appear to meet these requirements are posted for 60 days in *The Journal of Corporate Renewal*, TMA's monthly publication, for public review. To maintain their certification, CTPs must complete at least 125 hours of continuing education during each five-year period after attaining the designation.

Lenders & Fund Managers Can Use Their Experience to Qualify

A recent blue-ribbon Strategic Planning Committee, including ACTP Chairman Peter L. Tourtellot, President Anthony M. Bergen and former Chairman Kenneth E. Glass, who was an ACTP co-founder, was appointed to review the CTP program in light of the changing world of distressed debt sales, private equity and hedge funds, and decreasing timeframes available for a turnaround. They concluded that that cross-fertilization between the loan and fund portfolio management, and the consulting sides of the turnaround process, would further enrich the body of knowledge.

Their findings included:

- Certification is more important than ever to the corporate revitalization function, because traditional long-standing relationships between bank workout officers and turnaround managers have become much

less relevant than in the past. Thus, those who recommend turnaround management professionals need a standard upon which they may rely.

- The experience requirement for certification should be expanded to include that obtained by lender workout and portfolio managers, as well as certain corporate executives.
- Accordingly, ACTP recently broadened its experience requirements to include the type of experience that workout lenders and fund portfolio managers would typically have, e.g., dealing with problem loan credits or distressed portfolio businesses.

What CTP Means for Lenders and the Business Community

Ward K. Mooney, president of Bank America Retail Finance Group and TMA's 2005 chairman, said that the plan to establish a certification program for turnaround practitioners was a key element in his decision to join TMA in 1993. "I think as a banker, as someone who hires professionals, there's always a question mark as to the quality and experience of the professionals that one engages," Mooney says. "I was intrigued that there was an organization that was trying to develop a standard and a body of knowledge that needed to be assimilated to distinguish the people who were doing it part-time until they got another job from those who were in it for the longer term."

Several senior workout lenders have recently started the certification process.

With the recent changes in the Bankruptcy Code, CTPs can expect increased credibility based upon their certification. The Bankruptcy Abuse Prevention and Consumer Protection Act of 2005, which is scheduled to take effect in October, directs bankruptcy courts to consider, in awarding compensation, whether a professional is board certified or otherwise has demonstrated skill and experience in the bankruptcy field. As a result, judges' decisions on professional fees in the future could hinge on whether individuals have earned certifications such as the CTP designation, which attest to a high level of experience and expertise. [abfj](#)

Thomas D. Hays, III, CTP is a principal of *NachmanHaysBrownstein, Inc.*, one of the country's leading turnaround and crisis management firms, headquartered in Narberth, PA. He is a past chairman and president of the Turnaround Management Association and of the Association of Certified Turnaround Professionals, and currently chairs ACTP's Standards Committee.

For more information about ACTP's certification program, contact Nicole Gibby, TMA International's Manager of ACTP Relations, ngibby@turnaround.org or (312) 242-6034. Information also is available on the ACTP website, www.actp.org.

