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SPECIAL POINTS OF INTEREST:

Planning for the ATTA Annual Conference in Hong Kong is underway. The conference committee is seeking papers and ideas for seminars.

*Rupert Purser has an excellent article on branding in China in Brand Finance Journal, Mar 2012. A must read! **

Let us know about your awards, accomplishments, articles, etc.



ATTA and Institute for Turnaround (IfT)

Adam Salzer, Chairman of ATTA, met recently in London with Ian MacRitchie and Christine Elliott,

Chairman and CEO of the Institute for Turnaround (IfT) respectively, to discuss future cooperation with ATTA. Two broad issues were discussed at the meetings.

The first issue targeted the operational foundation of ATTA, particularly through increased sponsorship and the upgrading of administrative abilities.

The establishment of a strong ATTA sponsorship program and sponsorship servicing processes is a key goal for ATTA in 2012. This will be accompanied by a mentoring or training program for aspiring ATTA associates and the prospective development of media liaison facilities. In order to better enable these improvements, administrative abilities and member participation will need to be upgraded. These goals will be achieved through the support of Christine Elliot, and through accessing IfT's existing resources and being introduced to some of their sponsors.

The second conversation explored how ATTA members could best participate in the moves being made by IfT to achieve Charter Status for their membership. A Charter establishes a professional body that will protect, develop, maintain and enhance quality standards and professional excellence in Transformation and Turnarounds on a global basis, and would cover both IfT and ATTA membership. It will also be facilitated by the introduction and exchange of high quality, professional development processes and professional member support and development services in Asia.

These strategic proposals, while ambitious, will provide ATTA with a stronger presence in Asia for the future. It will also provide members with increased tangible benefits of membership and allow them to tap into the resources for professional development with more ease.

The ATTA board will be discussing these issues further during special April 2012 board meetings. All members are asked to contribute their thoughts to this important development.





PTL Group: The Transformation of China

In February 2012, IFT's Swift magazine published an article on turnarounds in China written by PTL Group's CEO Zvi Shalgo. The article is summarized below:

Typically, foreign companies entering Chinese markets are very aware of their global competitors, but much less aware of the capabilities of their local Chinese competitors. At first, it may appear that the local companies are operating on a significantly lower technology and operations level. However, this technological gap is closing rapidly. As a result, the local Chinese company's advantages such as low prices, aggressive payment terms, strong sales capabilities, government relations, local presence and size are becoming very hard to beat. Leaning on technology alone doesn't cut it anymore, foreign companies have to offer the whole marketing mix and every "P" is critical to success.

The power of personal networks in China is also often underestimated. Sales based on personal relations are still the dominant concept here while brand loyalty is a

novelty in most B2B Chinese markets. This results in a business culture that is based on a web of personal relationships with a unique character. Normal evaluation methods for companies miss that. The value of a sales pipeline in China is strictly affiliated with the individuals behind it. In times of uncertainty or crisis companies tend to lose sales fast and in many cases their sales persons are still in very good control of "their customers", but channeling the sales elsewhere. In more than one distressed company, a normal Chinese salesperson's practice is to giveaway potential transactions to the competition if a high enough commission is offered in return. This is just one example why stability and vision forward are so important to maintain in any turnaround situation. These very personal agendas exist in many functions of every Chinese enterprise. They are only one characteristic of the complexity of projects here.

As a consequence, it's not unusual for foreign companies to be blind sided by transformed Chinese competitors. A distressed subsidiary or operating location is often the result. Typical turnaround situations in China involving subsidiaries of westerns companies tend to start

with a loss of local competitiveness and a significant drop in sales. Regrettably, it's often been the experience of many local foreign management teams that the owners or shareholder tend to be reluctant to intervene before their companies are facing alarming losses. ATTA member companies like PTL are at the forefront of keeping their client aware of the pitfalls, and helping them to develop strategies and operations positions that can withstand local competitive pressures in China.

The full article may be read on both <http://www.ptl-group.com/blogs/transformation-of-china> and ATTA websites. You may contact the author of the article Zvi Shalgo via email exec@ptl-group.com

"An even more teasing question would be how one will get such jobs in the first place and my answer to that is clear, one should be as active as possible in the Chinese market and build a business network that in time will deliver such opportunities."



AmChamChina and ATTA Beijing Seminar a Success

On February 22, 2012 ATTA's Beijing branch presented a seminar on "Transformation and Turnaround in China" at AmCham China's conference facilities in Beijing. The event was moderated by branch chair Russell Brown, Managing Partner of LehmanBrown International Accountants, with a special update by Peer Nielsen of Stanley Partners on the status of his current manufacturing turnaround in Henan Province.

Stephane Grand of SJ Grand &

Co, and Limin Kan of KPMG provided commentary on financial aspects of turnarounds. Lesli Ligorner of Simmons & Simmons assisted with legal issues surrounding China HR policies. A lively Q&A followed.

After the event, AmCham China president Christian Murck, said that he found the seminar illuminating and worth repeating to other AmCham audiences in China. Mr. Murck invited ATTA to return to AmCham China with other seminars in future,

offering to promote ATTA events widely on the basis of the excellent quality of the February seminar.

Later several Beijing ATTA members met at Pudao Wines to celebrate the AmCham accolades and test the venue for the **ATTA Wine Tasting and Speaker evening now scheduled for May 23, 2012.**

The crudités were delightful and wines sublime. Hope to see you there.



The Global Column—Ian Gray: More Turnaround for UK Retail?

The retail outlook for 2012 in the United Kingdom remains depressed and retailers will need a wide range of marketing tools to survive. Let me run through some of the major factors causing the problems.

As we know, many businesses today are both operationally and financially **highly geared**. The problem is exacerbated in a long recessionary period with **limited availability of credit** from banks and a lack of capital for investment and growth.

In addition, there is a structural shift in the market as **digital delivery** draws customers from traditional retail outlets. And a reduction in **consumer confidence** is leading to less spending in the high street. Potential customers are suffering from a reduction in discretionary income - no pay rises and increased taxes. Rising unemployment will not help this trend, especially in the under-25s who are a mainstay of many retail outlets.

Most companies have reduced their cost base to a point where they can go no further while seeing sub-

stantial increases in the purchase price of goods due to developments such as wage inflation in China, increased transport and raw material costs.

The above makes the landscape a pretty bleak and inhospitable one. However these conditions are the same for everyone and, as always in business, those organisations that manage their costs well and focus on being flexible towards their customers have a real chance of taking permanent market share from their floundering rivals. So what should retailers be looking at?

***"The Golden Rule is to
identify your customers
and listen to them ... then
look at how to differentiate
what you do."***

In short, retailers need to look for **more sales channels** to survive, with the obvious candidates being online, catalogue and international. However the internet cannot be a half-hearted add-on. It is a specialist area that requires a proper strategy, with back office capable of handling products, dispatch, returns, etc., in new and innovative ways. New strategies are also required for international expansion that could stretch resources further. And as always, close attention to using all available resources, including space, inventory and people is a must.

Do not rely on an upturn in the market any time soon. Frequently I hear senior managers say "we just have to batten down the hatches for another year and then it will be fine". Well... 2012 will be a year of celebrations in many areas of UK public and sporting life. However a retail organisation that does not adapt to the new rules of the game is unlikely to survive in the longer term.

The full article may be read on the ATTA website. You may contact the author of the article via email ian@lyndhurstassociates.com

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Join us on



ATTA Calendar of Events May 2012 and beyond

Wednesday May 23rd

6:30– 8.30pm

ATTA BEIJING

Wine Tasting and Speaker Evening

*Guest Speaker: Greg Gilligan,
Managing Director, APCO Worldwide*

Wednesday May 23rd

6:30– Late

ATTA HONG KONG

HK Chapter Dinner

Guest Speaker: Albert Lee, CEO,

Tuesday Sept 4th

ATTA SHANGHAI

University of California,

MBA student seminar

Prompt payment of membership dues keeps
ATTA working on your behalf.

The ATTA newsletter is published quarterly from Beijing:

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