



The Human Capital aspects of M&A – learnings from China

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A message from my father

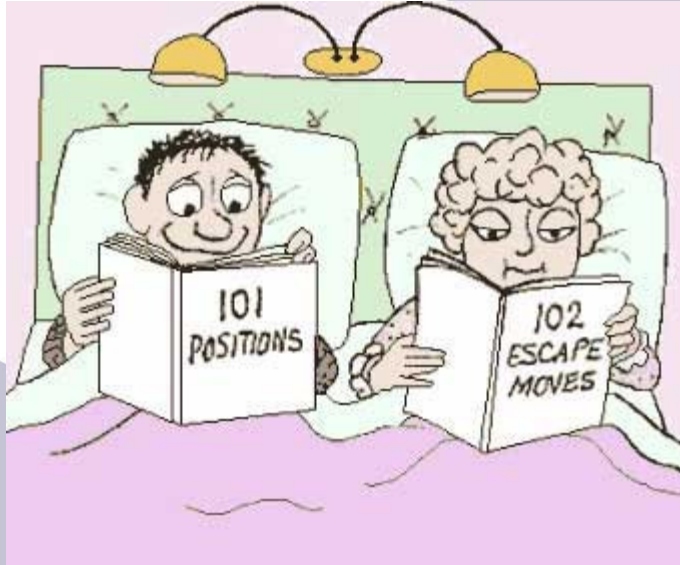
- 'Dimmi chi pratichi e ti dico chi sei'
- Tell me about the company you keep and I will tell you who you are.
- In short....
 - Those with whom we associate reflect upon us.

Relevance?

- When choosing potential partners
 - For International companies
 - Strong local connections
 - Reputational considerations
 - Accountable to shareholders
 - Anti bribery legislations
 - Taxation implications
 - For Indian companies
 - International reputation
 - International connections
 - Agility to act

Alignment of expectations is key to long term success.

- 同床異夢
- Sleeping in the same bed, yet dreaming different dreams



How important is Human Capital...

- Human Capital: the abilities and skills of any individual, esp those acquired through investment in education and training, that enhance potential income earning
 - A critical part of the value or 'valuation' of our companies.
 - Do we have the right skills in our businesses? Does the organisational culture support learning? What investment is required to develop new skills?
 - Questions apply from top to bottom in our organisations.

Some context on the Chinese exhibition industry

- Government at all key levels consider exhibitions to be a key facilitator to economic growth.
- Large scale investment in infrastructure
 - Venues (over capacity of international quality venues in several cities)
 - Roads
 - Transport
 - Hotels
-  Estimated growth of the industry is approximately 20% per annum
- Tertiary education available in event management
- The exhibitions industry is seen to be a viable career choice.
- Investment  growth  development of human capital

What internationals seek..

The China experience

- Accelerated growth prospects
- Strengthening of local connections
 - A strong local team
- Alignment with international governance requirements
- A medium to long term horizon

What domestic partners seek..

The China experience

- Acceleration of growth prospects ✓
- Strengthening of domestic reputation ✓
- Best practice in processes ✓
- Up skilling of staff ✓
- Internationalisation of content ✓
- International event brands ✓
- A medium to long term horizon ✓
- Is this degree of alignment also possible in India?

What does this mean for internationals?...the human capital challenges

- Investment
 - Know how delivery requires:
 - Expatriate skill transfer – initially at least
 - Broader organisational engagement
 - Skill development programmes- training, mentoring, seminars, workshops and conferences
- Cultural intelligence
- Challenges in recruitment

What does this mean for the domestic partner?...

- Flexibility and a genuine openness to undergo change where necessary.
- More rigor around decision making...more stakeholders
- More rigor in reporting and measurement
- Investment in skills development of staff

Take away points

- Internationals do not just invest in brands, profits and market potential....they are investing in Human Capital
 - Local leadership
 - Local understanding and conformance with international governance issues
 - Existing skills
 - Openness to adopt new skills
 - Readiness to investment in new skills
 - Rapidity of execution
- Most internationals are prepared to invest in Human Capital as they have a medium to long term view of their businesses.
 - Well trained, skilled and motivated teams deliver beyond expectation.
- Seek out genuine alignment of expectations and avoid 'dreaming different dreams'
- We need to ensure we create the foundation so as to attract top talent to this industry.



Thank you