Bulletin

I/2011

The Netherlands Chamber of Commerce in the Slovak Republic

Focus on

- Global Trends in Outsourcing vs. the Situation in Slovakia
- Avoiding the Pitfalls of Outsourcing in Slovakia
- How to Efficiently Manage a Vehicle Fleet
- Costs & Revenue of Outsourcing in HR

Events

- New Year's Drink 2011
- Tax Seminar 2011
- The 2nd Charity Wine Auction 2011 with Socia

Document prOcésor

Complex document workflow outsourcing

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Content

Bulletin

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The President Speaks

Dear Members,

The topic of this bulletin is outsourcing and by coincidence this issue comes out at a time when the Slovak government is considering changes to the simplest form of outsourcing: the hiring of staff on a business license, or "živnost" in Slovak.

The proposed change would alter the tax treatment of working on a business license, specifically, it would abolish the option of deducting 40 % costs from the tax base without administering the costs. If I am not mistaken, this was introduced by the second Dzurinda-led government (2002-2006) and created a very flexible instrument for companies to hire workers, while at the same time reducing bureaucracy for small traders to a minimum.

All the EU members states have committed themselves to the Lisbon agenda, which has the reduction of the administrative burden of the private sector as one of its priorities. The EU believes that by cutting red tape, businesses competitiveness can be increased.

The standard deduction of 40 % costs without an obligation to maintain bookkeeping is precisely such a measure. I personally think that its simplicity makes it an excellent measure. It does not deserve to be abolished, just the reverse – it should be introduced in other EU countries. And in the Netherlands first please!

If there is a lack of revenue for the state or social funds, the 40 % figure could be decreased. Why completely change a system that works so well? Business needs a stable legislative environment to operate in. So unless it is essential, please – let us work in peace without unnecessary changes. W.I.P.

See you soon!
Emile Roest

Patron Members

Event Plan

April 14

Visiting Dutch and Belgian companies in Nitra

April 28

Queen´s Day Party 2011

May 27

The 1st Netherlands Chamber of Commerce **Golf Tournament**

June 4

Dutch Market 2011

June 7-8

Visiting Members in Poprad and Liptovský Mikuláš in cooperation with the French Chamber

June 22

Wishing Sunny Summer Business Cocktail

September 10

Sports Day in cooperation with the Foreign Chambers of Commerce in Slovakia

September

Welcome After Summer Business Cocktail

October

Stars for Harmony

October

Mussels & Fries Evening

November

7th **Annual Charity Gala Dinner** 2011

December

Annual General Meeting 2011

Global Trends in Outsourcing VS. the Situation in Slovakia

Matúš Jurových

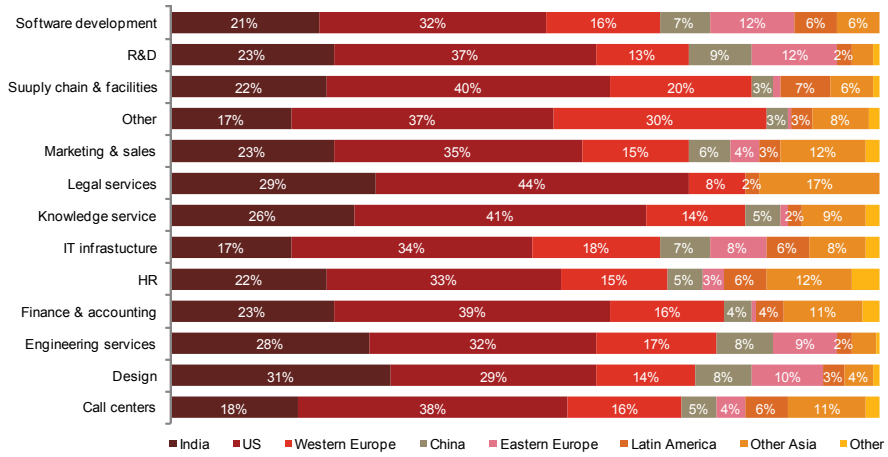
Outsourcing providers around the world predict that demand for their services will expand rapidly and they are adding staff and investing in new services to meet the expected demand, according to a new survey from Duke University's Offshoring Research Network and PwC. The recent survey of over 900 respondents from over 50 countries revealed the following global trends:

- *The global provider market continues to expand, mature and see increased competition*
  - Delivery centres in China, Eastern Europe and Latin America continue to emerge as real threats to the incumbent Indian and US centres
  - Small and mid-size service providers are expanding their global footprint and taking market share from large providers
- *Financial Services, Telecom, Software and Manufacturing saw strong levels of outsourcing activity in 2010*
  - However,provider-expectedhigh growth in Healthcare outsourcing went mostly unrealized in 2010
- *2010 was a year of significant contract restructuring, particularly with regard to information technology outsourcing (ITO)*
- *Talent acquisition and management has emerged as a key risk and an area of focus and investment, particularly in India, China and other Asian countries*
- *Legal, Innovation and HR outsourcing are expected to see the greatest relative growth in 2011*
- *Providers expect significant M&A activity in 2011*
  - This could create significant shifts in the balance of power

INDIA AND THE US CONTINUE TO DOMINATE BUT CHINA, EASTERN EUROPE AND LATIN AMERICA ARE EMERGING

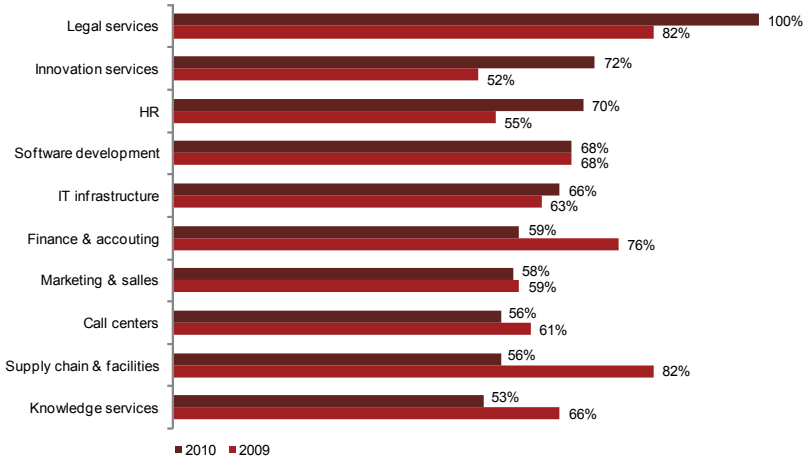
The new survey indicated that India and the US continue to dominate, but China, Eastern Europe and Latin America are emerging. Traditionally, the discussion about outsourcing and offshoring services has centred on issues concerning the demand for offshore outsourcing. Outside India, the development of an outsourcing industry and competition among service providers and countries has received little attention. However, growing competition among countries, cities, and providers has transformed the outsourcing industry into a global race for market share. India's success and pride as "the world's back office" has motivated other developing countries with a significantly underutilized university-educated population to replicate what India has done. This has reached national policy-making agendas as governments

provide incentives to attract an outsourcing business. China, for example, has mounted a vigorous challenge to India's software development outsourcing industry. More and more US and European companies are outsourcing software and IT services directly to Chinese service providers. Meanwhile, the Chinese government has designated 20 cities as outsourcing hubs to attract more international investment and has provided them with tax breaks, labour hour systems, and employment subsidies.



LARGE AND MEDIUM SIZED PROVIDERS LOOK TO ACQUISITIONS WHILE SMALL PROVIDERS LOOK TO BECOME TARGETS

While organic growth is critical to growth for all firms, both large and small providers believe there will be significant M&A activity. Large providers are predominantly interested in consolidation and increasing scale, while small and medium providers are looking to increase both scale and scope. In recent years, during which the financial crisis put pressure on the economy, the outsourcing industry witnessed an increase in mergers and acquisitions (M&A) and IPO activity, especially among midsize and small service providers.



LEGAL PROCESS OUTSOURCING – HIGHEST PROFIT MARGINS FOR SERVICE PROVIDERS AND HIGHEST COST SAVINGS FOR COMPANIES

All legal process outsourcing providers are planning to expand the scale of existing services over the next 18-36 months. This is primarily due to the fact that legal process outsourcing (LPO) has only recently emerged as a new opportunity for outsourcing offshore and, perhaps not surprisingly, realizes the highest profit margins for service providers as well as the highest cost savings for companies. The attractive economic benefit of LPO may explain the high number of service providers entering the market and of companies exploring opportunities to outsource their most routine legal activities over the past few years.

OUTSOURCING IN SLOVAKIA

In Slovakia, outsourcing is mainly related to information technology and business processes outsourcing. There is almost no focus on legal and knowledge process outsourcing. Since the global trend is expansion in LPO and KPO, I believe that service providers in Slovakia should assess opportunities for growth in these areas.

Matúš Jurových
Senior Consultant, PwC

[1] *2010 Duke ORN Service Provider Survey*

Avoiding the Pitfalls of Outsourcing in Slovakia

Michal Blaško

Currently, there are many differing general viewpoints on outsourcing. Global IT companies draw attention to outsourcing financial success stories and promote outsourcing as a must for any company wishing to grow and prosper. International surveys derived from these presentations and combined with the claims of CEOs and board members claim that the outsourcing of accounting, human resources, etc. helped their flexibility. But where does marketing end and reality begin?

Outsourcing may sound like a general panacea to be applied to any problematic (costly) process or function, but it is in fact a complex tool that should be applied wisely. Every company has its own specifics that may have a very strong impact on the successful design of a sourcing solution. Basic preconditions must be met before a company should consider outsourcing as one of its sourcing possibilities. These preconditions include having precisely defined core business functions and supporting functions, and having a very clear and quantified goal regarding what the particular outsourcing initiative is intended to bring. In addition, this goal must be in accordance with the overall company strategy.

Precisely defined core business functions are not names of departments or the internal codes of cost centers. Rather, they require that a clearly defined purpose and its components is determined for each core function, i.e. people, technology, processes and, an all too often forgotten process, risks and controls. However, it is all too apparent that the popular understanding of sourcing and outsourcing in Slovakia differs substantially from this. Even in developed markets companies sometimes forget to: establish precise expectations with regard to a sourcing or outsourcing deal, quantify the returns, costs and benefits, and specify key risk mitigating attributes in contracts with suppliers. This is even more apparent in the Slovak marketplace, which is still evolving. The consequence is that a redefinition of scope, further analysis, overpriced services, limited flexibility with regard to further modifications, and contract disputes can become daily events.

How can these frequently occurring problems be avoided? Firstly, companies need to realize where they are and how much knowledge and control of their internal environment and the related risks they actually have. They should be honest with themselves and must avoid trying to skip organizational evolutionary phases. Often it is better to admit that a financially successful outsourcing cannot immediately be undertaken. Eventually companies may start to realize that outsourcing may be an effective solution for them, but not for a few years' time. Even in cases when outsourcing is the correct way forward

and management has the right goals and know-how, it will still be necessary for them to check with their shareholders on their view regarding the associated risk. Precisely defined core business functions and an internally approved quantified goal with regard to what a particular outsourcing initiative should achieve is a must. Companies should initiate discussions on their requirements and possibilities with at least four suppliers. When drawing up the contract, a termination and transfer policy regarding the outsourcing must be included, ideally as a separate policy for extensive changes.

Sourcing and outsourcing initiatives are complex tasks and dealing with such tasks without direct experience represents an unnecessary risk. One of the more straightforward solutions is to have a professional or a group of professionals on board who have previous experience with sourcing or outsourcing deals. They will be able to provide support during all of the phases of an outsourcing initiative and can bring crucial insight and prevent incorrect decisions and preparation which will have negative financial or operational impacts. Sourcing and outsourcing advisors can tailor their support with respect to the financial limitations of an organization, participating in the process only with regard to the key phases and aspects. Two key factors can be identified that are associated with the greatest risk for the implementing organization and which thus require the greatest attention. Firstly, there is the question as to whether outsourcing or a different sourcing solution should be applied at all. Secondly, there is the form and content of the sourcing contract. Companies should not underestimate the importance of a contract's content. Even if the lawyers' work is perfect, legislative conformance may only be one aspect that needs to be considered. Operational aspects, such as termination policies, escalation procedures and validity extension must be covered and evaluated with regard to whether the sourcing arrangement favors the organizational strategy or not. A contract's content is one of the main causes of outsourcing failure in Slovakia and CEE.

Michal Blaško
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How to Efficiently Manage a Vehicle Fleet

Lucia Dobos

business lease
same cars, better care

More than ever before, companies are striving to achieve ever more efficient management, seeking ways to optimize costs while endeavoring to ensure that all processes and activities function at 100%.

Vehicle costs at many companies represent a major indirect cost item but, despite this, these costs are often given sufficient attention.

Operational leases, which are becoming increasingly popular in Slovakia, should definitely be considered when managing a corporate vehicle fleet. The first companies to offer these in Slovakia were branches of Dutch companies.

The market developed only gradually, as it was important to create an awareness of the operational lease and of what it brings to clients. Today, this form of financing has a 13% market share of vehicle registrations on the B2B market.

For a client who until now has purchased vehicles for cash or by using a financial lease and which has dealt with the operation of vehicles in-house, the transition to an operational lease represents an advantageous solution from both the economic and administrative point of view. The goal is to remove the uncertainties regarding the operation and renewal of a vehicle fleet and to be able to efficiently and dynamically focus activities on the company's core business. In terms of numbers, we are talking about cost savings of around 30% compared with purchasing in cash or using a financial lease. Savings in administrative costs alone can represent around € 260 per vehicle per year, without taking into consideration other direct costs.

CONSULTING

Operational leasing companies act as consultants to their clients. Did you know that you could save up to 20% of total vehicle fleet costs given the correct selection and proper use of a vehicle?

It is important to focus on the total cost of ownership (TCO). In order for us to professionally advise the client, we need to know the client's needs, whether the client will be traveling for shorter or longer distances and based on this we advise the client which vehicle best suits his needs.

The actual ordering, negotiation on discounts, and subsequent delivery of the vehicle are completely in the hands of a leasing company and the client is thus able to concentrate on his core business. Simply put, the client does not have to do anything except arrive to pick up the ordered vehicle. The appropriate tires for the season are provided as standard and vehicles are fitted with the mandatory equipment.

All clients enjoy wholesale discounts which the leasing company is able to negotiate as a "big player" on the market. Clients benefit from such discounts when buying a vehicle and enjoy lower insurance rates, repair costs, maintenance, and tire costs.
In addition by outsourcing this service, the client gains additional benefits, including cash flow stability, minimization of risks associated with the ownership of the vehicle fleet, the vehicles do not represent a burden on the client's balance sheet, the opportunity to invest cash in the client's direct business activities and the predictability of financial flows (fixed monthly payments throughout the lease period).

For large clients, it is commonplace that a leasing company provides such clients with many services free of charge. These include, for instance, a "pick-up service", i.e. taking the car for servicing and then returning it and providing a replacement vehicle during repair.

As in many other areas, competition in the operational lease market is fierce and therefore each company strives to differentiate itself.

Driver training courses represent an important component of costs. With professional training, a company can save up to 20% on fuel costs. Fuel can comprise up to 30% of vehicle fleet costs, which represents a considerable sum.

MEASURING AND MONITORING

In order for the whole process to function, it is necessary to continuously monitor vehicles throughout the lease period and advise clients on how they can make savings. As regards insurance claims or replacement vehicles, it is good to have an overview of costs and, especially to have professional help and advice available.

All things considered, if a company has a clear and well-established vehicle policy and cooperation with an operational leasing company is at a professional level, such a company can significantly reduce and control its TCO.

Lucia Dobos
Commercial Manager
Business Lease

Costs & Revenue of Outsourcing in HR

Gerard Koolen

During the three HR seminars organized by the Netherlands Chamber of Commerce "HR & Finance, Next Generation" we concluded that in order to make an outsourcing or an insourcing decision it is crucial to follow a 4-step approach. There are, in the analysis, 4 key parameters which guide us to the best possible solution for our company:

1. How much will it cost me if I do it myself?
2. How much will it cost me if I outsource?
3. In addition to price, to assess all Risk & Quality factors with regard to insourcing vs outsourcing;
4. If we outsource, how do we assess potential suppliers and determine how they relate to our department?

In this article I will take you through an example of a company with 1,000 employees and show you how to make smart decisions.

Step 1. The Cost of Doing it Myself

The HR Department for a company of 1,000 employees usually employs between 10 to 15 people. In our example we will assume 13 people. The first step is to determine the total cost of the entire HR Department with a breakdown for the various departments. The monthly costs usually vary between € 150,000 and € 200,000. This includes all expenditure on training and recruitment (both internally and from suppliers) and all other direct and indirect HR costs together with overhead expenses.

Step 1.

		Total cost
HR Department Total	€	180,775.51
Payroll Department	€	18,100.03
HR Department Indirect	€	26,699.85
Recruitment Department	€	27,620.73
Training & Development Department	€	101,559.90
Comp & Benefit Department	€	6,795.00

Knowing our costs is important, but costs alone don't give us much help in deciding whether we should insource or outsource. Costs on their own are, in addition, not particularly relevant without knowing the revenues that they generate. We also need to know whether our HR department makes a profit or a loss.

Step 2. The Profit and Loss from Our HR Department

In our example, we calculated the "revenue" of the HR activities of our HR Department. The payroll department for example produces 1,000 pay slips per month and external payroll suppliers deliver this service for € 7.50 per pay slip. As this is the market price, we take this price as a basis to calculate the revenue of our internal payroll department. So its revenue is € 7.50 per pay slip times 995 (the payroll department "sells" 995 pay slips as 5 pay slips are for the payroll team members). The total revenue is therefore € 7,463 (rounded up). As can be seen, the total internal cost of our payroll department is € 18,100. This means that we produce 1 pay slip for € 18.10. The difference in this case means a loss per month of € 10,638. Therefore, if we do the payroll ourselves, we will lose € 10,638 every month, which represents € 127,656 annually. In the graph below, you can see that the overall profit of the HR Department is € 19,320. Amounts in brackets are losses.

Step 2.

	Total Costs	Total Revenue	Result
HR Department Total	**€ 180,776**	**€ 200,096**	**€ 19,320**
Payroll Department	€ 18,100	€ 7,463	€ (10,638)
HR Department Indirect	€ 26,700	€	€ (26,700)
Recruitment Department	€ 27,621	€ 21,017	€ (6,604)
Training & Development Dep.	€ 101,560	€ 145,833	€ 44,273
Comp & Benefit Department	€ 6,795	€ 25,783	€ 18,988

Now that we know which departments make a loss and which make a profit, we can decide which activities we wish to outsource and which activities to insource, based purely on cost-saving. However, cost-saving alone is not the only factor. Quality and risk also play a role and therefore we must leverage price with quality and risk factors.

Step 3. Leveraging Price with Quality and Risk Factors

We asked an audience of HR Professionals at the seminars how important Price, Quality and Risk are in relation to each other and the answer was 35% Price, 40% Quality and 25% Risk. The final score, when comparing price, quality and risk with each other is 0.62 for insourcing and 0.38 for outsourcing. In this example, the lowest score is the best. This means that for our company, taking everything into consideration, outsourcing the payroll is by far the best choice. Below, we state the leverage of payroll in real-life:

Step 3.

Payroll		
Price	Leverage 35%	
	Insourced	Outsourced
	€	€
Price from our calculation	18.10	7.50
Indexed	0.71	0.29
Quality Factors	**Leverage 40%**	
	Insourced	Outsourced
Level of Confidentiality	0.8	0.2
In-time delivering of Pay slips	0.7	0.3
Software system	0.6	0.4
Reporting possibilities	0.6	0.4
Up-dates of legislation changes	0.7	0.3
Control mechanisms	0.3	0.7
Accuracy level	0.6	0.4
Error level/# of monthly corrections	0.6	0.4
Additional management time spend	0.7	0.3
Flexibility	0.2	0.8
Speed of Correction Processing	0.2	0.8
	0.55	0.45
Risk Factors	**Leverage 25%**	
	Insourced	Outsourced
Legal Liability toward Tax Authorities	0.9	0.1
Delivery Disruptions	0.7	0.3
Data Security	0.7	0.3
Location: remote versus in-house	0.3	0.7
Supplier Trust Level	0.4	0.6
	0.60	0.40
Final Score Payroll	**0.62**	**0.38**

Step 4. Due Diligence and Partner Selection

Although we are pretty sure that we want to outsource our payroll, we are not yet sure whether we can find a payroll service provider which will meet all our requirements. Further, we will have to compare several payroll providers and our own team with regard to all the relevant aspects. For this, we have designed a scorecard for each HR service which compares our own department and the suppliers in the tender with each other. Each item is given a score and the supplier with the highest score has the best performance. For example, this scorecard for recruitment agencies takes into consideration 82 different items. An example is given below:

During Due Diligence we will assess carefully and objectively our own department AND those of the suppliers participating in our tender.

Step 4.

II	Quality Aspects	Co.	agency1	agency2
4	# of companies in database	25	36744	24563
	Score	0.04	56.54	37.80
5	# of candidates in database	1250	234769	122546
	Score	0.33	62.55	32.65
6	# of relevant candidates in database	985	2347	1225
	Score	19.74	47.04	24.55
7	Experience of the consultant(s)	8	10	10
	Score	21.05	26.32	26.32

>>

A Real-Life Example: Temporary Staffing

This is probably the best possible example as it includes search & selection, payroll, salary expenses and, very importantly, substantial business risks.

Most people think that Temporary Staffing increases the total costs for a company. Yet at many very successful companies 50% to 75% of the staff are temporary. Why?

Example Temporary Staffing		
500	temps @ € 1,000 monthly	€ 1,000.00
A	Total Monthly Salary Cost	€ 500,000
B	Temps agency monthly fee	€ 50,000
C	**Total monthly cost**	**€ 550,000**
D	**Direct Savings:**	
E	Payroll & Personnel admin per person	€ 9,050
F	Monthly Recruitment	€ 8,750
G	Financing 45 days @ 8%	€ 4,932
H	Induction training of 25 persons per month	€ 2,500
I	**Total Direct Savings**	**€ 25,232**
J	**Real Cost Personnel Leasing (B - I)**	**€ 24,768**
K	**Potential Financial Risk (%=risk factor)**	
L	Redundancy (% from A)	€ 15,000
M	Absenteeism/sick leave (% from A)	€ 15,000
N	Production fluctuation (% from A)	€ 15,000
O	Legal Liability Outsourced	€ 2,500
P	**Potential Financial Monthly Risk**	**€ 47,500**
Q	**Total monthly cost saving (P - J)**	**€ 22,732**

Q indicates the total value of monthly cost-savings when employing 500 temps at a total salary cost of € 1,000 per month. Although my company pays (B) € 50,000 commission to the temp agency, the same agency makes direct cost-savings of (I) € 25,232. So my real costs are (J) € 24,768. But of course this is not all there is to it and is not the only reason for using temp agencies. The items L to O are real-life money burners for companies. In this case, my company saves (Q) in real €'s every month. The total amount is € 22,732, instead of being a cost of € 50,000 which you might think at first glance.

CONCLUSION

HR & Finance, Next Generation gives the HR Professional state-of-the-art tools to assess the profitability of the HR Department and its various activities. Further, it provides valuable information on whether to insource or outsource certain activities. If you decide for outsourcing, you will be able to design an excellent tender scorecard which will also allow you to analyze your internal skills.

Gerard Koolen
Group Managing Partner at Lugera

Economic Update for 1 January – 31 March

ING

The Statistical Office confirmed 4Q10 GDP at a solid 3.5% YoY, slightly down from 3.8% YoY in 3Q10. As expected, the breakdown showed that **exports, rising 14.5% YoY, remained the main driver of growth**. Positively, **domestic demand improved, boosted mainly by fixed investment**, which accelerated to a strong 10.6% YoY in 4Q10 from 4.8% YoY. Nevertheless, more support from domestic demand seems unlikely in upcoming months. Household consumption and government spending remained in the doldrums at 0.5% YoY and 0.0% YoY, respectively, while the austerity package will hit them both only this year. Taking further into account that Germany is expected to grow more slowly than last year, **we expect the Slovak economy to decelerate to 3.3% YoY in 2011 from 4.0% in 2010.**

January industrial production confirmed that foreign demand continues to boost growth in 1Q11. Industrial production slowed down somewhat from 19.6% YoY in December, but still remained strong at 17.1% YoY in the first month of 2011. Export-oriented manufacturing production is already almost 10% above pre-crisis highs and the German Ifo is at record highs, so January's surge in German industrial new orders indicates that growth will continue in upcoming months. In contrast with strong production growth, employment in industry is recovering only very slowly and remains almost 20% below pre-crisis levels.

Headline unemployment declined in 4Q10, but this is not enough to boost consumer demand. According to the Labour Survey methodology, unemployment declined by 0.2ppt to 13.9% in the last quarter of 2010. However, taking into account planned layoffs in the public sector, the underlying story is not positive enough to change our view that consumer demand will improve only deeper into 2011. In line with this, retail sales remained weak in January. Although retail sales improved from -2.3% YoY in December, the figure remained slightly negative at -0.1% YoY in January.

CPI accelerated in February on exogenous factors. In January, inflation showed a jump increase owing to both local factors like hikes in VAT and administered prices as well as global factors like the rise in food and oil prices. While domestic factors were of one-off nature, rising oil and food prices has continued to drive inflation higher. In February, CPI accelerated to 3.3% YoY from 3.0% in January. Despite relatively high headline inflation, demand-pull pressures remain limited, confirming weak consumer spending. Our measure of underlying inflation (ex-fuel net inflation adjusted for imputed rents) recorded -0.7% YoY in February after showing the same dynamics in January. Hence food and oil prices seem to remain the main risk to inflation in upcoming months.

The MinFin revised its GDP forecasts up slightly on the back of the stronger external environment. For 2011-2012, the MinFin has a similar view on growth to ours (see table below), while the MinFin is more optimistic for 2013-2014. However, as export-driven growth tends to be relatively tax-poor, the MinFin's new prediction had limited implications for fiscal policy. **MinFin's new tax numbers showed only minor changes to budget assumptions** (up to 0.1% of GDP).

In March, interest rates remained on hold at the ECB meeting last week, but hawkish comments from the subsequent press conference seem to suggest a 25bp rate hike as soon as in April.

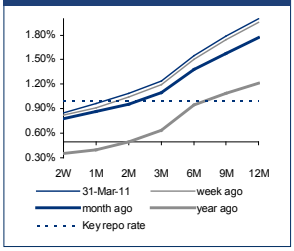
The first suggestion came from the ECB's macro-economic assessment as the ECB sees upside risks to price stability for the first time since November 2008.

The second suggestion was in the introductory statement where interest rates were not "appropriate" anymore and the term "strong vigilance" had been added.

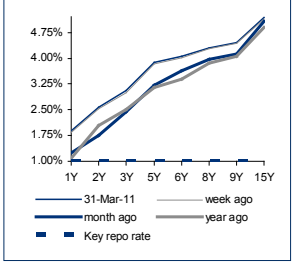
Real GDP forecasts (previous forecasts from September in parentheses), %YoY

Institution	2011F	2012F	2013F	2014F
MinFin	3.4 (3.3)	4.8 (4.5)	4.8 (4.7)	4.8 (4.7)
ING	3.3	4.5	4.0	4.1

EURIBOR rates

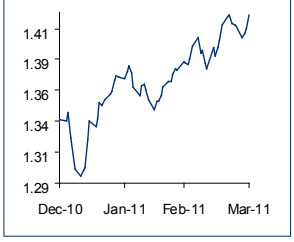


Slovak bond yield curve

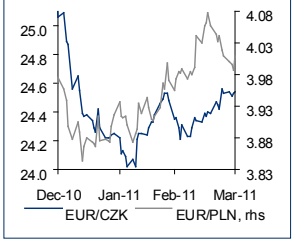


Slovak long-end spreads

€/USD



€/CZK and €/PLN



Getting Value Out of English Training

Ed Wienk

For many years English lessons at companies were considered a mere benefit. More or less expected by employees, readily offered by their employers. As a consequence, in-company English was often first to go when the crisis came. The question is whether many companies haven't thrown out the baby with the bathwater.

Of course, nobody can afford to have English lessons during working hours for the fun of it. However, many corporate leaders seem to underestimate the price they pay for not providing any English training at all. The inability to be firm but polite on the phone can cost you hours per month. Poorly written emails can mislead or offend customers and lead to unnecessary escalations. And knowing the skills but lacking the ability to communicate them well cancels the effect of professional business trainings companies do still spend money on.

Well-planned English training focused on acquiring skills can help improve gross margins and increase productivity by boosting employee performance and effectiveness. So, how can you keep the baby whilst getting rid of the bathwater? Well, first of all, be selective. Select key employees and invest in upgrading their skills. Common practice when it comes to business training, but surprisingly rare with English training. When testing new students I used to ask how often they use English at work and it never ceased to amaze me how frequently I heard them say: "Never, really".

Secondly, get a clear picture of the English skills they need and target only those. It is not enough to test the level of English an employee has and ask them what they need. It is important to first identify the tasks they have to perform in English and then create short exercises or role plays that mirror them. Training will focus only on the English skills needed to perform tasks they were not able to carry out satisfactorily. This kind of detailed language audit also allows you to put people together with similar targets rather than just a similar level of English, thereby making the training more relevant and efficient.

Thirdly, match expectations. There can be a conflict between what the company and the actual students in the class want, expect and perceive. This is particularly true for English lessons which are more often than not perceived as an enjoyable break

"If acquiring skills does not make individuals more valuable, training is not worth it."
Michael Schrage (2008)

from daily duties or an opportunity to improve grammar. Let them know in advance that these are trainings, not lessons, and inform them what they will be about and especially, what they won't be about. Also, the fact that content should add business value, doesn't mean the form can't be enjoyable. Furthermore, English training, just like any other business training, is most likely to add value when the needs of the individual and the organization coincide. So, why not build English training credits into an employee's career planning?
Finally, and possibly most importantly, follow up. The only way you can get a return on your investment is if the employee implements the English skills obtained in the training. Here, the role of the manager is crucial by helping create the conditions under which implementation will be successful.

When Class started in 2000, the main focus was on improving employees' level of English and giving them the confidence to start using English at work. Over the past 10 years we have done so successfully. Now that companies have little trouble hiring confident speakers of English the challenge lies in helping them to be more effective in their jobs. English training that is planned, treated and perceived as professional business training can get you there. And this is a baby, we can take care of.

Ed Wienk
Director
Class Language School

News from the Netherlands-Czech Chamber

Networking at the New Year's Party 2011

Participants enjoying nice refreshments prepared by Zátiší Group

Audience during the welcoming word of the Ambassador, H.E. Jan C. Henneman (on the right)

NEW YEAR'S PARTY

January 12, 2011

On Wednesday 12 January, the Netherlands-Czech Chamber of Commerce organized this year's first networking event, the New Year's Party, in the Villa Gröbovka. This time, members of the Dutch Association, Nederlandse Vereniging in Tsjechië, joined us for the event.

The guests had a chance to meet the new chairman of the Board of Directors of our Chamber, Elias Drakopoulos, General Manager of Business Lease. After his welcoming address, the Dutch Ambassador H.E. Jan C. Henneman and the President of the Nederlandse Vereniging in Tsjechië, Ed van de Weerd, also greeted the guests.

The guests were in good mood, and the beautiful Villa Gröbovka, pleasant music played by the Klár Quartet and, as usual, great refreshments provided by Zátiší Group proved to be the right combination to welcome in the New Year and ensure a superb evening.

CZECH BEER FESTIVAL
April 7, 2011

After the success of this event last year, the Czech Beer Festival is back, this time on 7 April, 2011, in the National Museum of Agriculture, Prague 7. There will again be a wide range of Czech local beers, a raffle with attractive prizes, a traditional Czech beer pub buffet, and above all, great fun!

The Czech Beer Festival 2011 is a unique joint networking event of 7 chambers of commerce active in the Czech Republic – the Netherlands-Czech, the British, the Canadian, the French-Czech, the Italian-Czech, Nordic and the Swiss.

Partners of the event are Zátiší Group and the Czech Beer Festival.

zátiší group

CZECH BEER FESTIVAL PRAGUE 2011

FLOWER POWER SPRING PARTY
May 19, 2011

Our traditional networking event, the Flower Power Spring Party, will be held on 19 May. We will celebrate spring in Žofín Garden, as usual with beautiful flowers, and superb refreshments provided by Zátiší Group.

In addition this year, we have invited an entertaining speaker and guests can look forward to a pleasant musical performance. Guests will hear about our latest activities with regard to corporate responsibility, including the Promoting Good Entrepreneurship project and the Corporate Responsibility Club.

We are certain that this Flower Power Spring Party will once again be one of the most popular events held by the Netherlands-Czech Chamber of Commerce.

CONFERENCE "NGOs SUCCESS STRATEGY"
June 13, 2011

Promoting Good Entrepreneurship 2011

The Czech Donors Forum, in cooperation with our Chamber and PwC ČR, partners of the long-term Promoting Good Entrepreneurship project, have decided to change the format of this year's project. So instead of a series of seminars on various topics intended for selected NGOs, there will be two all-day conferences, open to all interested NGOs.

The first conference will be held on 13 June, 2011, at the premises of PricewaterhouseCoopers ČR and the key topic will be human resources. The conference will be accompanied by workshops on current topics (talent management, work-life balance, etc.). We hope that the tutors that participated in the Promoting Good Entrepreneurship project in past years, will again get involved, either by giving a lecture, chairing the workshops or providing consultations.

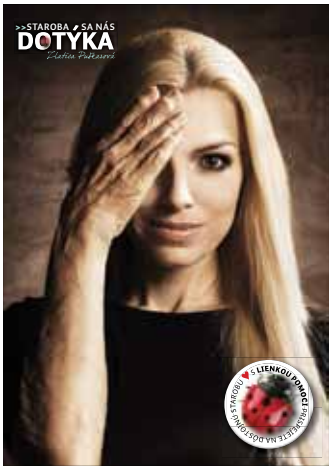
The second conference with the keynote theme "communication and marketing" will take place on 12 October, 2011 at PwC.

Visit our website www.nlchamber.cz for up-to-date information on future events.

ANNUAL GENERAL MEETING
June 14, 2011

The Annual General Meeting will be held on 14 June, 2011, at one of our member hotels.

Helping Ladybird



Last autumn, the SOCIA FOUNDATON organized the public collection HELPING LADYBIRD, which accompanied the campaign OLD AGE CONCERNS US. We sought to speak openly in public about old age and to ask how best to take care of our grandparents. We believe that supporting field and outpatient social services will contribute to a higher quality and better life for seniors.

The creative concept of the company, Creative Department, was appreciated by both the public and by advertising and PR experts. The campaign OLD AGE CONCERNS US won awards in two competitions.

An expert jury of the ZLATÁ PECKA competition selected the 20 creative acts which were the best in advertising in 2010 in the Czech Republic and Slovakia. One of these was our campaign. In addition the Czech and Slovak public had an opportunity to vote for the best advertisement.

PROKOP Award

Metro Zlatá Pecka 2011 Award

The clear winner amongst the voting public was the SOCIA campaign. In February, they won the award best PR projects in Slovakia in the PROKOP competition. The campaign once again made an impression and took 2nd place in the category - Community Relations and Internal Communication.

We were very pleased by all these achievements which also represent commitments. We now want to help with the ideas which we managed to communicate so well. Recently, we announced an open call for all providers of field social services regarding the improvement of their services for seniors. This campaign will continue in the autumn.

We were able to undertake the campaign and the collection thanks to the financial support of the ING Insurance Company, the volunteer work of Creative Department and many other partners, who understand that old age concerns them as well. Thank you.

VGD and AVOS Merger

As of the 1st of January 2011, the accounting and audit companies VGD and AVOS merged financially and will operate under the common name: VGD AVOS. The legal aspects of the merger will be worked out over the next few months. The merged company will have two offices: the former VGD office in Bratislava and the former AVOS office in Piestany. In total they will employee more than 45 employees who will provide accounting, audit, tax consulting and payroll processing services.

For AVOS, the advantage of the merger is primarily the extensive European network of VGD (active in 9 Central European countries) and VGD's membership of the Nexia network which combines more than 30 years accounting and consulting companies around the world. *"Above all, we want to utilize the international experience of VGD for our Slovak clients who want to expand abroad,"* said Marian Skornik, one of the founding partners of AVOS, regarding the merger.

"For VGD it was important to include well established local partners in our partners' base and to expand the local network to include offices outside of Bratislava, as we want to be close to our clients," explained Bart Waterloos, the managing partner of VGD regarding why AVOS is such a good fit. Bart Waterloos also recently obtained his Slovak audit license to add to his Belgian audit license.

Contact: info.bratislava@vgd.eu

MAZARS We Have Moved!

We would like to inform you regarding an important change to our contact details.

As of 1 January 2011, our company and all its entities (Mazars Slovensko s.r.o., Mazars Accounting s.r.o. and Mazars Tax k.s.) has moved to new modern premises with a superb view over the city. Our email addresses, telephone and fax numbers remain unchanged.

Our new address:
Europeum Business Centre
Suché mýto 1, 811 03 Bratislava

We look forward to meeting you in our new premises!

Many Fresh! Developments at the Crowne Plaza Bratislava

Fresh!

The winter months are usually bleak and cold, but they have proven to be full of life and celebration at the Crowne Plaza. It began with the news in early December that the hotel had been recognized by its IHG peers as the Crowne Plaza of The Year 2010 for Europe, Middle East and Africa, based on outstanding results across all 4 business metrics: Employee Satisfaction, Guest Satisfaction, Financial Results and Responsible Business. This was followed in January by the launch of the new restaurant Babu. Babu is a brand new concept in the city, serving high quality Georgian and Russian cuisine, located on the second underground floor opposite the casino. And finally in February we launched another new restaurant concept: Fresh! The restaurant name Fresh! for our ground floor restaurant was chosen from many entries in our "name that restaurant" competition. Backing up this exciting name is a concept based on serving only the finest ingredients, often prepared right in front of you on the buffet or at your table. To ensure you get only the freshest ingredients in the spring we will turn our ground floor terrace garden into a herb and vegetable garden, to supply our kitchen on a daily basis with fresh, organic ingredients; from the garden to your plate on the same day. Fresher than that is not possible.

The Netherlands Chamber of Commerce in the Slovak Republic

The Netherlands Chamber of Commerce in the Slovak Republic is a non-profit civil association established in 1997.

The Netherlands Chamber of Commerce is a meeting place for people looking to conduct successful business in the Slovak Republic or the Netherlands and a place to exchange information.

The main purpose of the Chamber is to provide extensive support for commercial and other relations between the Kingdom of the Netherlands and the Slovak Republic and to support and protect the common interests of its members, primarily:

- to support members in networking and lobbying
- to promote Dutch and Slovak businesses and, especially, the members
- to support the exchange of information, know-how and experience among the members
- to promote investments and trade with Slovakia

THE NETHERLANDS
CHAMBER OF COMMERCE
IN THE SLOVAK REPUBLIC

Panenská 21
811 04 Bratislava

Tel.: +421 944 308 441
e-mail: director@netherlandschamber.sk
www.netherlandschamber.sk

NEW YEAR'S DRINK 2011

January 13, 2011

The Netherlands Chamber started 2011 in traditional fashion with the popular New Year's Drink. Richard Kellner, the new vice president of the Chamber, presented the plan of events for 2011 to the guests. H.E. Mrs. Daphne Bergsma, Ambassador to Slovakia and H.E. Mr. Jaroslav Chlebo, Ambassador to the Netherlands also took part in our event. Members and our special guests gave a toast to a happy and successful 2011!

Richard Kellner, vice president of the Chamber (ING Bank) toasting to a happy 2011

H.E. Jaroslav Chlebo, Janka Kleinertová and Ľubomír Šesták (both Larive Slovakia)

Bart Waterloos (VGD-AVOS)

H.E. Mr. Jaroslav Chlebo and H.E. Mrs. Daphne Bergsma

We would like to thank our generous sponsor:

VGD | AVOS

Photo: Ana Trnniková

Tax Seminar 2011

TAX SEMINAR 2011

February 8, 2011

Taxes: one of the most crucial topics for companies in the first months of the year!

This year the Foreign Chambers of Commerce in Slovakia again organized the Tax seminar, along with our members VGD-AVOS, BMB Leitner and Ernst & Young, who sponsored the event. The main focus was on changes to the tax legislation.

The seminar was opened by the Deputy Prime Minister and Minister of Finance, Ivan Mikloš, who was the official sponsor of the seminar.

The tax seminar was a great success with over 300 attendees.

Ivan Mikloš, Minister of Finance

Events

Bart Waterloos (VGD-AVOS)

Speakers of the TAX SEMINAR 2011: Juraj Ontko, Ernst&Young, Renáta Bláhová, BMB Leitner, Ivan Mikloš, Minister of Finance and Bart Waterloos (VGD-AVOS)

We would like to thank our generous sponsors:

VGD | AVOS

ERNST & YOUNG
Quality In Everything We Do

bmb leitner

Photo: Andrej Kližan

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MEETING OF BOARDS OF THE FOREIGN CHAMBERS OF COMMERCE IN SLOVAKIA

February 9, 2011

On February 9 the first official meeting of the Boards of the Foreign Chambers of Commerce in Slovakia was held. The meeting was organized by the informal Association of Foreign Chambers of Commerce in Slovakia in order to facilitate discussion of a common strategy for foreign investors and Slovak institutions on the development of existing investments in Slovakia and the improvement of the attractiveness of Slovakia to potential new investors.

Jozef Mihál

We would like to thank our generous sponsor:

# of Boards Meeting

of Boards Meeting

Jozef Mihál, Deputy Prime Minister and the Minister of Labour, Social Affairs and Family of the Slovak Republic, and Róbert Šimončič, CEO of SARIO attended the meeting and presented the plans in their sectors at the meeting.
The informal Association of Foreign Chambers of Commerce in Slovakia will organize further meetings of the board in the future.

BUSINESS BREAKFAST

March 16, 2011

On 16 March 2011, a business breakfast on the RIGHTS, OBLIGATIONS AND LIABILITIES OF STATUTORY BODIES was held at the premises of PETERKA & PARTNERS.

The main topic of discussion was executives of limited liability companies and members of boards of directors of joint stock companies, their legal relation to the company and authorisation to act on its behalf. In addition, certain specific issues were clarified in the light of the latest Slovak and Czech legislation.

The workshop was held by Mr. Přemysl Marek and Mr. Ondřej Majer, attorneys-at-law and partners.

Business Breakfast

Ondřej Majer (Peterka&Partners)

BUSINESS BREAKFAST

We would like to thank our generous sponsor:

PETERKA & PARTNERS
10 years of dedication to our clients

Přemysl Marek (Peterka&Partners)

Photo: Ana Trninčová

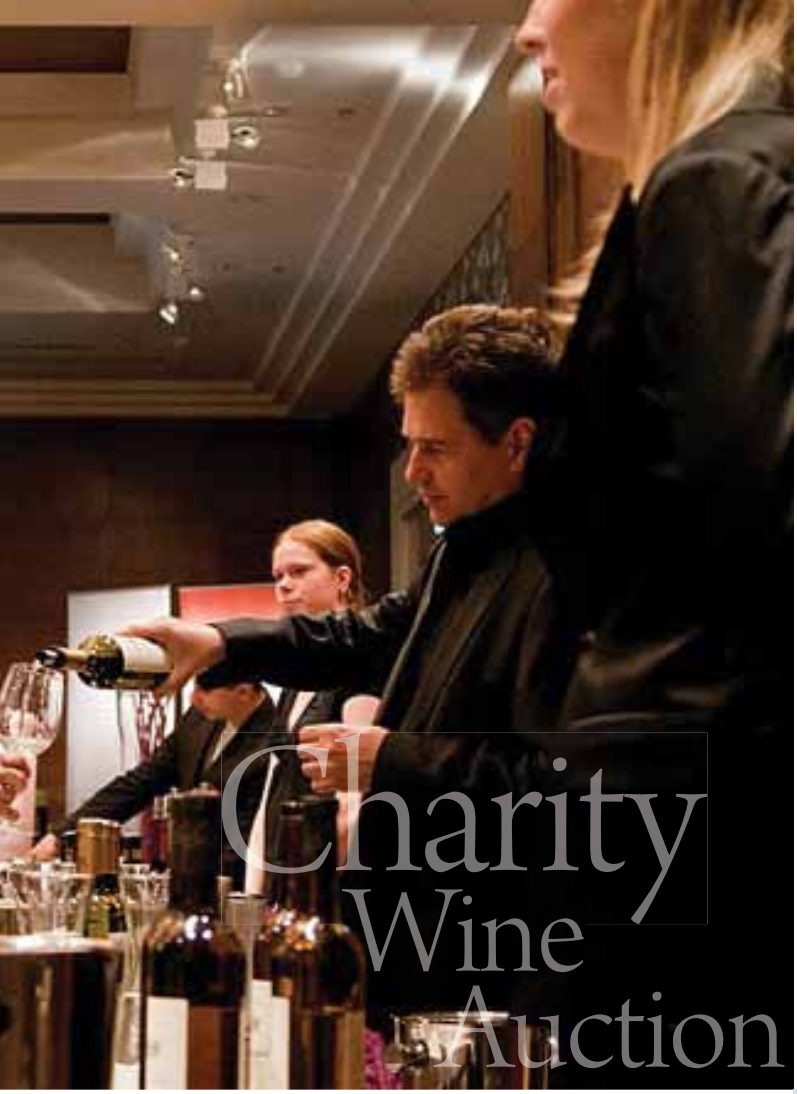
THE 2nd CHARITY WINE AUCTION 2011 WITH SOCIA

March 31, 2011

On March 31, 2011 two important things happened: most of us finally delivered our income tax return to the tax office and in the evening we met with our partners and friends in the Sheraton Hotel at the 2nd Charity Wine Auction. As in the previous year, it was organized in close co-operation with the Netherlands Chamber of Commerce and the Socia Foundation.

The previous auction was very successful (it raised a total of € 2515) so it was an interesting challenge for all of us involved to make it even better this year. In the end, we could be satisfied with our efforts: 19 wine-producers and wine shops donated 32 attractive items and 6 of the wine-producers and wine shops also organised a wine-tasting of their products at the auction. More than 70 people attended the auction and we raised even more than in 2010's auction: € 3035. Everybody enjoyed a very pleasant evening in the friendly atmosphere.

The amount raised at the auction will be matched by the American Ch. S. Mott Foundation and used to increase Socia's endowment. This will allow the foundation to support its activities more effectively. More information about the Socia Foundation and its activities can be found on the website: **www.socia.sk.**



Charity Wine Auction

We would like to thank everyone who supported the Socia Foundation by attending the auction and buying the wine.

We would also like to thank all the wine producers and wine shops who donated their wines and attended the wine tasting, in particular: *Miloš Mátuš, Víno Nitra, s.r.o., Víno Fiala, Spirit of Wine, Skovajsa Family Winery, JM Vinárstvo Doľany, Fine Wines, A.D. 1886 Weinbau Malatschek, Hacaj, s.r.o., Víno Mrva & Stanko, s.r.o., Mavín - Martin Pomfy, Janoušek, s.r.o., Belvédere Slovensko, s.r.o., Chowaniec & Krajčírovič, Pivnica Tibava, Terra Parna, Dubovský & Grančič, Chateau Modra, a.s. ,*
Víno Valery and Vinárstvo Blaho.

A big thank you to all of our partners who helped us to organize the auction:

Our main partners:

Sheraton Bratislava Hotel

J&T BANKA

Our partners:

class JAZYKOVÁ ŠKOLA

NEUMAHR TLAČIAREŇ • S.R.O.

SOGA AUKČNÁ SPOLOČNOSŤ

KONVERGENCIE

Terroir

pwc

hypernova

Our media partners:

VINO.SK NAJLEPŠIE O VÍNE

WINESHOP.SK YOUR PERSONAL WINERY

Last, but not least, we would like to thank *Nina Gažovičová* and *Peter Šroner* who led this auction in a very pleasant and professional way and Jozef Luptak and Stano Palúch whose music we enjoyed very much.

We look forward to the 3rd Charity Wine Auction in 2012!