

# BYROMETER

## BYRON ASSOCIATES

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### The economic crisis – time to in-source management consulting?



The financial crisis was quick to change the buying behaviour for management consulting services, as well as for all other products and services. The companies were quick to cut consulting budgets and to involve internal resources in restructuring or strategy projects. On the other hand, they swerved towards consultancy services for obtaining public financing, such as EU funding.

Such strategies do lead to a cost relief in the short term, however in some cases they do not lead to long-term, sustainable solutions for several reasons:

- The restructuring or optimisation projects undertaken with internal resources will never offer the full neutrality external consultants bring

- Internal projects will require more resources searching for the best solutions and will go through a trial-and-error process, while the external consultants benefit from a large knowledge base from similar projects
- Some companies, especially SMEs, although highly entrepreneurial and successful in times of economic boom, are short of the analytical and technical expertise needed in many projects dealing with business optimisation, grant writing, etc.

There are many ways to ensure the cost-benefit and value creation of an external consultant, and this is what companies should do when assessing the opportunity of engaging external strategic advice. ■

Irina Stanciu, Managing Partner  
Byron Associates

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#### current affairs

### The "minimis" aid scheme – a chance for SMEs in times of crisis

The "minimis" aid scheme was launched earlier this year to support the modernisation and development activities of SMEs. There are significant differences in the applicability of this aid scheme and that of the structural funds

### What is the "minimis" aid scheme?

In March 2009, the Ministry of Finance launched a new funding scheme – the "minimis" aid – to support the development and modernisation of SMEs. Under the "minimis" aid scheme one enterprise can benefit from up to 200,000 Euro aid over a three year period. Few restrictions of activity domain (CAEN code) apply. The applicant SME must have at least one year of activity.





Unlike the EU structural funds, under the "minimis" aid scheme 100% of the eligible costs can be reimbursed. The total budget available for the "minimis" scheme is 100m Euro for the period 2007-2011. The call for applications is open until the complete budget allocation.

#### Which are the eligible costs?

1. Investments in **tangible assets**, as follows:
  - Construction costs for industrial or touristic purpose
  - Technological equipment – machines and work equipment
  - Measurement, control and adjusting equipment
  - Transport equipment to support the enterprise activity
2. Investments in **intangible assets** for patents, licenses, trademarks and other similar rights and assets.

The costs reimbursement is done after the partial or full payment of project related expenses within 30 days from the submission of the expense reimbursement request.

#### What are the required application documents?

The application file consists of 14 types of documents, affidavits and certificates, among which:

- Investment plan with a detailed presentation of the eligible costs for the activities requiring funding
- Technical-economic study developed by a specialised firm<sup>1)</sup>

#### Who should apply?

The "minimis" aid scheme is an alternative to EU funding for SMEs undertaking small investments to consolidate their operations. Unlike EU funding, which poses several restrictions related to the activity sector of the SMEs and to the financial contribution of the beneficiary, the "minimis" scheme has a broader applicability.

#### Next steps

Byron Associates, with a proven track record in the development of investment plans and technical-economic studies as required by the application guidelines, can provide specialized support in the development of the application file for the "minimis" aid scheme.

For further information please contact our experts at [workwithbyron@byronassociates.com](mailto:workwithbyron@byronassociates.com).

<sup>1)</sup> Management and business consulting firm

#### case study

#### DHL – Cargus acquisition, one of the key transactions in 2008

Deutsche Post World Net acquired Cargus in a move to consolidate growth in the Romanian courier market. One year after the acquisition, the integration is on its way to success

Byron Associates was chosen from an early stage to provide strategic advice and project management from the due diligence phase throughout the integration process.

The integration of the two companies being successfully underway, we are presenting how the acquisition is set to create value for both companies and how Byron Associates contributed to its success.





## BUSINESS

As opposed to the timeline of the transaction – which took almost two years to complete – the timing of the integration was highly critical. In the integration process, crucial aspects regarding planning and preparation were considered to ensure the appropriate response time towards all stakeholders: clients, employees, shareholders. Byron Associates' role was to ensure all the criticalities are considered and the process is smoothly managed.

### Byron Associates' responsibilities in the DHL – Cargus transaction

- Support the top management of DHL in the development of the acquisition business case – business analysis, acquisition financials and strategic scenarios;
- Support the management team in developing the integration strategy and the integration implementation plan;
- Coordinate the integration implementation in the first 100 days after the acquisition;
- Coordinate the internal and external communication process pre- and post-acquisition.

The strategic objective of the buyer was to **capture the long-term recognized strategic growth within the courier market in Romania** and to use the combined strength of the two companies to consolidate growth in the Romanian courier market. In the period of economic downturn that ensued shortly after the deal closing, this quickly became a competitive advantage, as synergy opportunities through consolidation of operations could be explored.

This objective became a reality through a combination of critical success factors, which were carefully analysed and incorporated in the integration strategy:

- Retain and motivate talent to participate with ideas and commitment in the integration process;
- The ability to provide best-in-class service through a combined national distribution network;
- Exploiting operational and back-office synergies to reduce costs;
- Leverage best practices in both companies to improve standards and processes and increase efficiency.

## market

### What the Client says

"With any acquisition, the initial strategy and plan of the acquisition often change during the integration process, as they did with the DHL – Cargus transaction. Byron's flexible and diverse approach still enabled us to deliver the synergies and action plan. It is invaluable to have an external perspective that truly understands the business, to ensure you keep a clear perspective of your goals and Byron was instrumental to the success of our integration process." (Gian Sharp – General Manager DHL International Romania)

With this project successfully rolled out, Byron proves its world class consulting expertise as well as its strong know-how in the courier and logistics market in Romania and abroad. ■

## EU funding

### EU funding news

Last chance for large enterprises to access EU funding for investment projects

EU funding absorption rate at 5,4%

Government aid scheme for staff training to end in October

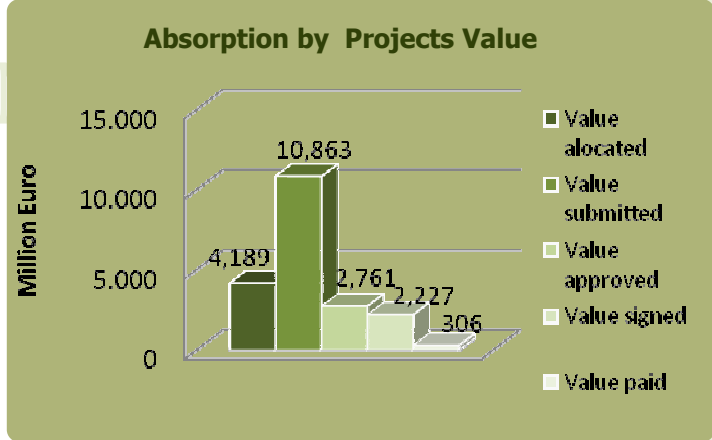
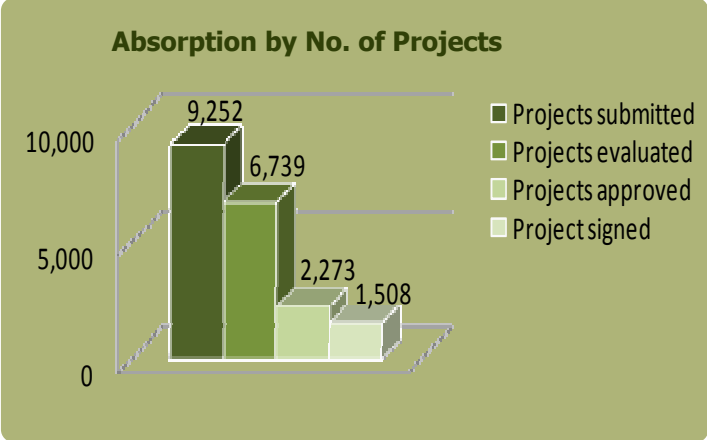
## CONSULTING

### 1. EU funds for large enterprises

Large enterprises have the opportunity to finance up to 50% of their investment projects by accessing POS CCE funding scheme. The maximum amount of the funding one project can obtain is 5m Euro.

The call for applications for this funding scheme is estimated to open by the end of September. The total allocated budget of the call is ~110m Euro, the entire budget allocation up to 2013, and it is therefore the last chance for large enterprises to access the EU funds available for investment projects.

**Absorption statistics for POS CCE, POR, POS DRU, POS Environment as of July 2009**



Source: Authority for Coordination of Structural Instruments

**2. EU funds implementation status**

The EU funds **absorption rate**, as the total value paid to the beneficiaries vs. the total value allocated (2007-2009) was **5,4%** at the end of July, as reported by the Authority for Coordination of Structural Instruments. The absorption rate by program was: POS CCE 16 %, POS Environment 7%, POR 7%, POS DRU 4%. The program with the highest absorption rate was POS CCE with 644 projects contracted and a total EU contribution of 275m Euro of which 113m Euro paid.

According to the same report, the EU funds **contracting rate**, as the total value contracted vs. the total value allocated, was **53%**. POS Environment 66%, POR 63%, POS CCE 38 %, POS DRU 36%. The most successful program in contracting the EU funds was the Environment program with a contracting rate of 66% of the total 1,3bn Euro allocated.

- **Number of projects submitted:** 9,252 projects, with an EU contribution of 10.8bn Euro
- **Number of projects approved:** 2,273 projects, with an EU contribution of 2.7bn Euro
- **Number of projects contracted:** 1,508 projects, with an EU contribution of 2.2bn Euro

**3. Last two months to apply for employees training and hiring aid**

In today's worsening economic context, companies face more and more budget constraints in training their staff or hiring new qualified staff to ensure the quality of their work. Under these circumstances the Ministry of Labor opened in April this year a new funding scheme **"More, better skilled and healthier employees"** with a **budget of 142m Euro**. The objectives of this scheme are to support the training of 100,000 employees and hiring of 15,000 people at national level.

SMEs as well as large enterprises can apply under this funding scheme. The maximum amount of funding per project is 2m Euro.

The call for projects is due to close upon full budget allocation, but no later than 30<sup>th</sup> October 2009.

For further details on how to access this scheme, or about other EU funding opportunities in support of your business strategy, please contact our experts at [workwithbyron@byronassociates.com](mailto:workwithbyron@byronassociates.com)

## byron events



### past

#### **"A Practical Guide to Accessing EU Funding" event in partnership with BRCC and KPMG Romania**

The British Romanian Chamber of Commerce (BRCC), KPMG Romania and Byron Associates organised an EU Funding workshop on 11<sup>th</sup> June 2009. On this occasion, Irina Stanciu, Managing Partner of Byron Associates, presented "A practical Guide to Accessing EU Funding". The purpose of the presentation was to introduce the EU funding opportunities available in Romania for private beneficiaries, how they are managed and the implementation process for applicants. The participants showed a lot of interest in the accession process, type of projects that can be developed, application timelines and communication process with the managing authorities.

The audience included around 40 members from among the BRCC members and Associate Members. According to the report issued by BRCC following the event, the initiative and presentations were much appreciated as they offered first hand, clear information about proceedings to be followed for EU funds accession and utilization. ■

### future

#### **"Business ideas" series of complementary events for clients**

Byron Associates will soon be launching a series of complementary events for our business partners with the aim of pro-actively approaching their business needs and identifying timely business solutions. We will keep you updated with our proceeds in this direction. ■

CONSULTING

