

# Investors need professional services

By Martin Novotný Special to the Spectator

Some time ago, Steve Forbes said in the prestigious Forbes Magazine: "The Slovak Republic is set to become the world's next Hong Kong or Ireland; that is, a small place that's an economic powerhouse." What drew Forbes' attention was that successful and radical social and economic reforms in Slovakia had drawn significantly more foreign direct investments.

However, while the country's private sector is indeed attracting much foreign capital, interested investors should be aware of and respect Slovak market differences and peculiarities. Ignoring the Slovak reality can result in delays to or even the failure of an investment, with obvious losses for the investor.

Experience from the provision of FDI services shows there are several factors that determine the success of an investment in Slovakia. The best way to ensure a successful investment and overcome all the obstacles is to cooperate with local professionals who have a strong local presence and a global reach. This experience and expertise should cover everything from research and government services to human capital services.

## Targeted FDI Research

The first step before entering the Slovak market is to prepare "Targeted FDI research". The first research phase should involve an investigation of key business environment factors and the basics of the Slovak legal environment, political situation and general labor force characteristics. The second research phase, meanwhile, should be more targeted, with research focused on monitoring trends in competition, salaries and benchmarking, regional suitability in terms of financial and non financial benefits, job profiles



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for individual positions, working conditions, geography, requirements, size of the company and other factors.

This "FDI Research" is very valuable to investors because they obtain several well-prepared market entry scenarios and can thus compare their expectations with the market reality. This prevents many obstacles and problems during the realization of the investment.

## Contact building and government services

The next crucial step for investors is to launch effective communication with and representation towards the central government (for large investors) or local governments (SME investments) and related institutions. Government services not only help to

establish companies and shorten start up times, but also enable investors to become familiar with and successfully apply for state FDI support programs. Finally, government services also lead to long-term cooperation between the government, regional offices and investors.

## Human capital is the key to success

When investors are seeking an advisor for human capital consulting services to help them in the start-up phase and in recruiting top management and specialized positions for the launch of operations, they should focus on consulting companies with established and well-operated FDI human capital practices. Start-up searches require that consultants have specialized knowledge and experi-

ence that is quite different from classic executive search or recruitment assignments.

Experience also teaches that one of the first employees in a newly established company should be the human resources manager.

Once the "targeted FDI research" has been done and specialized consultants with knowledge of the sector have been secured, the next advisory step should be preparing the organizational structure that fits best, along with compensation and benefits systems. The human capital services most required by investors are: executive search, recruitment and selection, assessment centers and mass recruitment.

One of the main problems investors face after acquiring former state or locally owned family companies is the urgent need for restructuring, optimizing human resources, reorganizing work processes and increasing efficiency. The tools and services most often used to eliminate these problems are: management audit, individual and group assessments and post-merger/acquisition integration.

## Bringing investors from Brussels

Some consulting companies have established European offices in order to be closer to investors in their European Headquarters, and to assist their clients in their investment activities from the beginning through entering the New Europe market to the successful launch of their new companies.

Many of these consulting companies combine comprehensive industry expertise and country-specific cultural knowledge with far-reaching local networks. They have a leading position in new EU member states where they have been providing advisory services through a number of groundbreaking assignments to governments, corporations, multinationals and institutional clients from the region.

Investment advisors should also understand the international strategic goals of their clients, and be able to design the best local fit in keeping with these goals. Being closer to investor decisions means understanding this need above all. ■