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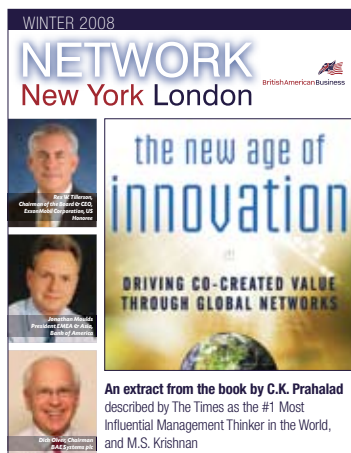


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HARVEST YOUR QROPS

Can I transfer my UK pension to the United States?



By John Tunstall
Babi Transatlantic Member

This is one of the most frequently asked questions we receive from UK pension members living in the US. HMRC (formally the Inland Revenue) allow the transfer of UK pensions overseas to HMRC approved "Qualifying Recognised Overseas Pension Schemes" (QROPS), providing the jurisdiction of the QROPS allows such a transfer.

The Internal Revenue Service (IRS) does not allow the transfer of UK pension schemes whether an occupational or a personal pension, to a US qualified pension plan (Reference HMRC Technical Pages RPSM141010 50). If such a transfer is made in error, the IRS requires such a pension to be repatriated to the UK. However a US tax resident can transfer their UK pension to any jurisdiction that will accept a UK pension transfer. If the jurisdiction is a low or no tax regime, there could be obvious attractions of such a transfer.

The grant of a QROPS approval is dependant on the QROPS scheme complying with HMRC terms and conditions. The QROPS must report any benefit payments made to the pension member, until the member has been a non UK tax resident for five complete tax years. The benefits taken must not exceed those available to a UK tax resident. If the benefits taken exceed the UK limits, a substantial penalty is payable and, in the case of abuse, the QROPS approval could be revoked (as recently happened to Singapore QROPS).

After 5 years non UK tax residence, benefit payments and investment transactions are no longer reportable to HMRC and the QROPS is only subject to the legislation and tax regime of its own jurisdiction. However when benefits are taken from the QROPS they may be subject to taxation in the country of the members residence at the time benefit is taken.

A UK personal pension requires that if an annuity has not already been purchased by age 75, the pension member either purchases a life time annuity, or if the option is available, takes a modified drawdown income known as an "Alternative Secured Pension" (ASP) or a Scheme Pension. On death, the annuity dies with the annuitant. With ASP or Scheme Pension on death, if there are no dependants, the value of the fund can be subject to a combined Inheritance and tax charge which could be as much as 82% of the value of the remaining fund. A transfer to a QROPS means that at age 75 there is no obligation to purchase an annuity, nor is there any penalty on death. For those with a substantial pension fund this is a very valuable benefit and enables the value of the pension fund to be passed onto children and family members.

A transfer to QROPS is not for everyone, and there may be a case for a deferred member of an occupational plan to transfer to "Self Invested Personal Pension" (SIPP) as an interim step. If all of this sounds complicated - it is, and expert advice is important from an adviser who is a QROPS expert.

John Tunstall is the Regional Manager for Kestrel International (USA) Inc. and is based in New York.

EXPATS!
You can now transfer your UK Pension to a QROPS
(Qualifying Recognized Overseas Pension Scheme)



The transfer does not have to be to the country of your residence, but can be to a low, or no tax jurisdiction. Your pension fund can be denominated in US Dollars, Euros or British Pounds. After 5 years as a non UK resident, reporting and other UK restrictions imposed on your pension by the HMRC (formally the Inland Revenue) are removed. This can give you freedom of investment and how and when you take benefits can be substantially improved.

The rules are complex and may not work for everyone. If you want to know more we can review your options.

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Welcome

Gary von Lehmden



Deputy Chairman,
BritishAmerican Business
Group Executive & Head
of the Corporate Bank in
Europe, Citi



The second half of 2008 has been an extremely busy and productive time for BritishAmerican Business, and I am pleased to present this winter edition of *Network* magazine which will update you on all that has been happening throughout the autumn.

In October, BritishAmerican Business published our second Annual Report to coincide with the 2008 Annual General Meeting (AGM). The report, for the year to 30 June 2008, records another growth year for the organisation, and a copy has been sent to all of our member companies.

The AGM was held in London this year and Aidan St. P. Walsh OBE, Partner in Charge International of KPMG, was elected as our new Chairman to serve a two-year term based in New York and I became the London-based President/Deputy Chairman. Aidan and I look forward to working together to continue to

support the growth and development of BritishAmerican Business, and you will be able to read more about the goals our new Chairman has set out on page 5.

Also in this issue, the BritishAmerican Business Financial Services Forum has given us their perspective on the outlook for 2009 in the financial markets. Our members who have contributed articles in this edition include Baker McKenzie, Dahl-Morrow International, Davenport Lyons, GE, Kingstree and Tristar.

Our feature article is an extract from the book *The New Age of Innovation*, co-authored by C.K. Prahalad, a management consultant and author. The book takes a new look at how the current age of innovation is influencing business, and outlines a fundamental shift in how business is relating to an increasingly savvy consumer and client base.

The BritishAmerican Business events teams in London and New York produced a number of high-quality events throughout the autumn including our Transatlantic Business Awards Dinner in New York this past November, and several CEO briefings for our London members including with Dick Olver of BAE Systems and Jonathan Moulds of Bank of America, who stood in at short notice for Ken Lewis who had to postpone his visit to the UK. Both presentations are reviewed in the events pages.

Best wishes for the festive season, and I look forward to seeing you at our programmes and events in the New Year. ■

BritishAmerican Business Transatlantic Council

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BritishAmerican Business Annual General Meeting 2008

On 23 October 2008, BritishAmerican Business held its Annual General Meeting (AGM) in London. Aidan St. P. Walsh OBE, Partner in Charge International, KPMG LLP in New York, was elected Chairman and Gary von Lehmden, Group Executive & Head of the Corporate Bank in Europe, Citi, who was previously a Deputy Chairman became President, and he is based in London.

Our outgoing Chairman, Dan Glaser, Chairman & CEO of Marsh Inc., presided, and the following is an extract from his remarks:

"This was a year of two very different halves. The first half, representing the last stages of a remarkably long and positive economic cycle; the second half, representing the first stages of a remarkably dramatic and damaging economic downturn.

Having split my year, almost equally, between London and New York, I know first-hand the depth of



Richard Fursland (right), Chief Executive of BritishAmerican Business thanks Dan Glaser, outgoing Chairman for his service at the 2008 Annual General Meeting in London

the downturn's impact on the business environment in both cities.

So against that background, I am particularly pleased to report that FY'08 was an encouraging and successful year for BritishAmerican Business, despite the economic deterioration on both sides of the Atlantic. Looking ahead, like most of you, we face real new challenges arising from

the economic emergency. We do not underestimate these challenges. But we also see this emergency as offering us opportunities to bring more added value to our members.

I shall be ending my term as your Chairman, but I will certainly remain deeply committed to BritishAmerican Business.

I am certain about this

because, while I have enjoyed the great friendships I have made through BritishAmerican Business, my commitment to the organisation is solidly based; not on sentiment, but on the business value that it brings to me and my colleagues and my company.

If I had to come up with one word to describe BritishAmerican Business, it would be quality – the quality of our membership; the quality of our events and other services; the quality of our Board of Directors and of our Advisory Board; and the quality of our professional staff, led by Richard Fursland, Peter Hunt and Wendy Mendenhall.

In both London and New York, we represent 'The Company to Keep'; and I fully intend to remain an active part of that Company. I hope that you all share my pride in the success of BritishAmerican Business, and my enthusiasm for its future." ■

TAP

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Whether you need to create an entirely new programme, to identify the ideal venue or secure speakers, BritishAmerican Business recognises that every element of an event impacts your brand identity and the event experience.

For more information, please contact Paul Brown, Director of Event Marketing & Corporate Sponsorships on +44 (0)20 7290 9873 or pbrown@babinc.org

**Greg Hodkinson
Chairman, Americas Region
Arup**

"Having enjoyed many top-quality BritishAmerican Business events over the years, I knew that I could rely on its special events team to plan and manage major events for my own company, through TransAtlantic Productions. And I was right. Their professionalism, creativity and attention to detail was superb; their execution was seamless; and their recruitment of vendors was outstanding. I highly recommend them."



BritishAmericanBusiness

Q&A with Aidan Walsh, Chairman, BritishAmerican Business



Aidan Walsh (left), Chairman of BritishAmerican Business and Gary von Lehmden, President & Deputy Chairman

Aidan Walsh, Partner-in-Charge International for KPMG, was elected Chairman of BritishAmerican Business as of its Annual Meeting on 23 October 2008. Aidan previously served as President and Deputy Chairman of BritishAmerican Business.

In the mid-1990s, you were Chairman of the British-American Chamber of Commerce, which merged with the American Chamber of Commerce to establish BritishAmerican Business in 2000. What persuaded you to take on this leadership role again?

Three reasons. Firstly, because I really enjoyed the prior experience. Secondly, because BritishAmerican Business is a great organisation so I want to do whatever I can to support it. And thirdly, because the organisation, by virtue of the merger, is very different. It has been transformed – it's much bigger, significantly better, more influential, and, most importantly, truly transatlantic. And the Chairman's role has been transformed too. In the British-American Chamber of Commerce, the Chairman and Board effectively ran the organisation. Now, my role is to lead the Board, and to provide guidance and support to our excellent professional staff as they get on with their job of running

the organisation. And, I'm really lucky to have a great partner in this role, in Gary Von Lehmden, our Deputy Chairman and President in London.

But to justify your commitment to the organisation, you must also feel that you, and KPMG, get something out of it. What is this?

You're right – this isn't a charitable exercise on my or KPMG's part. KPMG and I get three big corporate benefits out of our participation: great value from the marketing platforms



Aidan Walsh (right) accepts the keys to BritishAmerican Business from Richard Fursland, Chief Executive, at the 2008 Annual General Meeting in London

that BritishAmerican Business offers us; significant business from the relationships we develop through it; and useful business intelligence from its programmes – I'm always delighted to see how many of my KPMG colleagues participate in them. On a more personal basis, many of my closest personal friendships are ones I've made through BritishAmerican Business.

There are hundreds of business organisations in London and New York. What's special to you about BritishAmerican Business?

I think it all comes down to quality and energy. The quality and energy of our membership – just look at our membership roster and our Advisory Board, and how active they are in their support and participation. The quality of our programmes and services, and the energy that emanates from them – no other organisation in London or New York can match them. The quality of the relationships and connections you can make through our organisation. And – this may sound a bit corny but I think it's important – the quality and enthusiasm of the "welcome" that we offer our members. Any new member showing up at our programmes will quickly be welcomed into our midst

by both our professional staff and our other members.

What are your goals for your Chairmanship?

Right now, for all of us, our career and volunteer goals have to be conditioned by the current – and, I hope, short-lived – economic downturn. I believe the next 12 months will be extraordinarily challenging for our organisation and for our members. So, Gary and I want to make sure that BritishAmerican Business offers the most added-value we possibly can to our members as they deal with these challenges. And we want to provide as much support as we can to our professional staff.

As of today, you've been in the job for 10 days. Can you share an early impression?

Let me give you two. Let's be honest here – Annual Meetings aren't usually memorable occasions. But at our recent Annual Meeting in London, I was thrilled to see the enthusiasm and appreciation of our members – and of our many Board members who were there – for our organisation and its future. And secondly, last week in New York, I was excited to be part of our Annual Awards Dinner again – it is quite simply the best and most impressive Gala Dinner in New York.

And one last thought?

I would say to our members. "Participate, participate, participate!" In tough times, we have more than ever to offer our members. But we need you to get involved. Over the past year, we've welcomed more of you than ever to our programmes, and we look forward to seeing even more of you over the coming year. So show up; check the attendance roster we post in advance online and see who you'd like to meet, so we can make this happen. And if you think you may not be taking full advantage of your membership, call us and find out what you may be missing. I look forward to seeing and talking to you soon!

Looking After Your International Business Travellers

Anthony Withers Green



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In a tightening economy, companies often look for quick easy ways to cut back on spend, and business travel is often one of the areas identified: those flying may find themselves being encouraged to sit further towards the back of the plane than they are used to, and those used to being chauffeured around may be encouraged to instead find and join the back of the taxi queue.

Choosing economy class, however, can sometimes be a false economy; especially in light of recent legislation which came into force earlier this year, which gives companies a legal duty to ensure the security and welfare of its employees, whether travelling domestically or internationally on business.

Although it is often an aim of business travel policy to reduce travel spend, it is better to focus on facilitating this through consolidating

spend through a smaller number of providers and negotiating a discount, rather than cutting corners in other ways, particularly when it comes to travelling abroad.

For example, the lack of an international standard in hotel classifications means that the quality, health and safety standards and security of a three-star hotel in some countries may be well below the minimum found in the UK, and therefore it would be better to forge an agreement with a well-known global brand which sets international standards for their properties than it would be to set a star-rating-based policy.

Similarly, while taxis or minicabs may seem to represent a sensible cost saving while travelling in the UK or US, extending this policy to other international destinations may be putting travellers at risk of unwittingly paying too much, not being able to

communicate where they want to go or even finding themselves the victim of crime. Pre-arranged transportation booked through a global chauffeur company ensures your travellers will be met on arrival by someone bearing their name on a board who already knows their destination, and a good company will also monitor the progress of international journeys, helping you keep tabs on your travellers.

A clear and well-thought-out business travel policy with health and safety kept as a key consideration is an important and useful document within organisations of all sizes, while ensuring compliance with this policy and keeping track of employee movements are integral to the fulfilment of a company's duty of care and CSR responsibilities. ■

Emissions Trading – What Are the Rules?

Graham Stuart



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Emissions trading is now a significant international industry – but what do you need to know to become involved? Until recently there was nothing to guide new market entrants through the mass of international and national rules which have developed around emissions trading. There are hundreds of international rules relating to the Kyoto Protocol's Clean Development Mechanism (CDM), listed chronologically on the website of the UN Framework Convention on Climate Change (UNFCCC). Until recently market participants had to sift through all the documents to ensure they didn't miss something relevant.

This lack of easy access to information on the CDM rules created an equity issue, particularly for first-time market participants from developing countries. Information asymmetry contributed to inefficiencies in the CDM development process, barriers to entry into the CDM market for entities from developing countries, and increases in transaction costs as

specialist advice often needed to be sought.

A new resource, the CDM Rulebook (www.cdmrulebook.org), provides free access to the international CDM rules in a logical sequence. The Rulebook was funded by eight non-private entities, including the Foreign & Commonwealth Office. It is accessible throughout the world, helping to overcome information barriers to the CDM process.

Companies wanting to become involved in the CDM market, worth around €12 billion annually, will need to consider the applicable rules and the risks and opportunities arising in various sections of the market. For example, a company may want to become a project developer, implementing projects that reduce emissions in developing countries. If registered as a CDM project, the project can generate internationally fundible Certified Emission Reductions (currently selling at €10-15 per CER). The relevant rules for project devel-

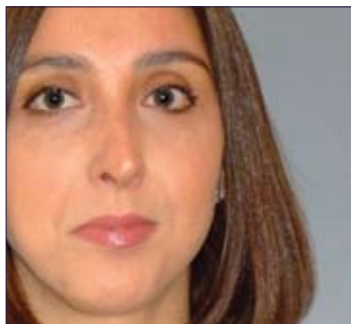
opers include the international CDM project registration rules, a lengthy process that may take one to two years, as well as the rules relating to ongoing monitoring and verification of emission reductions. These rules can be accessed through the UNFCCC website or the CDM Rulebook.

In addition, project developers will need to be aware of any relevant domestic legislation in the country in which their project is located. China, for instance, has developed its own laws, taxes and approval processes for CDM projects located in China – including a floor price for CERs (varying by type of CDM project).

To a new market participant the regulations to be mastered may seem daunting. But companies in the CDM market have found that, if the right types of projects are selected, CDM projects can be profitable – as well as helping in the fight against climate change. ■

Immigration Rules and the UK Film and TV Industry

Alexa Etheridge



Associate
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Davenport Lyons

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The UK is an international centre for film and TV production often relying on foreign producers, talent and specialist workers. This year has seen the introduction of some of the biggest changes to UK immigration rules in the past 45 years. The majority of the current system of UK visas and work permits is being replaced with a five-tier points-based system. Of particular interest to the UK film and TV industry will be Tiers 1 and 2, which apply to skilled workers, and Tier 5, which covers temporary workers.

TIER 1

Tier 1 replaced the Highly Skilled Migrant Programme in June this year. Employees benefit by not being tied to one employer and employers benefit from being able to bring in talented workers without the need to complete any paperwork. So for example, a producer intending to work in the UK

for more than 12 months can apply under this category.

TIER 2

Individuals who have a job offer from a UK-based employer can apply to come and work in the UK. To sponsor their workers, employers must obtain a Sponsorship Licence from the United Kingdom Border Agency ("UKBA"). In order to obtain a licence, the employer must show to the UKBA that it is a legitimate organisation established in the UK, that it is not a threat to immigration control and that it is committed to fulfilling its sponsorship duties. Employers also face continuing obligations such as keeping records of all of their workers and informing the UKBA when, for example, their migrant workers leave employment.

TIER 5

Tier 5 accommodates certain

categories of temporary workers. Of particular interest to the film and TV industry will be the Creative and Sporting category. Tier 5 will include, for example, actors, producers and other creative artists who come to work in the UK for up to 12 months.

IMPACT OF THE CHANGES

Whilst the new points-based system appears to have helped to simplify UK immigration processes, individuals and UK film and TV companies need to be aware that new policy and guidance is being issued almost every month by the UKBA and so it is imperative that they keep up to date with the ever-changing immigration rules. ■

Stand and Deliver

Roly Grimshaw



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As business gets tougher to win, companies have to compete more aggressively. Kingstree's clients are looking to us to add that "extra two inches" of competitive edge. We come across so many people who feel that business can be won by making claims they can't substantiate and promises they can't deliver, all at low fees. All too often, clients tell us "let's win the business, then we can talk about how we'll do the job!"

These bold promises may win business, by undercutting competition, but it's risky, when delivering is not so easy and longer-term relationships are at stake. But how else can we differentiate ourselves, without having to raise expectations higher than our competitors and, indeed, higher than we can deliver?

The key is to focus on what really matters to clients and identify their underlying needs. That way, we can get "under the skin" of the

relationship and build value that will far outstrip the bold promises of the competitor.

Instead of making wild promises, consider the underlying intentions of the client. Talk to them, ask questions, do the right research. Real estate agents, for example, are inclined to offer the reward of a high-selling price for your house to get the business and beat competition, just as bankers like to suggest high valuations to get the mandate of selling their client's business. Instead, to take the estate agent example, the home owners may be moving house because their children have left home, or they are relocating because of work. So the agent could discuss their priorities for their new home and see if he can match or exceed their expectations by, for instance, helping his clients find their new house as well, offering a good deal for getting the two bits of business. That

way, both parties win beyond their initial expectations and nobody has promised what they can't deliver!

Winning business should not be about outstripping what competitors will offer. It's about getting under the skin of your client, understanding their intentions and concerns, and achieving competitive edge by showing you can add value and really deliver. ■

Why Cross-border ABL and Receivables Financing is in Demand, Even in a Down Market

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With all the high-profile liquidations, consolidations and “nationalisations” occurring in the banking industry recently, you’d be forgiven for thinking all is doom and gloom in the financial sector. However, one area seeing growth is asset-based lending and account receivable financing and, in particular, an increased appetite for cross-border transactions.

The big question is why? Put simply, a number of factors have coincided to raise interest in cross-border financings:

- Current market conditions are driving organisations, including private equity houses, to seek fresh sources of liquidity as traditional cashflow-based financing routes have become harder to find. Company treasurers and CFOs are increasingly looking to unlock the value tied up in their assets, including outstanding invoices, to provide a liquidity stream and working capital facilities.

- ABL has become increasingly understood in Europe as a proven working capital tool. The fact that there are more ABL providers, particularly factors, in Europe has helped to raise awareness of the potential benefits as well as standardising some of the products, giving greater confidence to customers. Products now range from factoring and asset-based lending (against invoices, machinery, real estate, equipment etc) through to more complex securitisation and securitisation-lite (unrated) facilities.
- Over the past year or two, trade receivable securitisation has moved down the “credit curve”. Securitisation has, historically, been an investment grade product. However, following the boom in leveraged finance transactions, many large deals have included a portion of A/R financing which was more economic than the cashflow tranches.

WHY EXPERIENCE COUNTS

However, while ABL and cross-border financing are witnessing increased demand, differing legal and regulatory structures throughout Europe make it important for CFOs and treasurers to partner with lenders that have the proven expertise and track record. Each transaction is materially different in nature and a lender should be able to offer customers a range of solutions to best meet their needs.

While transaction sizes may vary, technology remains the real game changer in this space and multi-jurisdictional transactions are increasing in both size and frequency as several lenders can now offer true cross-border capabilities. As you’d expect in the current climate, lenders are being selective in the transactions they commit to but ABL, factoring and cross-border financing remain a bright spot in a gloomy financial industry. ■

Employees are Key in Surviving Economic Turmoil

Andy Steinem



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The economic crisis facing the world economies has everyone attempting to foretell how and when it will impact our companies, whether domestic or global. Employers are attempting to move forward through the morass and survive to the other side of this crisis with a healthy and sustainable company.

Times such as these demand that we have the best team in place, not only to survive the crisis, but to attempt to thrive as well. Employers need employees that are not only experienced and seasoned within their market, but also people who have the temerity to understand the environment to keep focused on the challenges at hand.

And the key is – RETENTION, RETENTION, RETENTION. The last thing any organisation wants is the demoralisation of a revolving door when all eyes should be straight

ahead. These are the employees that help you weather the economic storm, but the question becomes how you keep these employees happy and challenged? Communication is the answer.

Communicate with your people – all of your people – from the highest to the lowest about how you plan on keeping your company moving forward. FUD (Fear, Uncertainty and Doubt) grows from ignorance and if your team knows the truth, even a tough one, they are there to go the extra measure, to pull together and work through the current challenging environment.

Even if the economic situation hasn’t directly impacted your bottom line yet, the environment is affecting the person on the street and in your organisation – so the more you do to communicate what and how your company is managing the changing

environment the more commitment and loyalty you will earn from the team that will see you through to the end. Consider these tactics:

- Gather your employees together and give them a “state of the company”.
- Be honest and direct about the situation and ask for their help in weathering the storm.
- Be upfront in the fact that pay raises, parties, etc. may not occur this year, but that you value them as an employee and will do what you can to make them feel appreciated.

Now is not the time to lose valuable employees. To keep employees motivated, it is the little things that count. Your employees can help your company move through this economic situation and you may even find yourself in a better situation on the other side. ■

Doing Business in the US

In November, under the auspices of our Transatlantic Business Development Form, we again held a half-day seminar on doing business in the US market, a primer on practical, cost and cultural considerations for UK businesses thinking of expanding their investment into the largest consumer economy in the global market. The 2008 programme was our most successful in this series to-date, attracting more than 140 of our members to hear from government and professional advisors about the current climate of investment and trade, and how best to manage any plans to expand across the Atlantic.

Setting the scene, Paula Freedman, Director of Developed Markets with UK Trade & Investment, and Dorothy Lutter, Minister Counsellor for Commercial Affairs at the US Embassy in London, each underscored the continuing strength of the world's largest bilateral business relationship valued at more than \$800

billion. The UK has \$411 billion invested in the US market, accounting for 20% of all foreign direct investment in the US. Bilateral trade for 2007 totalled \$211 billion, with US imports from the UK accounting for \$57 billion in goods and \$43 billion in services. US-UK trade is four times greater than UK-China trade, and 10 times greater than UK-India trade, and as recently as August 2008 trade flows showed no signs of weakening.

In practical terms, there are huge synergies between the US and UK markets though some important differences in legal, tax and cultural considerations of which to be mindful. Morris DeFeo, a partner with



Nick Dunlop, North American Sales Director for Willis welcomes delegates

Crowell & Moring LLP, presented an overview of the legal framework and stressed the importance of getting the right advice so that global assets are not exposed to unnecessary risk under US federal and state laws. The body of corporate law can vary widely from state to state, and the right professional advice will be paramount in identifying the most sensible approach for your firm to establish a US operation as much as where to do so.

Each of the 50 states is competing to attract inward investment and each has an agency dedicated to reaching out to identify and support potential investors. In the UK, 15 states have a representative on the ground who can provide information on site

selection, financing, skills and labour resources as well as information on how their respective state agencies can support your investment and help you build your international business.

BritishAmerican Business is grateful to our hosts, Willis, and to our generous sponsors of this event, American Airlines, Crowell & Moring LLP, HSBC and the State of Virginia. ■

Top 10 UK Exports to the US 2007 (\$ bn)

(source: US Department of Commerce/ US Embassy London)

Oil/petroleum	7.1
Medicines	4.6
Automobiles	4.0
Chemicals	2.0
Aircraft engine parts	1.4
Original art	1.2
Uranium	1.1
Whisky	1.0
Platinum	0.7

Global Energy Outlook

The BritishAmerican Business Energy Forum held a breakfast briefing entitled "Global Energy Outlook: What are the challenges for a new energy era?" at the offices of Edelman on 21 October 2008. Dr Fatih Birol, Chief Economist and Head of the Economic Analysis Division at the International Energy Agency, gave a timely briefing which set out clearly the energy challenges we shall be facing in the coming decades.

The inherent challenge we face in this new era, Dr Birol stressed, is the increasing energy demands of China and India. The sustained and growing energy demands of both countries will impact on the central global issues: energy security, climate change, energy poverty and the need for a sustainable global energy framework.

While demand in the developing world for energy has been increasing exponentially in the past 25 years, with China and India set to contribute more than 40% of the increase in global energy demand



Nick Thomas (left), Head of the BritishAmerican Business Energy Forum with Dr Fatih Birol

between 2005 and 2030, levels of supply are struggling to keep up. This deficit was exacerbated by several key developments including: the increasing consolidation of global energy resources by national oil companies and the consequent decline of the private international oil companies; the declining level of new oilfields being discovered, and allied to this a general downturn in investment in

finding new resources; reduced oil prices; the often insecure locations of energy resources; and, finally, the reluctance, in the developed, as well as the developing, world to mitigate demand by fostering greater input from non-traditional energy resources, eg nuclear energy and wind & solar power.

Dr Birol said that this left us on an ultimately unsustainable path

– while the scramble for diminishing and unstable resources would inevitably increase energy poverty (by 2030 if no major new policies were implemented, there would be 1.4 billion people left without electricity), the main energy consumers would face higher costs both to their economies and natural environments.

The lack hitherto of a workable multilateral framework, Dr Birol concluded, had been a glaring deficit in our attempts to mitigate climate change and promote sustainability. China and India, for much of the 20th century minimal energy consumers, balk at the idea of curbing their own rapid development without a rigorous international framework in place, while in the West, the absence of urgent and decisive government action (most notably in the failure thus far in finding a successor to the Kyoto protocols) was an indictment of our claims to leadership on this issue. ■

Financial Services – a New Era?

With the best foresight in the world it would have been hard to predict the events in the financial markets that have occurred in the final few months of 2008. Who would have predicted the collapse of Lehman Brothers, once the fourth-largest American investment bank, or the bail out of major financial institutions by the US tax payer? What started out as a concern about mis-sold mortgage loans in Florida has grown into one of the biggest financial downturns since the Wall Street Crash. The challenges facing the financial services industry in 2009 and the chosen solutions, could redefine the industry for the foreseeable future.

It is clear that both the US and the UK are in a recession, with the main question being the likely length and depth of the downturn. One of the underpinnings of a recovery will be what happens to housing on both shores of the Atlantic and while there have been some faint glimmers of

hope in some areas the trend here remains downward. In the midst of all this, however, there are co-ordinated and concerted efforts being carried out globally by the governments of major nations.

While government intervention is never good in the long run, extending short-term support will certainly help. This assistance takes a number of shapes and forms, namely:

- Co-ordinated global interest rate cuts;
- Increases in deposited guarantees;
- Guarantees on lending by banks;
- Government purchases of toxic debt;
- Federal reserve backing portions of the commercial paper market;
- Unlimited availability of dollar liquidity around the globe.

For any investor in the market the principal question is how to know when the stock market has bottomed out. Nevertheless, regardless of the short-term answer to this question,



long-term investors will probably look back at 2008 as a great opportunity to pick up stable cash-generating brands at historically low prices.

These are interesting and rare times. It is widely predicted that 2009 will herald greater regulation of the financial services industry by central governments, and one of the challenges of this new era will be to regulate

in the new globalised world economy. But, recent events have shown that none of us has been immune from the consequences of what once looked like an isolated incident of mis-sold mortgages in Florida. ■



BAB Database & Information Services

The Company to Keep.



BritishAmerican Business maintains an information service to provide its members with access to a variety of business information databases and to be used as a tool for business development.

Bureau van Dijk – “AMADEUS” A comprehensive, pan-European database containing financial information on Top 300,000 public and private companies in 38 European countries. Up to 100 search criteria (including all financial items) can be combined so we can identify both individual, and groups of, companies quickly and easily.

Bureau van Dijk – “ICARUS” A database of top 350,000 US and Canadian companies. Up to 30 search criteria can be combined in order for us to identify both individual, and groups of, companies quickly and easily. The data on a company's activities and executives is detailed, with various hierarchical search options making ICARUS ideal for marketing campaigns as well as research projects.



BritishAmericanBusiness

For more information

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E-mail: sdolatshahi@babinc.org

BritishAmerican Business has access to many other databases and offers a research service at favourable rates to our members and competitive rates to non-members.

Policy Update

Hannah Holdroyd



Senior Manager – External Affairs
BritishAmerican Business

AVIATION DUTY – UPDATE

Following on from the letter we sent to the Rt. Hon Alistair Darling MP, Chancellor of the Exchequer, in April of this year, we wrote once again in October to the Treasury to reiterate our concerns with the proposed aviation duty changes to taxation of commercial and freight airlines proposed for implementation in November 2009. In a letter dated 6 October, sent to the Rt. Hon. Angela Eagle MP, Economic Secretary to the Treasury and Minister in charge of the consultation on Aviation Duty, we asked the government, ahead of the parliamentary debates scheduled for mid-October, to re-consider the implications of the proposed duty. In it we stated: "We are concerned that HM Treasury and the government as a whole have portrayed aviation duty as an 'environmental tax'. However, the way it has been designed, it will do nothing to incentivise the use of aircraft with better environmental performance since it is based purely on weight. Aircraft with similar weights can emit very different levels of CO₂ and the proposed duty does not take this into account." Additionally, we again urged the government to consider the economic impact of the duty on the aviation industry, especially in light of the fact that they have still not specified a per kg amount for the take-off weight, making it impossible for the industry to fully assess its economic impact. We were accordingly

gratified to learn from the Chancellor of the Exchequer's Pre-Budget Report on 24 November that the government had decided to abandon the proposals saying that they would not be moving forward with the proposed Aviation Duty, but would in fact be restructuring APD along four distance bands, with a higher tariff for longer flights. We are pleased that the proposed Aviation Duty has been scrapped as we were most concerned about its impact on UK competitiveness and its questionable legality. However, we remain concerned about the impact of the increase of APD on our passenger-carrying airline members. We believe it will unfairly penalise UK and US commercial airlines to the advantage of their European competitors, and will also penalise long distance business travellers and will be making these concerns known to government.

UK-US DEFENCE TRADE CO-OPERATION TREATY

On 14 August, we wrote to the chairman of the Senate Foreign Relations Committee, Senator Joe Biden, to urge the swift consideration of the UK-US Defence Co-operation Treaty which was ratified by the UK Parliament at the end of 2007. The Treaty would remove the necessity to obtain licences for certain categories of arms and technologies for defined purposes. It is our view that this will reduce the defence licensing burden

on both governments, allowing them to focus their efforts on protecting sensitive technologies and improving the inter-operability of our Armed Forces who work together in so many combat theatres. In the letter we stated: "Our commercial relationships result in hundreds of billions of dollars' worth of business that greatly strengthens our respective economies. In military operations, our deep partnership has existed for many years and is best expressed today by our forces standing shoulder to shoulder in many operations around the world. The US and its closest ally must have the capability to jointly develop and share key defence technologies quickly and efficiently. Unfortunately in September, the US Senate Foreign Relations Committee took the decision to postpone ratification of the treaty until the next Congress, after the US presidential elections. The committee has told the current administration there was not enough time in the current Congress to overcome concerns about both the US-UK agreement and a separate defence trade treaty with Australia. We will continue to monitor the position of the Treaty at the next sitting of Congress and remain committed to continuing to stress to all the key parties involved the importance we attach to US ratification of the Treaty. ■

Forum Planning Meetings Diary Jan – Mar 2009

JANUARY

- 14 EU Trade & Investment
- 22 Tax
- 28 Defence, Aerospace & National Security
- 29 Law
- 30 Aviation

FEBRUARY

- 3 Accountancy
- 5 Energy
- 10 Europe, Middle East & Africa (EMEA)
- 11 Information, Communications & Entertainment (ICE)
- 12 Law
- 18 Financial Services & Insurance
- 19 Tax
- 24 HR & Employment

MARCH

- 4 EU Trade & Investment
- 12 Law
- 19 Tax

For more information on BritishAmerican Business Policy & Industry Forms, meeting times and locations, please contact

Hannah Holdroyd

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The New Age of Innovation: The Transformation of Business

There is a fundamental transformation of business under way.

Forged by digitisation, ubiquitous connectivity, and globalisation, this transformation will radically alter the very nature of the firm and how it creates value. No industry is immune from this trend. It will impact traditional industries such as education, insurance, healthcare, automobiles, and footwear, as well as emerging industries such as video games, search engines, and social networks. Coming to terms with the implications of this change is critical for survival and growth.

This transformation is examined in a new book from the man the *London Times* has called “the #1 most influential management thinker in the world,” C.K. Prahalad. In *The New Age of Innovation*, he and co-author M.S. Krishnan present a new model of innovation, outlined in the excerpt below, which is based on two basic pillars:

- Value is based on unique, personalised experiences of consumers. Firms have to learn to focus on one consumer and her experience at a time, even if they serve 100 million consumers. *The focus is on the centrality of the individual.* Prahalad and Krishnan designate this pillar as $N = 1$ (one consumer’s experience at a time).
- No firm is big enough in scope and size to satisfy the experiences of one consumer at a time.
- All firms will access resources from a wide variety of other big and small firms – a global ecosystem. *The focus is on access to resources, not ownership of resources.* This pillar is designated as $R = G$ (resources from multiple vendors and may be from around the globe).

This view of value creation is 180 degrees different from the model that started the industrial revolution. The Model T from Ford, the icon of the industrial revolution, was built on two premises that are the opposites of $N = 1$ and $R = G$. Consumers were treated as an undifferentiated group, served according to the concept



C.K. Prahalad, co-author of *The New Age of Innovation*

captured in the famous dictum “Any color is OK as long as it is black”. All resources had to be within the firm to capture value. Ford was one of the most vertically integrated firms, and its River Rouge plant in Dearborn, Michigan was the model.

While no business today operates along the lines of the original Ford model, we must recognise that model as the legacy of modern business models. Most businesses today are variants of that model. That model served us well. It will not as we move forward.

To win in the competitive landscape defined by creating one consumer experience at a time, decision makers must develop a whole new mindset for understanding their global supply, logistics, and communications networks. These are the competitive battlefields of 21st-century business. It presents enormous opportunities for business, but also demands that they work to build the social (skills and atti-

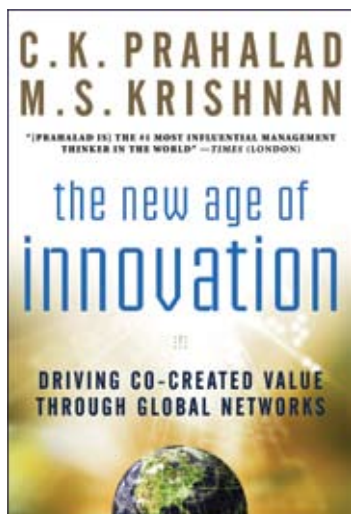
tudes of managers) and the technical (information technology) capabilities needed to compete in this emerging value-creation space.

The thrust of the argument is illustrated by an example of a very traditional industry: truck tires. Vendors sell their products competing largely on the basis of price, durability and brand awareness. The industry practice is to sell the product to original equipment manufacturers (OEMs) and hope that owners will use the same type of tires when they are ready to replace them. This is a traditional business model that is firm-centric, and product focused. Should this industry remain this way, or can it become a “high-tech-high-touch business”?

There is an alternative in which the manufacturers do not sell tires but charge for services. They contract with fleet owners to charge per mile of usage. The pricing contract will be based on the type of use influenced by general factors such as the type of loads (for example, heavy loads), typical route structures (for example, through cities or across long distances), and individual characteristics of fleet owners such as the training of drivers and therefore the quality of driving, maintenance of correct tire pressure and so forth.

The tire as a product still exists and is at the core of the business. However, the revenue is based on tire usage, not on a one-time tire sale. The retail business shifts from a *transaction base* (selling a tire) to an *ongoing relationship with the consumer*. The revenue model now depends on accurate measurements of tire usage and on parameters of wear and tear that are transparent to the fleet owner and the company, resulting in the ability of the tire company to offer specific advice.

This model has other advantages. The firm gets detailed data on how individual drivers actually drive their vehicles – from the size and weight of their loads, the speeds at which they drive, and the patterns of braking they follow to a host of other characteristics that can help in the product development process. The



company need not focus solely on tire usage. It can focus on driver safety as well. Using sensors that measure tire performance in real time, it can alert drivers to be careful, slow down or check the tire pressure.

Is this a commodity business with few opportunities for differentiation, or is this a highly differentiated, service-oriented business that co-creates a unique driving experience for a specific driver? Will this radically change the meaning of *value* in this business?

Well, Goodyear already has a mileage-based service for its fleet customers. Bridgestone is piloting an early version of this model in Europe where the physical measurements are still taken manually and sent via the Internet to the data centre. Moving from this phase to remote measurement via well-placed sensors is just a step away.

When the manufacturer is selling a tire (just the physical product) to the fleet owners, this type of business would be described as a business-to-business (B2B) organisation. However, when that company is providing feedback that improves individual driver safety and skills, it looks more like a business-to-consumer (B2C) organisation. In the new competitive arena of one customer at a time and global networks of resources, B2B and B2C definitions converge.

Does the $N = 1$ and $R = G$ framework apply to B2B firms? Consider NCR (formerly the National Cash Register Company) – a leader in selling automatic teller machines (ATMs) to large global banks. NCR also sells point-of-sale (POS) systems to large retailers such as Tesco and Home Depot, and it is learning that in order to provide value to its B2B customers, it needs to understand the changing expectations, skills, and behaviours of the end consumer.

NCR is focused on the consumer's experience, which allows it to develop systems and solutions that make Bank of America or Tesco more successful. NCR believes that it must take the following steps:

- Learn deeply about retail consumers and their experiences to design

systems that become experience platforms.

- Help its OEM customers such as Tesco to facilitate value co-creation by them with their consumers.
- Focus on competitors to be one step ahead of their offerings.

The chain of competitiveness for NCR starts from a deep understanding of the retail consumers who use the ATM (looks like B2C) and co-creating solutions with their corporate customers such as Bank of America (looks like B2B). NCR also focuses on each corporate customer as $N = 1$ with whom it can co-create solutions. The B2B versus B2C distinction is becoming increasingly less meaningful.

Apple is closer to the $N = 1$ and $R = G$ model of business. The iPod allows individual users to personalise their experiences with their music selection one song at a time. The iPod's capacity to store a thousand songs allows individual users to personalise specific playlists depending on the time of the day and their mood irrespective of where they are – in a park, at the gym, at home, or driving to work. Individual users can also intermix music with a podcast of news and other useful information of the user's choice. In essence, it allows each one of us to co-create our own experience ($N = 1$). Apple controls over 80% of the \$4 billion digital music market.

Consider the resource base of Apple. The music content is from firms in the music industry and independent artists. The podcast content of news and other information is from traditional media, individuals and firms. The iPod, as a device, is manufactured with partners across the globe. The disk drives are made by Toshiba, display modules by Matsushita and Toshiba in Japan, SDRAM memory by Samsung in Korea, and video processors by Broadcom, a US firm. The final assembly of the product is by a Taiwanese firm Inventec at its facilities in China. Apple proudly says in its iPod that it is "designed in California". Apple neither manufactures the device nor creates the content, that is, the music it sells. The Apple is indeed an $N = 1$ and $R = G$ model that leverages a global resource network to co-create

a unique experience with each of its customers.

If traditional industries such as tires, movies and entertainment are moving in this direction, then as a manager you need to pause and ask: Why is my business different?

We suggest that your business is not different. From cement to jet engines, education and healthcare, from children's toys to delivery of parcels to your home or office by UPS, all industries are going through this transformation. If managers do not recognise this trend and get organised to compete in this new environment, they will be left behind. *This transformation is not a choice.*

C. K. Prahalad is the international bestselling co-author of *The Future of Competition* and *Competing for the Future* and author of *The Fortune at the Bottom of the Pyramid*. He is the Paul and Ruth McCracken Distinguished University Professor of Strategy at the Ross School of Business, University of Michigan. Prahalad was described as "the most influential thinker on business strategy today" by *BusinessWeek*. M.S. Krishnan is a Hallman Fellow & Professor of Business Information and Technology at the Ross School of Business, University of Michigan. ■

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Business Immigration Conference

BritishAmerican Business in association with Magrath LLP held a Business Immigration Conference at Sofitel St James on Wednesday 1 October 2008. The range of speakers, including Stephen Pattison, Partner, Magrath LLP, Bob George, Charlotte Taylor and Rob Carolan from the UK Border Agency (UKBA) and Adrienne Harchik, Chief, NIV Unit, US Embassy, London, participated in an informative and topical discussion which examined many of the major immigration developments affecting the business community on both sides of the Atlantic today.

The launch in February 2008 of the Points Based System (PBS), a new immigration system consolidating over 80 existing immigration routes into a structured 5-Tier system, ensures that only those with the right skills or those able to make a needed contribution will be able to come to the United Kingdom to work. PBS, declared Bob George, marked the biggest change to the UK immigration system in a generation. The key elements of the system are:

1. It combines more than 80 pre-existing work and study routes in to the United Kingdom into five tiers:
 - Tier 1: Highly skilled individuals to contribute to growth and productivity;

- Tier 2: Skilled workers with a job offer;
- Tier 3: Low-skilled workers to fill temporary labour shortages. (*Tier 3 is suspended indefinitely*);
- Tier 4: Students;
- Tier 5: Youth Mobility and Temporary Workers.

2. Points are awarded according to workers' skills and reflect aptitude, experience, age and also the demand for those skills in any given sector. This will allow the United Kingdom to respond flexibly to changes in the labour market.

Charlotte Taylor, Outreach Programme Manager at UKBA pointed out that international business visitors would be able to continue to:

- Attend one-off meetings, conferences, trade fairs.
- Buy, check details of, or examine goods.
- Deliver goods from abroad (eg lorry driver).
- Negotiate or sign trade agreements or contracts.
- Attend interviews (eg sports person trial or entertainer audition).
- Carry out fact-finding missions (eg journalist).
- Act as adviser, consultant, trainer or investigator where employed abroad, by the same company to which the UK client firm belongs, but they must not include managing the project or providing consultancy services direct to the UK company's clients and training should be for a specific, one-off purpose, not beyond classroom instruction, and not be otherwise readily available in the the UK.
- Act as tour group carriers for groups not wanting to settle permanently in the UK.
- Act as interpreters/translators where employed by the overseas company.
- Act as representatives of computer-software companies coming to install, upgrade or repair their products or to find out the requirements of a UK customer.
- Act as a representative of a foreign company coming to put up, take

down, install, service, repair or give advice about machinery made abroad.

- Watch demonstrations and undertake classroom instruction in UK training techniques and work practices.

Business visitors to the UK **could not**, however:

- Take paid or unpaid work;
- Produce goods or provide services in the UK;
- Sell goods and services to members of the public.

Bob George commented "any organisation that wishes to employ migrants or enrol them on a course of study must have registered for a Sponsor Licence for their relevant tier" (the Sponsor Register is fully open for Tiers 2, 4 and 5). Sponsorship is a key element of the Points Based System. Sponsor licences are valid for four years, the licence starts when the relevant tier opens. Early application does not affect how long the licence lasts. A licensed sponsor is eligible to apply for an allocation of Certificates of Sponsorship (CoS) or Certificates of Acceptance for Studies (CAS – Tier 4 only).

Bob continued, "If your sponsorship application is approved, the sponsor will be rated A or B. The overwhelming majority of sponsors so far have been rated A. If you are A rated we will help you stay A rated. If you are B rated we will work with you to become A rated. Our support does not end when the licence is granted. If you are refused, we will tell you why and work with you to improve any future applications." ■

For more information regarding PBS and the roll out of ID Cards to Foreign nationals please visit the UKBA website at <http://www.bia.homeoffice.gov.uk>



CEO Briefing: Dick Olver, BAE Systems



Dick Olver, Chairman, BAE Systems plc, talks with members of BritishAmerican Business during a briefing in October 2008

On 1 July, 2004 Dick Olver was appointed Chairman of BAE Systems plc and on the same date retired from the Board of BP plc. Prior to leaving BP he was Deputy Group Chief Executive and was appointed to the number-two slot on 9 January 2003. He continued his association with BP as Deputy Chairman of TNK-BP until October 2006.

BritishAmerican Business was honoured to welcome Dick to speak to our members as part of our ongoing CEO briefing series in October for an off-the-record meeting and discussion of the UK-US trade relationship, policy issues facing the defence industry and the importance of compliance procedures when operating in an international context.

Of particular interest to the many representatives of the defence industry in the audience was the continuing delay in the US Senate in approving the draft US-UK Defence Trade Co-operation Treaty which will permit the export of certain US defence articles and services to the UK government and select British companies that meet specific requirements, without US export licences or other prior approvals.

The Treaty will also create an approved community of the two governments and selected defence companies. Most UK defence articles will be eligible to be exported into and within this community without prior US government licenses or other authorisations as long as the exports are in support of:

- Combined US-UK military or counterterrorism operations.
- Joint US-UK co-operative security and defence research, development, production, and support programmes.

- Specific security and defence projects that are for UK government use only.
- US government end-use.

On the subject of ethics and reporting, Dick underscored his personal commitment as well as that of BAE Systems as a whole to fully implement and imbed all 23 recommendations of the Woolf Committee Report published 6 May 2008. BAE Systems has established a three-year programme for implementation which Dick reiterated is, "of fundamental importance to how we do business now and in the future and it will derive benefits for our shareholders, employees & customers."

We are grateful to Mr Olver for taking the time to meet with our members, for his candid and engaging remarks on a range of subjects and for his ongoing support for BritishAmerican Business. ■

CEO Briefing: Jonathan Moulds, Bank of America

In an exclusive briefing on Tuesday 23 September 2008 at the offices of Grant Thornton, Jonathan Moulds, President EMEA and Asia of Bank of America (NYSE: BAC) addressed members of BritishAmerican Business as part of our CEO Briefing series. Jonathan very kindly stepped in after Kenneth D. Lewis, CEO and Chairman of BAC who was originally scheduled to speak was forced to pull out due to commitments in the US during what was an extremely hectic week in the financial services business.

Jonathan joined BAC in 1996 and has been an integral force in building the bank's international business. In his current role, Jonathan is responsible for managing and overseeing the bank's business and support activities in EMEA and Asia. These include global markets, investment banking, portfolio management, card services, treasury services, wealth management, principal investing, leasing, business



Peter Hunt (left), Managing Director/London, moderates a Q&A session following a briefing given by Jonathan Moulds, President EMEA & Asia, Bank of America, in September 2008

capital and vendor finance. Jonathan is responsible for leading the expansion of the bank's commercial and investment banking products, services and overall franchise to its issuer and investor clients in EMEA and Asia.

In light of BAC's decision (announced on 15 September 2008) to purchase Merrill Lynch & Co Inc in an all-stock deal worth approximately \$50 billion, the event inevitably

attracted huge interest in what was a fascinating and up-to-the-minute discussion.

While Jonathan stressed the underlying viability of the commercial bank sector on both sides of the Atlantic, he suggested that the Merrill deal was part of a readjustment of the investment banking sector in response to the economic climate and he suggested the long-

term advantage of the acquisition would diversify BAC's operations in the years ahead. The acquisition was expected to substantially enhance BAC's investment banking capabilities, and greatly enhance BAC's global reach in particular establishing leading positions in global debt underwriting, global equities and global M&A advisory. ■

2009 FORTHCOMING EVENTS

LONDON CALENDAR

JANUARY

Wednesday 21 January
Enforcing EU Competition Policy
Presented by the EU Trade & Investment Forum and the Law Forum
8.00 a.m. – 9.30 a.m.

FEBRUARY

Tuesday 10 February
Is there a future for coal-fired power generation in the UK?
Presented by the Energy Forum
8.00 a.m. – 9.30 a.m.

MARCH

Tuesday 3 March
CEO Briefing with Steve Holliday, National Grid
8.00 a.m. – 9.30 a.m.

MARCH

Wednesday 4 March
A briefing with Francis Morgan, Head of International Aviation & Safety at the Department for Transport
Presented by the Aviation Forum
8.00 a.m. – 9.30 a.m.

APRIL

Wednesday 1 April
An Evening with the Philharmonic
By invitation only

MAY

Thursday 7 May
Investing in Africa's Emerging Markets
In association with Chatham House
9.00 a.m. – 5.00 p.m.

Wednesday 20 May
London Gateway Business Conference

NEW YORK CALENDAR

JANUARY

Wednesday 14 January
Ambassadorial Briefing with Fernando M. Valenzuela, Head of the Delegation of the European Commission to the United Nations
Sponsored by Arup & KPMG
8.00 a.m. – 9.30 a.m.

Tuesday 27 January
Marketing & Communications Forum
By invitation only

Thursday 29 January
Chairman's Reception
By invitation only

FEBRUARY

Tuesday 3 February
Networking Social

Tuesday 10th February
CEO Roundtable with Duncan Neiderauer, NYSE Euronext
By invitation only

Tuesday 24 February
Business Briefing: Tax Update
Sponsored by Deloitte.

BritishAmerican Business provides more than 100 occasions, annually, to connect with your fellow members and build your international business.

For further details of these events and updates of our London and New York programmes, please visit the online events calendar www.babinc.org

GATEWAY
www.londongateway.org

London Gateway 2009
Tuesday 20th May
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Young Professionals: Breaking the Room at Speed

A strong network of effective business contacts is one of the most important assets in building your international business. The BritishAmerican Business Young Professionals (YP) series was established to create social opportunities for young executives with our member companies to connect at a peer level and to build a network of transatlantic business contacts to further their business development objectives.

Our events establish a strong framework for identifying relevant new business contacts through our extremely popular speed-networking evenings. While the opportunities are vital, cultivating the skills to network effectively is equally important. BritishAmerican Business was pleased to welcome Mike Preston, Managing Director of Prisma Consulting, for a presentation on effective networking skills during one of our autumn YP socials.

Mike's tips for *Breaking the Room*, offer practical advice on how to

approach networking situations with a strategy for success and to make the most of every opportunity. A good strategy for breaking the room is important and the purpose is two-fold:

- To build your own network by meeting new contacts, listening to their needs, building a rapport and building relationships.
- To find people that you can help by introducing them to the right people in your own network, and

identifying those you can assist as a supplier (potential clients).

Preparing for an event you are attending is essential. In addition to the simple steps, such as making sure that you're well stocked in business cards and allocating some time in your diary for post-event follow-up, one of the most important tools will be an advance copy of the attendee or delegate list for the event. Some cursory research will help you identify potential targets for collaboration,

and you'll know who to look for on the day. A pro-active approach to networking at the event itself is key, and staff hosting should be prepared to help you visually identify any potential contacts you have an interest in from your pre-event research and to provide an introduction.

A well-developed *elevator pitch*, how you will quickly and easily describe who you are and what you do, will be one of the most important tools that you bring with you into a networking situation. Be prepared to introduce yourself in a thoughtful way, and to tailor your delivery to the needs of your new contacts.

Post-event follow-up is where most of us fail spectacularly, and is the most commonly overlooked area of business networking. Be sure to send a courtesy e-mail to your new contacts soon after the event, and to do further research to identify how you might be most helpful to each other as your network grows. ■



BritishAmerican Business would like to extend our sincere thanks and appreciation to our members for their generous sponsorship and support of our programmes during the second half of 2008



And to our hosts, with thanks for their most gracious hospitality

- BDO Stoy Hayward • Berwin Leighton Paisner • Burson-Marsteller • Citi • Cushman & Wakefield LLP • Deloitte • DLA Piper LLP
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- The Royal Academy of Arts • Taylor Wessing • US Embassy • Westminster Abbey • White & Case • Willis Group Ltd. • Withers LLP

Business & Political Outlook in Europe

At this year's Annual Business and Political Outlook in Europe briefing in New York, BritishAmerican Business welcomed a distinguished panel: **Larry Kantor**, Barclay's Head of Research; **Chrystia Freeland**, US Managing Editor of *The Financial Times*; **Thomas R. Keene**, Editor-at-Large at Bloomberg News; and **Christopher Power**, Assistant Managing Editor at *Business Week*.

This event took place just days after the collapse of Lehman Brothers and at the beginning of the subsequent turmoil that continues to shake global markets. The panel had exceptional insight on the situation and what would likely happen in the days to come. Their discussion covered potential financial and political responses, and they were able to give our audience an interesting perspective on past market collapses. It was a fascinating and timely event. ■



European Chambers of Commerce Networking Aboard World Yacht

Right: BritishAmerican Business Young Professionals enjoy an Autumn evening of networking with colleagues from several European Chambers of Commerce aboard the World Yacht overlooking the New York City skyline



Talent Strategies

Charlene Shapiro



Chairman, Human Resources Forum, BritishAmerican Business

Senior Director, Human Resources, Worldwide Public Affairs & Policy, Pfizer, Inc.

Our latest Human Resources Forum focused on Talent Strategies in a Changing Business Environment. The forum members discussed the changing trends in talent management, the impact of customising employees' careers, and ways to keep employees engaged.

Our panellists were **Russell Raath**, Senior Manager, Human Capital Practice, Deloitte Consulting, LLP, and **Anna A. Tavis**, PhD, Global Head, Talent Management and Organizational Development, AIG Investments.

Our forum started with a

discussion on the difference between 20th century Talent Ideologies and the 21st century trends beginning to appear. In the 20th century, the focus was on grading your A, B, and C players, on pay-for-performance, on climbing the career ladder, and on benchmarking. In today's world of competing for talent, there is more of a focus on how companies handle corporate social responsibility and governance, finding incentives for collaborative work, and seeing organisations as networks instead of hierarchies.

The discussion then focused on how to keep key talent and how to

appeal to new sources of talent. One of the most discussed ideas centred on Deloitte's Mass Career Customisation, whereby employees can work with their employer to customise their careers and career path. ■

Transatlantic Business Awards Dinner 2008



Rex Tillerson, Chairman & CEO of ExxonMobil, gives remarks accepting the 2008 Transatlantic Business Award



L-R: Sir Nigel Sheinwald KCMG, UK Ambassador to the United States with 2008 Transatlantic Business Award honourees Rex Tillerson, Chairman & CEO of ExxonMobil, and Ratan Tata, Chairman of Tata Sons



Tom Glocer, CEO of ThomsonReuters (left) presents a Special Award for Business Community Leadership to Martin Broughton, Chairman of British Airways

BritishAmerican Business's Transatlantic Business Awards Dinner in New York is the premier gala event of the transatlantic business calendar, and regularly attracts an audience of more than 500 senior business executives from both sides of the Atlantic.

At this Dinner, BritishAmerican Business presents our Transatlantic Business Awards to the leaders of two major multinational companies for their leadership in transatlantic business, and (on occasion) Special Awards to other distinguished business leaders for their achievements in particular fields.

Our 2008 Dinner, held at The Pierre Hotel in New York City, honoured three exceptional business leaders.

We presented our US Transatlantic Business Award for 2008 to Rex Tillerson, Chairman and CEO of Exxon Mobil, in recognition of his outstanding business leadership, and his contributions to the development of open markets and global trade.

Mr Tillerson commented: "BritishAmerican Business plays an important leadership role in promoting free markets and international trade. I am proud that ExxonMobil has been a long-standing advocate of these important principles, which this Award recognises."

Ratan Tata, Chairman of Tata Sons, accepted our Special Award for Entrepreneurial and Community Leadership, presented in recognition of his and Tata's entrepreneurial achievements and exceptional commitment to the community.

"Entrepreneurial spirit and community service have always been fundamental traits of the Tata Group and continue to guide us in our international expansion," Mr Tata observed. "We greatly value our participation in BritishAmerican Business, an organisation that plays an important role in promoting open markets and helping companies like ours develop our international business."

We also presented a Special Award for Business Community

Leadership to Martin Broughton, Chairman of British Airways, in recognition of his leadership of the Transatlantic Business Dialog and Confederation of British Industry.

Mr Broughton commented: "It is an honour for me to accept this Special Award, on behalf of all those who have worked with me in the leadership of the TransAtlantic Business Dialog and the Confederation of British Industry. Like these organisations, BritishAmerican Business is an influential player in our shared efforts to remove barriers to the development of international commerce and promote a level global playing field and business-friendly environment for all our companies."

The Awards were presented by Sir Nigel Sheinwald KCMG, British Ambassador to the United States; The Hon Robert Tuttle, US Ambassador to the Court of St James'; and Tom Glocer, CEO of ThomsonReuters, and Lead Co-Chair of the Dinner.

We are very grateful to everyone who helped to ensure the Dinner's success, including in particular our honourees; the Dinner's many Benefactors, Co-Chairs, Vice-Chairs and Patrons; and Sir Nigel Sheinwald and The Hon Robert Tuttle, our two Co-Patrons of our organisation. ■

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