

THE ALTA GROUP

Expansion and exploring new opportunities

Alan Leesmith and Derek Soper update Margaret Waldren on Alta's European agenda

Increasing The Alta Group's EMEA members' knowledge of a variety of markets lies behind the strategic decision taken some years ago to hold quarterly meetings in important business centres throughout Europe and, occasionally, elsewhere, such as recent trips to China and South America.

Alta EMEA chairman Derek Soper stressed that travelling to the main leasing markets for these meetings needs the dedication of each member of the organisation. "This is largely achieved by ensuring the agendas for our internal meetings are relevant and topical. It is also an opportunity to socialise with other European principals and associates, who, although we talk frequently on the telephone, are more effective for our clients when well known to each other. The support for these 'learning' events is outstanding," he enthused.

Late last year, the team meeting in Vienna proved to be an enormous success. Soper explained that Vienna – traditionally the gateway to Central and Eastern Europe – has been the launch pad for many Austrian banks and leasing companies which have made significant inroads into the CEE trading block. 2006's statistics from VÖL, the Austrian Leasing Association, confirm the importance of overseas business. More leasing was transacted outside Austria than in the domestic market – a first amongst the established market players.

It is not surprising that the CEE region has a prominent slot on Alta's European agenda. "We have a huge commitment to the development of the leasing, asset finance and sales financing market in the CEE countries," Soper stressed. "Many of our clients are looking towards this group of countries as an area for expanding their coverage and Alta is already involved in a number of projects in the region."

The latest member of the now 14-strong Alta EMEA team is Nada Burić, an associate based in Ljubljana, Slovenia, and the team's first female member. Burić specialises in corporate and finance law with particular interest in M&A and the



financial consolidation of SMEs. Her particular focus is leasing where she numbers 10 lessors among her client base. Burić, a past member of Leaseurope's Legal Affairs Committee and a founder member of the Slovenian Leasing Association, and Alta principal and former Leaseurope secretary general Marc Baert are forming a very important partnership in the CEE region.

Alta is working closely with a number of clients to help them acquire target companies which meet their long-term strategic goals. One recent CEE success story was the acquisition of Cash Reform AS, the leading independent Czech factoring company, by Bibby Financial Services. The Alta team working on the project comprised principal Marc Tendler and Baert.

The main challenges for Alta were to find a suitable acquisition target which had the same core values as Bibby, was independently owned and had a long-term track record of growth and profitability. To meet these challenges, not only did Alta need to understand its client's long-term growth strategy and aspirations, but also those of a range of potential target companies. The shortlisted target company also needed to be primarily marketing to an SME customer base and provide Bibby with additional complementary country coverage.

As with most of Alta's M&A work, the target companies were not ostensibly available for sale and it was important to have good contacts and relationships with companies that had not previously considered selling their businesses. This approach enabled Alta to target the company with the optimal fit for Bibby's long-term strategy.

Alta's EMEA team has expanded rapidly in recent times. Three years ago, there were seven partners; today, there is double that number and further growth is planned. Soper said: "There is scope to increase our country coverage by harnessing the experience of people who have in-depth industry knowledge and proven success in running leasing companies." In some countries, Alta is well aware that there is also a preference for local detailed knowledge, cultural awareness and use of the domestic language.

Expansion has, of necessity, meant that there is a need for team members to be focused on activities that suit their individual skills and for there to be activity-related specialist groups. Principal Charles Taylor, for example, heads up the M&A Group, and commented: "People may not be aware of the extent of our active involvement in searching out and introducing prospective targets since, by its very nature, a lot of what we do is behind the scenes and must remain so. Fortunately, our in-depth involvement in the industry puts us in a unique position to be aware of opportunities at an early stage."

Whilst each such group focuses on its niche, all partners are kept informed by the regular exchange of information.

Expansion also means exploring new opportunities. Soper outlined the role of the Alta Diagnostic Product which contains certain basic features to conduct a complete review of how the company is operating, look at its business plan and benchmark against best in class. "We are finding that the power base of leasing groups is diminishing and banks are increasingly in control," he said. "Leasing is still a specialist offering and several banks want to be better informed about the business opportunities."

At the lower end of the leasing spectrum, principal Alan Leesmith confirmed that small, micro-sized transactions are an area avoided by several lessors, but this strategy is being re-examined because of the realisation that there is an

opportunity to enhance earnings. “We have devised a detailed six-stage process to enable lessors to test that business,” he said, “encompassing a matrix of action and coaching.”

Leesmith explained that the team is increasingly focused on pan-European projects, as well as the CEE region. But it

is also active elsewhere – for example, China, where Leesmith and Soper have made many visits to sow seeds to reap the huge long-term leasing potential. Australia is another region where Leesmith is finding increasing requests for Alta’s services. Moreover, there is interaction with other partners of the global Alta group which

now comprises more than 35 international professionals. As an example, Soper explained that a large global US-based client is assessing major emerging market opportunities and that Alta is well positioned to respond with its knowledge of China, Russia and South America – “we have group input on a large scale”.