

THE ALTA GROUP

China immersion

It is well known that The Alta Group is not shy of exotic locations for its bi-annual strategy meetings. This year's choice was Beijing

The Alta Group is now clearly the largest specialist leasing and asset finance consultancy in the world with over 30 principals and associates, plus at least another five or six additions in the pipeline (watch this space). Covering the US, South America, Europe, Australia and Asia and having recently completed work in the Middle East and Africa, it is not surprising that there is a new wave of "value for money" eagerness in the group to combine strategy meetings with learning about markets, rather than improving golf handicaps.

Where better than Beijing the group decided – where members from around the globe recently assembled for a three-day intensive series of meetings. Most of the principals also combined the visit with business meetings and, where possible and time permitting, some sightseeing. The main advantage that they saw in the Beijing visit was to ensure that all the principals met their local partner, Daye International Leasing, and were able to leave with greater understanding of their contacts and capabilities in the market, as well as enhancing their own knowledge of the Chinese market and some of the cultural issues.

“There is reluctance to fully commit to an entry strategy for cost and lengthy process reasons.”

The general consensus from the Alta participants was that Beijing was “as different a business environment from anything in the West that they had experienced” – they also concluded that holiday visits, or even a number of business trips, are not enough to comprehend or appreciate the differences in culture that need to be recognised by those considering setting up a new business in China. Guiding them through the experience was their Chinese partner, Don Chan, from



L-R Alan Leesmith, Derek Soper, Patrick Gouin and Don Chan



Group of guests at the Alta banquet

Daye International Leasing.

Chan moved from Hong Kong to Beijing some years ago when he became the general manager of the then newly created AT&T Capital joint venture leasing company. Passing through various ownerships, namely those of Nomura Securities, Newcourt and now CIT, the company has remained the most successful of the foreign-owned leasing companies in China, according to Alta.

Daye is a Chinese JV leasing company and was chosen by Alta as its partner in view of its strong local connections and ability to act as a platform for the clients of Alta wishing to enter the Chinese market. Many clients are under some pressure from their vendors to give support in the Chinese market but are at the same time reluctant to fully commit to an entry strategy which requires a fully paid-up \$10 million of capital and a long process to enter the market. Some entrants have started the process and find that two years later they have significant

expenditure and still have not written any business. Daye is set up to short circuit this process and allow a lessor to start doing business, either on a recourse or non-recourse basis, so that it satisfies its vendors but has the luxury of taking some time to get to know the local business processes, rules and regulations, before deciding to fully commit to the market.

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DEREK SOPER

Whilst in Beijing, the Alta meetings were divided between internal strategic discussions on global leasing industry developments and issues and a fully external “learning process”. Speakers from government departments, the legal profession, tax advisers, accountancy firms and the leasing industry had been arranged – and full advantage was taken from round table discussions on a variety of subjects. Alta also hosted a banquet for many of the prominent figures involved in the development of the Chinese leasing industry.

Derek Soper, Alta's European chairman, acknowledged the intensity of the meetings and enthused: “It was much better than wasting time on golf! – we all learned a great deal about the changes coming about in the industry, which will be of great help to our clients that are considering entry into the China market. I think this meeting has changed the way we will look at our strategy meetings in the future – most agree that the business focus and interaction with those in the local industry will have a beneficial effect on our delivery of service to our clients.”