



The Alta GroupSM

Global Experience Provides Direction *For Equipment Leasing And Asset Finance*



**PREPARING A BUSINESS TO
MAXIMISE PRICE ON DISPOSAL**

Alan Leesmith forecasts that businesses will look to sell lines that, whilst profitable, are not considered strategic. Yet, sellers can still do much to enhance the price and promote the plus points – [CLICK HERE](#)

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**MANAGING A PROFITABLE
AND ELEGANT EXIT**

Ending your involvement with your business or terminating a line can be achieved effectively and profitably, stresses Malcolm Ogle, with the right exit strategy, rigorous planning and strong management – [CLICK HERE](#)

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**EXECUTIVE "LEASING"
INTERIM MANAGEMENT –
NEW BUSINESS TALENT ON TAP**

In times of resource scarcity, opting for an "Interim" solution is a smart move and a wise investment, says Jeff Addison, using expertise that can cover diverse roles and specialisms – notably New Business development – [CLICK HERE](#)

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ALL CREDIT TO COLLECTIONS!

The credit collection department is as vital as a good goalkeeper in a team who can give a tactical advantage and keep you in the game! Fabio Cosimetti and Marc Tendler advise on how to be a winner – [CLICK HERE](#)

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Managing Change and Development in a Challenging Environment

WELCOME TO OUR FIRST NEWSLETTER OF 2010

Malcolm Ogle, Chairman of Alta's EMEA Region, says: "A new year, a new decade and, we believe, a fresh start beckons for the equipment leasing and asset finance industries which have the crucial role of helping to finance economies away from recession. It is vital that businesses have the ability to invest and create wealth to sustain economic growth as the tentative recovery begins."

The global financial system is now more stable than in mid 2009, business confidence is increasing, funding conditions are better and there are fewer concerns about defaults. However, there is a continuing weak appetite for capital investment. Capital ratios will need to rise further as a result of greater regulatory requirements and we can expect to see regulatory policies giving greater emphasis to systemic risks across institutions and over the cycle. Taking advantage of improving conditions will help to repair balance sheets and provide a cushion for any future adverse events.

Malcolm says: "While there is light emerging at

the end of the tunnel, the track ahead will need to be carefully navigated to avoid the obstacles to prosperity. It is time to consign 'the Noughties' to the history books as 'that was the decade that was' and embrace new opportunities."

PARTING OF THE WAYS

A recurring theme is the efficiency of the means of distributing credit. This is nothing new. Indeed, as long ago as the beginning of the 1930s, there were similar concerns in the wake of the 1929 "Crash", as aired by the Macmillan Committee on Finance and Industry set up to enquire into banking, finance and credit and make recommendations to enable financial institutions promote the development of trade and commerce and employment. The committee's 1931 report (running to 300 pages) makes for interesting reading even today.

One of the committee's difficulties was the "complexity, not to say mystery" involving finance issues. The authors ventured that "our former easygoing ways will no longer ensure our prosperity in a crowded and increasingly

competitive world". They signalled that a parting of the ways had been reached with future prosperity dependent on choosing the right way, "deliberately and consciously". This rings true as 2010 unfolds.

An interesting recommendation in 1931 was that the best hope of a global remedy lay in a monetary policy designed "to increase the volume of purchasing power, to increase the ease of borrowing if necessary by guarantees, to diminish the rate of interest long-term as well as short-term, and to

stimulate in every possible way the spirit of enterprise and the volume of investment". Again, a parallel can be drawn with today.

NOT ALL CHANGE IS INNOVATIVE BUT ALL INNOVATION INVOLVES CHANGE

All businesses must constantly innovate and adapt to progress, and managing change and development must be a core competence. Malcolm comments: "Future success depends on the ability to evolve effectively and rapidly and accept that change, whether proactive or reactive, is normal as well as essential."

Equipment leasing and asset finance executives are facing a wide spectrum of challenges forcing them to make tough decisions. Enter Alta with its global experience, critical thinking and creativity to help businesses develop and implement innovative solutions tailor-made for each client's unique needs.

From Strategic Planning, Operational Direction and Market Review, through to M&A, Search or Research, Advice or Execution, Alta's EMEA Region has in-depth expertise and we are here to help you achieve your goals. With the support of a powerful, global network of leading advisors, we are ideally positioned to provide the resources necessary to meet local and international challenges.

In this newsletter, Alta unveils its new team members and Malcolm and some of his colleagues share their thoughts on a wide range of topical issues.



If you would like to discuss, confidentially, any of the issues facing your organisation and learn how Alta can help, call Malcolm on +44 1825 713356 or +44 7740 723466, or email malcolmgole@thealtagroup.eu.com

Alternatively, [CLICK HERE](#) to contact any of our Principals direct

Enhanced representation



MICHAEL VANDER (Associate based in Germany)

Michael is a very knowledgeable senior practitioner in banking and asset finance with two decades of diverse international experience. His particular strengths are in business management and development, including multi-country vendor programmes, and he enjoys the challenge of establishing new-start asset finance companies.

In the mid 2000s, as Managing Director for Heller Global Vendor Finance Germany, Michael had full management responsibility for all business activities in Germany, Austria and Switzerland. His pan-European experience greatly enhances Alta's activities across the region. Additionally, he supports

the vast opportunities unfolding in the US, China and India, investing his thorough knowledge of vendor programmes and business funding.

Michael's international career spans many European countries and the US. He has worked in senior management roles in a

number of major asset finance companies including CIT Group, Deutsche Leasing, De Lage Landen and Svenska Finans International and managed and developed multi-country vendor programmes for manufacturers that include Dell, EMC, IBM and Ricoh.

Michael can assist clients with their strategic and operational requirements within both captive and third-party asset finance scenarios.

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FRANÇOIS-XAVIER MEURVILLE (Associate based in France)

François-Xavier is a senior banker and an innovative professional with more than 25 years' leasing and corporate banking experience across four continents. He has the skills to drive business growth, capitalise on new revenue potential and manage all aspects of daily business operations and thrives in both independent and team environments.

In the mid to late 2000s at Groupe Crédit Agricole, latterly as Director of the International Department, François-Xavier's achievements include playing a major role in expanding CA's Polish leasing affiliate's capabilities from car financing to global equipment financing and achieving full integration of the company in the group.

He created the International Department, contributing to the expansion of the international network and subsequent additional revenues of CA Leasing.

Whilst at Locafrance International, François-Xavier founded Afribail-Cl in Abidjan, Côte d'Ivoire, and, later, based in New York, he worked closely on vendor programmes with

several machine tool manufacturers.

He was Managing Director of BLS Leasing, a joint venture between Calyon, Tokai Bank and Bapindo, and based in Indonesia and then moved to Calyon's affiliate bank in Saudi Arabia, where he was in charge of the financing of Saudi conglomerates, Aramco and the oil-related industry.

François-Xavier can support clients who are willing to expand internationally, buy or sell, re-organise or integrate companies in Europe and in emerging countries or develop international programmes.

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Preparing a business to maximise price on disposal

2009 WAS THE YEAR WHEN WE SAW LEASING COMPANIES AND PORTFOLIOS SOLD AT LOW PRICES BECAUSE THE SELLER HAD TO REALISE THE PROCEEDS AND BUYERS WERE LOOKING FOR BARGAINS AND ONLY PREPARED TO PAY BELOW BOOK VALUE.

In fact it could generally be called a distressed market, although there were obviously some exceptions. The exceptions were those companies that recognised that an acquisition of a good business still warranted a premium, but at a time when such premiums were still much lower than historically.

2010 is the year when we are already seeing a return to more realistic pricing.

Many companies have been forced by the economic turmoil to re-evaluate their businesses and make some harsh decisions. Aspects that are no longer viewed as core will be disposed of, as will those parts of the business that cannot meet the new higher costs of capital allocation. So 2010 will be the year when many who have decided that they have sectors of their business that no longer fit their future strategy, but which are not loss making, will now look to sell in a more orderly market. Buyers will also recognise that they will need to pay a premium to acquire a good business.

ENHANCING THE SALE

However, even in an improving market, sellers can do a lot to improve the price of businesses they intend disposing of. The problem for many is that all too frequently they are too close to the business to be

IT IS IMPORTANT TO UNDERSTAND WHAT CURRENT BUYERS IN THE MARKET MAY BE LOOKING FOR AND HOW BEST TO PRESENT THE BUSINESS IN ORDER TO ACCENTUATE THE PLUS POINTS

able to see how this can be done. Having a review undertaken by a third party can frequently identify matters that can be addressed in the short term to enhance the value. Another problem faced by many sellers is that once the decision has been made to dispose of a business they are reluctant to allocate the appropriate high-level resources which would be capable of undertaking such a review.

When it comes to marketing the business it is important to understand what current buyers in the market may be looking for and how best to present the business in order to accentuate the plus points.

Again those inside an organisation are, understandably, likely to be far too focused on running the ongoing core businesses to have spent time researching what the key attractions would be in a market that they no longer deem core.

These are all areas where The Alta Group's decades of experience can help. Not only do Alta Principals have experience of running businesses, the skills to home in on

these issues and the ability to fill any shortage of senior executive time. An important benefit is that Alta is "out and about" in the market every day talking to a wide range of players across a multitude of equipment finance sectors and in all existing and emerging markets. We not only know who has a soft spot for particular sectors and geographies, but more importantly who has the resources to complete a transaction. Since we frequently represent buyers we know what they currently will see as the key attractions and, more significantly, what they will see as the major negatives. These are all matters for which the drivers are continually changing and that current view can certainly add real value.



If you wish to discuss any aspects of selling or buying a business please contact

Alan Leesmith who heads up our M&A function, either by e-mail at aleesmith@thealtagroup.com or on +44 1444 417688.



Managing a profitable and elegant exit

WE ALL KNOW THAT MOST OF THE PROFITS FROM ASSET FINANCE AGREEMENTS ARE EARNED AT THE BACK END – SALES ORINATION COSTS HAVING EATEN INTO EARLY PROFITS. ASSET FINANCE BUSINESSES ARE NOT ALONE IN THIS. BUT HOW DO WE ENSURE THAT WE PRESERVE THOSE FUTURE PROFITS WHEN RUNNING DOWN A BUSINESS?



FAIL TO PLAN, PLAN TO FAIL

Rigorous planning and strong management are essential; retention of key members of staff vital. Outside help is often an advantage, especially using expertise such as Alta's whose Principals have been through the exit process and achieved successful outcomes.

At a very early stage, ideally before the decision to run down has been made public, a Management Audit should be carried out which identifies:

- The key areas to be managed.
- The suitability of the current managers of those key areas to the new environment. The dynamics of a business in a run down mode are so different from those in a new business driven organisation.
- Whether any of the key managers will be transferred to other positions within the group.

The Audit team must include one or more of the leaders in the business to be run down. Objectivity is the key, however, and it is often beneficial to include within the team somebody experienced in running down a similar business. Alta often fulfils this role.

Next, draw up a detailed plan which covers the following matters.



■ GET THE RIGHT PEOPLE IN PLACE

It is essential that the plan addresses employee considerations:

- Filling any gaps identified by the Management Audit. Experienced Interim Management from a specialist like Alta could have an important part to play here.
- The phasing of the reduction in staff numbers as the size of the portfolio decreases. The plan for this should be linked with the plan for Outsourcing (see right).
- The retention of key members of staff. It is essential that each one is guaranteed employment for a pre-determined period, is incentivised to perform, wants to stay and knows that help will be given, in good time, to find new employment.
- The maintenance of a strong, happy, working environment.

OUTSIDE HELP IS OFTEN AN ADVANTAGE, ESPECIALLY USING EXPERTISE SUCH AS ALTA'S WHOSE PRINCIPALS HAVE BEEN THROUGH THE EXIT PROCESS AND ACHIEVED SUCCESSFUL OUTCOMES

■ OUTSOURCING OPPORTUNITIES

There is usually a point in the run down when it becomes cost effective to outsource the management of the remaining portfolio. This is the point at which the reduced portfolio, which will frequently contain a high proportion of non-performing agreements by this stage, no longer supports the costs of management. The plan should contain estimates of when this should happen, because of the potential impact on other parts of the plan.



■ CUSTOMERS ARE PARAMOUNT

There should be actions to ensure that the needs of customers who are also customers of other parts of the group are met.

■ VENDORS/INTRODUCERS

Keeping vendors/introducers on side throughout the run down process is essential and the plan should consider:

- How the decision to run down is communicated.
- The impact on loss and/or residual value pools, if any.
- The scope for entering into early termination programmes.

■ PROVIDERS OF MANAGED SERVICES

If the portfolio contains managed service contracts where the services are being managed by third parties, those third parties must be assured that they will continue to be paid throughout the run down period and the business must be assured that those services will continue to be provided. The plan should cover this.

THE PROCESS OF RUNNING DOWN A BUSINESS SHOULD NOT BE TAKEN LIGHTLY. IT CAN BE EXTREMELY COSTLY IF GOT WRONG. BY PLANNING RIGOROUSLY AND MANAGING STRONGLY, FUTURE PROFITS WILL BE PRESERVED. WE IN ALTA HAVE DONE IT AND ARE HERE TO HELP.

■ SYSTEMS SUPPORT

The terms in all Service Level Agreements should be reviewed. This is particularly important when the support comes from other parts of the group, which may be less inclined to support a business that is running down.

■ FUNDING ARRANGEMENTS

It is important to ensure that the decision to run down the business does not have an adverse effect on covenants and the like. This could impact the group as well as the business being run down.

■ BUSINESS CONTINUITY

There should be plans for reviewing the arrangements currently in place. Because new business is no longer being written, it may be possible to reduce the level of support and save money.

■ PREMISES

The plan should include filling the space made vacant by reducing staff numbers, but should resist the temptation to move the whole operation to less expensive, less desirable premises.

The process of running down a business should not be taken lightly. It can be extremely costly if got wrong. By planning rigorously and managing strongly, future profits will be preserved. We in Alta have done it and are here to help.



If you wish to discuss any aspects of running down a business please contact Malcolm Ogle, either by e-mail at malcolmogle@thealtagroup.eu.com or on +44 1825 713356



By Jeff Addison

EXECUTIVE “LEASING” Interim Management – new business talent on tap

CEOs MANAGE RESOURCES TO ACHIEVE RESULTS AND WHEN THOSE RESOURCES ARE SCARCE TAPPING INTO THE EXPERTISE OF AN INTERIM MANAGER (IM) – MAKING USE OF A HANDS-ON PERSON WITH SIGNIFICANT EXPERIENCE AND A PROVEN TRACK RECORD OF DELIVERING RESULTS – IS A SMART MOVE, ESPECIALLY IN THESE CHALLENGING AND UNCERTAIN TIMES.

IMs were traditionally used in times of distress, perhaps to cover the unexpected or sudden departure of a senior executive, primarily to ‘hold the fort’. But today, interim management has evolved to the extent that experts are available to cover a wide and diverse range of roles and specialist areas. New Business development is one of the most important.

During the depths of the recession, many asset finance businesses parted company with senior people (and roles) at the vital customer interface, and are now wistfully wondering how to find the resources to re-energise the front end for growth. As the industry gears itself up for an improvement in the economic environment and to look more keenly at new business opportunities, interim management in sales, marketing and development roles suddenly seems an attractive proposition.

As companies have come to appreciate the benefits of using IMs, they are now making greater use of them on a planned basis as finding within an existing team, the appropriate skill set to undertake an ambitious development plan is often a challenge. Furthermore, waiting for an individual to ‘grow’ into a new role may put a project so far behind as to be unworkable. Although the generic term is ‘interim manager’, many of the assignments are at director level reflecting the quality of the talent introduced.

GETTING ‘A HEAD’ IN BUSINESS

The use of interim management enables companies to improve their competitiveness without incurring high permanent fixed costs and by bringing in specialist skills as and when they are needed. IMs can be attractive to clients for numerous reasons: experience, proven success, speed of response, flexibility, accessibility, independence, objectivity, focus, resourcefulness and enthusiasm, to mention just a few! The ability to be ‘up and running’ immediately is a significant asset especially when activating urgent development plans.

Some IMs offer general advice and support or serve as a sounding board. They can be an important source of fresh views. In times of crisis, they can guide the management team through difficult decisions.

Engaging an IM might be thought expensive but securing the right person for the job – a prime consideration – will mean that the cost is repaid, frequently many times over, making it a wise investment. With an IM, the company has a fixed overhead. He, or she, is contracted to deliver a fixed assignment for a fixed fee and fixed duration. Straightaway, the company receives the benefit of the IM’s experience and skills. The fees charged for an IM represent excellent value when flexibility and the comparative cost of permanent employment and all that entails are brought into the equation. They do not need a learning curve and can start to contribute

right away and make an early impact or deliver results.

An IM can provide a fresh, unbiased view and is focused on the objectives set. Properly trusted and taken into management’s confidence, he is impartial and his assessment of the business may prove invaluable. Indeed, he may be the only person that management knows who has previously undertaken such a task or project. IMs are often part of a team of multi-skilled professionals with a pool of talent that can add additional value to the hire where necessary.

Being results-driven, an IM is as motivated as the company to achieve the desired objective. Asset finance businesses that leverage their ability to tap into management talent on an interim basis are now realising that this may help give them a competitive advantage and put them ahead of the game in meeting their ambitions and seizing the post-recession opportunities. They appreciate the simplicity of the contract and value the IM’s relevant experience and focus on delivery.



If you wish to discuss any aspects of Interim Management, please contact

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All credit to collections!

THE ROLE OF THE CREDIT COLLECTION DEPARTMENT CAN BE UNDERESTIMATED AND THIS WAS OFTEN THE CASE *EVEN BEFORE THE CURRENT CREDIT CRUNCH*. THE ALTA GROUP HAS SEEN A NUMBER OF EXAMPLES WHERE THE RECOGNITION OF THE IMPORTANCE OF CASH COLLECTION HAS BEEN REALISED TOO LATE TO PREVENT A FINANCIAL CRISIS FOR A COMPANY.



Systems-driven credit collection is most effective in a small ticket book with numerous customers and, although it is evident that the credit collection department is there to collect cash, it is not the department's only function. The *real* function of the department is to prevent losses and provide management information on the status of customer payments, as well as managing customers who are having difficulties in paying. The current credit crisis has shown that almost every book has incurred increased levels of losses, but how the losses are managed can have a significant bearing on the success or even survival of a company

Frequently, collection problems arise out of a commercial strategy which places too much emphasis on volume or margin and too little focus on the quality of the customer. This is often coupled with weak risk departments and weak collection procedures.

A collection department's underperformance can also be caused by poor organisation or lack of well thought through systems; the scope of this article is, therefore, to outline the necessary level of organisation and tools to deliver a quality service.

Alta has divided the performance indicators into three main groups, each of which requires specific attention:

01

STAFF ORGANISATION

The credit collection department should be supervised on a day-to-day basis by a highly experienced collection manager, who is directly responsible to a collections committee (depending on the size of the organisation) which will "independently" monitor the department's performance. This committee should consist of administrative, risk, asset management and collection representatives with problem-solving functions and the ability to manage write offs, settlements and legal actions. It should also have organisational control to prevent delinquencies as well as focusing on sales channel relationships such as vendors, dealers and brokers with high delinquency ratios.

The credit collection department should also have specialist staff focused on specific customer segments, delivery channels or financial products.

THE CREDIT COLLECTION DEPARTMENT SHOULD BE SUPERVISED ON A DAY-TO-DAY BASIS BY A HIGHLY EXPERIENCED COLLECTION MANAGER

02

SYSTEMS

To be effective in a small ticket environment a dedicated collection system is necessary, linked or preferably integrated with back office systems. It should follow overdue balances throughout the contract life.

The main functions should be:

- Allocation of each overdue account to a specific collector on the basis of pre-determined parameters.
- Semi-automatic dunning process at any stage.
- Maintaining a database for contracts with delinquent customers and recording history and action taken.

The system should also produce periodical reports including:

- The measurement of activity and performance by collector (including the external legal advisor).
- Delinquency report by (at least) dealer, geographical area, type of asset, and client activity.
- Exception reporting to understand why automated decisions may have been bypassed.

These reports are essential to drive the direction of future business as well as measuring the efficiency of the collection team.

03

LEGAL ASSISTANCE

As small ticket leasing is generally based on standard general conditions, any external legal advisor support should usually be limited to the filing of legal actions and only when all realistic chances to collect overdue balances internally have been exhausted.

Often the "collateral" of the leased assets has only a theoretical value (IT and communication equipment often has poor remarketing possibilities) and the "real" value of the equipment should be evaluated before any decision concerning legal action.

Legal costs must be carefully monitored to ensure that they do not outweigh the advantages of a successful outcome. It may be possible to negotiate a "success" element with legal practitioners as part of the overall fee structure.

The credit collection department is as vital as a goalkeeper in a football team; a good goalkeeper can give you a tactical advantage and, even more importantly, keep you in the game!

The Alta Group has the experience to review your credit department and help you to create a winning team through having the right systems, resources and controls. It can also provide you with support services ranging from interim resources to outsourced collection services.

If you want to discuss any aspect of Collections Management contact: Fabio Cosimetti in Italy, T: +39 0185 456050 e-mail: fcosimetti@thealtagroup.com or Marc Tendler in the UK, T: +44 1923 833503 e-mail: mtendler@thealtagroup.com Or any one of the Alta professionals throughout the EMEA Region.



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