



People Side of Cross-border Business

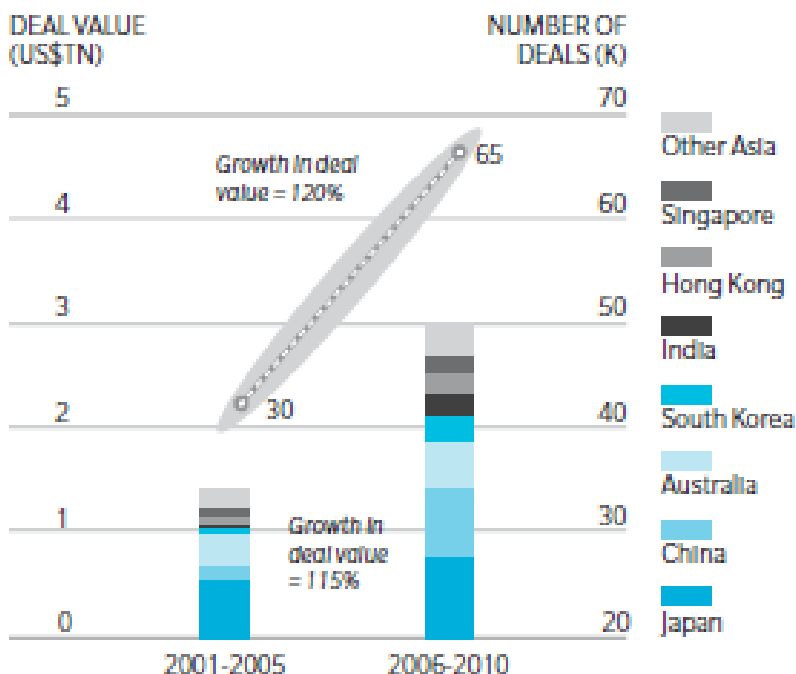
Kiatnakin Phatra Financial Group

Wittapon Jawjit

Competition Landscape are being reshaped

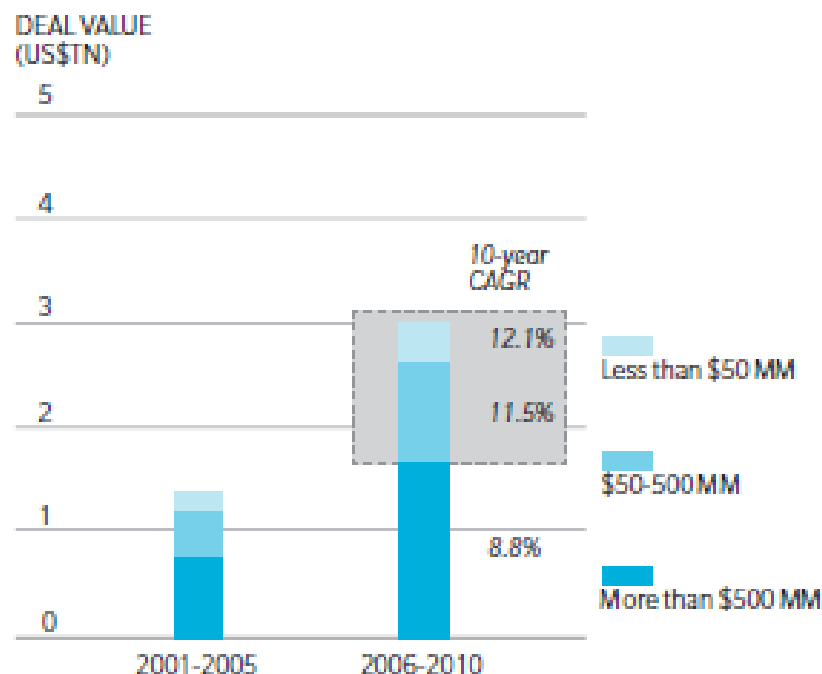
ASIAN companies' growth strategies are based on outbound M&A

M&A DEAL VOLUMES AND VALUES (2001-2010)
ASIA OUTBOUND M&A BY ACQUIRER LOCATION
ALL INDUSTRIES



Source: Dealogic, Oliver Wyman analysis

M&A DEAL VALUE BREAKDOWN (2001-2010)
ASIA OUTBOUND M&A DEALS BY SIZE
ALL INDUSTRIES

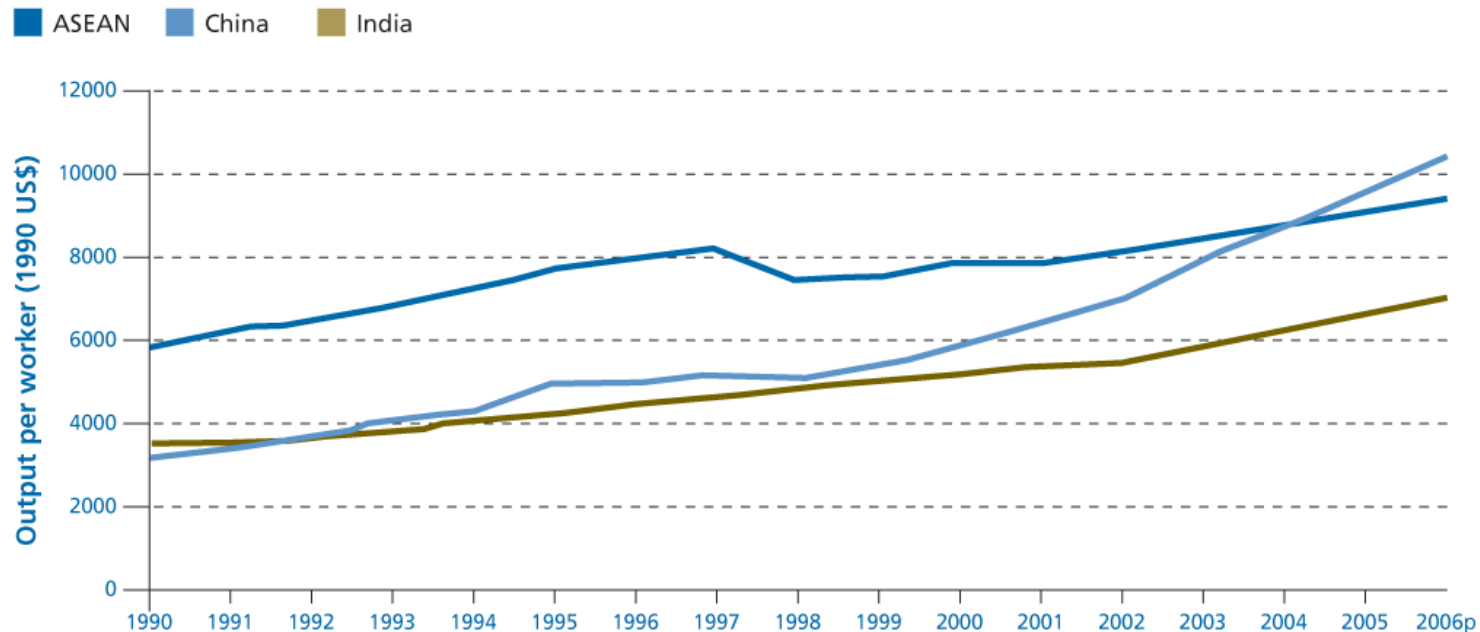


Source: Dealogic, Oliver Wyman analysis

The competitiveness and productivity challenge

China has overtaken ASEAN, and the gap with India is shrinking

Output per worker, 1990-2006 in ASEAN, China and India



Note: ASEAN figures exclude Brunei Darussalam and the Lao People's Democratic Republic; "p" denotes projection.

Source: The Conference Board and Groningen Growth and Development Centre, Total Economy Database, January 2007, www.ggdc.net.

- Workforces in China and India have become increasingly competitive in recent years
- ASEAN needs to pursue improvements in productivity to stay competitive economically and improve living standards

ASEAN versus BRIC (Brazil, Russia, India, China)

By cooperating as an integrated bloc, ASEAN can capitalise on bloc strengths

Criteria	Brunei	Cambodia	Indonesia	Laos	Malaysia	Myanmar	Philippines	Singapore	Thailand	Vietnam	Brazil	China	India	Russia
Cost competitiveness	91	126	105	122	109	113	112	97	112	120	94	89	108	113
Labour availability	55	93	144	84	118	119	137	104	133	127	142	147	159	162
Future labour supply	120	111	98	117	114	97	115	79	86	109	97	75	100	86
Labour demand	84	103	103	79	73	89	95	53	50	63	85	81	83	70
Labour quality	109	76	92	77	109	82	115	131	107	87	101	119	90	92
Turnover	100	100	110	90	90	100	90	100	90	100	100	90	90	90
Cost of living	119	101	93	130	119	118	143	71	124	92	94	20	102	75
Labour law flexibility	135	92	77	105	107	105	86	139	106	92	92	101	98	94
Quality of living	107	76	86	76	114	70	97	129	102	82	101	76	83	97

Higher weighting ↑

↓ Lower weighting

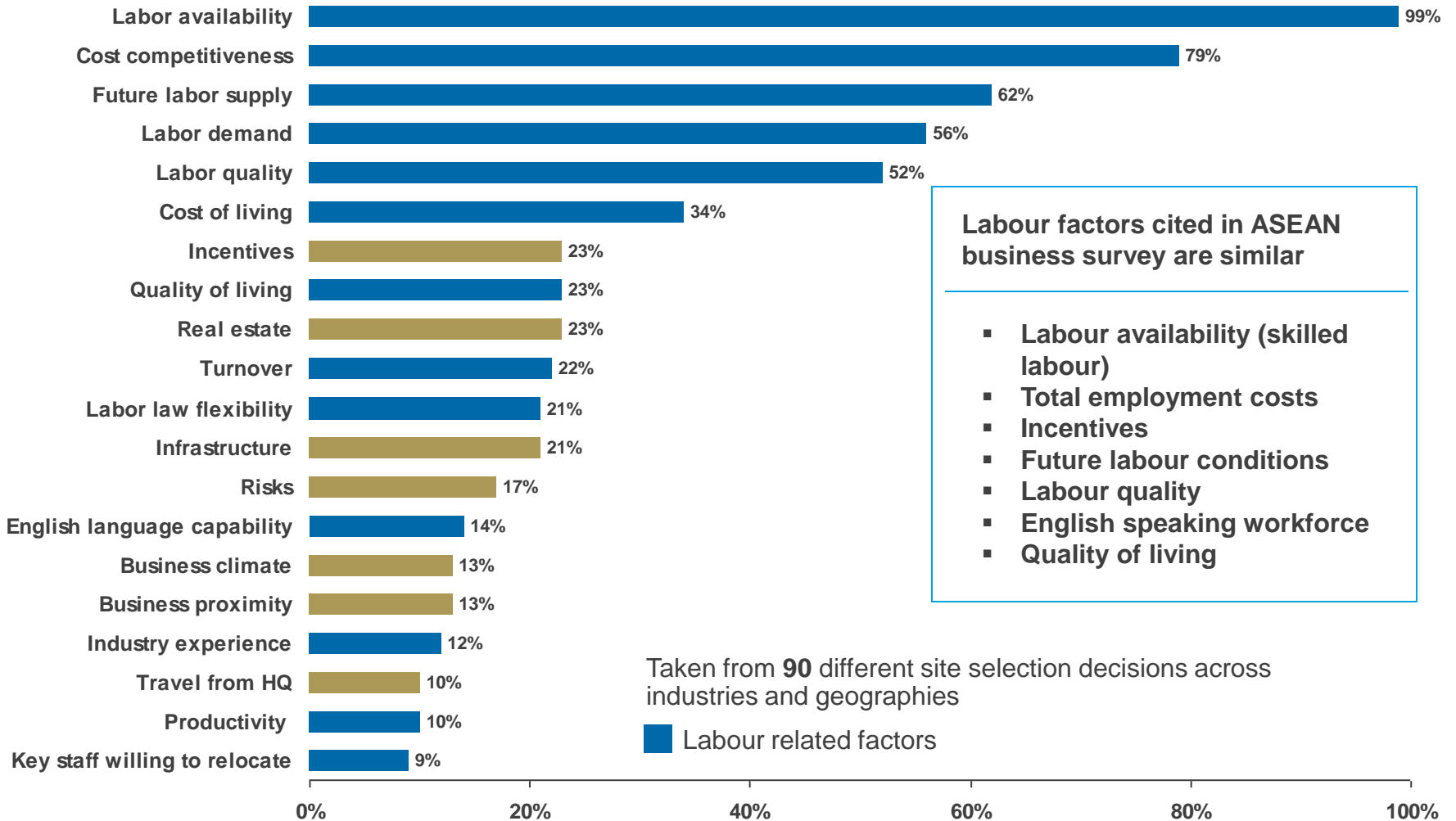
□ Significant advantage

- Together, ASEAN countries have the potential to capitalize on each others' strengths
- Countries must do more in order to not lose ground to global competitors
- Labour leaders can influence labour quality, turnover, and law flexibility

Labour factors heavily in site selection decisions

Actual criteria used from a broad set of location decisions

Frequency criteria appears in location decision making



New urgency for managing human capital

Unemployment

"The average unemployment rate in the OECD area, estimated at 5.9% this year, is forecast to climb to 6.9% next year and reach 7.2 percent in 2010."

Employee Health

"The World Health Organization projects that by 2015, about 2.3 billion adults will be overweight and more than 700 million will be obese."

Executive pay

"Australia, Germany, Sweden, Switzerland, UK and US are leading a global movement to curb executive pay."

Outsourcing

"The financial crisis and global recession will accelerate adoption of global outsourcing and offshoring as strategic business tools as organizations respond to economic adversity with a forceful push toward cost-reduction."

M&A

"After a merger, productivity falls by an average of 50% and leadership attrition increases by 47%, while employee satisfaction drops by 14%."

Investment management

"The current economic environment has led to falling returns from commercial real estate, a sector that pension funds are more exposed to than any other alternative asset class and where global assets managed on their behalf reached over US\$512 billion in 2007."

Retirement funding

"The financial crisis wiped over \$4 trillion (€3.2 trillion) from global pension assets between January and October, according to the OECD; pension fund returns across the OECD are falling by an average of more than 20%."

Healthcare

"Total health-care costs under current policy will nearly double across the developed nations from the current 6.7% of GDP to 12.8% by 2050."

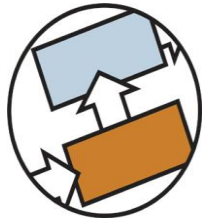
Downsizing

"Only 47% of the large companies engaged in major downsizings actually met their cost reduction goals.. 54% of companies surveyed hired back many of the people they laid off...in the past recession, shareholders actually punished rather than rewarded companies involved in the biggest job reductions."

Employee savings

"One in five workers have reduced the amount they save into a pension because of the credit crunch."

Holistic Approach for Transformation after M&A



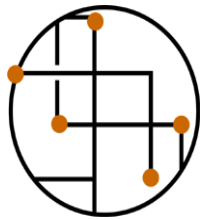
Process

- Do we have any fragmented functions that could be streamlined?
- Do we have any redundant activities that could be eliminated?
- Are there any peaks and valleys during work processes?
- Are procedures sufficiently documented and effectively organized?



People

- Are there any capability gaps that need to be closed?
- Are right people doing right things?
- Do we have adequate number of qualified staff to complete the jobs?
- Are staff fully engaged and motivated to achieve excellent performance?



Technology

- Are there systems in place to effectively support processes?
- Are existing technologies inflexible or outdated?
- Are there too many manual processes to could be automated?
- Do we have any large backlogs in systems development?

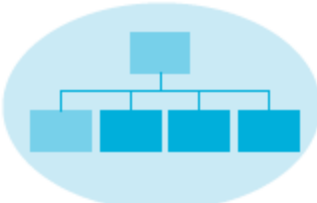
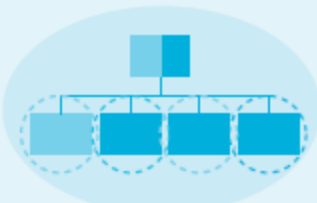
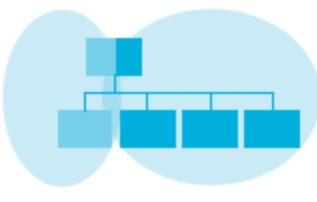
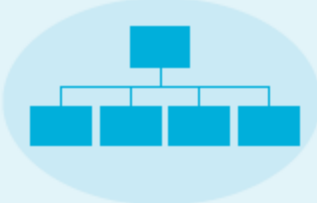


Organization

- Are existing roles and responsibilities clearly defined and communicated?
- Are responsibilities properly assigned to appropriate individuals or teams?
- Are there effective communication channels and systems in place?
- Do we have sufficient flexibilities across functions and levels?

Drive strategy execution

Right approach for managing organization culture is critical

CULTURE	DESCRIPTION	EXAMPLES
<p>HOME CULTURE</p> 	<ul style="list-style-type: none"> • Culture of home market dominates the organization with culture in all international operations largely based on home country culture • Senior management roles – both Group and International – largely filled by executives from home country 	<ul style="list-style-type: none"> • Domestically-focused universal banks e.g. Korean banks, Japanese megabanks
<p>'COMMONWEALTH' CULTURE</p> 	<ul style="list-style-type: none"> • Multiple cultures exist within the organization • Little common culture, but some shared underlying values (e.g. shared commitment to decentralization) • Very limited rotation of executives across businesses • Group executive team international, but perhaps with some 'home country' bias 	<ul style="list-style-type: none"> • Some of the multinational insurance groups e.g. Prudential UK • Banks that have expanded internationally heavily by acquisition
<p>HYBRID CULTURE</p> 	<ul style="list-style-type: none"> • Two cultures co-exist within the organization – a 'home country' culture and an 'international business' culture • Group Management team comprises mixture of home country domestic management and international management • Extensive rotation among executives of international local entities, but relatively little mingling of home country and international management teams 	<ul style="list-style-type: none"> • Global universal banks with strong domestic franchises e.g. Citibank, Deutsche Bank, Barclays, BNPP, SocGen
<p>'ROMAN EMPIRE' CULTURE</p> 	<ul style="list-style-type: none"> • Single corporate culture developed and enforced in all businesses • International management team in the Group Center • Extensive international management rotation among executives of local entities • Formal development programs for international management 	<ul style="list-style-type: none"> • Standard Chartered, HSBC • Global investment banks e.g. Goldman Sachs

Talent Management and Workforce Planning

Critical Talent Analysis



✓ Critical Job/Talent population

- Critical talent identification targets the high potentials, experts and individuals in strategic positions, and leaders important to BUYER's success
- Individuals are identified across all levels of the organization from the Global Executive Team down to the broad-based employee base

■ Senior Executive population

- Senior Executive Compensation addresses the compensation structure for around 200 executive jobs at the top of the BUYER organizational pyramid
- Integration of middle management, sales professionals and the general workforce compensation will be addressed in a subsequent phase in early 2008

HR-related Items which may impact Deal Value

Potential Purchase Price Adjustments (Template Example)

#	Item	Description	Potential Impact
	Pension Plans		
	Retiree Medical Benefit		
	Equity		
	Retention Arrangements		
	Severance		
	Other Regulatory-related Issues i.e. Critical Position Requirements,...		
	Others liabilities (LTI, Chang-in-Control, Warrant,...)		



Best practices by business - Malaysia

Shell Malaysia: Developing people, developing business

- One of Malaysia's leading employers, with a history of over 100 years
 - Great importance placed on talent management as well as professional and personal development of employees. People-focused strategy has resulted in low annual turnover rates of 2-3%
 - New graduate hires are paired with senior staff mentors for five years, with attention paid to non-technical aspects of employment as well as skill development
 - Career-path building creates lifelong firm loyalty, challenging opportunities for employee growth, and in-house development of labor quality
 - Labor solutions are 'grassroots' and developed from the ground up by employees themselves through discussion groups. Employee-driven labor policies have been innovative, insightful, and tailored to the needs of those most affected
 - Other progressive practices include comprehensive medical program, counseling, and planned career breaks for family or education as well as remote commuting
 - Engages government and civil society through education and training programs such as the Campus Ambassador program to link students and professors with Shell technical staff
- **Nurturing both professional as well as personal employee development benefits all stakeholders through the creation of trust, loyalty, and improved skills**
 - **Employee-driven labour solutions that engage a wider group of stakeholders can cement companies as part of a wider community**



Best practices by business - Singapore

Edwards Life Sciences: Giving old skills a new lease on life

- Singapore-based global leader in products and technologies to treat advanced cardiovascular disease; recognized as the number one heart company in the world
- Production of heart valves requires specialized dexterity and precision sewing skills
- Worked with Workforce Development Agency (WDA) to hire and re-train experienced workers from the textile manufacturing sector, a sunset industry
- Defined a clear talent strategy that pays above market rates in the manufacturing sector and promotes good work-life balance. Conducted 5-10 day selection/induction program and 6-10 week on-the-job training programmes
- Information flows and contact time between patients, doctors, and heart valve production team allowed employees to see the meaningful outcome of their work
- High conversion rates -75-80% of potential hires signing on full-time. Employee attrition of <2% presents clear benefits of lower hiring costs, intellectual property protection, and high employee engagement

- Skills from “old” industries can be portable to “new” emerging growth industries
- Innovative and company-tailored talent strategies can create tremendous value
- Involving employees in seeing the product of their work is deeply motivational