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July-December 2014

Specsavers’ John Perkins reveals his vision for the family business
How Ross Perot Jr. made his own mark
Sage’s Ivan Epstein on partnerships and going public

Standing the test of time
Karl-Friedrich Scheufele, Co-president of Chopard, on fast cars, luxury watches and the importance of heritage

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Today’s entrepreneurs are at the heart of business. They care about the impact their business has on the community, about their families, about their successors and about the legacy they leave when they retire. It’s no longer enough to simply run a successful business; the entrepreneurs in this edition also strive to give something back.

Moving away from conventional charity efforts, these business leaders are tackling social problems head-on. From health care delivery in India to supporting education and youth development in the UAE and hospital hygiene transformation in Asia, the diversity is inspiring. We discover how entrepreneurs are taking corporate social responsibility a step further, adding their personal goals and involvement.

Karl-Friedrich Scheufele, Co-president of Chopard and the subject of our cover profile, has merged his passions for creativity and classic cars in sponsorship deals with the Monaco Grand Prix and Mille Miglia rally. The company then used its increased profile to promote its efforts for sustainable luxury, partnering with the Alliance for Responsible Mining in supporting artisanal miners in South America and using ethically sourced jewels and fair-mined gold in its products.

Similarly, Ashish J. Thakkar uses his passion for Africa and its businesses to enable, empower and inspire other young entrepreneurs through mentorship and funding programs. His story demonstrates that age and background don’t matter if you have determination and self-belief.

With growing public awareness of the impact businesses have on society and the environment, and growing interest from investors — as we explore on page 12 — entrepreneurs are creating organizations that are neither purely for profit nor charities, but hybrids that generate revenue while pursuing social goals.

Narayana Health’s Dr. Devi Shetty was inspired by Henry Ford’s principles of economies of scale and has adopted them to provide heart surgery to those in need in India. He runs his business on profit, but he performs lifesaving surgeries for free.

Philanthropy has always been the domain of successful entrepreneurs, but far from just providing monetary donations, businesses today are actively using their expertise to help secure the future of others. Among them is Dr. Ruth Oltjer of Chemi-Pharm, who is not only providing lifesaving disinfectants to hospitals in Asia, but also empowering them with training in proper hygiene practices.

Entrepreneurs are not just funding change, but participating in it. Using their influence to lead by example on social and environmental issues, these global businesspeople are proof that there is success in being socially minded.

Peter Englisch
Global Leader, Family Business Center of Excellence, EY

“Business leaders today are actively using their expertise to secure the future for others.”
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“‘The work that I do at Chemi-Pharm enables me to save so many lives.’”
Dr. Ruth Oltjer, Founder and CEO of Chemi-Pharm AS

US$300b
The estimated annual global cost of online criminality.

“‘My father will always be my hero ... [He] devoted much of his life to helping people.”
Ross Perot Jr., Perot Companies (page 22)
rules with Ashish J. Thakkar

African ambition

As Founder of the Mara Group and Mara Foundation, Ashish J. Thakkar is a serial entrepreneur with a vision of placing Africa at the center of the world stage.

15 years, he ditched school to sell computers. Today, as Africa’s youngest billionaire, he has a ticket to the stars: Ashish J. Thakkar is not your average entrepreneur. This son of African refugees turned a US$5,000 loan into a multi-sector investment group and is now using his business fame and fortune for good through the Mara Foundation, a nonprofit social enterprise aimed at African entrepreneurs.

Why did you start selling computers at the age of 15?

We’d just left Rwanda, having been made refugees by the genocide, and came to Uganda. My parents were starting again, for the third time, and I felt I ought to do something to help. I’d always loved business and entrepreneurship, and I really liked computers. I got a secondhand computer from my parents and sold it to a family friend. I made US$100, and I realized that this was an awesome opportunity.

Your entrepreneurial drive meant you left formal education early. What did your parents make of that?

It was very difficult— I was never taken seriously. I saw the same thing with my mother, not being taken seriously in business because she is a woman. Sexism and ageism were both issues at that time. One of my foundation’s initiatives is Mara Women, truly enabling, empowering and inspiring women in the public and private sectors, as well as entrepreneurs. It’s an issue that needs to be addressed and one I’m passionate about.

How did the business grow so large?

I’d love to pin it down to vision, but Mara became pan-African by default, not by design. I was buying goods but found it hard to get credit, so I was advised that I needed to set up a base in Dubai. I realized that there were many people in the same situation, so I was able to offer them credit, and the cycle began. Since 1996 I’ve been traveling to Nigeria, Tanzania, Ghana, Kenya, the Democratic Republic of the Congo, Mozambique, Malawi, South Africa — giving me a deep understanding of each market. Mara’s core strength is not sector-specific experience; it’s understanding how to work across the continent, which it does across multiple industries, including information and communications technology, real estate, tourism, manufacturing and renewable energy.

What do new business partners require?

I look for alignment — not only commercially, but in terms of giving a similar passion for Africa. I want them to be fully aligned with the idea that we’re not just here to make a quick buck. We want partners who value that — who aren’t in it for the short term and want to leave a positive legacy.

How has technology changed the lives of ordinary people in Africa?

Greatly. Access to information has become much broader, and the cost much lower. We have more mobile phone users in Africa than the US and Western Europe put together; Africa has 70% mobile phone penetration but only 7% banking penetration. That’s why, with my partner Bob Diamond, Mara has launched Atlas Mara, our financial services vehicle.

What does the future hold for business in Africa?

I have never seen too much global excitement around Africa. I’ve always worked against the odds, trying to sell the African story. Today, the world is genuinely excited about the region. The West is still investing in India and China, but India and China are investing in Africa.

What motivates you and keeps you going to work every day?

I want to move the needle — to make a difference. I genuinely want to prove that if you do good, you will do well. I want to prove that you can do business on the continent in an extremely straightforward manner and still succeed. And I want to prove that Africa can do it for itself.

How does your spirituality influence the way you do business?

If there’s a recipe for my success, it’s been my spiritual leader, Morari Bapu. His core teaching is truth, love and compassion, and those three words have helped me greatly on the business front. Spirituality is important. It keeps you levelheaded and creates balance. Otherwise, you get caught up in the rat race, and even if you win, you’re still a rat.

What are the challenges for businesses and entrepreneurs in Africa?

Every market in Africa is very different. A copy-and-paste strategy is not going to work. My view is that businesses should find local partners in each market; the best combination is global expertise and African know-how. For African entrepreneurs, the challenges are access to capital, access to mentors, scaling up, and too much trial and error — so the same solution applies. Plug in to global partners who have done it before and are better at it than you are.

What’s the next challenge for the Mara Group?

All our businesses are in the process of scaling up and there are lots of exciting things happening around the group. But the one thing that I’m really excited about is getting Mara Mentor launched across the continent and globally and creating an impact on a mass scale. The alliances and partnerships we’ve created will enable us to connect with several million entrepreneurs this year.

You were the first African to register for Virgin Galactic. Tell us more about that.

It’s pure craziness! I’ve been a founder for about seven years, and it’s been a really cool journey. The spaceship has been unveiled, and testing is under way in the Mojave Desert. We’re going to start our flights this year, but we’re not in a rush — we want to make sure it’s a return ticket. It’s great fun. On my immigration forms now, where it says “professions,” I put “astronaut.”

Exceptional July–December 2014

Words Sophie Macerelle
Chopard Co-president Karl-Friedrich Scheufele reflects on how he fused personal passion with business know-how to lead the luxury Swiss watch and jewelry brand to new heights.

Where time is a luxury
“Chopard could offer me a chance for creative expression, and at the same time it was a business. It turned out to be an ideal fit.”

This year will mark the 25th time Karl-Friedrich Scheufele has competed in Italy’s iconic Mille Miglia classic-car rally — a 1,000-mile romp from Brescia, in northern Italy, down into the center of the country to Rome and back, all on rural roads. Each time, his participation has gone without serious incident — with one exception.

That year, Scheufele was barreling down a country road, with his wife in the passenger seat, when the car hit a patch of oil at a roundabout. Scheufele lost control of the vehicle as it went into a brief tailspin.

“Thankfully, that was the only time anything like that happened,” Scheufele says, instinctively knocking on the surface of an elegant sculpted wood desk to avoid tempting fate. “The car spun, and for a moment there was nothing I could do. When it stopped, my wife and I looked at each other in shock.” And then? “Well, then we just continued,” he says casually. Scheufele is not a man easily distracted from his goals.

Surprisingly, his goal was not always to run Chopard. His father, Karl Scheufele III, at the time an ambitious young goldsmith and watchmaker from Germany, acquired the famed 154-year-old luxury watch brand in 1963. When the deal was made, Karl-Friedrich Scheufele was only five years old.

But nobody ever pushed him to join the family company. The younger Scheufele at first entertained an interest in more artistic pursuits in design and art. He did a jewelry apprenticeship for a time. He traveled and developed what would become a lifelong passion for classic cars (his first car was a bright yellow convertible Volkswagen Beetle, though he soon upgraded to a 1962 Porsche 356). He also became interested in business, which he studied in Lausanne, northeast of Chopard’s current headquarters in the Geneva suburb of Meyrin.

“Over time, as I started learning more about the company, I realized it could easily combine these separate areas of interest,” he says. “I understood that Chopard could offer a chance for creative expression, and at the same time it was a business. It turned out to be an ideal fit.”

Once he came on board in 1985 as Co-president with younger sister Caroline, the company was transformed as Scheufele’s single-minded focus locked in.

Within a few years, Chopard expanded into high-end jewelry (Caroline oversees this part of the company). Soon after, it became one of only a small handful of Swiss watchmakers to make its own L.U.C. mechanical movements (named after company founder Louis-Ulysse Chopard) when it opened a new division in Fleurier in 1996. The company was also an innovator in opening up its own branded boutiques that feature both the line of timepieces and fine jewelry, first in Hong Kong and now dotting Asia, Western and Eastern Europe, and the Americas.

“The combination of watches and jewelry is not so common,” he says. “But it gives people two reasons to come into one of our stores. And in terms of production, I think the jewelry experience has helped make our watches more beautiful, and the watchmaking experience has helped make jewelry production more precise.”

Under its new co-presidents, the company also began to engage in a series of high-profile — and highly personal — sponsorships.

First, in 1988, came the Mille Miglia classic-car rally in which Scheufele is now a veteran participant. The company even produces a special limited edition watch to commemorate the Mille Miglia each year.

A decade later came France’s famed Cannes Film Festival, where the prestigious Palme d’Or (the festival’s top prize) was designed by Caroline Scheufele and is now sponsored by Chopard.

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The L.U.C. movement that is the heart of all of Chopard’s watches is named after Louis-Ulysse Chopard, the 19th-century Swiss watchmaker who founded the company when he was just 24 years of age.

Chopard was a visionary: he was among the first watchmakers in Switzerland to control the manufacturing process from start to finish and among the first to purposefully market his watches abroad, traveling to Europe’s great capitals to showcase his work.

Paul-Andre Chopard, the founder’s grandson, understood his children had no interest in becoming the fourth generation to lead the company, so he sold it to Karl Scheufele in 1963.

Under the leadership of Scheufele and his children, Karl-Friedrich and Caroline, the company has thrived, in part by emulating some of the founder’s earliest strategies: Chopard’s tactic of marketing his watches abroad found its modern equivalent in the company’s branded boutiques, which are located around the world. And after a period of outsourcing the production of the mechanical movements, the company returned to its roots and began producing its own movements in Fleurier, Switzerland.

As an homage to founder Chopard, the company continues to name its movements in his honor.

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As an homage to founder Chopard, the company continues to name its movements in his honor.
“Being part of the family doesn’t entitle you to anything.”

Profile: Chopard

Keeping time for more than 150 years

1860 Louis-Ulysse Chopard opens his workshop in Sonvillier, Switzerland.
1937 The business relocates to Geneva, led by Chopard’s son, Paul Louis Chopard.
1939 Paul-André Chopard (Louis-Ulysse’s grandson) takes the helm of the company.
1943 Company is vertically integrated and one of a small handful of companies in Switzerland that oversees every step of the watch's evolution: from the production of the nearly microscopic parts of the watch’s internal mechanisms to the way the products are showcased and sold.
1945 “We place a lot of importance on craftsmanship, a part of the process that many other companies outsource, and on the distribution side, we decided early on not to use independent distributors,” he says. “This gives us a tremendous amount of control over quality and image.”
1963 The company is reorganized in a more modern way. We wanted to be as professional as a publicly traded company without listing shares on the stock exchange. So today we can say we operate as a public company, though we are still a family-owned concern.”
1979 The company is vertically integrated and one of a small handful of companies in Switzerland that oversees every step of the watch's evolution: from the production of the nearly microscopic parts of the watch’s internal mechanisms to the way the products are showcased and sold.
1983 Chopard becomes official timekeeper of the Monaco Grand Prix Historique. Chopard is named designer of the Palme d’Or award.
1985 Friedrich Scheufele succeeds leadership.
1988 Chopard is named official timekeeper of the Monaco Grand Prix Historique.
1998 Chopard becomes partner of the Cannes Film Festival and designer of the Palm d’Or award.
2002 Chopard is named official timekeeper of the Monaco Grand Prix Historique.
2010 Chopard celebrates its 150th anniversary with a new collection.
2013 Chopard opens its new museum, 30% larger, so that we can display more of our collection.” Scheufele says. “It’s important. We should look to the future, but one should never forget the past.”
2015 Keeping it in the family

Peter Englisch, Global Family Business Leader, EY

The importance of family businesses to the global economy is undeniable. According to the European Commission, they account for more than 60% of all companies in Europe and the Americas and about 50% of employment. But for many, succession planning can be a cause of anxiety, and there are many misconceptions around what is involved.

Family business leaders often believe it is their responsibility to secure the successor, treating all family members fairly. The truth is, succession planning is a process involving many stakeholders, some of whom are family members, with a possibility that a successor could be appointed from outside the family.

EY’s family business portal can help guide a family business through the process of developing their own family charter, which defines roles and responsibilities, to facilitate the process of finding the right successor. Balancing the interests of the business and family members is tough. It is important that a definition of what qualifications and personality attributes are required by a successor is set early.

Defining this in the charter should ideally be done as soon as possible and not during the process of succession. Not every family business will survive. Many do fail, sometimes due to differing family interests or the inability of the next generation to grow the business, but the greatest contributor to family succession failure is unmanaged expectations. Other contributing factors include a lack of transparency or undefined family governance to explain the process and outline the criteria for a successor. A clear family charter can mitigate all these threats.

The current entrepreneurial generation should set themselves an age limit for retirement – perhaps 65 or 70 – and stick to it. There needs to be a clear point in time when the current generation intends to step down, and then you can start the process of succession planning at least two years in advance. Setting this age helps to manage the expectations of the succeeding generation, and also allows the business to prepare for change.

From the perspective of the leaving generation, there are often questions: “What should I do? What is my role or responsibility?” Looking for a purpose for the leaving entrepreneur is an important part of succession planning, and often the former CEO will shift to a supervisory function as a board or council member. Whether a family member or non-family member of the business provides succession, a robust charter, clearly defined expectations and transparent communications are vital to the continued success of the company under new leadership.

More information
Please visit ey.com/familybusiness for more information on the importance of succession planning.
Investing in good relations

Advancing technology is transforming the world and as the speed of information flow gains pace, the importance of the investor relations function for publicly traded companies has skyrocketed.

Words Kate Jenkinson

O n the front lines of engagement with the financial markets, investor relations (IR) plays an ever increasing strategic role for companies. By communicating openly with investors and analysts, the IR team helps ensure understanding and support for the future objectives of the business, underpinning the long-term value of the stock while providing management with valuable insights into market sentiment and the competitive landscape.

“The IR function is the central interface of the company and the capital market,” explains Martin Steinbach, IPO Leader, EMEIA, EY. “We are in a modern internet democracy, so public companies are more in the spotlight than ever before. The market environment is global, and capital markets are interconnected with direct links in real time, so the way to respond to the market has had to change dramatically.”

“With so many demands on the time of both corporate executives and investors, it is essential for companies to target the right investors with the right information,” says Magdalena Moll, who heads BASF’s award-winning IR team. “IR teams today have to manage a much broader range of tools than in the past to meet the increasing demands of stakeholders and management. While the direct interaction with investors remains essential, it has expanded to include digital and social media tools, conferences, webcasts and integrated reports, to name just a few, in order to effectively and efficiently engage with the capital markets around the world.”

EY’s 2013 Business Pulse report on the top 10 risks and opportunities for global businesses identified excellence in IR as a major opportunity, while regulation and compliance was seen as a top risk.

Having board and senior management support for IR activity is vital, and Moll says she is fortunate that all eight BASF executive board members are actively involved in the work that they do. “BASF focused on building a truly global IR function that draws on the best talent in each market,” says Moll. “To meet the local needs of investors and analysts, we have established permanent IR positions across the globe in Germany, the US and in Asia. It is this team that co-ordinates more than 130 capital market events annually and manages 420 investor meetings while ensuring a ‘one-voice policy.’ This level of coordination is essential in today’s borderless capital market.”

Best advice
Magdalena Moll gives her top three tips for IR communication:

1. Be open and honest
This is key — I would always advise IR officers to be honest and transparent with the financial community, even in difficult times. Through open communications of progress and challenges, you build credibility for the long term.

2. Promise and deliver
Have ambitious targets, but be sure you can deliver.

3. Treat all your investors equally
This means that all existing and potential investors should have the same access to published corporate information. For example, if we do an investor day in London, we also offer a live webcast so investors in Asia or North America can listen in and have the information at the same time.

With a background in consumer goods, Moll says she brought a more consumer-oriented slant to the IR strategy. “What we delivered is an idea that you can market BASF stock as a product. Investors buy company stock in an industry sector that they are interested in and that shows good performance. They will pay a higher price when they understand what makes the company superior, and an even higher price when they have trust in the company’s future success.”

IR online
Having a strong online IR presence is vital. “The most important thing is that you have a transparent IR website as you need a base that investors can refer back to,” says Andrea Wentscher, IR Manager, BASF. The big advantage of an IR website is that it is available 24 hours a day, seven days a week, and equal treatment of all stakeholders is guaranteed. BASF opened its IR-dedicated Twitter account in 2009 and today has more than 2,700 followers. It also has an IR StockTwits account focusing on the North American financial market. “Social media is an integral part of our online communication, and we reach a lot of new contacts, especially retail investors,” Wentscher says.

Setting up your IR function
A professional IR team has proven to be essential in the interaction with the capital markets and ultimately in achieving fair value as a company. For private companies preparing for an initial public offering, the establishment of an IR function must be a key priority well in advance of the actual listing. In this way, the IR team can help to establish internally the necessary processes to meet the new investor needs as well as provide valuable insight into the development of the equity story and long-term vision of the company. Resources have to be made available for a team to perform this function, and senior management and board members need to commit to engagement with the financial markets.

What every IR officer, new or existing, must keep in mind is that communication should be more than information delivery — it should be a dialogue. IR managers must focus on the relationships within IR.

More information
Visit ey.com/ipocenter for more information on the importance of the IR function.
Maintaining the family vision

John Perkins is running one of the largest privately owned retail groups in Britain, and as part of the second generation, he looks forward to stamping his own mark on Specsavers’ future.

As sight for sore eyes from Australasia to Scandinavia, the Specsavers logo is synonymous with optical care the world over. A far cry from its origins in a back bedroom in Guernsey, today the family business has more than 30,000 employees and 1,662 stores.

John Perkins, now the second generation to run the business, reflects on the company’s success as Specsavers enters its 30th year, riding high with £1.8b (US$2.95b) in global revenue.

Perkins’ path to the summit began when he returned to the family business after a stint at an accountancy firm. Since then, he has built his Specsavers career from the ground up, rising from store assistant to finance director, and in 2007 he became Joint Managing Director with his father, Doug.

Indeed, he can genuinely describe himself as a lifer at Specsavers. He even remembers calling to get sales figures from individual stores when he was 14.

Perkins was 12 years old when Doug and Dame Mary Perkins launched Specsavers from their Guernsey home in 1984, and they soon expanded into the UK, taking on established opticians Dollond & Aitchison and Boots. Having spent his formative years driving up and down the UK looking for potential store locations with his parents, it’s not surprising that Perkins should end up back at the family firm. And it’s a business that has in some ways changed dramatically and in others stayed the same.

It was in those early days with Specsavers that Perkins says he learned the most. “Returning to work in the store in Plymouth, I was a blank piece of paper, and I probably didn’t even know where the pen was. And while

“Until you know how to run a store, it’s very difficult to put anything into context.”

Hearing services

Specsavers ventured into hearing services in 2002 and today has 400 hearing centers across the UK and in the Netherlands. Similarly to the optician services, the hearing arm of the business is also run on a partnership basis with audiologists. Perkins says the move was quite organic, inspired by Specsavers’ large elderly customer base, who also benefit from the addition of hearing aids to the company’s offering.

“Many of the things that we do as a business will have started through a conversation with a partner.”

You can have some views and some perceptions about where the business should be going, until you know how to run a store, it’s very difficult to put anything into context.”

For that reason, new Specsavers recruits, regardless of whether they’re working in IT, HR or marketing, must first work in stores. “Because it’s critical not only to understand that operational element, but also to appreciate the partnership aspect of the business,” Perkins says. “In order to have credibility with a partner, you need to be able to empathize with them and the challenges they face.”

This partnership structure has been critical to Specsavers’ transition from independent retailer to high-street powerhouse.

Take any Specsavers store: typically there will be two partners in charge, one optician partner and one retail partner. “The role of the optician partner, not surprisingly, is to test eyes and to drive the clinical standards of that store,” Perkins explains. “And the role of the retail partner is to drive the business, look at customers, give great customer service, and lead and develop the team.

“The principle is that, if you go into that store, they are going to look after you as if you are their best friend, because fundamentally it’s their business.”

It’s a clever system that allows each store a degree of autonomy while maintaining the singularity of Specsavers’ brand – critical for such a consumer-focused company.

A business based on partnerships

Legally, each store location is a separate entity with two classes of shares: “A,” or equity shares that afford shareholders a profit share from that store, and “B” shares, which give control but not profit sharing.

“The B shares enable us to maintain overall strategic control over certain issues,” Perkins explains. “For us, a very important issue is getting the balance right between the entrepreneurship of partners and the fact that we need to have a consistent brand.”

Perkins is keen to point out that, while the Specsavers growth story is based on the founders’ entrepreneurial spirit, the relationship with its partners is a two-way collaboration, with ideas flowing in both directions.

“Many of the things that we do as a business will have started through a conversation with a partner or seeing something happening within a store,” Perkins says. “Then you take that back and try and professionalize it, standardize it and make it more appropriate for the brand – and then you make it accessible to other stores.”

Naturally, a certain amount of healthy tension is inherent in such a model. “There are things that can on occasion hinder the entrepreneurial spirit,” Perkins admits. “So if you’re a partner in a given place and you’re thinking, ‘I’d really like to do this,’ we might have to ensure that it is consistent with the brand. It was probably fine 15 years ago, when we didn’t have a brand and we weren’t spending £100m (US$160m) on advertising every year, but now…”

As Perkins points out, Specsavers is now a very different beast, at least in terms of scale, thanks to its phenomenal growth, which has been almost entirely organic.

US$160m

The annual marketing budget for Specsavers – essential to building the brand

US$2.95b

The global revenue that Specsavers is enjoying in its 30th year of business

30,000

The number of employees the company now has across 1,662 stores globally
Naturally, Specsavers’ growth curve has flattened a little in the UK, reflecting its market share and presence on the high street. As a result, Perkins is optimistic about the growth potential in the company’s other markets, where share has yet to reach UK levels. “Certainly that’s true in terms of Australia, New Zealand, across the Nordic region and the Netherlands as well, because we haven’t got to the level of share that we’ve got within the UK,” Perkins says. “So looking at those markets, growth is not exactly easy, but there are far more customers who aren’t already ours. It’s fair to say that we are consistently seeing double-digit-plus growth within developing markets, while the UK is probably 7%, so it’s still growing.”

All of which will no doubt please Doug Perkins, the man who started it all — and whom Perkins credits as his business idol. Among the many lessons passed on from father to son, Perkins says his father exemplified a critical characteristic of entrepreneurs who deliver sustained growth and success: recognizing his limits. “Doug’s vision was really important,” Perkins says, “not only in terms of the initial idea, but also realizing that he had got as far as he could on his own, and deciding: ‘I now need to proceed with some other people and get them to help me take it on to the next level.’”

Those managers are now largely recruited from the big beasts of retail, meaning the transition to working in what remains a family business can often be somewhat surprising. “We’ve got people who come in from Boots, or Vodafone, or Unilever, and they ask us to describe what the key differences are,” Perkins says. “I think the speed of decision-making is the main thing they’re impressed by. In this business, you can be around the table and make a decision, and there’s no one else to go and seek further permission from. You just act.”

Example of sustainable growth
The other big difference is the freedom to take a longer-term view of business strategy. Liberated from the need to satisfy shareholders’ quarterly demands, Specsavers has become a poster child for steady, sustainable and organic growth, leveraging its success in the UK into international expansion, and has now established a presence in 10 more countries.

So what next? For a business that has seen growth as the lifeblood for 30 years and now enjoys such a healthy market share, how can Specsavers continue to grow? Part of the answer lies in its acquisition of a domiciliary business providing eye tests for those unable to leave their house. Although it is only a small part of the company’s route to further growth, Perkins hopes this complementary business won’t cannibalize the existing share and will fit comfortably into the next generation of decentralized health provision championed by central government.

Is there more growth to come? Perkins is philosophical. “We’re probably a bit odd as a business because our focus is all on the input side of the equation, which means developing our people, helping and supporting our customers to get brilliant value, and working with our partners,” he says. “The other side of the equation is the growth and the number of stores. So we focus on the input, and the rest just takes care of itself.”

Profile: Specsavers
Specsavers offers customers more than 1,500 frames for glasses and has partnered with a range of designer brands.

“We focus on the input, and the rest just takes care of itself.”

The gift of sight
Over the company’s 30 years, Specsavers has maintained a strong sense of corporate social responsibility, partnering with various charities across the globe. In 2013 alone, the retail group donated more than £1.172m (US$1.96m) to charitable causes.

In 2014, this work continues, including a partnership with Vision Aid Overseas, aiming to provide eye care to the 12 million people of Zambia. To date, Specsavers has donated more than £300,000 (US$501,000) to the Zambia partnership and aims to fund the opening of vision centers in the nine provinces by the end of 2014.

In 2011, the first of these centers was opened by Dame Mary Perkins, Vision Aid Ambassador for Zambia. The partnership program has examined 13,000 patients and distributed more than 9,000 pairs of eyeglasses. Specsavers also has longstanding relationships with Hearing Dogs for Deaf People and Guide Dogs for the Blind, UK. Specsavers Hearing Centers also support international charity Sound Seekers, which is building a new school for deaf children in Kenya.
Selling style

Ronald van Zetten is in the business of brightening the world. His retail chain is based on the ethos of making life easy and fun for its customers – brightening their homes with HEMA-branded products, all designed and manufactured by the retailer itself.

Entrepreneurs Arthur Isaac and Leo Meyer, who wanted to provide affordable, quality goods for people of limited means, founded the Dutch company in 1926. They joined with Alfred Goudsmit, Director of the Amsterdam-based De Bijenkorf department store, to open Hollandsche Eenheidsprijzen Maatschappij Amsterdam (Dutch Unit Price Company of Amsterdam) on Amsterdam’s main shopping strip, Kalverstraat.

Almost 90 years later, as CEO, van Zetten stays true to the founders’ vision and has expanded the HEMA offering, taking the colorful and vibrant brand to Europe, and if van Zetten has his way, to the rest of the world. “It is a totally new direction, taking us to the next level and securing the future for more of our employees,” he says. “I think our offering is different and I think we can be successful, but there is always a challenge. The retail sector, especially in England, is very competitive.”

Over the past year, HEMA has collated consumer research in the UK and Spain, hoping to emulate the success of international stores in Belgium, Germany and France.

Under van Zetten’s leadership, HEMA has diversified its business offering from its household, bakery, clothing and beauty products to include options for health insurance, wills and marital contracts, and he is hoping to create further brand awareness and customer loyalty. “We think outside the box,” he says. “We still have a very clear and open policy and want to make it as easy as possible for the customer.”

The business’s formula for success: “Exceptional simplicity,” van Zetten says. “The difference is that we design and develop all our products ourselves, delivering a designer-style product at a very reasonable price.”
Growing up the only son of a famous billionaire businessman, Ross Perot Jr. could have easily been outshone by his father’s success. But, determined to make his own mark, the 55-year-old developer has expanded the Perot fortune, forging a new future for his entrepreneurial family.

any years ago, Ross Perot Sr. was quoted as saying, “There is no better place to live than in your son’s shadow.” He was referring in part to the difference in size between himself and his only son, Henry Ross Perot Jr. But these days, the famously diminutive billionaire who found prominence as an independent presidential candidate in 1992 (and again in 1996) could easily be referring to his son’s success as an entrepreneur.

For Perot Jr., growing up with a famous and hugely successful father used to bring the inevitable accusations of piggybacking, but these days he has less to prove. He has diversified the family businesses, moving away from their early IT specialization, focusing instead on blockbuster real estate deals such as the AllianceTexas airport project, which helped transform north Fort Worth, Texas, as well as the American Airlines Center in Dallas. In 1988, he founded Hillwood, which is now ranked among the top 10 real estate developers in the US and is the top residential developer in Perot’s hometown of Dallas-Fort Worth. As Chairman of the Board, he led the sale of his father’s publicly traded IT company, Perot Systems, to Dell Inc. for an astonishing US$3.9b in 2009.

On a personal level, he is no slouch either, spending almost eight years flying F-4 Phantom jets in the U.S. Air Force Reserve. And at 23, he was the first person to circumnavigate the globe by helicopter.

Perot attributes much of his success to the example his father set for him. “My father will always be my hero,” he says. “He pioneered two successful companies that paved the way for the technology services industry and...”
surprised. “I am optimistic and think we will continue to be surprised.”

“I am optimistic about the future and think we will continue to be surprised.”

By the time he got his degree in business administration from Vanderbilt University, Tennessee, in 1981, he had decided to join the Air Force. However, he says the pull toward entrepreneurship “runs deep in our veins,” and eight years later, he joined the family business, using it as a springboard to start his own venture.

Seeing an opportunity for real estate development in north Texas, Perot founded Hillwood and began buying strategic parcels of land. The economy slumped soon after, but he kept buying.

Hillwood’s big break came when Perot partnered with the Federal Aviation Administration and the City of Fort Worth to build Alliance Airport, which serves as the hub of AllianceTexas, the company’s mixed-use development. Functioning as an inland port, it is a base for BNSF Railway, American Airlines, J.C. Penney and AT&T, among other companies.

“Our vision in 1988 was to build the world’s first industrial airport,” Perot recalls. “Over the past 25 years, what initially started as Alliance Airport has grown into an 18,000-acre development that has dramatically transformed the landscape of north Fort Worth and the surrounding area. Our AllianceTexas development has brought US$5.5b in economic impact and created 31,000 jobs.”

Following on from this successful venture, Perot bought the Dallas Mavericks basketball team for US$125m in 1996, using the purchase as an opportunity to turn around the team and great partners we recruited had the vision and tenacity needed to see the project through to what it is today. While Victory Park formally opened during difficult economic times for the city – and the nation – one can see how that project has helped the downtown transformation we are seeing in Dallas today.

Further afield Texas may be home, but in recent years, Perot has diversified into other states, most notably California. AllianceCalifornia is a development similar in scale to the AllianceTexas project but is based in San Bernardino County, just east of Los Angeles. Perot is also partnering with international groups to bring foreign investment into the US and to expand overseas, leading to ventures such as oil exploration in northern Iraq.

Looking ahead, he believes his companies will continue to innovate. “I am optimistic about the future,” he says, “and think we will continue to be surprised by both the regional and US economy. We will continue to focus on industrial development at AllianceTexas and AllianceCalifornia, where we still have millions of square feet remaining for development.”

“One of the biggest challenges we will face is continuing to take risks when the market presents itself,” he adds. “We will also have to remain focused on recruiting and retaining top talent. Our success is dependent on our people, and I am proud of the strong organization we have built over the past 25 years.”

The top talent he mentions could, of course, include the next generation of Perots – a prospect he is excited about. “My goal is that we provide them with the education and leadership skills they need to be successful and to carry on the tradition of recruiting and empowering smart, hardworking people and enabling them to achieve great things,” says the father of four.

The Perot family is a close-knit group, and each member participates in some way when it comes to managing its resources and enterprises. “That said, we have always had great flexibility when it came to pursuing other interests and managing our business affairs,” Perot adds. “I guess the only hard-and-fast rules a Perot must operate under are getting a sound education; being honest and ethical in our business dealings; treating the people who work for us with respect and dignity; and finally, a Perot cannot be afraid to take risks when appropriate.”

Rules Ross Perot Jr. has clearly taken to heart.
Under attack and unaware

The changing nature of cybersecurity has resulted in a greater need for top-down leadership. But often, by the time the boardroom accepts that a threat exists, it’s already too late.

Cyber crime is on the rise, and its inevitability of security breaches. “It is not so out of place. “It’s not a sensationalist statement,” he says, discussing the inevitability of security breaches. “It is a statement that is more likely to be true than not.”

Preparing for a breach

The idea of accepting the probability of a security breach may be unnerving, but it follows a trend identified in EY’s 16th annual Global Information Security Survey, which highlights the growing risks associated with online security. Of the 1,900 client organizations questioned, just under a third said the number of security incidents had increased over the past 12 months and nearly three-quarters admitted information security policies were now being reviewed at the highest organizational level.

“Certain sectors, such as financial services, have been working with this problem for some time, and other sectors are starting to catch up,” Allan explains. “Boardrooms are now very much focused on how well prepared they are to deal with a breach. Many are concentrating on the idea that their organization could suffer a catastrophic loss.”

The largest sector represented in the survey’s findings operates in banking and financial services. “Conventional start-up businesses have the opportunity to get it right the first time,” says Allan. “They can create a business culture that totally accepts dependency on digital and make that a key part of their business ethos. More established firms might have to overcome entrenched practices that are perhaps not in keeping with today’s challenges.” He continues: “The opposing view is that fast-growing start-ups, which are focused on market entry and returning a profit, may have other business drivers vying for their attention. However, in the case of technology start-ups, an attack in the early stages could likely derail the venture completely.”

Security strategy

For both start-ups and established businesses, identifying the company’s “crown jewels” and focusing protection on them should be the cornerstone of any security strategy. In terms of combating cyber threats generally, one of the leading practices identified in EY’s survey is the significance of boardroom support to establish clear

31% of respondents say the number of security incidents has increased over the previous 12 months.

The average cost of cyber crime around the globe

<table>
<thead>
<tr>
<th>Country</th>
<th>Average Cost</th>
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<tr>
<td>US</td>
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<tr>
<td>Germany</td>
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<tr>
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<td>UK</td>
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*According to the 2013 annual Cost of Cyber Crime Study by the Ponemon Institute.
No one knew anything about computers back then,” reminisces Ivan Epstein, “not in the small business world. So if you quickly taught yourself some software skills, you’d immediately be better off than most, and you could immediately start assisting them.”

Epstein is recalling when he and his business partner, Alan Osrin, established one of South Africa’s first small business accounting software firms, Softline, in Johannesburg in 1988. Fresh out of university with accounting degrees, the two of them had big dreams but no real plan.

“It was a classic start-up,” Epstein says. “We were consultants to start with, selling somebody else’s software. We soon realized we needed intellectual property – an asset. We wanted our own product, as being consultants would have restricted our growth ability.” Eighteen months later, the third partner, Steven Cohen, joined the business and became the product’s chief architect – allowing it to progress to the next level.

According to Epstein, while the three partners knew what they wanted to build, they had limited software-development skills, so they employed a developer, to help to write the company’s first product, Brilliant Accounting. It grew to be one of the most popular accounting products for SMEs in the country within two years. What drove them, he says, was the fact that they had to succeed: there was no plan B, just a bank loan of R5,000 (about US$2,200 at the time) to make Softline work.

In 1991, the business had a windfall when VAT replaced GST in South Africa. This change placed an administrative burden on small organizations, and many chose to upgrade to Softline’s product. The sudden fresh but limited inflow of capital allowed the business to be financed for the next few months, and as the use of computers grew, so did Softline.

Today, Epstein is technically still with Softline. The firm was acquired by Sage Group plc in 2003, but it continued as Softline until a name change to Sage in February 2013.

Ivan Epstein, CEO of Sage in Africa, Australia, the Middle East and Asia, has been through it all. From start-up to going public, delisting and a buyout, he has never lost his entrepreneurial spirit.

“A state of permanent revolution

When Ivan Epstein and Alan Osrin (today Managing Director of Sage Software Australia and Sage HandiSoft) went into business in 1988, they were school and varsity friends, with a mutual desire to build a global company. In 1990, Steven Cohen joined the company (today he is Managing Director of Sage Pastel), as did former Development Director Grant Lloyd.

“I cannot emphasize enough how important it is to choose and trust the right partners,” Epstein says. “Any stock exchange should have … training for people moving from private entrepreneurship to head of a public corporation.”

Perfect partners

“In 1997 we decided to take our company public,” Epstein says. “We were a small company, about 30 people, with low revenues. Profits were about US$700,000 at the time.”

The transition from private to public business was one of the most exciting periods of his life, says Epstein, and equivalent to starting out all over again. “One day you have this private company run and owned by three individuals,” he says. “The next day you’re public, and everything that was confidential is out there.”

Out in the public sphere

With Softline floated on the Johannesburg Stock Exchange (.JSE), Epstein began a huge spending spree that saw the firm acquire 33 companies at home and abroad – including its largest domestic rival at the time, Pastel.

“We were so young,” Epstein says. “I had limited experience and knowledge in running a public company. In hindsight, any stock exchange should have some form of training for people moving from private entrepreneurship to head of a public corporation. It was very exciting, but we lacked public company experience.”
“I’m of the opinion that, no matter how large the business, you should run it with the heart of a small business.”

Epstein didn’t realize the successes and challenges that listing the business would bring. With the company no longer his alone, Epstein says that Softline was in the UK, France, Australia. It was really exciting to get involved with a start-up or near start-up and wouldn’t bootstrap again — I wouldn’t need to. But it’s always exciting to get involved with a start-up or near start-up and build something.

In an unusual case for a company that has been through so many changes, not only are the three Softline founders still with Sage, but so are most of the leaders of the companies that Softline acquired in the 1990s. The firm encourages continued entrepreneurship and independence among its different business units.

Softline to Sage

1988 Softline is founded by Ivan Epstein and Alan Orsin
1991 Steven Cohen joins Softline
1997 Softline is listed on the JSE
1999 Epstein awarded EY South Africa’s Best Entrepreneur Award
2000 Dotcom bubble bursts
2003 Softline delists and is bought out by the Sage Group
2009 Epstein awarded IT Personality of the Year by the Computer Society of SA
2013 Softline changes its name to Sage

Viewpoint

Keeping cool in IPO mania

Martin Steinbach, EMEIA IPO Leader, EY

Forbes has heralded 2014 as “the best new year for stock offerings since the bubble burst,” just as a recent EY report highlights the strongest IPO activity in the first quarter since 2011, with 228 IPOs worldwide, generating total proceeds of US$42.6b. And the IPO pipeline for the remainder of 2014 is looking strong.

For many fast-growing private companies, an IPO can raise the capital they need to accelerate growth, finance innovation and achieve market leadership. Taking a company public is an exciting time, but with increasing transparency demands from shareholders, having a plan for what will happen after the bell rings is vital.

The IPO process should be a structured and managed transformation of the people, infrastructure, processes and culture of an organization. Although the IPO execution phase generally lasts 90 to 120 days, the value journey begins at least a year or two before the IPO and continues well beyond it.

While an IPO is a key turning point in the life of a company, an IPO is far from a single financial transaction. The IPO event itself is just one defining milestone in a complex transformation from a private to a public company.

Not all companies are fit for public life, but if it is the logical next step for yours, an IPO readiness assessment is key. Ideally, senior managers should take one or two days to workshop how going public fits with the company strategy, balance the benefits and risks of going public, identify and know more about the IPO to get IPO-ready, and then formulate a plan to fill any identified gaps.

One of the benefits of an IPO is that it raises the attractiveness of the company to top managers, who may be interested in joining the firm in its new public life. This also gives founders and entrepreneurs a new bonding instrument and an opportunity to attract top management and bring key people on board.

This year, the technology, energy, real estate and financial sectors are set to lead in IPOs, with private equity-backed investors as a driving element. In fast times and with positive forecasts, it is easy to get caught up in the IPO mania and rush the process. The challenge is to co-ordinate two projects at once – the IPO project itself and getting IPO-ready for day one. Balancing these two streams is tough, both in terms of time and having the right people on board to execute them, but with robust IPO preparation, going public is one global trend that is set to continue.

More information

Please visit ey.com/acopcenter for more information on going public.
The potential within rapid-growth markets has attracted foreign money in droves. But as monetary policies change, local market knowledge and the ability to adapt are a company’s most valuable assets.

Backing a winner

The most lucrative fragrance market in the world is in Brazil. It is valued at US$6b, and Brazilian consumers soak themselves in three times the volume of fragrances as their nearest rivals in the US. These notable findings, published by the Canadean Group, not only suggest Brazilians and Brazilian consumers have is a key factor.”

According to an insight report by McKinsey & Company, in many developing markets, such as China, India and Turkey, 40%-45% of the middle classes’ household income is spent on food and transportation, compared with 25% in the US, leaving middle-class consumers in those RGMs with less disposable income.

“Over the past few years, interest rates in advanced economies have been at historic lows,” Rogers says. “Governments and private enterprises in RGMs were able to borrow these funds at low interest rates and expanded rapidly as a result. Now that some advanced economies are growing again and there is a possibility of interest rate rises, that money may start to flow back into advanced economies. If this is the case, the cost of borrowing will increase, and RGM governments and business managers will have to be more cautious about their expansion plans.”

In addition, the idea that all emerging middle classes are the same and represent untold opportunities may not be entirely true. “A growing middle class is certainly pertinent to consumption, but it isn’t necessarily the only criterion,” Rogers says. “The quality of the middle class in terms of the amount of discretionary income families have is a key factor.”

According to EY’s report, that by 2022, there will be 200 million RGM households with annual incomes exceeding US$35,000, representing a larger consumer market than the US.

Proceed with caution

While the principle of economic growth coupled with growing middle classes should provide perfect conditions for foreign investment, Kristina Rogers, Global Emerging Markets Leader for Consumer Products at EY, explains that small interest rate rises in advanced economies have made those markets somewhat more attractive this year, perhaps diverting foreign direct investment away from RGMs.

“Exceptionally, doing business in rapid-growth markets requires a granular look in order to understand where to place big bets,” Rogers suggests.

“Middle-class RGM consumers differ. Some are very open to foreign brands; some are not. Some have increasing levels of discretionary income; for some it is flat. Companies need to better understand the RGM consumer by market to know where the best chances for success are.”

What to expect

It is inevitable that the opportunities created by long-term demographic and economic change will define what happens next. The question is: which market should you back?

“China still tops the list,” says Rogers when asked to pick the top performers. “Growth will be there, just not at historic levels. Poland is also looking good. Labor productivity is up, the Government is doing a good job of balancing the country’s finances and growth has been steady.

“Finally, Indonesia has succeeded in managing enormous change over the past 15 years. The country elects a new president this year, fresh and capable of taking Indonesia to the next level. Indonesia’s growth is second behind China, so it is difficult not to take note.”

From EY’s findings, RGMs will increasingly look to their own markets to drive demand, with their new middle classes buying a wider range of consumer goods and services. Capitalizing on this requires sound local knowledge and the ability to adapt.

“Understanding what drives consumer behavior and how it differs between various markets, such as China, India and Turkey, 40%-45% of the middle classes’ household income is spent on food and transportation, compared with 25% in the US, leaving middle-class consumers in those RGMs with less disposable income.

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Superbugs may sound like a fantasy of science fiction, but in hospitals across the world, they are very real and a force to be reckoned with. Dr. Ruth Oltjer has dedicated her career to obliterating them.

One of the most aggressive of these superbugs is methicillin-resistant Staphylococcus aureus (MRSA) – a bacterial infection that is resistant to antibiotics. If carried on the skin, MRSA can cause boils and abscesses, but if it gets into the body, infecting tissues and organs, it can be fatal, causing blood poisoning or endocarditis – an infection of the inner lining of the heart.

“The solution to the problem is often easy: proper cleaning and infection control systems,” Oltjer says. “However, according to the World Health Organization, it is often hard to achieve this in developing countries such as in Asia, Africa and, not long ago, even in Estonia.”

During the early 1990s, after working with hospital cleaning chemicals and disinfectants that caused skin irritations and made her asthma flare up, Oltjer realized there was a gap in the market for quality, allergen-free disinfectants. “Every day, when I washed my hands,” she says, “I longed for products that would not harm people.”

Initially, it was out of personal need that Oltjer began buying more benign chemicals from a UK producer. But soon colleagues in Estonia, as well as in Lithuania, began inquiring about how they too could source some.

Moving her medical practice to the evenings, Oltjer studied for an MBA and set up a company in partnership with the UK suppliers under a private label to import the disinfectants to Estonia, and so Chemi-Pharm was born. Import volumes grew rapidly, and in 2000, Oltjer began producing the disinfectants herself as a cost-cutting measure. She also added custom-made products to the company’s range.

Infectious innovation

Today, the company has offices in Estonia, Latvia, Singapore and Malaysia and produces more than 100 different products for more than 5,000 loyal customers in 20 countries across the world. Half of the company’s production is exported, mainly to Russia but also to central Europe and Asia, and 85% of Estonia’s hospitals use Chemi-Pharm products. In 2012, turnover went up by 60%, due to a rapid increase of exports to Poland, Sweden, Ukraine and Lithuania. The company has also developed its own

Clean care

When the use of disinfectants caused Dr. Ruth Oltjer more harm than good, she decided to do something about it. Through that action, this Estonian entrepreneur is saving thousands of lives.
Oltjer believes that, if Chemi-Pharm can help those countries to improve hospital hygiene by providing efficient and safe disinfection products and medical training, the hospital infection rate could be reduced significantly and thousands of lives could be saved.

Labor of love
An entrepreneur by chance rather than intent, Oltjer says she does at times miss her medical practice. “I studied so hard to become a doctor that it is a bit sad that I do not have to see so many lives.”

Oltjer attributes her business success to her family doctor practice. “The way to succeed in this industry is to constantly experiment and test. Plus, you really have to believe in yourself.”

A life in business
Chemi-Pharm wasn’t Dr. Ruth Oltjer’s first encounter with the business world. When the political climate in the Soviet Union started to change at the end of the 1980s, she and her husband, Andres, started a family doctor practice in Estonia, and then in 1997 came Chemi-Pharm.

"You have to believe in yourself; you have to be convinced that you are doing the right thing."

In the know

Adapting and evolving
As economic conditions improved in 2013, venture capital (VC) investment reached a turning point. A number of trends, such as angel investors, increased technology use and crowdsourcing, emerged and are now gaining momentum. The Global venture capital insights and trends 2014 report examines key developments in the industry, analyzing the VC hotbeds of the US, Europe, China, Israel and India, as well as emerging markets. Visit ey.com/venturecapital.

In the diary

Growing Beyond: Strategic Growth Forums
Join CEOs, entrepreneurs, influential business and government leaders, investors and advisors from around the world to share experiences on innovation, growth and what’s shaping the future of the global economy. Visit ey.com/sgf.

On the web

Family Business Blog
Get the latest thinking on the most pressing issues faced by family businesses by following the EY Family Business Blog. New topics will be explored on a weekly basis. Read about succession planning, growth, wealth management, governance, entrepreneurship and more. Visit familybusinessblog.ey.com.

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EYVoice
Stay abreast of insights provided by EY partners with our Forbes.com series, EYVoice. Learn about trending issues in innovation, entrepreneurship, IPOs, financing and more at forbes.com/sites/ey.

On the shelf

UNthink! Rediscover your creative genius by Erik Wahl (Crown Business)
Graffiti artist and corporate thought leader Erik Wahl encourages readers to change traditional thought patterns. The Founder of consultancy firm the Wahl Group, Wahl wrote his first book to rekindle the creativity, imagination and problem-solving capabilities we all have and to explore how to harness them for the workplace and life in general.

Family Business Yearbook
Designed to celebrate entrepreneurial excellence in family businesses, this yearbook presents the latest thinking on the issues facing today’s family firms and provides a glimpse inside some of the world’s greatest family businesses. Also included are key data and trends on family businesses globally. To order a complimentary copy, email familybusiness.coe@ey.com.

Contacts
Visit ey.com to find your local contact, or contact any of the EMEIA SGM leaders below.

Europe
Andrea Vogel
+31 088 407 4070
andrea.vogel@nl.ey.com

Middle East
Ashraf Abu-Sharkh
+971 4312 9135
ashraf.abu-sharkh@ae.ey.com

Russia and the CIS
Dmitry Neverko
+7 495 755 9943
dmitry.neverko@ru.ey.com

India
Farokh Balsara
+91 22 4035 6300
farokh.balsara@in.ey.com

Africa
Cheryl Kasindu
+27 11 772 3741
cheryl.kasindu@za.ey.com

Financial Services
Geoffrey Godding
+44 20 7951 1086
ggodding@uk.ey.com

Download the Exceptional app EY_Exceptional from iTunes or Google Play, or follow us on Twitter @EY_Press, @EY_Growth.

“I genuinely want to prove that if you do good, you will do well.”
Ashish J. Thakkar, Founder of the Mara Group (page 04)

85% of Estonian hospitals use Chemi-Pharm products. (page 34)
A desire to give back to the business community that has supported her is what inspires entrepreneur, business leader and philanthropist Muna Easa Al Gurg to get out of bed each morning.

“As an entrepreneur, you will always face challenges. The most important thing is to believe in your idea and to focus on the end goal, whether you’re a man or a woman.” So declared Muna Easa Al Gurg in the opening episode of The Entrepreneur, a 2012 television series that aired on Dubai One in which she featured as a judge.

As Director of Retail at Easa Saleh Al Gurg (ESAG) Group, Al Gurg is responsible for strategy and operational development for the 50-year-old family business’s international retail brands.

It’s a long way from her career-starting role with advertising agency Saatchi & Saatchi in Dubai. Al Gurg credits her first job with igniting her passion for retail brands and preparing her for work with marketing agencies. Al Gurg is the daughter of UAE businessman Easa Saleh Al Gurg, who set up the ESAG Group in 1960 to act as agent for Unilever and British American Tobacco.

UAE-based relationships also developed with Siemens, Dunlop and United Colors of Benetton, and today the group owns 23 businesses. “All the traffic lights that you see [in the UAE], they’re all made by Siemens,” she says.

Although she joined the family business, she is quick to point out that she worked her way from the ground up. Away from the dynastic company her father built, Al Gurg is a leading light in her own right in Dubai’s nonprofit sector.

Al Gurg was asked to join Endeavor, which selects and mentors “high-impact” entrepreneurs around the world. “Endeavor is a full-fledged mentoring program. Entrepreneurs may be at the stage where they are doing well but may not know what the next stage is for them. I try to identify those Emiratis. Sometimes it is disappointing for me. … I’d like to see many more.”

The good standard of living in the Gulf Cooperation Council countries has made rising youth unemployment a thorny issue. Excessive reliance on public-sector jobs is seen as limiting growth. But the fact that the UAE’s economy enjoys higher GDP per capita than Japan and the UK means most young Emiratis opt for the security, pay and perks of government jobs. It irks Al Gurg that few entrepreneurs are from her own country.

“If I am an entrepreneur and I want someone to help me out, I will probably find someone,” she says. “But economic development can have its disadvantages. Complacency is an issue. There is no sense of drives to improve socioeconomic conditions in the Arab world through initiatives in education, leadership development and entrepreneurship. She sits down for her interview with Exceptional wearing her trademark black abaya, but without the headscarf that Emirati women traditionally wear. She is poised and precise. Her spacious office on the 16th floor of the company headquarters in Deira affords spectacular views.

YAL was founded in 2004 at the World Economic Forum in Davos by UAE Vice President Sheikh Mohammed bin Rashid Al Maktoum, Crown Prince Salman of Bahrain and King Abdullah II of Jordan. Individual chapters work on the challenges facing each country.

“We have sponsored many young people who have no means to go to college but are super-smart,” Al Gurg says. “We have identified them from smaller emirates like Ajman and Ras Al Khaimah. These are real entrepreneurs who like to build tech ideas. YAL helps to support that. We want to impact employment.”

She is also a founding member of nonprofit enterprise Hub Dubai, “a global network of connected communities that enable collaborative ventures for a better world,” she explains. From London to San Francisco, Johannesburg and Melbourne, Impact Hubs are making a name for themselves in social entrepreneurship. Dubai’s is the first in the Arab world.

“Hub Dubai involves more than 10 investors. It’s a place where entrepreneurs can gather with investors interested in meeting them. It was created to bring all those people together with mentors and investors. It’s based in downtown Dubai and is one of 54 global hubs,” says Al Gurg.

Supporting tomorrow’s leaders
Giving regular lectures and guest speeches about corporate social responsibility, women, leadership and youth development in the UAE, Al Gurg sees the entrepreneurial spark in the future generation and works to empower it.

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I need to survive, I need to think of something.”

Education needs to change to that way of thinking. “It’s hard for an Emirati entrepreneur starting from scratch. Competition is everywhere. In the ‘60s, the Gulf was in its infancy. Now it is flooded with ideas from all over the world,” says Al Gurg.

The UAE Government introduced the Emiratization initiative more than a decade ago to encourage increased employment of its citizens in the public and private sectors. Results have been seen in the public sector, but uptake in the private sector is lagging, with citizens forming only 0.34% of the workforce. While education initiatives are trying to encourage Emiratis young and old into the private sector and entrepreneurship, they still face some challenges. “The law makes it difficult for start-ups,” Al Gurg explains. “There are licensing issues. You need to go to a bank and present three years of audited reports to open one up. That’s what an award does to you.”

She stresses the limits on women’s freedoms but praises women’s single-mindedness. “Women are focused, giving them the potential to do well.”

She accepts she is unusual in removing the veil. “Maybe it was only a few years ago. I've been fortunate to have been given the opportunity and the means. I will not waste my time. I am here for a purpose.”

As Chairwoman of YAL, which has also partnered with INJAZ-UAE on youth initiatives, Al Gurg believes promoting a culture of entrepreneurship is one solution to the region’s unemployment issues.

The Entrepreneur

Muna Easa Al Gurg was not only a judge on the UAE reality television show The Entrepreneur; she also participates as a judge in an annual student entrepreneur contest run by INJAZ-UAE, a nonprofit business education organization. Over five months, students ages 16-25 meet with volunteer tutors from the private sector, form companies and vie for the title of Best Student Company of the Year. The students gain experience in entrepreneurship, financial literacy and work readiness as they are tasked with conceptualizing a business idea, raising capital, then selling and liquidating their company.

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“I’ve been fortunate. … I will not waste my time. I am here for a purpose.”

Bright future

As the UAE speeds into prosperity, Al Gurg has been quoted time and again talking about how lucky she feels to work in an area she truly believes in: “social entrepreneurship, women’s empowerment and Emiratization in the UAE.”

She clarifies. Having recently completed a fellowship with the Aspen Institute, Al Gurg’s main project is to change the statistics within the UAE of Emiratis working in the private sector. “Again, working in the family business has given me a responsibility,” she says. “What are your goals, what are you trying to achieve? What do you want to leave behind? That’s what an award does to you.”

As Chairwoman of YAL, which has also partnered with INJAZ-UAE on youth initiatives, Al Gurg believes promoting a culture of entrepreneurship is one solution to the region’s unemployment issues.

Viewpoint

Fostering the future

Andrina Baars, Program Director, Entrepreneurship Education, EY

With global unemployment figures rising by 5 million to 202 million in 2013, the appeal of starting one’s own business has grown stronger for the next generation of workers. As this group completed its education during the financial crisis, watching their parents’ and grandparents’ generations losing jobs, the number of graduates seeking self-employment has boomed. Figures from the 2013 Global Entrepreneurship Monitor’s annual report suggest that there are more early-stage entrepreneurs aged 25-34 than any other age group, and in the UK there are 4.2 million self-employed – the highest figures since records began in 1992.

Organizations that support young entrepreneurs following their dreams are growing in numbers to meet this demand, as the next generation see the value in an entrepreneurial career. EY has supported young entrepreneurs since 2009, when we established the EY Junior Academy, as well as the NextGen Club for its alumni.

Training and helping young entrepreneurs is not as simple as sending them on a course, however. Entrepreneurship is a mindset – it cannot be taught. What entrepreneurs need is the personal development to give them the courage and strength of character to pursue their dreams.

Offering a holistic training set that combines academic knowledge, practical experience and personal development, EY’s program lays a solid foundation, enabling young entrepreneurs to trust in their instincts and their ability to create new opportunities.

While providing mentors is valuable and is a recommended support measure for budding businesspeople, it can also prove a hindrance. One of the biggest misconceptions these young people hold is that they have to emulate self-defined role models or, in the case of family businesses, their parents. They need to allow themselves to follow their own vision in order to identify and pursue opportunities in new and paradigm-changing ways.

In other words: to think outside the box.

To supplement the role of mentors, connecting young people with successful members of their peer group at a young age can be a game-changer as they realize the power of self-belief and watch others take the leap.

Entrepreneurship is universal in the sense that it is a mindset. It is about discovering one’s own vision and potential, questioning existing structures and trying to redefine market boundaries. Individual learning experience is influenced by many factors, and the broader the view and the more experience one gets, the better the ability to adapt to a changing business environment and cultural differences. The diversity of the 350-strong EY NextGen Club proves this hypothesis.

More information

Visit ey-junioracademy.com for more information about EY’s NextGen Club and Junior Academy.

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Profile: Muna Easa Al Gurg

Al Gurg was named the Arab Women Awards’ 2013 Businesswoman of the Year (above) and helps to provide education to more than 300 underprivileged children in Zanzibar (bottom) through the ESAG Charity Foundation.
Head to head: Hilton and EY

Chris Nassetta, President and CEO of Hilton Worldwide, and Howard Roth, EY’s Global Real Estate Leader, discuss how Millennials are changing the face of the hotel sector and why technology is the way forward.

Greater disposable income, low-cost airlines and mobile booking sites have made travel accessible to more people than ever before. Combine this with increasingly tech-savvy and knowledgeable customers, and accommodation providers are racing for innovative ways to enhance the customer experience. In light of this, and drawing on knowledge from a combined 60 years in the real estate and hotel industries, Chris Nassetta and Howard Roth discuss current trends, challenges and predictions for the future.

What trends are you currently seeing in the hotel and hospitality industry?

Nassetta: I think there are many trends that are positively affecting the business. Today, travel and tourism is the biggest industry in the world. It makes up 9% of global GDP and it’s also the largest employer; one in 11 jobs in the world are in this industry. There’s an expectation over the next 10 years that 75 million new jobs are going to be created. In the past 20 years, the middle-class population has doubled, and over the next 20 years, it’s expected to double again. Tourist arrivals over the past 20 years have also doubled and are expected to double again in the same period. If you look at the hotel business just in the US, there are 15.7 hotel rooms for every 1,000 people. If you look at many of the other regions, and particularly the emerging markets, there is less than one hotel room per 1,000 people.

That means there is huge potential for growth.

Roth: Broadly, hospitality has been on the upswing. There are more capital flows coming from east to west, with growing middle classes, a more affluent Millennial generation and demand for faster, more customized service. There are a lot of accommodation providers moving toward a “lifestyle” or boutique style of accommodation to cater for changing demographics.

We also see many companies deploying analytics tools to gain insight into consumer preferences. By using this information to create differentiated experiences, they hope to motivate customers to visit more frequently, stay longer and spend more. Sustainability remains at the forefront of many customers’ accommodation considerations and should be important for hoteliers, too.

What were the main challenges for Hilton in moving from a private to a public company?

Nassetta: When I joined Hilton, from an organizational point of view, it was very dysfunctional. The performance of the company was mediocre at best. I recognized that there was immense potential, but that it was not in any way being optimized. We immediately focused on a plan to address all of the issues identified as part of the underwriting thesis. It started and continues as a cultural revolution. That meant rebuilding the organization and getting people aligned around core principles, our vision, mission, values and a set of key strategic priorities that would guide everything that we did. It involved gaining intense alignment of the organization, optimizing the performance of the enterprise, continuing to strengthen and expand the portfolio of brands, and expanding our footprint with a focus on international growth. In the six years since the acquisition, we have become the fastest-growing major lodging company in the world, with growth in rooms at 37%. We have the largest pipeline in our history, with nearly 200,000 rooms, and more new rooms under construction than anyone else in the industry. Most importantly, we’ve received a great reception upon our return to the public markets and are feeling very positive.

Roth: We have seen a lot of hotel companies go public. Recent hotel IPOs in the US have largely been driven by major private equity players. Several years of steady revenue growth and limited additions to supply have enhanced investor confidence, particularly where a dynamic growth story like Hilton’s exists for the future. Other large private owners have clearly taken notice, and we see this hotel IPO trend continuing for large portfolio owners with appropriate economics and growth stories.

How is the industry changing as the customer base shifts to the so-called Millennials?

Nassetta: That is a great question and a very important one. I would say we’re like everyone else in the business in that we are thinking about shifting demographics but want to continue to appeal to a broader set of customers across all age cohorts. Each of our brands is designed to cater to customers across different price points and travel needs. There is no one brand that is our Millennial brand, or Generation Y brand – every one of our brands needs to appeal to a broad audience base. We have not yet launched a lifestyle or boutique brand, but we are in the process of developing something in that space. Proportionally, that brand will probably draw more Millennials, but if we do it right, it will be like our other brands in having a fairly broad appeal.

Roth: There are a number of accommodation providers now tweaking their offerings for the Gen Y customer. Predicted to be the core customer within the travel and hospitality industry over the next 5 to 10 years as they enter into their peak earning, spending and travel years, Millennials are expected to influence the travel and hospitality industries over the next 5 to 10 years as they enter into their peak earning, spending and travel years, this demographic will benefit the majority of airlines, hotels and travel companies.

More information
Visit ey.com/realestate to find out more about the latest trends and insights in the hotel sector.
At the heart of health care

As Chairman and Founder of Narayana Health, cardiac surgeon Dr. Devi Shetty is changing the face of health care in India, ensuring that those in need of surgery receive it — whether they can afford it or not.

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“Charity may not be scalable, but good business principles are.”
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Dr. Devi Shetty speaks on how he has leveraged economies of scale to provide affordable health care in India.

While many in the Western world grumble at the routine of an eight-hour work day, five days a week, 61-year-old Dr. Devi Shetty’s working day often lasts up to 18 hours — and he does it with a smile.

I see about 60 to 80 heart patients and do at least one or two major heart operations a day. In between, I might give a presentation to some business schools or conferences over Skype.

After qualifying as a cardiac surgeon at London’s Guy’s Hospital, in 1989 I started my career in Kolkata, where two things happened that influenced me deeply. First, although I would see 100 patients every day, I realized that none of them turned up for heart operations because they couldn’t afford it.

And second, I met the inspirational Mother Teresa when she became my patient. She taught me a lesson: hands that serve are more sacred than the lips that pray.

I soon realized that charity is not scalable. Irrespective of how wealthy you are, if you are going to give something for free, it’s only a matter of time before you run out of money. I was inspired by Henry Ford’s production of the Model T: he reduced the cost of the car so that the majority of Americans in the 1930s and ’40s could afford one. I thought these business principles could be used in a hospital.

There is always skepticism when you start something new, and we were shaking the foundations of health care delivery. But we believed in it, and it is desperately required because our customers don’t have the privilege of debating whether they want to buy our service — if they don’t, they will die.

So, with a bit of time, we were able to prove that what we were trying to do worked and that a significant number of people were benefitting. We wanted to build a 300-bed super-speciality hospital and equip it for US$6m, 25% of the average cost, and we wanted to build it in six months — it would usually take three years. We contracted India’s largest construction company, and we managed to do it.

Leveraging economies of scale, we are reducing the cost of surgery. We would like to add 30,000 beds in the next 7-10 years and reduce the cost of heart operations from the current price of US$1,500 each to about US$800.

This year, we will open our cardiac unit in the Cayman Islands, and we are looking at expanding into other countries in Europe and Africa, where we are currently searching for strong local partners.

Charity may not be scalable, but good business principles are. Narayana Health uses sound business principles for efficiency, better outcomes and lower cost. We invested heavily in technology to ensure we get strong data. Every day, by midday, senior doctors and administrators get an SMS on their mobile phones with the previous day’s financials. For us, looking at the profit and loss account at the end of the month is like reading a post-mortem report, whereas seeing it on a daily basis is a diagnostic tool — you can take remedial measures.

The next generation is buying into the Narayana Health way of care, and we are training young doctors through the Doctoring the Future: Udayer Pathy program in West Bengal. We need to invest in children from deprived backgrounds — they have compassion and a fire in their hearts that will turn them into outstanding doctors.

It always helps when the next generation believes in what you want to do, when they are passionate about changing things and making it better. It reassures you that all the dreams and aspirations you have will not die with you.

My kids strongly believe in what I do, and they realises that when they are passionate about something, it’s not an effort, it’s a joy, and I’m a person who is blessed with virtually everything a person my age wants. It’s not philanthropy or a charity: it’s my duty.

For me, there is no question of slowing down or retiring. It’s very important that, for as long as God gives you the strength to work, you should work. You shouldn’t decide based on your age. Work for me is not an effort, it’s a joy, and I’m a person who is blessed with virtually everything a person my age wants. It’s not philanthropy or a charity: it’s my duty.

My older son is a graduate from Stanford Business School; he had an opportunity to do whatever he wanted. He’s a very bright kid, but he decided to come back and work with me. And my other two sons are doctors: one is doing cardiac surgery and the other one wants to become a cardiac surgeon.

My kids strongly believe in what I do, and I’m a person who is blessed with virtually everything a person my age wants. It’s not philanthropy or a charity: it’s my duty.
Wise words

Our entrepreneurs provide some insight into the business advice and lessons learned that inspired their success.

“I would stress that it’s important to stay true to yourself. There are a lot of temptations to do otherwise.”
Karl-Friedrich Scheufele, Co-president, Chopard (page 06)

“Diversity is the key to success.”
Chris Nassetta, CEO, Hilton Worldwide (page 44)

“If a solution is not affordable, it is not a solution.”
Dr. Devi Shetty, Founder and Chairman, Narayana Health (page 46)

“Focus on your end goal. That helped me a lot. When I face challenges, I tend to stop and think: ‘What am I trying to achieve in life?’”
Muna Easa Al Gurg, Director of Retail, Easa Saleh Al Gurg Group (page 40)

“You can’t change history, but you can fix the future.”
Ivan Epstein, CEO AAMEA, Saqé (page 28)

“While my father and I both have had the privilege of leading successful businesses, the foundation of that success lies in recruiting and empowering the right people.”
Ross Perot Jr., Chairman, Perot Companies (page 20)

“Terry Leahy, former CEO of Tesco, spoke at one of our national conferences, and he had a great turn of phrase: ‘If you want to be number one and stay number one, you have to act and behave like number two.’ So for us in an organization, it’s all about that constant striving to do better.”
John Perkins, Co-Managing Director, Specsavers (page 14)

“If a solution is not affordable, it is not a solution.”
Dr. Devi Shetty, Founder and Chairman, Narayana Health (page 46)

“Diversity is the key to success.”
Chris Nassetta, CEO, Hilton Worldwide (page 44)
Take the plunge. We’ve already tested the water in 150 countries.

Expansion into new geographical markets can leave many businesses feeling out of their depth. Fortunately, we’ve already tested the water. We support our clients, guiding them and opening doors. We’ll even break the ice if necessary. Because a strong economy supports society as a whole.

ey.com/betterworkingworld