

# Recruitment & Management

## The business of charity businesses

Entrepreneurial skills are hugely valuable when it comes to charity work, writes **Caroline Madden**

**J**OHAN O'SHEA is the epitome of social entrepreneurship, embodying the key traits needed to excel both in the world of business and as a force for positive social change.

Having started out as a sports journalist, O'Shea set up the charity Goal in 1977. In its first year, Goal spent just €2,000 on a street children's project in Calcutta. It

has now spent more than €500 million implementing relief and development programmes in 50 countries. Its aim is clear – to help the poorest of the poor.

Although Goal is a non-profit organisation, business skills such as budgeting and planning have been as important to its survival as any other business.

As is evident from this week's visual case study ([www.irishtimes.com/business/education](http://www.irishtimes.com/business/education)), O'Shea's entrepreneurial flair has been vital to the organisation's success.

Careful budgeting has enabled Goal to keep down its cost base. In particular, it has succeeded in keeping administration costs exceptionally low. One of the ways in which it has achieved this is through the secondment of staff from the corporate sector.

Keeping administration costs to a minimum is particularly important for charitable organisations as it can make fundraising easier – members of the public considering making a donation are often keen to know that their money will fund frontline services rather than pay for office staff.

In the case study, O'Shea describes how social entrepreneurs can use their business skills to help local communities help themselves.

O'Shea's dedication to alleviating the suffering of the world's

## Expansion into Asia: Berkley opens in Singapore



**BERKLEY RECRUITMENT** Group has announced plans to open an Asian office based in Singapore.

Berkley, which specialises in IT, pharma/life sciences and sales/marketing, now operates in Ireland, Britain and Australia. The Singapore office is due to open early next month.

Berkley directors Steve Greenwood (left) and Fergal Brosnan are confident that they will succeed in Asia despite the current global downturn.

"The recruitment industry is a truly global sector," Mr Brosnan said. "Our experience and feedback on dealing with many of the world's leading multinational pharmaceutical and technology companies is that individual specialist skills are transportable and that recruitment service providers must respond and be innovative in the way we procure these skills."

Berkley says there is a strong crossover with its European clients who operate out of Singapore.

most needy people was recognised in 2005 when he won the social entrepreneurship category of the Ernst & Young Entrepreneur of the Year Awards.

Entrepreneurial skills are hugely valuable when it comes to charitable endeavours, but the reverse is also true: business-people can benefit greatly from being socially minded in the pursuit of their goals.

This does not mean they have to dedicate their purpose in life to a charitable cause. By simply keeping ethical, social and environmental considerations in mind, they can not only help the local and wider community but they can boost their bottom line.

But with companies concentrating all their energy on the

immediate challenge of surviving the current downturn, is social entrepreneurship under threat?

Eibhlín Curley, assistant chief executive of the Dublin City Enterprise Board, thinks this is not necessarily the case. "I don't think it has fallen off the agenda," she says.

Curley ran round-table events last year for various sectors of the business community at which topics such as ethical trading and green issues were discussed.

The feedback was mixed, but she says many of the business-people who participated regard socially and ethically responsible initiatives as representing a "massive competitive advantage".

Being able to say their product is eco-friendly or made from renewable resources, for example,

can help a business stand out from the crowd. "They are being quite clever about how they do that," she says. "It's really about how it is marketed."

In the food industry, for example, small businesses cannot compete on price with bigger operators, so they must be able to differentiate themselves in another way. One strategy is to focus on niche areas, such as produce that is organic, ethically sourced or produced, or that has a Fair Trade label. "It might be the only thing that makes your product or service stand out from others," she says.

The Fair Trade movement is increasingly appreciated by consumers, as it guarantees that a large part of the price they pay reaches the producer.

## Business Education Series

THE BUSINESS Education Series provides second-level students with an insight into key business issues, and is published every Friday in the Business This Week supplement.

The entire series can be viewed at [www.irishtimes.com/business/education/](http://www.irishtimes.com/business/education/)

It is intended to complement a series of 12 visual case studies available on the Ernst & Young



Entrepreneur of the Year programme's new online business education channel, [www.eoy.tv](http://www.eoy.tv).

Teacher support notes are also available here. Students can watch the clips at home or in the classroom. The case studies have been developed in collaboration with the Business Studies Teachers' Association.

Each case study is directly related to the Leaving Certificate business course and links to the curriculum are outlined here each week.

## PETER CLUSKEY

### MANAGERS ON MANAGEMENT

# Corporate view of social commitment

**N**OTHING IS guaranteed to raise eyebrows among globalisation's sceptics more than multinational companies talking about their undying commitment to corporate social responsibility.

When you put that scepticism though to Dr Aurora Berra, general manager of pharmaceutical and healthcare giant GlaxoSmithKline (GSK) in Ireland, and ask her if she understands it, the disarming thing about her response is that it is yes.

"Yes, absolutely, of course I understand it," she replies, "and I also realise that, unfortunately, the pharma industry has been seen as something of a bad boy for many years now."

"However, we as a company have set out to prove through our actions that we are different. I personally believe we constantly demonstrate that."

GlaxoSmithKline's commitment to corporate social responsibility is perhaps most associated with Jean-Pierre Garnier, who retired as its charismatic chief executive last May, handing over to Andrew Whitty.

A regular visitor to Africa, Garnier – often very personally – drove the company's part in global alliances to eliminate the killer disease lymphatic filariasis, to eliminate malaria in Kenya and to combat HIV/AIDS.

"I have been with GSK for 13 years and I can absolutely assure



Name: Dr Aurora Berra.

Company: GlaxoSmithKline (Ireland) – [www.gsk.com](http://www.gsk.com)

Job: general manager.

**Management advice:** corporate responsibility should be an integral part of a company's business, not just an add-on

you that corporate social responsibility, specifically commitment to the global healthcare sector, is a core value for this company," Berra says. "It is at the heart of everything we do."

"I would say that the impetus to get involved and to make a difference arises from our deep understanding of the role we play as a global company working in such a crucial sector and the responsibilities we believe this understanding imposes on the way we do business."

"As a result, GSK has taken a strategic decision to form partnerships with our local communities and with society in general because we believe we should give something back – and I mean sitting down at the same table and getting more deeply involved than simply handing over the occasional cheque."

It is company policy, for instance, that every one of GlaxoSmithKline's 110,000 employees around the world can work one day a year – paid for by

the company – for the charity of their choice.

"We could put a monetary value on that, but we don't," says Berra. "That would be to miss the point completely."

What does this ethos mean in management terms?

"When I arrived here to run GSK in Ireland last May," Berra says, "I brought that commitment with me as one of my own core management values as well because this has to be driven from the top."

"It means that our staff, at every level, work with not-for-profit organisations in a setting in which they know we want the benefits to flow both ways: yes, we want to help those organisations, but we want to learn from them as well; we want to learn how we can make a difference."

"It also means that if this commitment is adopted by staff at every level, people will feel better about their work and proud of the company they work for. Those have got to be worthwhile management goals."

"It is worth pointing out," Berra adds, "that for the past six years, GSK has been voted by its employees as one of the 50 best companies to work for in Ireland."

GlaxoSmithKline is listed on the New York and London stock exchanges, with sales of £22.7 billion in 2007, generating profits of £7.8 billion. So as a senior GSK manager, Berra is certainly no wide-eyed idealist.

"I would say we need to achieve the right balance between being a company that is run in the best interests of our shareholders and being a company that wants to ensure that the right medicines get to the right patients, especially in developing countries."

"In management terms, we prove every day that the two are not incompatible."

**Next week:** Alan Nuzum, chief executive Skillnets, on the importance of targeted investment in training. [petercluskey@yahoo.fr](mailto:petercluskey@yahoo.fr)

**“We could put a monetary value on that, but we don't. That would be to miss the point completely”**

# Challenging year ahead for M & A activity

## JONATHAN SIMMONS

THE TREND in mergers and acquisitions activity in Ireland in 2008 is best exemplified by the fact that the largest transaction recorded during the year closed in the first weeks of January.

The €1 billion-plus acquisition of Airticity by Scottish & Southern Energy marked the high water point and represented the last truly large-cap deal involving an Irish company over the past 12 months.

While the total volume of deals

in 2008 (195) compares favourably with 2007 (196), the average value of deals declined markedly over the period from €156 million in 2007 to €55 million in 2008.

In overall terms, the value of mergers and acquisitions involving Irish companies fell by more than 70 per cent in 2008. Not surprisingly, the fourth quarter saw the steepest decline and represented the weakest period since the first three months of 2005, with only €473 million of disclosed deals taking place.

This trend is likely to continue

into 2009.

This is due to, among other things, the very tight credit markets and their impact on the provision of debt to fund deals, the more cautious approach of both trade and financial buyers, vendors' declining value expectations and the fall-off in acquisition multiples due to the deterioration in corporate earnings.

Of course, the sharp decline in mergers and acquisitions is not just an Irish phenomenon. With many countries, including Ireland, Britain and the US in recession,

companies have had to divert their energies to managing the businesses they have rather than pursuing new acquisitions.

Looking back over 2008, the top five deals accounted for close to 40 per cent of total disclosed deal value. The majority of these deals occurred in the first half of the year and, as mentioned earlier, the highlight was Scottish & Southern's acquisition of Airticity in January. This transaction alone accounted for 18 per cent of disclosed deal values in the year.

The second largest transaction comprised IAWS's acquisition of Hiestand Holdings through the acquisition of two separate stakes for a combined value of €458.6 million. IAWS subsequently merged with Hiestand to form the newly quoted entity, Arysta. This strategic deal will create a global leader in the value added bakery segment.

CRH's acquisitions of Pavestone and a 50 per cent stake in My Home Industries were responsible for the third and fourth largest transactions of the year.

Pavestone, the US-based manu-

facturer and distributor of concrete products, was acquired in March for €348 million while the half share in the Indian-based cement producer, My Home Industries, was acquired for €290 million.

ALB's acquisition of a 49.99 per cent stake in the Bulgarian based, American Credit Bank, which provides secured finance to small and medium-sized companies in Bulgaria, represented the fifth largest deal of the year.

Other sizeable transactions include Glanbia's €214 million

acquisition of US based Optimum Nutrition and the disposal of a 50 per cent stake in the Jury's Inn Group to the Oman Investment Fund for €200 million.

Looking to 2009, clearly there are significant uncertainties and major challenges on the horizon and it looks like the economic situation will get worse before it gets better. Concerted action is being taken by governments to stimulate activity and restore some confidence. These measures will ultimately have an effect.

In terms of the current cycle,

2008 saw a fall-off in valuations, while volume levels held up in the first three quarters.

However, 2009 will be the year in the current down cycle that sees a fall in volumes, albeit with an increasing number of opportunities arising from distressed sellers.

It will without doubt be a challenging year for Irish business and corporate deal activity will also prove challenging for buyers, sellers, funders and advisers alike.

Jonathan Simmons is a director at NCB Corporate Finance

Acquirer	Country	Target	Country	€m	Date	Acquirer	Country	Target	Country	€m	Date	Acquirer	Country	Target	Country	€m	Date	
<b>Media and Publishing</b>																		
Independent News & Media	Ireland	Remaining 50% of Clear Channel Independent	South Africa	66.6	Jan-08	Penninn	Ireland	Irish Food Processors	Ireland	16.0	Jan-08	Metic Solutions	Ireland	Portal Ltd	UK	n/d	May-08	
The McConnell Group	Ireland	AFA O'Meara	Ireland	6.7	Feb-08	Irish TV	Ireland	WIA Turner	UK	9.0	Jan-08	CRH France Distribution	France	Crails Group (34.8%)	France	n/d	Jul-08	
OranGold Ltd	Ireland	Donegal Highland Radio	Ireland	10.0	May-08	Tayto Ltd	Ireland	Glanbia pigment business	Ireland	35.0	Mar-08	US Engineering & Construction Co (16.63% stake)	South Korea	US	n/d	Jul-08		
Prime Active Capital plc	Ireland	Media Square plc (15%)	UK	5.1	May-08	Irish Food Processors	Ireland	Red Mill, Snack Foods Ltd	UK	n/d	Mar-08	Fortricrete Ltd (CRH plc)	UK	UK	n/d	Oct-08		
Independent News & Media plc	Ireland	Abdi Bangsa Tbk PT (20%)	Indonesia	4.6	May-08	Yolac International Ltd	Ireland	C&D Foods (50%)	Ireland	n/d	Mar-08	BRC McMahon Reinforcements Ltd (50% stake)	Ireland	Ireland	18.7	Oct-08		
TV Holdings plc	Ireland	UTV Media Plc (15%)	UK	24.8	Jul-08	Greencore plc	Ireland	Golden Maverick	Ireland	n/d	Apr-08	Ely Property	Ireland	Ireland	39.3	Dec-08		
TV8 Television Network Ltd	Ireland	IAWS Group plc	Ireland	10.0	Feb-08	Total Produce plc	Ireland	Home Made Brand Foods Co Inc	US	34.7	Apr-08							
Owens DDB (MBO vehicle)	Ireland	IAWS Group plc	Ireland	5.0	Aug-08	Hiestand Holding AG (33%)	Netherlands	Nedapac BV (60%) & Halico BV (60%)	Switzerland	23.0	May-08							
TV Holdings Plc	Ireland	Continental Farmers Group	Poland	2.7	Nov-08	Hiestand Holding AG (36%)	Switzerland	Ones1 plc	Ireland	23.5	Jun-08							
Midlands Newspaper Group	Ireland	Origin Enterprises PLC	Ireland	6.0	Dec-08	Jokemate Limited	Ireland	Ones1 plc	Ireland	22.1	Jun-08							
		Tuam Herald	Ireland	6.0	Dec-08	Continental Farmers Group (21%)	Poland	Gold Ore Resources	Canada	n/d	Jul-08							
						Glanbia Plc	Ireland	Emera Inc	Canada	12.0	Aug-08							
<b>Health and Pharmaceutical</b>						DCU PLC	Ireland	Optimum Nutrition Inc	US	27.0	Aug-08							
Booyah team	Ireland	Aerogen	Ireland	n/d	Jan-08	FridtjofGrants	Ireland	Key Capital	Ireland	10.0	Feb-08							
Icon Plc	Ireland	Healthcare Discoveries	US	15.2	Feb-08	Mr. Freeze Zed Candy's Brand	Ireland	Key Capital	Ireland	n/d	Feb-08							
Intertek Group plc	UK	Bioclin Research Laboratories Ltd	Ireland	4.2	Feb-08	STGN Ltd (5% Stake)	US	FL Partners	Ireland	n/d	Nov-08							
Helen Roofcraft	UK	Advanced Cosmetic Surgery	Ireland	n/d	Mar-08			Venture Production plc	UK	n/d	Jan-08							
Smiles Dental Spa Group	Ireland	McCauffrey Dental	Ireland	0.5	Apr-08			Viridian Group Ltd	UK	n/d	Jan-08							
Earlybird Venture Capital & Delta Partners	Germany & Ireland	Miracor Medizintechnik (63.8% Stake)	Austria	6.0	Jul-08			NTR plc	Ireland	40.0	Jan-08							
Boniche Pharma	Ireland	Baxter Healthcare Corp (EMLN Product Line)	US	62.0	Jul-08			Providence Resources plc	Ireland	25.0	Apr-08							
United Drug Plc	Ireland	Sharp Corporation	US	25.0	Jul-08			Waterford Wedgewood plc	Ireland	23.9	May-08							
Diasorin S.p.A	Italy	Biotrin Holdings	Ireland	n/d	Oct-08			Waterford Wedgewood plc	Ireland	200.0	Aug-08							
Euroemec (UK)	UK	Lablink Ltd	Ireland	n/d	Oct-08			Greentear Recycling Holdings Ltd	Ireland	n/d	Sep-08							
Biomarmor A/S	Denmark	Neutechie Ltd	Ireland	n/d	Nov-08			Star Energy	Ireland / UK	8.0	Nov-08							
Edipole Scientific Group Ltd	UK	BSE and food testing laboratories	Ireland	n/d	Nov-08			C&F Tooling Limited	Ireland	5.0	Feb-08							
Icon Plc	Ireland	Proviere Life Sciences Inc	US	34.3	Nov-08			Bulgarian American Credit Bank (49.99%)	Bulgaria	21.0	Feb-08							
GC Aesthetics Holdings Limited	Ireland	Medicor Ltd (European Assets)	US	41.0	Nov-08			Oppenheim Investment Managers	Ireland	n/d	Mar-08							
United Drug Plc	Ireland	Specials Laboratory Holdings Ltd	UK	29.1	Nov-08			Sertus Underwriting Ltd	Ireland	n/d	Apr-08							
<b>IT and Telecoms</b>								Capital Advisory Services	Ireland	n/d	Apr-08							
Booyah team	Ireland	Oasis Group plc	NI	12.5	Jan-08			Hewlett-Packard (70%)	Ireland	n/d	Apr-08							
SeonGroup	Ireland	PrimeCarry Ltd	South Africa	n/d	Jan-08			Seniors Money International	New Zealand	n/d	Jun-08							
Workday Inc	US	Case Clear Software Inc	Ireland	n/d	Feb-08			Oliver Freeman & Co.	Ireland	n/d	Jun-08							
OpSource	US	LeCaya	Ireland	n/d	Feb-08			Springboard Mortgages Ltd (Remaining 50%)	Ireland	n/d	Jul-08							
Trintech Group	Ireland	Movaris	US	3.4	Feb-08			Excel Serve Management Limited	Cyprus	25.0	Jul-08							
SaonGroup	Ireland	Maybierfriends.com	Ireland	n/d	Feb-08			Merion Capital Group (84% Stake)	Singapore	14.2	Oct-08							
Qualcomm Inc	US	Xiam Technologies	Ireland	20.9	Feb-08					n/d	Oct-08							
First Derivatives Plc	Ireland	Alchemix Software Development Ltd	Ireland	14.0	Sep-08					n/d	Oct-08							
OpSource	US	Automatic	Ireland	3.2	Mar-08					n/d	Sep-08					</		