

Magazine of the American Chamber of Commerce in Croatia

No. 4/2012

[www.amcham.hr](http://www.amcham.hr)

# NEWS & VIEWS



TISKANICA

- *Evening for Safe Steps*
- *Market Competition in Croatia – European Perspective*

## ADVERTISING / PR

- Alpheus d.o.o.
- BBDO Zagreb d.o.o.
- IM&C Integralni marketing i komunikacije d.o.o.

## AGRICULTURE

- Pioneer Sjeme d.o.o.

## AIRLINES

- Air France

## AIRPORT

- Zračna luka Zagreb d.o.o.

## ASSOCIATIONS

- Hrvatsko-američko društvo - Croatian American Society
- International Tourism Association (ITA)
- The Nikola Tesla Association – Genius for the Future

## AUTOMOTIVE

- PZ. Auto d.o.o.
- Opel Southeast Europe LLC - predstavništvo u RH

## BANKING

- Citibank Europe Plc - Hungarian Branch Office
- Hrvatska banka za obnovu i razvitak - HBOR
- Raiffeisenbank Austria d.d. Zagreb
- Societe Generale - Splitska Banka d.d.
- Zagrebačka banka d.d.

## CONSULTING

- AXIOS d.o.o.
- COFACE Hrvatska d.o.o.
- Conceptio razvoj d.o.o.
- Kognosko
- McKinsey & Company, Inc. Croatia
- Six Sigma adriatic d.o.o.

## COURIER SERVICES

- DHL International d.o.o.
- FedEx - Rhea d.o.o.
- HP-Hrvatska pošta d.d.

## CREDIT CARDS

- Erste Card Club d.d.
- PBZ Card d.o.o.

## CULTURE

- The Zagreb Philharmonic

## DEMING

- Piper d.o.o.
- Uxor grupa d.o.o.

## DIRECT SALES

- Amway d.o.o.
- AVON Kozmetika d.o.o.

## EDUCATION

- American College of Management and Technology
- American International School of Zagreb
- International Graduate Business School Zagreb
- International Kindergarten Horizons
- Little Star Kindergarten

- Webster University
- Zagreb School of Economics and Management

## ELECTRONICS

- Philips Electronics Representative Offices B.V. - Predstavništvo u RH

## ENERGY

- Emerson d.o.o.
- General Electric International Inc. Glavna podružnica Zagreb
- Podzemno Skladište Plina d.o.o.

## ENGINEERING

- Altpro d.o.o.
- Intea d.d.

## ENVIRONMENT

- Agroproteinka d.d.
- APO d.o.o. usluge zaštite okoliša
- OIKON d.o.o.

## FINANCIAL SERVICES

- Deloitte
- Ernst & Young d.o.o.
- Infokorp d.o.o.
- Interkapital d.d.
- KPMG Croatia d.o.o.
- PricewaterhouseCoopers d.o.o.
- TMF Croatia d.o.o.
- TPA Horwath d.o.o.

## FOOD AND BEVERAGES

- Coca-Cola Adria d.o.o.
- Coca-Cola HBC Hrvatska d.o.o.
- Gavrilović d.o.o.
- Globalna hrana d.o.o. - McDonald's Master Franchisee in Croatia
- Karlovačka Pivovara d.o.o.
- Mars Hrvatska d.o.o.

## FURNITURE

- Steelcase S.A. podružnica Zagreb

## HEALTH CARE

- Abbott laboratories d.o.o.
- AstraZeneca d.o.o.
- Eli Lilly (Suisse) S.A. - Predstavništvo u Hrvatskoj
- Fresenius medical care Hrvatska d.o.o.
- Genera d.d.
- Johnson & Johnson S.E. d.o.o.
- Medtronic BV, Representative Office in Croatia
- Merck d.o.o.
- Merck Sharp & Dohme d.o.o.
- Novartis Hrvatska d.o.o.
- Ortoimplant d.o.o.
- Pfizer Croatia d.o.o.
- Pharmamed MADDO d.o.o.
- Pliva Hrvatska d.o.o., a member of the Teva Group
- Poliklinika Medikol
- Roche d.o.o.

## HOME APPLIANCES

- Whirlpool Croatia d.o.o.

## HOSPITALITY INDUSTRY

- B.P. Pluto - DoubleTree by Hilton Zagreb

- Dubrovački vrtovi sunca d.o.o. - Radisson Blu Resort & Spa
- Esplanade Zagreb Hotel
- Grand hotel Imperial d.d. - Hilton Imperial Dubrovnik
- Hotel Antunović Zagreb - Antunović TA d.o.o.
- Hotel Dubrovnik d.d.
- HUP Zagreb d.d.
- Kempinski Hotel Adriatic - Skiper Operacije d.o.o.
- Roraima 5 d.o.o.
- Svpetrvs Hoteli - Waterman Resorts

## HUMAN RESOURCES

- Adecco d.o.o.
- IVENTA Croatia d.o.o.
- Pedersen & Partners d.o.o.
- Selectio d.o.o.

## INFORMATION TECHNOLOGY

- ASBISC-CR d.o.o.
- Burza d.o.o.
- Cisco Systems Hrvatska d.o.o.
- Etranet group d.o.o.
- Hewlett-Packard d.o.o.
- HSM Informatika d.o.o.
- IBM Hrvatska d.o.o.
- Infinitas grupa d.o.o.
- INsig2 d.o.o.
- Lenovo Technology B.V. - Predstavništvo u RH
- Microsoft Hrvatska d.o.o.
- Mikronis d.o.o.
- Oracle Hrvatska d.o.o.
- Patton Electronics Co.
- Silicon Master d.o.o.

## INSURANCE

- Allianz Zagreb d.d.

## INTERIOR DESIGN

- Dekori MV

## INVESTMENT

- Nova Europska ulaganja
- Proficio d.d.

## LEGAL SERVICES

- CMS Reich-Rohrwig Hainz Rechtsanwälté GmbH - Podružnica Zagreb
- Odvjetnički ured Don Markušić
- Odvjetnički ured Andrej Matijević
- Odvjetnički ured Marija Pujo Tadić
- Odvjetnički ured Melita Veršić-Marušić
- Odvjetnički ured Hrvoje Vidan
- Odvjetnički ured Yukina
- Odvjetnički uredi Zvonko Nogolica
- Odvjetničko društvo Bekina, Škurla, Durmiš i Spajić
- Odvjetnički ured Divjak, Topić i Bahtijarević
- Odvjetničko društvo Glinska & Mišković d.o.o.

- Odvjetničko društvo Hanžeković & Partneri
- Odvjetničko društvo Vedriš & Partneri
- Odvjetničko društvo Vukmir i suradnici
- Odvjetničko društvo Žurić i Partneri
- Povezani odvjetnički uredi Cikač, Čukman i Jelaković
- Wolf Theiss Rechtsanwaelté GmbH-Podružnica Zagreb

## MANUFACTURING

- DOK-ING d.o.o.
- Enikon-Composite d.o.o.
- Teknoxgroup Hrvatska d.o.o.

## MARKET RESEARCH

- Ipsos Puls d.o.o.

## MEDIA

- NOVA TV d.d.
- Styria International servis d.o.o.

## MILITARY-INDUSTRIAL

- HS Produkt d.o.o.

## PUBLISHING

- Business Media Croatia d.o.o.

## REAL ESTATE

- Colliers International d.o.o.
- Expositum d.o.o. - REXPO
- Filipović Business Advisory, Ltd.
- Jones Lang LaSalle d.o.o.
- Libertas regis nekretnine d.o.o.
- Midia group
- Mrduja d.o.o.
- Trigranit Lanište d.o.o.
- Woodsford Grupa d.o.o.

## RENT A CAR

- Hertz Croatia - Anterra d.o.o.

## RISK MANAGEMENT

- Det Norske Veritas Adriatica d.o.o.

## SCIENCE & TECHNOLOGY

- Ruder Inovacije d.o.o.

## SECURITY

- Partner Elektrik GE

## TOBACCO

- JT International Zagreb d.o.o.
- Philip Morris Zagreb d.o.o.

## TRADE

- Atlantic grupa d.d.
- Nike European Operations Netherlands B.V. – glavna podružnica Zagreb
- Orbico d.o.o.

## TRANSLATION SERVICES

- Aion d.o.o.
- Ciklopea d.o.o.

## TRANSPORT

- AGS Zagreb d.o.o.

## TRAVEL

- Atlas turistička agencija d.d.
- Libertas Regis d.o.o.
- Ulix d.o.o.

**UP TO JUST A FEW YEARS AGO**, things were looking good for Croatian businesses. For years, companies were growing fast. More precisely – growing unsustainably fast. Stagnation was almost regularly avoided at all costs because... who stops, falls! Croatian companies behaved as if the golden years will last forever. This is why it can be said that, besides the bad things, the crisis has also brought some good things. It has introduced a new management philosophy – caution, a heightened sense of reality and controlling!

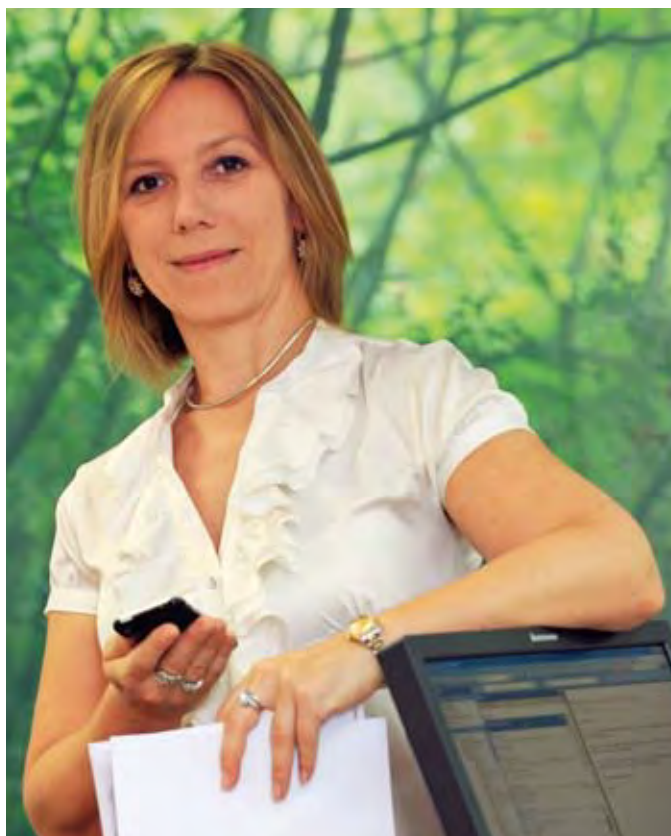
Before the crisis, many managers or company owners in Croatia had their doubts about whether controlling is useful and whether they actually need it. For them to fully accept controlling a lot of time and many bad investments were needed. Proving that

controlling is an absolute given in all the developed economies of the world was necessary. But first of all, one thing had to be made crystal clear – what controlling actually is. From the many definitions attempting to define the concept of controlling in the simplest possible way, my favourite is perhaps the following – controlling is a set of multidisciplinary skills and know-hows which are needed to gather just the right information from countless data available in-house and outside the company, information which will create a quality platform for making sound business decisions.

Why is it essential for companies? I firmly believe that continually expecting the government to use a "magic wand" to introduce new measures which would be a solution to the problems of

report

# CONTROLLING FINALLY BEC



>>> **JASMINA OČKO**

Croatia's economy is – unrealistic. This is why the only realistic option that companies are left with is to tackle their problems on their own and, using the cards they have, try to play the best game they possibly can.

The new Financial Transactions Act, which came into effect in Croatia on 1st October 2012, will make companies without a controlling department (wanting to truly abide by the Act) set one up without further delay. One of the first articles of the Act states that: "In accordance with this Act, company management is obliged to run the company's business operations in a way which will secure the company's liquidity and solvency at all times."

Illiquidity is perhaps the greatest problem of Croatia's economy. I fully concur with the above quotation. The only question is – how do you implement it in companies? If it were simple, we wouldn't be talking about illiquidity at all. In other words, the problem of illiquidity will not be solved if we continue to apply the same pattern of business behaviour that led us to the problem in the first place. More specifically, we must change our business outlook and frame of mind in general. And we must do so – fundamentally.

According to the Financial Transactions Act, companies will, in the future, have to make sure that they have secured all standard measures in risk management (Article 7). The Act further explicates that risk management implies all the risks that companies are exposed to. In this context, I shall highlight operating risk: "Operating risk is risk of loss due to errors, intermissions or damage caused by inadequate internal processes, persons and systems or external events including the risk of legal regulation amendments." What the Act here, in fact, establishes is that companies ought to have controlling!



Furthermore, Article 10 of the Act prescribes that: "Should a company's capital become inadequate, the company's management is obliged to: analyse the causes of the emergence of capital inadequacy, propose a set of measures needed for achieving capital adequacy and deliver the same to the company's supervisory board within eight days."

But how does capital become inadequate? Theoretically, capital is inadequate when annual loss combined with accumulated losses reaches half of the company's issued capital. Practically, this means that it is necessary to continually follow which investment doesn't yield income target on which market segment and within which periods. Moreover, we must also ask and analyse which busi-

The third biggest problem of Croatian economy is a regular lack of both strategy and interest in planning. As a consultant, I often hear the question whether investing time and energy in planning – strategic and tactical, as well as operative – is justified considering that market circumstances are changing rapidly, irreversibly and on a daily basis.

At times when changes are latent, when the level of uncertainty is lower, dealing with "big numbers" seems to be enough. There is a certain regularity to things and events, we know where to expect weaknesses which we then steer away from – we can't go wrong. Under such circumstances, planning is, in fact, a simple task. On the other hand, however, during turbulent times, we can

# COMING A CROATIAN STORY

By Jasmina Očko, controlling consultant, Kognosko Consultancy

ness units we fail to achieve target values in, and selling which niche products to which customers we fail to reach desired success indicators. Otherwise, losses incur in real life. Losses which companies need to know how to recover from. When companies don't have a well developed controlling function, they can't analyse accurately (on time, let alone within 8 days) the details of the causes that led to capital inadequacy and propose measures to make radical and effective changes! Unless, of course, we're only talking about cosmetic changes. But, cosmetics and the like most definitely won't pull Croatia's economy from illiquidity.

The second biggest problem of Croatia's economy is its lack of competitiveness. The same question is being asked all the time – why are products made in Croatia uncompetitive?

Besides needing to offer products and services whose feature/s make them special and distinctive, to be successful on the open market the cost of these products and services should be adequately controlled (which implies absolute order in the business processes of procurement, production and sales), the resources needed for their production or service delivery should be adequately planned (which implies a detailed strategy, an optimised and controlled supply chain, and a clear projection of cash flow), and the workers making such products or delivering such services should be motivated (which implies that their involvement is optimised in a quality way, and that they are awarded adequately for their work). Simply put, it implies that the function of controlling is well developed. And all of the above needs to be continually monitored and measured because only quality profit secures growth and development.

no longer be certain of anything, which means that raw data can no longer be sufficient, not even roughly. An increasing number of managers are becoming aware of the fact that planning a growth of sales on a certain market will not suffice. They are aware of the need to descend to the lithosphere, to forecast and plan trends on the lower levels of product mix on each market segment and with respect to different customer categories. Marketing budgets can no longer be planned for a certain product mix as a whole, but for precisely identified target products whose earning power is highest and whose share of profitable customer groups on a satisfactory number of market segments is sufficient to be able to justify the investment planned.

If sales are planned in this way, both procurement and production must be harmonised very flexibly since at times of difficulty there's no room for unnecessary inventory reserves. Once a well organised system becomes a standard pattern of behaviour, sudden changes shouldn't be stressful for businesses. Everyone in the chain – from procurement, through production to sales – must know how to adjust. In other words, being unorganised must be abandoned, a state that so many companies doing business without planning are intimate with.

Managing assets and people in business processes – which is what managers do every day – is a complex and demanding task which requires expert help and support. At the same time, controlling is no urban legend. On the contrary, it's brutally realistic and concrete, relevant and rational. It's an absolute must for Croatian economy. Luckily, controlling is finally becoming a Croatian story.

We would like to draw your attention toward some of the advantages of the new website:

- Design and structure - In line with the latest trends we have focused on simplicity of use so as to make browsing all the sections and content as easy as possible.
- News & Expert Advice - You will find the News and Expert Advice sections in every Division of Genera. We plan to regularly inform you on news related to Genera Group and related industries. The Expert Advice sections will pass on advice by Genera's experts in the field of veterinary and human medicine and agriculture.
- Geolocators of veterinary stations, agricultural pharmacies and drugstores - We provide Genera website visitors with a free service called Geocator. This service enables visitors to find a veterinary station, agricultural pharmacy or drugstore nearest to their current location.

With your help we plan to amend and update our new website in order to keep up to date with the latest professional trends. You can send your remarks and suggestions to: [korporativne.komunikacije@genera.hr](mailto:korporativne.komunikacije@genera.hr)  
Have fun surfing!

## »»» DUBROVNIK SUN GARDENS ANNOUNCES RECENT AWARDS



Dubrovnik Sun Gardens is delighted to announce the recent accolades awarded to the resort, within both the luxury travel and real estate sectors.

The five-star, fully integrated resort on the Dalmatian Coast was recently named Best Beach Resort, Europe in the World Luxury Travel Awards 2012 as well as receiving the 5\* Award for Best Resort, Croatia in the International Hotel Awards 2012. Both titles further cement Dubrovnik Sun Gardens as a prime destination resort on a national and international scale, and are a highly appreciated recognition of the resort's dedication to upholding the highest of standards.

Dubrovnik Sun Gardens has set itself apart from competitors in Croatia, and more specifically within the Dubrovnik region, by not only offering luxury hotel accommodation at the five-star Radisson Blu Hotel but also an extensive range of resort amenities, including the award winning spa by OCCO, cutting-edge sports facilities, a variety of restaurants and bars and a sought-after stretch of beach.

Furthermore, Dubrovnik Sun Gardens also provides second home buyers with the rare opportunity for freehold ownership on the Adriatic coast in the form of 207 fully appointed residences. The combination of developing an attractive real estate offering alongside a five-star resort led to impressive recognition at the recent Overseas Property Professional (OPP) Awards for Excellence 2012. The Residences at Dubrovnik Sun Gardens took home Gold in the categories of Best Developer, Europe, and Best Global Developer. The International Property Awards meanwhile, awarded the resort Highly Com-

mended within the Development of Multiple Units Croatia category. Julian Houchin, Commercial Director of iOAdria, developers behind Dubrovnik Sun Gardens, comments on the resort's recent success: 'We are delighted to have been recognized by the property industry in a variety of categories. Each award endorses our commitment to developing an appealing real estate offering for today's demanding second home investor. Furthermore, to be acknowledged by the hotel industry as a leading luxury resort underpins our continued growth in performance as a highly attractive holiday destination.'

## »»» KOGNOSKO CONSULTANCY SIGNED CONTRACT WITH RENOWNED CONTROLLER AKADEMIE

Having signed a contract with Controller Akademie from Munich, Germany, Kognosko Consultancy has been given the right to use the Akademie's intellectual property, and to prepare and run open and in-house seminars in the field of controlling according to their well-established methodology.



The freshly signed contract is a sign of recognition, honour and great professional success for Kognosko. Controller Akademie is one of the best schools of controlling in the world and, thus, a leading role model in the field of controller training. Controller Akademie has given credit to Kognosko for the many years of collaboration between the controlling consultant Jasmina Očko, M. Econ., and Controller Akademie and its trainers, as well as for Očko's many years of work at the International Controller Association (International Controlling Verein, ICV), the closest partner of Controller Akademie. Jasmina Očko completed her training at Controller Akademie in 2008, although they continued their collaboration because of the nature of her work – consultancy work on projects introducing controlling to medium and large businesses in the region.

Furthermore, this contract opens a new chapter in the field of training offered by Kognosko, primarily in the field of training controllers and managers in Croatia and the region. The opening, premiere Module 1 (out of 5 to be created in total) is planned for May 2013.

Those who teach in Munich will also be visiting lecturers participating in the running of the modules in Zagreb. The first visiting lecturer will be Mr. Dietmar Pascher, the most popular and most famous trainer from Munich. His working visit is scheduled for 14 and 15 February 2013, which will also be the official beginning of business collaboration between two controlling partners – Controller Akademie and Kognosko Consultancy.

## »»» THANKSGIVING DINNER FOR THE HUNGRY ORGANISED BY ZAGREB'S AMERICAN SCHOOL STUDENTS

This Thanksgiving, high school students from the American International School of Zagreb shared the spirit of the holiday by organising a traditional Thanksgiving dinner at a public kitchen in Zagreb. Over 150 visitors to the St. Francis of Assisi 'pučka kuhinja' enjoyed a feast of turkey, sweet corn, cranberry sauce, green beans, corn muffins and more.