

MANAGEMENT

PROFESSIONAL SERVICES



SO, WHAT'S IN A NAME? RECOGNITION

After FTI swallowed a host of consulting firms, including International Risk of Hong Kong, it stamped its brand on the lot so it can become a household name



Jack Dunn, chief executive of FTI Consulting, pictured at the JW Marriott Hotel in Admiralty, wants his firm to be much more famous. Photo: Sam Tsang

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Jack Dunn, president and chief executive of the global professional services firm FTI Consulting, has a to-do list on which the top two items are closely related.

The first is to make sure clients have heard of his company, a collection of loosely connected firms advising on corporate investigations, bankruptcy, forensic analysis, technology and litigation support.

The second is to make sure the public has heard of FTI.

FTI is an acquisitions machine. Since 2005, it has gobbled up 35 professional-services firms. These have included the Hong Kong and Shanghai offices of the Australian accountant Ferrier Hodgson, and the Hong Kong-based private investigator International Risk.

Until last year, FTI's constituent businesses all kept their own names. They have now all been rebranded FTI Consulting.

Dunn admits he has wiped out names that were well known, at least to the firms' clients. But he aims to build FTI into a brand that matches professional-services rivals such as McKinsey.

Despite its little-known status, FTI is valued at US\$1.45 billion on the New York exchange. The firm is the lead financial adviser to Irving Pickard, the trustee picking through the rubble of the Bernard Madoff fraud.

Why are you wiping out well-known brands you have acquired? For example, Asian bankers, lawyers and hedge funds all know International Risk.

We have 3,700 colleagues around the world. After we acquired International Risk (in 2006) I would wake up in whatever hotel room I was in around the world, and there on the television would be Steve Vickers of International Risk, speaking about whichever neat issue he was involved in. And you know what, that reflected well on his 15 or so colleagues. And I got no mileage from that for all those other staff sitting around the world working for FTI. When one of International Risk's brilliant country risk investiga-



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JACK DUNN, CHIEF EXECUTIVE, FTI CONSULTING

tion reports is passed around the boardroom at Goldman Sachs, I want Goldman to see the name FTI.

But if you are making money, why does it matter what the businesses are called?

When one of our young staff goes home at Thanksgiving and tells grandma he works for FTI, unless she is a stockholder, grandma is not going to have heard of us. I want us to be one of those brands grandma would know. That is how you get the best young kids racing to join your firm. And I want the FTI brand to do as

much for our people as they do for us. Someday I would like FTI to help those great practitioners get the next job.

So how do you go about marketing a loose collection of professional services companies?

We are going to spend in the neighbourhood of US\$30 million on branding on this year worldwide. We are organising it geographically. Sponsoring major league baseball wouldn't work so well in Hong Kong. So, here, we are focusing more on client events and other direct marketing. But in London, we are sponsoring cricket matches.

And what if this does not work?

Well, you will be interviewing someone else next year.

What is the biggest challenge of managing a people business?

As I am reminded by every analyst I know almost every day, my assets go up and down in the elevator.

As you have acquired so many businesses, how do you convince the founders to stay with you once they sell, instead of retiring early?

We attract entrepreneurs who need us to provide them with growth capital. Entrepreneurs reach a stage where they want to expand their footprint but they don't want to write those cheques personally. So they can expand on our footprint and use our chequebook to help them. That is the FTI story. Someone who comes to us to take their business to their next level and where we can be partners in doing that.

How do you stop that entrepreneur's key staff leaving after the founder sells to FTI? Any particular contract or bonus structures you favour?

Our template for acquisitions is a downstroke of 80 per cent cash and 20 per cent restricted stock with a five-year vesting period, plus a five-year earn-out based on the success of the business. We like a five-year, iron-clad contract with all the key employees, with a one-year non-competition agreement following. A five-year time horizon gives us an opportunity to recoup our investment and, more importantly, get to know the people and these us. Ninety-six per cent of these employees stay more than the original term of their commitment.

ON THE MOVE



Alick Zhou
Chief executive,
greater China
Ipsos

In this position, Zhou will be responsible for the businesses of both Ipsos and Synovate - following their recent combination - until the end of the year. He will also lead the combined company from January 1 next year.



Helen Lee
Managing director,
Greater China
Ipsos

In her role, Lee will be responsible for the operations section of both businesses along with all other supporting functions. She will report directly to Alick Zhou.



Darlene Lee
Managing director, HK
Ipsos

Lee brings more than 20 years of experience building and leading teams across Greater China markets. She has led several start-up initiatives as well as overseen successful mergers and acquisitions both in Asia and the United States.



Zondra Lee
Principal, corporate
secretarial services
BDO

Lee, who joined BDO in 1994, has 20 years' experience in corporate secretarial and statutory compliance matters. She is involved in corporate restructuring, and is a member of the Institute of Chartered Secretaries and Administrators in Britain and the Hong Kong Institute of Chartered Secretaries.



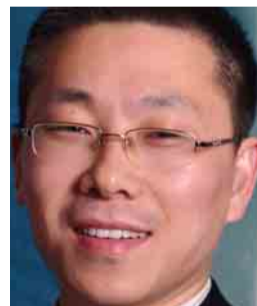
Rita Leung
Principal, assurance
services
BDO

Leung is experienced in handling audit assignments of listed firms operating mainly in Hong Kong and the mainland in industries such as mining, manufacturing, online games, property and garments. She is a certified public accountant.



Thomas Urlacher
Partner
Gide Loyrette Nouel

Based in the Beijing office, Urlacher started his career in the mergers & acquisitions/corporate teams in the Paris and Casablanca offices. His practice focuses on foreign direct investments, mergers and acquisitions, divestitures, joint venture arrangements, and other corporate law matters. Urlacher is admitted to the Paris Bar.



Victor Wei
Head of transaction services
Mazars Shanghai

A graduate of the Central University of Finance and Economics in Beijing, Wei spent several years with a "Big 4" audit firm and joined Mazars Shanghai in 2007. He has taken part in audit, due diligence and agreed-upon procedures assignments. He has good knowledge of IFRS and Chinese accounting standards.

Fabian Neo
Head of foreign exchange
advisory, Asia
Barclays Wealth

Neo provides strategic leadership to the teams in Hong Kong and Singapore, oversees foreign exchange advisory services, and handles the execution of related products. He joined from Credit Suisse, where he was regional head of North Asia advisory. Moving to Hong Kong, he led onshore foreign exchange product developments in China and Japan.

Chi Lee
Director, head of active
advisory and investment
solutions, North Asia
Barclays Wealth

In addition to managing the Hong Kong active advisory team, Lee will work closely with the North Asia market head and regional bankers. He was previously head of private bank and wealth management Asia for Bank of Montreal in Hong Kong. In a career spanning 15 years, Lee has advised on alternative investments, equities, and hedge funds.

Andrew Richards
Head of financial sponsor
coverage, Asia-Pacific
Barclays Capital

Richards will be based in Hong Kong and joins Barclays Capital from Morgan Stanley, where he spent more than 11 years working in the financial sponsors group in London and Tokyo, most recently as managing director, European financial sponsors group. Previously, he worked at Schroders in London and Shanghai.

Jeff Walker
Managing director, head
of insurance, financial
institutions group,
Asia-Pacific
Barclays Capital

Based in Hong Kong, Walker will lead the origination of strategic, financing and risk management transactions. He joins from Daiwa Capital Markets Hong Kong. Previously, he was the chief executive of Prudential Assurance in Hong Kong. Before that, Walker spent most of his career at New York Life.

Ken Wong
Vice-president of
operations of emerging
markets group
Lenovo

Wong will continue to serve as group vice-president and carry out the responsibilities of his previous position as chief of staff of EMG. In his new position, he will oversee eight EMG regions. Wong will also provide input for and have direct supervision over channel and product management, strategic alliances and sales and marketing.

Larry Wu
Chief research officer,
greater China
Ipsos

In his new role, Wu will specifically focus on all research aspects of Ipsos and Synovate's combined business, aiding all teams within the region.

Alan Chien
Managing director, Taiwan
Ipsos

Chien will be responsible for all issues relating to the combined businesses of Ipsos and Synovate within Taiwan. He has a background in the design and interpretation of quantitative research, along with a strong academic understanding of statistics. He started his career with TNS, and then moved to NFO before joining Ipsos.

BANKING

Lloyds' CEO woes may mean Moody's downgrade

Reuters in London

Credit rating agency Moody's says it may downgrade the part-nationalised British bank Lloyds, citing concerns that the temporary absence of Lloyds' chief executive due to health issues may hinder its restructuring plans. "The review has been prompted by the significant upheaval within Lloyds' senior management, following the announcement that the current CEO, Antonio Horta-Osorio, has had to take a temporary leave of absence," Moody's said this week. Lloyds shocked investors last week by announcing that the 47-year-old CEO was taking a break due to stress-related illness, leaving a potential power vacuum at the top of Britain's biggest retail bank.

Tim Tooke, the finance director who is due to leave the bank in February for insurer Resolution, is serving as interim CEO, adding to worries that a big executive shake-up by Horta-Osorio has left Lloyds thin at the top at a time of headwinds.

Tooke said Horta-Osorio was still expected back at work before Christmas, but his absence comes at a difficult time for the bank, as it works on the disposal of some 630 retail branches and a broader strategy review that has entailed some 15,000 job cuts and plans to halve Lloyds' international presence.

"Moody's is concerned that the group may face a major challenge in ensuring continuity of leadership, given that the CEO has only been in place since March 2011; and there have been several high-level management changes since his arrival,

including the announcement that the current CFO will leave in February 2012," the agency said.

"The situation is exacerbated by the fact that it comes at a time of turbulent conditions in the financial markets and the necessity for Lloyds to execute important tasks, including the European Union-mandated sale of branches and the ongoing wind-down of non-core assets."

Moody's has an A2 senior debt rating on Lloyds.

On Tuesday, Lloyds slumped to a third-quarter loss of £607 million (HK\$7.5 billion) after its earnings were hit by lower banking margins and higher funding costs.

Britain ended up with its Lloyds stake and 83 per cent in Royal Bank of Scotland after rescuing both in 2008 with state bailouts, and in return European regulators ordered RBS and Lloyds to sell assets. Lloyds was saddled with billions of pounds of losses after buying troubled rival HBOS at the height of the 2008 crisis, in a deal that was brokered by the then-Labour government.

£3.86b

The British bank's losses in the first nine months of this year
• It blamed lower margins, higher funding costs and compensation payouts