



Nordicnews

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Dear members and friends,

As you could expect, the first issue of the Nordic News in 2009 deals with the economic crisis that is taking a stronghold on markets all over the world. Croatia – and the Nordic countries – are no exceptions. However, we are convinced that on the way towards recovery we have to maintain – or even advance – our economic cooperation. Trading and economic activity have to go on and good partnerships could even grow stronger. We see the Nordic Chamber as a partner for the companies in these troubled times – both as a tool for boosting business, as well as an initiator of ideas that can move things in a positive way.

Our activities in the first part of the year were focused on influencing the business climate and knowledge-sharing: we had successful events so far, including a seminar on legal matters, a session with the Ministry of Agriculture concerning the new Law on land, and a business breakfast on raising equity. We plan to bring you more

interesting events and activities as we go further in the year.

We are also happy to announce that we have initiated the establishment of the Nordic Chamber of Commerce in Serbia, whose office will be in function within the next few weeks. We will present it in the next issue of this magazine, and we hope that the synergies and benefits in cooperation with the new office will be significant. Our vice-president also launched a cooperation initiative with the Nordic Chamber office in the Czech Republic – you can read about this in the current issue.

Finally, I hope that you will find the months ahead to be successful, even though they might be challenging. We look forward to sharing the road to success with you!

**Yours sincerely,
Jorgen Jorgensen
President of the Nordic
Chamber of Commerce**

Calendar of activities

May: Conference on digital media

June Midsummer party

Events in brief

19.2.2009 Business breakfast with CMS Reich-Rohrwig Hainz



The first business breakfast was organized in cooperation with Nordic CMS Reich-Rohrwig Hainz, branch office Zagreb, on the topic of Liability of Managers. The guest speaker was Mr. Gregor Famira, Partner. Over 25 members participated at the breakfast, and they had the chance to hear about the legal practice concerning management liability in Croatia, as well as to ask questions. CMS, a member of the Chamber, is the organisation of European law and tax firms of choice for organisations based in, or looking to move into, Europe. CMS provides a deep local understanding of legal, tax and business issues and delivers client-focused services through a joint strategy executed locally across 28 jurisdictions with 56 offices in Western and Central Europe and beyond.

26.3.2009 Seminar with Ministry of Agriculture

Based on the interest of our members, particularly large-scale investors, we initiated a seminar on the new Law on Agricultural Land. Representatives of the Ministry presented the Law to over 20 participants and a discussion followed. The comments and suggestions presented at the seminar will serve as basis for implementing changes and improvements in the new documents that will follow.



EURO-PHOENIX
FINANCIAL ADVISORS LIMITED



1.4.2009 Business breakfast with Euro-Phoenix

Euro-Phoenix Financial Advisors, represented by Mr. Les Nemethy, explained about the process of raising equity capital in the times of economic crisis. Euro-Phoenix specialises in mergers and acquisitions and corporate finance services in Central Europe and other emerging markets. The Euro-Phoenix Group of companies, which commenced operations in 1999, is management-owned via a UK-based holding entity, with operating companies in Hungary, Croatia, Romania and other countries. The experience of Euro-Phoenix and its staff covers over 200 successfully closed transactions.



News

Law on golf presented at APIU Investors' Club

Authors of the Law on Golf, Robert Pende and Želimir Kramarić presented the key issues and discussed the Law with the members of the Investors' Club organized by the Agency for Promotion of Trade and Investment (APIU) on 12 February. Nordic Chamber of Commerce, as a regular member of the Club, took part in the meeting. The key reasons for making a special Law on golf, as explained by Mr. Pende, were the lack of such investments in Croatia and huge unfulfilled potential. So far, investors have been discouraged by the high amounts of communal contributions, water and forest fees, which made the investment into a golf resort in Croatia five to six times more expensive than in the rest of Europe. The Law therefore defines golf as activity of national interest, enabling private investors to obtain permits and start construction faster. For example, investor does not need to solve all ownership issues in the project, and does not need to re-zone the land into 'construction parcel'. Unlike other facilities in T2 zones, golf resort housing facilities can be split into separate apartments. Sublegal acts are currently in preparation and they will define the conditions for selection of investors, fees and designated areas. Members of the Investors' Club welcomed the Law as a positive force that will enable the long-awaited golf investments in Croatia.



Cooperation with Nordic Chamber in Czech Republic



Vice-President of the Nordic Chamber in Croatia, Krešimir Paliska (Market Manager for Central and Adriatic Europe of Det Norske Veritas) was a guest at the annual General Assembly of the Nordic Chamber of Commerce in the Czech Republic, which took place on March 3rd. Paliska presented the activities and plans of the Chamber to his Czech colleagues. The goal was to establish a cooperation between the two organizations, which was the topic of the meeting with the President of the Chamber in the Czech Republic, Stefan Lager, and the Executive Director Lea Turcarová.

The biggest benefactors of the cooperation will be the member companies, because the Chambers in Croatia and the Czech Republic will now be able to provide them with more active support to expanding into new markets, through identification of potential partners, company registration, market research and similar.

Krešimir Paliska invited current and fu-

ture members of the Chamber to use the new business opportunity and emphasised that the Nordic Chamber in Croatia is persistent in developing its services to members and supporting them in the times of economic uncertainty. ' We were very pleased to welcome our colleagues from the Nordic Chamber of Commerce in Croatia and have the opportunity to discuss ways for cooperation', said Lea Turcarová, the Executive Director of the Nordic Chamber of Commerce in Czech Republic 'Our members can benefit from mutual sharing of experience, looking for business opportunities in new markets and better understanding of each other's business environment'

Patria's offset produces a new company - SKS TT

Representatives of the companies Tekol Teri from Rijeka and SKS Toijala Works Oy from Finland signed a contract on establishment of a joint venture for production of metal components, under the name SKS TT. The company will deal with the manufacturing of high added-value components for producers of equipment and machinery.

The establishment of SKS TT was assisted by the Finnish company Patria, as part of its offset program. The existing activity of metal processing of Tekol Teri will be transferred to the new company, while the Finnish partner will introduce several existing projects from its production program. The production facilities of the new company will be in the premises of the old Torpedo factory. The founders expect a total income of the new company in the first year to be around 3 million EUR, and to have 55 employees. The planned yearly growth is 30% so in 2012 it should be 8,6 million EUR, with 112 employees.

Patria



Verdispar's projects move successfully ahead

Lumini

After obtaining a building permit for the Lumini shopping centre in December 2008 Verdispar Croatia is planning to start the construction works soon after tendering for the main contractor is finished. The commencement of works is planned for spring 2009.

Verdispar has acquired 102.000 sqm plot in municipality Kneginec which is only 5 minutes car drive from the centre of Varazdin, planning a project of about 34.000 sqm of gross leasable area and about 45.000 sqm of outdoor parking, with a possibility of future expansion of retail as well as the entertainment area. The concept of Lumini shopping centre was developed by Chapman Taylor Architects and further design developments were done by Studio XXL, a well known Croatian architect studio.

Lumini will be the first third generation shopping centre in North part of Croatia, combining shopping/retail and entertainment – so called “retailtainment” concept of shopping centers. Lumini shopping centre has a one level layout with the first cinema multiplex in the region – Cinestar cinema – with innovative 3D concept and 6 screens, a 7.200 sqm hypermarket, food court with approximately 600 sqm of seating area and about 80 retail units of the world known brands.

Another Lumini advantage is its location, as it is situated in the most densely populated part of Croatia and at the same time with the continuous economic growth. Situated at the crossroad of all main roads from Zagreb, Maribor and Budapest Lumini shows its regional importance.

According to the mayor of Kneginec municipality, Mr. Goran Kaniski, Lumini will, besides shopping and entertainment facilities, give a great contribution in economical growth and expansion of not only Kneginec and Varazdin zone, but the whole county. “With opening

of the Centre a number of new working places will be given to the market and tourism offer of Kneginec and Varazdin zone will be significantly enhanced. Other than this, Lumini will also attract new investors to develop projects in the County. When talking about location, we can say that there are about 500.000 people in 30 minutes and less drive range to Lumini shopping centre.” says Mr. Kaniski.

At the same time of obtaining the building permit for the Centre, an official web site was launched (www.lumini.hr) containing all necessary info and up-to-date news on Lumini shopping centre.



Ozonia Business Garden

After acquiring a land plot of about 5,500 m² in Zagreb, Savska Street, and a successful architectural tendering, Verdispar started with the development of new project – Ozonia Business Garden.

The conceptual design was developed by an architect Ante Anin (AJF Projekt). A functional 3 tower concept was recognized as the best solution, making Ozonia Business Garden a landmark of this part of Zagreb. The Project comprises of 2 modern A-class office buildings and a 4* business hotel in the third tower. A 5 level underground garage connects



all three towers while securing enough parking places for employees as well as for the guests and visitors.

The location of the project makes it easily accessible as it is set only 5 minutes drive from the City centre, 20 minutes from the City airport and the tram stops are located immediately in front of the buildings.

“Another advantage of this project is its green character, which is best seen in technical description of the buildings. What we are trying to accomplish is a better quality environment for all Ozonia employees and this refers to using low cost energy sources secured from the nature with minimal transformations done. The main characteristics are natural ventilation, reduced heat islands with improved microclimate, office daylight exposure and high energy efficiency. And with all these facts we can characterize Ozonia Business Garden as a place which provides conditions for healthier life and higher business productivity, while at the same time responsible using natural resources.” says CB Richard Ellis office in Zagreb.

This 70 million EUR investment will bring great contribution to a higher standard of office buildings and something new to both Zagreb and Croatian market.

The main focus of Verdispar is to expand its investments through the central and southeast Europe, with developing a long term investments and projects and enabling ecologically acceptable environment while using high technology and energy efficient sources.

Introducing

Human Resources in the Time of Crisis



1. At the time when everyone is talking about cost-cutting, economic crisis and slowdown of activities, how can we optimize costs when it comes to human resources?

The optimization of all costs, including trainings and business processes is a continuous effort which should take place all the time, not only at the time of crisis. Often we see companies that organize trainings to help them solve their current, immediate problems, without making a proper analysis of the training needs. Instead of solving problems through better internal communication or rearrangement of processes, they try to solve them through trainings or 'correction of employees'. Even worse, we are sometimes asked: 'give us an offer for development of management skills, you will know exactly what they need'. I think this kind of approach is wrong. If you approach training and competence development in this way, it becomes a very expensive activity and then its not surprizing to see cost-cutting of the education budget. If the company organizes its trainings in accordance with its strategic development or after a through assesment of the employees' skills (such as 360 method, assesment of competences by superiors or peers, and with the condition that there is a competence model), then we can speak about a systematic development of the individuals, as well as the systematic development of the company as a whole. In this case, the trainings will be limited to the ones with the highest priority, but will not be eliminated entirely,

as is the case in some companies. For example, there are companies that, despite hard times, do not stop employing and training trainees, because they do not want to have a 'generation gap' in five to ten years.

2. How do you assess which jobs to terminate and which to keep? What are the alternatives to staff reduction and what is their effect on productivity?

During my corporate years I worked with a number of reorganizations which were not initiated by market factors, such as crisis, but by management initiatives to optimize resources. Which jobs to keep, which jobs to terminate, or how to organize existing business processes - these are not HR issues alone, this needs to be a joint decision by the entire management team. This means that HR acts as a coordinator of the reorganization of business processes, whose key role is to make sure that the process moves in the same direction throughout the entire company. Often we used mathematical data to calculate efficient working hours, but we also considered the effects of the reorganization on the clients. In any case, whether we reorganize business processes, make new organizational structures or simply reduce the number of employees on a single task - there is always resistance, primarily coming from the employees, but sometimes also from the clients. It is difficult to talk about realistic alternatives to workforce reduction, especially if we consider that

the payroll expenses are a huge part of a company's operational costs. However, every company knows their own ratio of salary expenses, compared with expenses for energy, car fleet.... The company itself needs to see whether there is any room for optimizing other expenses.

3. How to maintain employee motivation in difficult times?

It is crucial for the employees to remain positive and to be enthusiastic about their work, despite difficult circumstances. This can only be achieved through continous communication from the side of the management. Sometimes the management tries to 'spare' the employees from the negative market information but this can lead to mistrust, even dangerous rumors. Communicating even the negative can reinforce trust, and send a message to the employees that they are important. If we do not communicate with our internal audience, they will eventually stop listening to us.



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Scandinavian Airlines

Member profile

3vtheagency

3vtheagency was founded in 2008 under the official name of Tres Media d.o.o by Silvija Tadić and Christian Petersen. The company was established out of the motivation to bring an inovative and professional new company to the marketing sphere. Even though their market orientation is regional, they have the ability to operate worldwide through their international team and creative network. The 3Vtheagency team consists of four international members which have the ability to communicate in Croatian, English, French, Italian, German, Czech and Spanish.

3Vtheagency's strength is the ability to offer a wide range of services under one roof. The range of services includes print media, sound recordings to video production and web design. They offer everything needed for a full scale campaign in one step. Having the advantage of being an international creative and business network allows them to for example shoot your commercial in Prague on the highest possible quality for the lowes rates in Europe.

3vtheagency is currently working for companies such as Brunata, Kompas Ltd, Bilmar d.o.o (Branding), Studio-Interior and Inspekt RGH Sarajevo.

3Vtheagency sees its ability of networking on a international scale and the concept of a full service agency as its main advantage over competitors since it gives the company the ability to involve multiple channels worldwide to create a solution tailor-made to your needs.

3vtheagency sees its future in supporting companies to diversify their products and services, to begin the marketing process at the fundament and therefore to keep or increase market shares together in cooperation with the clients, using the downswing of local and world economy as an advantage rather than as a disadvantage.



Ivan Miletić

Head of design

Languages: Croatian, Italian, Czech, English

Worked for: Allianz, Honda, Opus Publication, Znanje, Sony (Czech Rep.), P&G



Silvija Tadić

CEO/ Founding Member

Languages: Croatian, German, English, Spanish

Worked for: 3Vtheagency



Christian Petersen

President of the Board/
Founding Member

Languages: English, German, French, Italian, Spanish

Worked for: Swatch (Switzerland), Brainstore (Switzerland), The Nuance Group (Switzerland)

5 questions for Christian Petersen

1. What should the company's marketing strategy focus on in the time of economic crisis?

The question is how to differ yourself from your competition, is it through looks or through innovation, that is especially important during very competitive times. In my opinion, that is where marketing should start to get more involved - at product level itself, to diversify you from your competition. To name examples - Swatch and Apple.

2. How would you describe the competitive environment in Croatia, in terms of your business? Can you compare it with other countries you worked in?

Croatia has great potential but what is slowing down the processes is the lack of buissness attitude, by which I mean that there the free market system is not fully in place. This is especially so in working with bigger companies - more often its who you know then the quality of a campaign that gets the job. And this is counterproductive because bigger companies do not really have to compete, and therefore will not to spend time or money in improving themselves. In the long run and on an international level, this creates an unfair advantage over companies which had to follow this improvement process in order to stay competitive.

3. What kind of clients do you like to work with the best?

Clients who are interested in improving their strategies and products and therefore are open to ideas and productive criticism.

4. Being a resident of Zagreb for over a year now, what surprised you the most about living and working in Zagreb, Croatia?

Where does all the tax money go to?

5. What would be your advise to foreign entrepreneurs entering the Croatian market?

To be prepare to encounter with some random bureaucratic hurdles.

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The Nordic Chamber of Commerce

The Nordic Chamber of Commerce is a non-profit organization established in November 2005. It is the only Chamber in the region gathering established Nordic companies. The Nordic Chamber of Commerce in Croatia has been founded with the purpose of establishing a platform for the exchange of ideas and experiences within the Nordic business community in Croatia, to promote and strengthen the network cooperation

between Nordic companies and the Republic of Croatia and to contribute to the development of business relations and activities between Nordic countries and the Republic of Croatia.

The activities in fulfilling the purpose of the Nordic Chamber of Commerce in Croatia are various : Supporting a constant improvement of the investment environment in Croatia, promoting Nordic companies in Croatia through

events, supporting and promoting activities which benefit the interest of the members of the Nordic Chamber of Commerce in Croatia, promoting economic, cultural and social relations between the Nordic countries and the Republic of Croatia, Striving for constructive solutions for trade between Nordic countries and the Republic of Croatia and organizing regular member meetings.

Benefits of becoming a member:

Network

- * Taking part in the experience groups
- * Contact to Nordic and Croatian companies on management level
- * Joining sector groups
- * Attending/ socializing at dinners, breakfast meetings, presentations and social events
- * Cooperation with Nordic embassies in Croatia

Business services

- * Access to the contacts of members and associates
- * Special offer to/from members and associates via Chamber publications
- * Using Chamber services for conferences, round tables and m2m meetings
- * Partner searches, opening new possibilities in Croatia and the Nordic markets

Marketing

- * Sponsorship of business and social/networking events
- * Advertisements to other members and associates
- * Direct mailing by the Chamber to members and associates
- * Promotion in our publications and on the web page

Membership categories:

Nordic member (patron, corporate, business, individual),
Associated member (institutional, business)



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