



**Buck
Consultants
International**



NEWSLETTER - JULY 2011

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Buck Consultants International opens an office in Chicago

Buck Consultants International has opened a new office in Chicago, the USA. From this office American companies are traced which are looking for supply chain optimization or trying to find the right location for new production plants, distribution centers, front and back offices, R&D labs or data centers. Buck Consultants International covers all European, Middle Eastern and African countries. As Director North America Martijn Bouwman is appointed, until recently active in the USA for the Netherlands Foreign Investment Agency, part of the Dutch Ministry of Economic Affairs, Agriculture and Innovation.



**BCI
Global**

René Buck, CEO of Buck Consultants International, is very pleased with the new office: "Advising companies which want to optimise their logistics or want to realise a new facility in Europe is a core activity of our firm. Sixty per cent of our clients are American companies, including large Fortune 500 companies, but also midsize companies who want to take advantage of the large EMEA market. With our US office we are closer to our clients, which makes us even more responsive". Buck Consultants International operates in the US under the BCI Global name.

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How to build supply chains in the BRIC countries?



Although each of the BRIC markets has its unique characteristics, they all have enormous growth potential in common. But there are also from a supply chain perspective common challenges in Brazil, Russia, India and China. Think about service levels, trade compliance, tax alignment and finding the right partners.



Summarizing the main findings of two successful seminars in Amsterdam and Zurich, Patrick Haex, managing partner of Buck Consultants International, identifies four key challenges for efficient supply chain management in the BRIC markets.

Accommodate profitable business growth. Whereas in mature markets many companies focus on maintaining service at reasonable costs, the focus in these emerging markets should be put on accommodating the business growth – taking into account geographic and channel complexity. In practice this means migrating from typical distributor business to a direct business model or expanding in West China or rural India where 70% of the people live.

Trade compliance. Dealing with customs authorities in Russia and Brazil can be a nightmare. Ensuring 100% proper and fault proof documentation and using the right business partners will reduce risks; it is a factor not to be underestimated.

Tax aligned supply chain management, meaning how can a multinational set up a supply chain that is optimized for tax as well. Tax structures like the commissionaire structure will not work in some emerging markets. In Brazil, free trade zones (for example in Manaus) have special advantages for companies to set up shop. Another special case is India where the current tax legislation forces companies to have a local inventory stock holding point in each state given the tax structures.

Identifying and selecting the right partners. Given the size of the territories and the local knowledge and expertise, one cannot set up supply chains in the BRIC markets by only using the traditional Western logistics service providers.

In September Buck Consultants International will organize a webinar on this topic for manufacturers and logistics service providers. Please contact Patrick Haex to register if you're interested to participate or would like to receive a copy of the presentation.

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Allen and Overy sets up back office center in Belfast

One of the world's largest law firms Allen and Overy opens in Belfast a new strategic services center for IT, finance, business services, marketing, HR and legal support. Half of the 300 back office jobs are relocated from London. Buck Consultants International evaluated more than twenty locations in Europe, North Africa and Asia and negotiated an attractive incentive package for Allen and Overy.



ALLEN & OVERY

Law firm Allen & Overy is active in 26 countries with more than 5,000 employees. Wim Dejonghe, A&O's

managing partner of the London based so called 'Magic Circle'-company, indicates that Belfast is not chosen because of the low cost. "Than we would have gone to Asia. We did not want to compromise on our quality focus. Belfast is a great match, we will invest heavily in an own A&O office". The Northern Ireland Minister of Economic Affairs, Arlene Foster is enthusiastic about the move of A&O: "This investment is a tremendous endorsement of the Northern Ireland proposition. It reflects the confidence that international firms have in what we can offer, in particular our highly skilled and loyal workforce, low cost working environment and technically advanced infrastructure. I hope that this investment will act as a catalyst for future investments in the legal services sector here which is recognised as an important sector in promoting economic growth". A Buck Consultants International team led by partner Josefien Glaudemans supported Allen & Overy during the 6 months journey through all parts of the globe.

On our website a short movie from BBC News on this topic is available.

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The growing success of science and technology parks



The importance of direct access to know-how has been enhanced by the concept of open innovation. Leading international companies do not carry out anymore Research & Development for 100 percent themselves, but a (growing) share is done in close co-operation with universities, technological institutes, spin-offs, SME's, etc. Open innovation starts with informal contacts; physical proximity stimulates that kind of contacts. That's in a nutshell why science and technology parks have proven to be successful locations for technology driven companies.

There are many different definitions of science parks, technology parks, research parks and innovation campuses. According to Nynke Draisma, senior consultant at Buck Consultants International there are four key elements: "It has to

be a physical location with high quality buildings and facilities and a clear focus on R&D or knowledge driven activities. Our experience is that a large source of know-how on the site is a key element as well. In many cases this is a university or university hospital, but also large technological institutes or R&D centers of large companies can play an important role as catalysts. But the availability of such a know-how magnet is not enough, an active organisation which stimulates open innovation and technology transfer is a last important key element".

Buck Consultants International carries out feasibility and market studies for science parks all over Europe. Recent studies include a.o. the United Kingdom (Birmingham), Germany (Adlershof Berlin) and the Netherlands (High Tech Campus Eindhoven, Bioscience Park Leiden). BCI also assists science parks with market positioning and the development of a hands-on and clear marketing plan.

Surveys among tenants at science parks show that they like the easy access to pools of know-how and the sharing of research facilities. But also the image ('this is the place to be') of a science park is important. Academic studies show that cities and regions with a successful science park benefit in terms of investments and high qualified jobs.

"A science park helps to foster a technology cluster. The link with technology is crucial, a science park is far more than just a real estate project. There is enough evidence that if a science park is not build around a technology proposition, it will fail", comments Nynke Draisma.

Buck Consultants International will organize a webinar on 'The success factors of a science park' early September. Universities, science parks and cities/regions which are interested in participating, please send an email to Nynke Draisma.

The future of high tech logistics

The High-Tech & Consumer Electronics landscape is continuously changing. Cost pressure, changing customer behaviour, uncertain economic developments, new product introductions and shifting sourcing geographies are all drivers for change. Although supply chain functions are often seen as facilitating rather than driving a company's success, it is evident that supply chain is becoming more and more a critical success factor for companies in coping effectively with increased complexity.



René Boerema, director at Buck Consultants International explains “BCI developed a white paper based upon interviews with supply chain executives of more than 20 multinationals within the High Tech and Consumer Electronics industry vertical. The survey illustrates that companies are looking for supply chain flexibility and transparency of cost by total supply chain visibility or collaboration. “Also a better management of risks is a true challenge. Now companies are setting up truly integrated supply chain organizations”.

In addition to cost reduction and solving operational and tactical issues, supply chain executives have to organize their alignment with key customers/channel partners on performance, demand management and demand sensing to create visibility and using business intelligence to support factual discussion in order to create growth and profitability. Other challenges: accommodating a multi-channel network and differentiating the supply chain requirements by product – market – channel to optimize performance and profitability throughout the chain.

Industrial companies can request a copy of the report by sending an email to René Boerema.

Dedicated value propositions make economic development agencies more successful

Get away from general brochures, full of supply oriented text with no link to a concrete marketing action. Instead, develop a dedicated value proposition in PowerPoint, focused on specific needs of potential investors, demonstrating the added value a city or region has to offer to this specific target group and create a direct link with concrete marketing actions.

More than 25 years now Buck Consultants International assists local, regional and national economic development agencies and inward investment promotion agencies in about thirty countries in Europe, Middle East and Africa. “There is no cook book for being successful in attracting new companies”, says Jan Siemons, managing partner Buck Consultants International, “But we have seen good, bad and ugly marketing campaigns”.

Buck Consultants International believes that dedicated propositions are now required to serve the needs of



potential investors. "Take the healthcare sector. Many regions have a beautiful full-colour brochure. But medical devices companies have different location requirements than (bio)pharma companies. Attracting new manufacturing plants asks for a completely different approach than attracting R&D centers. And for the distribution of biopharmaceutical products in Europe, thorough understanding is needed of for example European packaging regulations, insurance and compliance and operational issues such as temperature controlled transport", explains senior consultant Ben Engel.

Buck Consultants International's answer to this challenge is to develop in-depth value propositions together with economic development agencies, precisely focused at a specific target group. This approach is successful: cities and regions improve and intensify their contacts with potential investors. Various

regions in Europe for which Buck Consultants International compiled the value proposition, say they now have better results: more new companies and jobs.

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Tate & Lyle goes to Poland

Later this year, Tate & Lyle PLC, a global provider of food ingredients and solutions, will open its new Global Shared Services Center in Lodz, Poland. Tate & Lyle has chosen the Sterlinga Business Center in the heart of Lodz as the location for its new Centre, which in due course will provide Tate & Lyle's employees around the world with transactional and standard processes in finance, an IS/IT service desk and payroll services. Buck Consultants International assisted the Tate & Lyle team, comparing locations in Europe and the US, and advising on the final location choice for Lodz.



Tate & Lyle PLC is listed on the London Stock Exchange, has total sales of £2.7 billion, employs about 4,300 people and operates more than 30 production facilities around the world. The new Center in Lodz will initially have about 50 employees, increasing to more than 150 employees over time.

"Given the profile of the Center, BCI initially listed 12 potential locations. A short list of locations were then visited by a joint BCI/Tate & Lyle team to ensure we had the most up-to-date and reliable information possible to make a final decision", says Nynke Draisma, senior consultant at Buck Consultants International. "The timeline for the project was shorter than usual but we delivered on time."

Tim Lodge, Chief Financial Officer at Tate & Lyle PLC says: "Through its expert advice and knowledge, BCI played a key role in helping us choose Lodz. The new Centre will play an important part in the long term success of Tate & Lyle and we are very grateful for BCI's support."

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Buck Consultants International (BCI) carries out research, advises, implements and performs project management in the areas of strategic business development, location selection, supply chain strategy, regional economics, real estate and infrastructure development.

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