

## FORTHCOMING BPCC EVENTS:

### 10 March, Warsaw

#### Conference: „Building Competitive Advantage – The Polish Labour Market”

Hyatt Regency Warsaw hotel, ul. Belwederska 23  
Start: 9:30

PAliiZ, together with partners: BPCC, Randstad and a4e, have the honour to invite you to this HR conference, held under the patronage of the Ministry of Labour and Social Policy, with the participation of Minister Jolanta Fedak. The conference will bring together top-level decision makers and specialists in order to develop and improve model solutions for HR. Experts will exchange their experience and information to create a report which will provide government and employers with suggestions that should be taken into consideration when deciding on the future direction of politics and legislation.

Cost: free of charge

Contact: [businesspoint@bpcc.org.pl](mailto:businesspoint@bpcc.org.pl)  
(+48 22) 320 01 99

### 17 March, Warsaw

#### BPCC Breakfast Keynote: “How to avoid wasting money on your website” – addressed by British online marketing pioneer Danny Meadows-Klue, the founder of Digital Training Academy Hilton Warsaw Hotel, Meeting Room 1, ul. Grzybowska 6; Start: 8:00

The British Polish Chamber of Commerce is working with Digital Training Academy to help senior managers get more value from their websites and get them really driving sales. Tutors at the Digital Training Academy train senior managers in over 20 countries. They have been teaching internet marketing for more than ten years and have been working here in Warsaw. Now we are giving you the chance to access their skills. British online marketing pioneer Danny Meadows-Klue is their founder, and will be leading our events so places will be sold out fast. That is why we are offering members the first opportunity to book. A keynote breakfast will be packed with practical ideas about how to get more value and customers from the website you have. Find about cost-effective ways to improve the value you get from your website, and how to make it work much harder for you. Danny Meadows-Klue's keynote will be followed by a group discussion to let members share their experiences of successful online marketing. The event will be in English.

Cost: 175 PLN + 22% VAT (BPCC Members), 275 PLN + 22% VAT (Non-members) including full English breakfast and informative materials

Registration: [warszawa@bpcc.org.pl](mailto:warszawa@bpcc.org.pl)  
(+48 22) 320 01 00

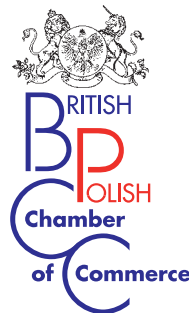
### 18 March, Warsaw

#### One Day seminar – “Management training – Your website: Giving you great value or wasting money?”

Hilton Warsaw Hotel, Meeting Room 1,  
ul. Grzybowska 63; 8:45–17:00

The intensive one day training provided by Digital Training Academy and run by British online marketing pioneer Danny Meadows-Klue, glues together the smartest techniques for cost effectively winning customers through web marketing. **Who should attend?** Chief executives, management board members, marketing and sales managers, marketing and internet teams. **What will you learn?** A range of the latest

# BPCC CEO newsletter



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[www.bpcc.org.pl](http://www.bpcc.org.pl)



## Are Poles beginning to return to Poland?

by Michael Dembinski, Head of Policy, BPCC

A major article in *The Times* (Saturday 16 February) says that more Poles are leaving the UK for home than are migrating out from Poland. This would suggest that Poland's labour market will soon be enriched by hundreds of thousands of Poles who've gained valuable experience, language skills and good working practices.

Britain's loss would of course be Poland's gain. But is this true?

Home Office figures show a marked drop in the number of Poles registering with the Worker Registration Scheme (WRS) from the second quarter of 2007 on. The WRS was set up in May 2004 to monitor numbers of migrant workers from the new Member States coming to the UK. Workers have to register in order to be working legally and to be eligible for state benefits after 12 months' work.

	2006	2007	% change
Q1	31,920	35,785	+10.8%
Q2	38,125	37,250	-2.3%
Q3	45,465	41,010	-10.9%
Q4	46,985	33,495	-40.3%

Source: Home Office Accession Monitoring Report, May 2004-December 2007

The 40% drop suggests that the peak of Polish migration to the UK is over; a strong zloty and weak pound make work in the UK much less worthwhile; and most Poles who've wanted to migrate have already done so.

While the numbers going out are falling, how about traffic the other way? The British Government keeps no statistics of people leaving the UK. Information is purely anecdotal; there's definitely a feeling that Poles are starting to return, though not in the numbers suggested by *The Times*.

Many Poles working in the UK are doing so on a pendular basis, constantly moving back and forth between the two countries; this makes maintaining meaningful statistics almost impossible. Articles in the Polish language press in the UK are suggesting a slow drift back, although no one is willing to quantify the scale of this new trend.

Turning to Poland's latest unemployment figures, which show a rise in the number of jobless for the second month in a row, it's worth drilling down into the statistics to see what's really happening. While the headline figure has shown a jump from 11.3% in November to 11.7% in January, in Poland's big cities, unemployment continues to fall. Warsaw's unemployment rate (January '08) is 2.9%, Poznań 2.8%, Tri-City 3.2%, Katowice 3.2%, Kraków 3.5%, Wrocław 4.5%. Across small town and rural Poland, joblessness has nudged back up. There are still many areas where registered unemployment is well over 20%, some (western and northern Poland, are areas around Radom) districts have 30% or higher.

Employers in and around these cities are increasingly desperate to find people; order books are full but there capacity constraints are hindering growth.

Hopes have been raised as to the UK being a source of labour for Poland, with large numbers of Poles heading home.

But many Poles who've experienced the British workplace will compare working in a Polish *zakład pracy* unfavourably with the UK.

The BPCC is currently taking an HR Roadshow around Poland to bring news of HR best practice to Polish companies struggling to recruit and retain workers. Aimed at senior management, the next conference takes place in Łódź on 9 April. BPCC members partnering in this one-day conference are Centrum Językowe IDEA, KontekstHR, the Leadership Management Training Co., Omega Resources, Oprandi & Partner, Modis International and Start People. The next roadshow events will take place in southern Poland (Katowice, Kraków and Rzeszów) in May. Contact [michael.dembinski@bpcc.org.pl](mailto:michael.dembinski@bpcc.org.pl), +48 606 969 200 for details.

Poland's employment crunch will be the subject of a BPCC/PAliiZ policy forum on 10 March at the Hyatt Regency Warsaw hotel, which will be looking at the challenges and opportunities. Partner for this event is Randstad; it is held under the patronage of the Ministry of Labour. To register (free of charge), please e-mail [businesspoint@bpcc.org.pl](mailto:businesspoint@bpcc.org.pl)

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## FORTHCOMING BPCC EVENTS:

techniques for getting your own websites to work hard for customer acquisition will be explored. This includes harnessing the power of search engines to do the work for you, weaving the web back into the rest of your business, and thinking more smartly about how your online investments can help your customers buy from you more effectively. It's an intensive, jargon free, learning programme, packed with practical tips you can implement straight away. Whether you are just starting out, or already have a major on-line presence, this will help boost the number of customers the web delivers for you.

**Cost:** 900 PLN + 22% VAT (BPCC Members), 1 350 PLN + 22% VAT (Non-members) including coffee breaks, lunch and informative materials

**Registration:** [warszawa@bpcc.org.pl](mailto:warszawa@bpcc.org.pl), (+48 22) 320 01 00

### 20 March, Warsaw

#### British Polish Public Procurement Forum

Radisson SAS hotel, ul. Grzybowska 24; Start: 13:00

Lack of transparency, inconsistency between Polish and EU public procurement law, impossibly short deadlines for submitting bids, suspiciously drafted technical specifications, questionable decisions and poor communication lead to the perception that intended outcomes of many high profile public tenders are known from the outset. This half-day seminar is aimed at senior managers from international businesses that have invested in Poland, and also at lawyers and consultants specialising in the field. This will be a closed event, whose format is designed to offer maximum opportunity to speak freely about problems encountered with the public procurement process in Poland and to draw up suggestions for improving procedures and transparency. Conclusions and suggestions from the seminar will be formulated into an official memorandum from the BPCC to the President of the Office of Public Procurement, which will also be issued as a press release.

**Cost:** 300 PLN + 22% VAT (BPCC Members), 420 PLN + 22% VAT (Non-members)

**Registration:** [b2b@bpcc.org.pl](mailto:b2b@bpcc.org.pl), (+48 22) 320 01 08

### 20 March, Wrocław

#### British Polish Human Resources Forum

Holiday Inn hotel Wrocław, ul. Piłsudskiego 49/57

Start: 9:30

After the success of the British Polish HR Forum in Warsaw on 22 November 2007, the BPCC is holding a second leg of the event in Wrocław. There are no quick fix answers to Poland's HR challenge. Companies need to implement recruitment and retention strategies. Training, motivation and remuneration policies need to be implemented. Culture change is needed too. Poles working in the UK praise empowerment, flatter corporate hierarchies and a greater respect for the individual employee. Polish bosses need to be less authoritarian and become enlightened team leaders as economic conditions change. And what should Poland's government be doing to help those without skills - or with the wrong skills - into new vacancies? What should be the role of the voluntary sector? These questions will be addressed at the second BPCC British Polish HR Forum. Delegates will get the chance to hear about best practice solutions currently being deployed by leading companies in Poland. Retraining, recruitment and retention will be

## Purchasing real estate in Poland

by **Adam Chroscielewski**, manager, Deloitte, **Dorota Wierzbicka-Kot**, manager, Deloitte, **Tomasz Buras**, associate director, King Sturge, **Przemyslaw Kozdoj**, senior associate, Allen & Overy

Poland remains at the top of the agenda for many international and institutional investors in commercial real estate. Poland's size, pace of economic growth, and its plans to host the Euro 2012 Football Championship is attracting investors.

### **Modus operandi: are any best practices available?**

First, the bad news: Polish real estate market has only recently started to operate on a larger scale and no best practices have been established yet. This should not prevent even cautious investors from taking a closer look at the market, as a number of security options are available.

Buying real estate in Poland can be performed in two ways: as an asset deal or as a share deal. In an asset deal, the vendor is generally purchasing a part of the target company – usually land, a building situated on the land and tenants who are leasing the space in the building – for a fixed price. Although the concept seems simple, it is important to precisely define the assets and liabilities from a balance sheet point of view. Some assets and liabilities might be difficult to separate between the property that is the subject of the transaction, and the rest of the vendor's business.

In a share deal, a base price for the land, building and agreements with tenants is usually established, and adjusted further by selected positions from the target's balance sheet as of the closing date. Share purchase is an increasingly popular method of purchasing real estate. The benefit is that one can purchase a fully-operational asset whereas purchasing an asset usually requires some additional activity.

### **Paying the price**

Real estate is often financed and mortgaged by the banks. The purchase of such real estate is usually connected with the discharge of the existing security interest of the banks. In more complex transactions, the parties insist on an escrow account.

Financial due diligence performed on the asset or on the target company – subject to the transaction – usually aims to confirm the quality of revenue and assets, as well as the completeness of costs and liabilities.

It is increasingly important to address all the issues identified in financial due diligence in asset/share purchase agreement. Some have a direct impact on the price, while others influence warranties.

### **Tax risks and opportunities**

Real estate investors should be aware of possible tax issues they may face within the investment process in Poland. The most common tax problems, which may cause significant tax leakage on a local level, relate to three specific issues.

*Financing related tax exposures:* Improperly structured financing of the investment may be trigger withholding taxation of up to 20% on the interest paid to the foreign entities. Furthermore, Polish legislation subjects the loans to a 2% transfer tax.

*Inherent gains:* As mentioned above, in Poland real estate may generally be acquired either as a share deal or directly as an asset deal. However, from the purchaser's perspective, share deals result in the tax basis of real estate assets being significantly lower than its market value. Such differences result in higher Corporate Income Tax burdens when revenue is derived from real estate.

*VAT recovery:* Within the construction/acquisition process, companies' costs include 22% VAT. It important that resources frozen as input VAT should be recovered as soon as possible.

Polish tax regulations provide for income tax exemption for certain entities, including closed-end investment funds. This creates an interesting opportunity for real estate investors to use such vehicles for investment, as it allows for a complete income tax exemption with only marginal restriction on investment flexibility.

BPCC at MIPIM, 11-14 March 2008 in Cannes  
Stand No 03.01, level 01

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To arrange a meeting with our experts please contact BPCC at [info@bpcc.org.pl](mailto:info@bpcc.org.pl)  
We hope to see you there!

## FORTHCOMING BPCC EVENTS:

the focus of this Forum. It will be a chance to HR specialists from both countries to get together exchange ideas and information.

**Cost:** 220 PLN + 22% VAT (BPCC Members),  
320 PLN + 22% VAT (Non-members)

**Registration:** [www.bpcc.org.pl/hrforumen](http://www.bpcc.org.pl/hrforumen),  
(+48 71) 344 14 77

### 31 March, Łódź

**Conference: "Public-Private Partnership – an opportunity for the public and private sectors"**  
SWSPiZ, Assembly Hall, ul. Kilińskiego 98, Łódź

**Start:** 9:00

**Speakers:** Agata Kozłowska, Investment Support, Zbigniew Maksymiuk, Saur Neptun Gdańsk, DGD, Stephen Harris, International Financial Services, Piotr Kubica, KANTOR Management Consultants, Bartosz Korbus, PPP Institute, Małgorzata Okularczyk, Collect Consulting, Dorota Brzezińska-Grabczyk, Brzezińska, Narolski, Mariański s.c.- Adwokaci

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(+48 42) 658 84 44

### 9 April, Łódź

**HR and Management Culture Change Roadshow**  
Urząd Marszałkowski województwa łódzkiego,  
Al. Piłsudskiego 8; 10:30–19:00

The BPCC is taking an HR and management roadshow around Poland, so that member firms in the areas of training, recruitment and management consultancy can explain to Polish senior managers and entrepreneurs why they need to change – what new thinking they need to adopt and what best practice they need to implement in order to maintain their competitiveness. The conference will cover HR strategy, training, recruitment and retention. Delegates will learn how to manage people to better effect – how to make people *want* to work for you. They will also be able to network with other local business leaders and with experts from the HR field.

**Contact:** [ag@agr.com.pl](mailto:ag@agr.com.pl),  
+48 667 601 607

### 21-22 April, Warsaw

**BPCC 5th ANNUAL CONFERENCE – VISION · LEADERSHIP · BUSINESS**

Hyatt Regency Warsaw, ul. Belwederska 23

At the BPCC Annual Conference, top economists will discuss in depth Poland's medium and long term prospects. What factors will affect Poland's ability to maintain and extend global competitiveness? Can growth be spread equally across all of Poland's regions? Is joining the Eurozone the natural step for the development and integration of Polish economy with the EU? For anyone from the UK or Poland wanting insight into the key issues facing business in central and eastern Europe in the foreseeable future, attendance at this event is a must! Participation in the BPCC's 5th Annual Conference provides an excellent opportunity for profile building and making precious business contacts, as well as gaining knowledge from key experts on a number of issues effecting the tempo and development of Poland's economy. There are a number of ways in which you can take part: participation as a delegate, participation as an exhibitor, participation in BPCC Company of the Year Awards Gala, partnering the event. BPCC Members are eligible for special discounts.

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## Online marketing: massive undiscovered potential for Polish firms

by **Danny Meadows-Klue**, Digital Strategy Consulting

Danny Meadows-Klue has been teaching digital marketing for more than 10 years. He was one of the first online publishers in Europe and has run dozens of internet businesses before setting up the Digital Strategy Consulting group. When his team were training marketers in 20 countries last year he saw similar patterns among the opportunities firms had missed, and here he talks about some of the experiences from those Digital Training Academies.

If the last time you thought about online was a few months ago, then the start of 2008 is the right time to take a fresh look. The internet remains the fastest way you can boost your company's sales, and because it never stands still, there are new tools, tricks and opportunities.

Firms in Poland can enjoy the same advantages as those in the UK or the USA right now, leapfrogging the 'old' thinking and going straight to what works best today. Remember that the reason the web remains the fastest growing marketing channel in history is the power of its results on businesses, yet most firms fail to do anything more than scratch the surface. Whether their campaigns are to build brands or generate leads, more and more marketers are using the internet to reach new customers in ever-smarter ways.

Many brands in Poland, like in the UK, still need to get the basics right. In the UK the internet took 15% of total ad spend in the first half of last year, topped 17% at Christmas, and at Digital Strategy Consulting we've argued it would trump television by Spring 2010. That will make it the largest single media channel in advertising spend and illustrates the scale of focus marketing directors give the channel. And that's only the advertising: nobody really knows how much is spent on building websites, but it's easily many times this.

Smart brands have switched their budgets to digital because when they get it right, it gives a much better return. For sure there's a point where the growth in the payback levels off, but few firms are close to that because the web and email are so under-used. Instead, what we've found in training marketers around the world is that even if the company

has a good website, online marketing is typically a massive missed opportunity. Because it's overlooked, they can never get the full value out from the website investment they've already made.

A simple example of this is something we see on The Search Academy, a training course we've been running in Western Europe for many years. By finding the exact words people use to search for your types of products and creating both editorial content on your site, and buying keyword advertising that relates to them, firms can instantly gain more customers. Consistently we find that even the experienced digital marketers who go through the programme discover that investing more in search campaigns generates more sales leads, and typically at a much cheaper cost per lead than their classic channels.

When it comes to the website itself there's nearly always great scope to get much more value out without needing any more investment. Few firms invest their time in improving customer conversions for the whole of the digital journey and instead focus on just the most obvious steps such as search engine listings and the website's home page. Yet investing more time and energy in converting customers step by step key to achieving a massive boost in sales.

Get this right, and when measuring the return on investment (ROI) for the online activity alongside the ROI for traditional marketing you might find be in for a surprise. That's often when finance directors start pushing for a bigger switch to digital marketing.

Online marketing training:

[www.DigitalTrainingAcademy.com](http://www.DigitalTrainingAcademy.com)

More research you can access:

<http://www.digitalstrategyconsulting.com/insight/>

Contact internet marketing trainer:

[Danny@DigitalStrategyConsulting.com](mailto:Danny@DigitalStrategyConsulting.com)

*The BPCC is running special Digital Training Academies for our members and to book a place simply contact our team here in Warsaw.*

#### BPCC CEO newsletter

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