The challenges and rewards of **emerging markets**

Given the significant economic challenges in the Eurozone, a widely saturated market and the lowest level of M&A activity in recent history, it is no surprise that a significant number of global companies are looking to emerging markets to bolster revenues. >>

Emerging markets have always played a key role in the history of trade and commerce. Initially the lower cost of production and cheap labour proved to be a lure for multinational companies looking to improve the bottom line, but increasingly the role of emerging markets is changing. In today's world where companies compete for market share, the impressive GDP growth rate and burgeoning young populations of developing nations, are proving to be new incentives for companies looking to grow revenues overseas.

Companies such as Danone, L'Oréal, Total and Diageo have been leading the way for a number of years and can now boast significant success in challenging markets, ranging from Africa through to China and Latin America. Indeed, L'Oréal's CEO Jean Paul Ago confirmed the importance of emerging markets to its global expansion, stating *"In 2011, L'Oréal has proven its ability to significantly reinforce its position in new markets, and to win over new consumers in major developed countries."*

According to a survey conducted by KPMG Transaction Services, Brazil is one of the most popular emerging market investment destinations. Currently the sixth largest global economy and boasting the largest population in Latin America, Brazil is undeniably enjoying an economic boom. Christophe de Margerie the CEO of Total, in an interview with CNBE, highlighted that Total is investing heavily in Latin America. Many other major multinational companies are doing the same. This positive outlook has resulted in an unabated demand, from some of the world's leading companies, for top tier talent in Brazil and the wider developing world.

Outlined below is an example of a particularly challenging search assignment led by our specialist emerging markets team in Paris.

Our client was a global leading energy firm based in Rio that required a senior tax expert to fulfil the role of Head of Tax, for its Latin American operations. This individual would be responsible for tax planning, transfer pricing, bid reviews and compliance. We focused our search on identifying a tax professional with significant experience of providing high level tax advice and guidance, in difficult and complex legal environments. To identify the

most relevant candidates for this opportunity, our search covered a wide geographical scope including Brazil, Argentina, Mexico and North America.

Given the limited talent pool and high demand for qualified tax professionals in Latin America, we advised our client to consider candidates from the energy sector as well as related industries. One further consideration was the fact that the majority of qualified tax professionals in Latin America are actually qualified lawyers rather than accountants. This would be an important challenge to overcome, as the Head of Tax would take responsibility for the full compliance and reporting process.

Our Business Intelligence and Research team has the resources to map teams in emerging markets, allowing our client access to the widest pool of talent. Highly specialised in research and mapping, the Business Intelligence team was critical in identifying top tier talent across the 'Big Four' accountancy firms, as well as commerce and industry. We were able to identify candidates with accountancy training and the ability and experience to give advice on complicated tax planning issues; in addition to managing the reporting process. We also utilised our significant network across Latin America, to ensure that we were always being referred to the most relevant talent.

All candidates were assessed on their technical ability and reference checked before being presented to the client for consideration.

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The client interviewing methodology was a three step process. The first stage was a 'highly technical' interview with the Director of International Tax. This was followed by an interview with the Latin American CFO, focusing on jurisdictional knowledge. The final interview was concluded in the UK Head Office of our client. We briefed candidates at each stage of this process, maintaining an active role in the assignment.

An offer was finally made to a candidate who was qualified in both accounting and tax, having trained at one of the 'Big Four' before entering the oil and gas industry. Highly skilled in bid reviews, tax planning, compliance and reporting, our candidate subsequently accepted the offer. The offer stage is actually a critical step during the search process in Latin America, due to the high occurrence of buy backs or counter offers. We were able to guide our candidate successfully through this critical stage, resulting in a first rate hire for our client.

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