

Opportunities in challenges: BCCH at 25

You don't need to spend much time looking at Hungarian business news to realize there are now serious concerns about labor shortages in almost every sector and profession, all the way from engineers to cleaners. But Vazul Tóth, chairman of the British Chamber of Commerce in Hungary, celebrating its 25th anniversary this year, sees opportunities in such challenges.



Vazul Tóth, chairman of the British Chamber of Commerce in Hungary and head of quality management at Budapest Bank Zrt.

have to admit that, in this segment, there are challenges, not only in Budapest but also at our unit in Békéscsaba, but I am

confident there is also light at the end of the tunnel."

Some of that light, at least, comes from a realization of how best to handle the next generations of workers: Y, Z, and Alpha. Too much is made of them being different (subtext difficult) to previous, more traditional generations such as Tóth's own. They want a better work/life balance and more flexible structures such as home working. "They want opportunities to grow, and are significantly more hungry to develop more rapidly," Tóth says. And therein lies the potential, provided you can balance that hunger with the necessity to have some "rubber on the road" in terms of experience and still deliver a quality result.

"Look, there is a significant challenge from labor shortages, we can sense that from our own members, but British companies like BT, like BP, like Vodafone, have made decisions to start or expand their SSCs and customer care centers in this country, and clearly they would not have done so if they were not comfortable about being able to find the talent they require to deliver excellent service."

Labor shortages are not unique to Hungary; indeed, a recent ManpowerGroup survey found it to be something of a European phenomenon. What exacerbates things here is the low level of wages, making working abroad that much more attractive. But

"Hungary and the U.K. have an extremely good relationship both on a trade and a political level. I think there will be lots of opportunities to build on that."

the BCCH chairman says that is only a temporary problem, with potential longer term benefits, because he believes most workers will return, bringing with them valuable experience. And he is a point in case, having worked in Australia for seven years, learning English and forging a career in consulting after arriving Down Under "with just one suitcase to my name".

"Of course it was hard to leave my comfort zone and challenge myself somewhere else. Was it worth it? Absolutely. Did I come back? Yes, indeed." Tóth believes people will return for one of two reasons, either because of personal circumstances, or because the wages here have moved closer to those in Western Europe, and he says moves need to be made on that front. But the additional experience and knowledge these returnees will bring and apply to middle management positions and above are true added value.

Added value is something the BCCH itself has sought to offer its members. Tóth was first involved in 2005, before he left to take up a position in the Netherlands, and returned to the chamber in 2013 when he was elected chairman. He says the difference between those periods is marked.

"In the early '90s and into the 2000s I think life for all the chambers was somewhat more comfortable. There was all the euphoria around the market economy and multinationals [MNCs] coming to this part of the world. It was an obvious choice to be a member of a chamber; they put on some good events and you could build your networks. But after the global economic crisis, it became clear that we needed to up the ante and provide more value to members."

Battered

That, he says, is what attracted him to the idea of taking on the chairmanship. "The chamber had been battered by the economic crisis and lost a lot of members; I saw an opportunity to revamp and reposition it."

That materialized as what he calls BCCH 2.0, which is built on three key pillars. The first is facilitating knowledge transfer to the SMEs, which the chamber found "were very hungry to learn from multinationals how to grow

to the next level". This is typified by the SME breakfast series, in which MNC leaders are invited to come and speak to representatives from the chamber's SME membership.

The second pillar involved company leaders. "We found there was a desire for CEOs to discuss topical issues with C level executives." That is met through exclusive CEO Dinners for C-suite members to discuss sectoral issues and challenges.

The third pillar looks at disruptive technologies, and working with the British government's Department for International Trade (former U.K. Trade and Investment) to see how Hungarian startups can step out beyond the borders here.

Disciplined management

The approach is working, the chairman says, because board members all have areas of responsibility and use their own expertise and networks to help organize events, invite speakers and the like. "It is not rocket science, just good old-fashioned structure and disciplined management."

One significant change in the past couple of years has been the creation of the British Business Center, a joint initiative with the British Embassy that is based in the same offices as the BCCH. It came from a British government decision to help British SMEs move into emerging markets, with Hungary being among the first pilot schemes. "It offers continued export support. If an SME is interested in coming here, we will do the market research for them to see what opportunities are available, offer a hotdesk opportunity for them to come and negotiate, and then offer startup support. In two-and-a-half years we have helped 500 British SMEs enter the market; in terms of signed contracts that's GBP 0.5 million."

Tóth is coming to the end of his tenure, having been elected for the first time in 2013 for a two year period, and then reelected in 2015. A chairperson can only be reelected once. He says his successors will see a future ever more based on digitalization and how companies deliver a genuine customer experience that is reactive to what the customer really wants.

It will also likely see a European Union without the U.K., though the details of how that plays out are far from clear at this stage. But, again, Tóth sees an opportunity here. British chamber members across Europe are being canvassed for their opinions, and the BCCH chairman says it seems clear the future will involve a lot more bilateral trade agreements for Britain. "Hungary and the U.K. have an extremely good relationship both on a trade and a political level. I think there will be lots of opportunities to build on that."



Startup public funds in a post-JEREMIE world

Telenor Accelerate is the first corporate startup program in Hungary, and therefore it is a one-of-a-kind effort. But several other channels also exist out there where young firms can access a large pool of public funds.

The local startup ecosystem must be pleased by the fact that ever more money taps get opened of which sole purpose is to help them make it to the next level. However, VC resources are only one part of the equation. Public funds entered the domestic startup landscape in form of the Jeremie scheme provided by the European Union budget, but now that those resources have dried up, the post-Jeremie world still has to offer a thing or two.

True enough, the very first state-sponsored effort called Gazella I back in 2013 was rather a flop since the incubators selected for the grants still haven't seen a dime of the promised money. The next episode of the same sequel should bear more fruit. Under the call for proposal Gazella II not less than HUF 5 billion was up for grabs and in August eight applicants, all located in the countryside, were granted a maximum amount of HUF 600 million each in form of non-refundable funds. At least 80% of it must be spent on operation expenses of selected startups and only the remaining 20% can be used to run the hosting incubator.

Another soon-to-start scheme will feature a HUF 50 bln government fund where 30 bln comes from EU sources and the rest is provided by Magyar Fejlesztési Bank (MFB) with the purpose of making capital available to businesses hatched in local incubators. By contrast, direct Brussels funds can be applied for under Horizon2020, the EU's seven-year development program, which publishes calls for proposals for startups as well as regular intervals. Millions of euros are at stake each time and the next submission period is scheduled to open in early December.

INPUT, another startup program is just being launched by the Hungarian Government IT Development Agency with total financial resources of up to HUF 2.4 bln. They target the less developed regions of the country and their aim is to help two hundred ICT-focused startups go global within the next three years. "INPUT will not provide direct payments to applicants, though," says Imre Hild,



founder of Global Platforms, which is dedicated to assist startups for the same end as INPUT. "Only mentorship and sales and management training will be offered because experience shows that if early-stage firms get used to being showered by free money, they start concentrating on securing such money flow and they forget about their customers' needs."

The Hungarian National Trading House (MNKH) seems to have an identical philosophy. Their InnoTrade initiative is committed to train startups with a prototype and a mature intention to enter the world stage. Part of the package is the opportunity to take part in global flagship startup events from Boston to Tel Aviv.

Those hopefuls that are more into cash regardless, should consider to submit an application for a recently opened call for proposals entitled "Development of the region's innovation potential by setting up innovative startups" under Széchenyi2020. Eligible will be projects with a budget HUF 6 to 9 million.

After the success of DTAC's accelerator program in Asia, Telenor, which owns the Thai company, launched the program in Hungary, where it is the first corporate accelerator program. Telenor not only provides financial and infrastructural support to the chosen startups, but also gives technical assistance too with the help of the program's mentors and other experts. Telenor Accelerate has proved to be so successful that more than 140 startups registered, with applicants covering the whole economy; from e-gaming through e-commerce to culture, truly diverse companies have chosen to take part in the program.

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