

How we will **achieve**  
**distinction**  
by **2012**

PricewaterhouseCoopers (PwC) provides industry-focused assurance, tax and advisory services to build public trust and enhance value for its clients and their stakeholders. More than 146,000 people in 150 countries across our network share their thinking, experience and solutions to develop fresh perspectives and practical advice.

PwC Central and Eastern Europe has achieved much since its creation almost ten years ago. Economic growth in our region and our unique structure offer huge opportunities for us to take professional services here to a new level. This review sets out the bold strategies that will drive the firm to distinction, ensuring we continue to make an outstanding contribution to our people, our clients and our communities.

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All the pictures of people at work in this report are real PwC employees in CEE offices

# We must grasp the opportunity



Mike Kubena  
CEO, PwC Central and Eastern Europe

We are privileged to work in a firm that spans Central and Eastern Europe. The opportunities are simply incredible – and by living the PwC Experience, we can transform our people, our firm, our clients and the communities we work in.

It is easy to forget how far this region has come in the 19 years since the Berlin Wall was torn down. As we look around Central and Eastern Europe (CEE) – at its growing economies, its entrepreneurial businesses, market-oriented political systems, foreign investors and flourishing civil societies – we should not forget that it is a young and developing region.

PwC has been active in some territories of CEE for nearly 20 years – our Hungarian office opened in 1989. We were in Russia in 1990; Poland and Czechoslovakia (as it was then) in 1991. By the mid-1990s, we had offices in most of the major territories of the region as we now know it. But it is less than ten years since we started the process of creating the integrated region that we see today. We are a young business in a still-developing part of the world.

But we are also part of a global network. Many of our partners are from overseas and much of our work comes from multi-nationals looking for PwC's support in this region. That global network –

alongside our unique regional view – and the talent and dedication of our people, means we are in a position not only to provide outstanding client services in CEE, but also to be a true leader in the business community.

### Our aim? Distinctiveness

To achieve that goal, we have to find ways to differentiate ourselves from our competition – they too, recognise the opportunities that exist in CEE. We have to identify and exploit the unique advantages that being a PwC firm covering the entire region brings us. We have to go above and beyond our clients' expectations in terms of the quality of our work and the depth of our relationships with them.

We start from a good place. I believe we are the leading professional services firm in the region in terms of both revenue and profitability. We deliver more consistent quality and a broader range of services – and our clients recognise that. Our ability to perform over the last ten years is validated by our position in the market.

But now we have to focus in order to replicate that success in the future and make ourselves a truly distinctive firm. It is not enough to rely on the strengths that we have built up in the past. The CEE region, and business globally, is changing. We must change too.

**A new client need**

Businesses in this region that were embryonic 10 or 15 years ago are now, potentially, the powerhouses of the economy, not just nationally or regionally, but globally. These vibrant CEE-based companies are looking for strategic partnership – not with a firm that simply delivers an audit or tax advice, but with one that knows who they are, what their business is about and that can deliver more than just products to the table.

They want ideas and solutions. They need a firm that can tell them what is happening in their industries around the world and help them to compete on that stage.

The clients I talk to really appreciate what we do in terms of their audit; they admire our technical skills in tax and legal planning and our consultancy expertise. Now they are also asking us to engage with them in a different way. We have a responsibility to make sure that we have the skill sets to make that transition.

**Our people, our future**

That means we need people – talented, creative, hard-working people who share our vision. We face a challenge here, too. In the same way that our clients' needs have changed, the expectations of young people have shifted. As a firm we must respond.

The pool of talent from which we can draw is shrinking and we are facing increased competition in the labour market. To attract the best recruits, we must offer them a compelling value proposition. Training to do audits or to offer basic tax advice is important, but on their own these are not the kind of work that stimulates talented individuals. Bright young people have higher expectations, a desire to experience something very different from their parents.

So the way we connect to the generation entering the workplace is absolutely vital. We have to ensure that we can offer sustainable employee relationships that appeal to diverse groups. They include people joining us from university, but also experienced professionals in the market and people from outside the region.

**Our aims for 2012**

So what does 'distinction' for PwC CEE look like? What does it mean? It is defined in three different ways. First, it is being the organisation that people want to work for more than anywhere else. This aim is built around a value proposition that everyone in our firm, from partners to trainees, can really connect to. We want them all to be able to say, "I believe that I get more value from being with PwC than with any other firm".

Second, distinction has to mean something to our clients. They should see PwC as the essential business adviser. That means moving beyond a product focus. Clients should turn to us whenever they have important business decisions to make.

Third, we must truly become one firm in one region. We have many offices in 29 countries covering a land mass that stretches from Central Europe to the sea of Japan. It's a daunting challenge, but we must be able to deploy our resources anywhere across the entire region. We have to use this scale to offer our people the stimulating opportunities they want. We should be able to create teams to meet complex client needs anywhere in CEE.

Being an integrated region means we can create operational synergies and economies of scale that drive out costs, as well as deliver better services. That efficiency is good for us – and good for our clients. Being an efficient regional firm also makes us a role model for other businesses in CEE. We must live the values that underpin the advice we offer to our own clients about running a business in the 21st century.

**How we get there**

We have identified five strategic priorities for CEE that are closely connected to PwC's global strategy (see below). They set out what we must do to be a distinctive firm and a large section of this review is devoted to explaining why they are important and how they are going to work.

Firstly, developing a high-performance culture that sets expectations for our people. Just as importantly, this strategy also makes demands on us as a firm to meet our people's needs. We set out how we plan to attract the right recruits – people who can come together in teams and deliver complex solutions. It looks at

how we embed them effectively in our organisation and retain their services. Then it examines how we will deliver development opportunities for them.

Secondly, a strong integrated market strategy. We need to deliver expertise and value on a regional scale. We also recognise that CEE is not a one-size-fits-all market and our clients are not all giant multi-nationals. So, we must also identify and cater for the entrepreneurs emerging in our region and the CEE businesses looking to expand internationally. We have to match their changing needs, not our historic organisational structure.

Thirdly, a culture of sharing knowledge. It's crucial that we bring people with common interests and issues together in a way that creates better solutions that we can use with more clients. The way we use technology can help them share and leverage knowledge to meet those client needs, but sharing know-how should also be an integral part of our culture.

Fourthly, we must build a distinctive brand. We must be clear on what we want this firm to be famous for – then be ready to communicate that message to all our stakeholders in a way that enhances our relationships. We must promote the values that sustain our brand so that we create a virtuous circle of perception and reality. Our people need to know what we stand for and our clients must clearly understand what we can deliver to them. Also the wider stakeholder group (governments, NGOs, communities and so on) should also see that we stand for something more than just tomorrow's profits. All these relationships are vital to the building of a sustainable business.



**Our five strategic priorities**

- A high-performance culture
- A regionally integrated markets strategy
- A cutting-edge knowledge environment
- A distinctive brand
- An integrated business model

- The PwC Experience in action, reflected in our ability to recruit, retain, develop and delight the best talent in CEE.
- PwC CEE's open-minded, proactive, single-firm approach adds value for clients whatever their needs.
- PwC CEE brings every resource to bear in every situation. We have a culture of sharing for our clients' benefit.
- PwC is known as the leading professional services firm in CEE because it delivers on its brand promise.
- We can deliver the benefits of our scale and regional diversity to both our clients and our people.

**Living our values: a day in my life**



**08.00** Meeting with my PA and Chief of Staff to discuss my week's schedule and travel plans. Good planning is essential in this job, particularly when the firm covers several time zones and is such a dynamic environment.



**09.00** Welcome speech for new graduate recruits to the Czech Assurance practice. A crucial step in winning the war for talent is to create good relationships with our new joiners, so it is vital that our people feel valued and welcome from the first day they join the firm.





Lastly, leveraging our regional model. The synergies and efficiencies that we can deliver as an integrated region will make us more responsive to our clients. They will reduce our costs, which will make us more competitive, and ensure that we can deliver a consistent, high-quality experience for our people wherever they are based in CEE.

**Our firm in 2012**

These are tough challenges, but they are achievable. We will double the size of our partnership by 2012 and we will have

increased our share in the strategic markets where we want to compete.

It is also crucial to understand what it will feel like to be part of our firm in 2012. Everyone ought to get a sense of what it is like to be part of a winning team. Our people should have a sense of pride, a feeling of satisfaction – a certainty that they are with the best firm. Staff turnover will have gone down. We will be well-connected with our alumni – people who have left our firm should be proud to remain in touch with us.

Last but not least, our clients will have a higher degree of loyalty to us. We will have become their essential business partner. They will tell us that the depth of our relationships and capabilities has increased significantly.

**CEE and the world**

Our markets will also shape the development of our firm towards 2012. In the short term, I am cautiously optimistic. While high and volatile commodity prices and the ongoing credit crunch are factors we have to consider, the economies of CEE are still creating

some of the best opportunities for growth in the world.

In the medium to long term, the outlook is incredibly positive. The long-term growth trend in CEE will far exceed more developed economies, which is a major plus for our firm. It is also a challenge. If we are going to continue to be the leading firm in the region, to be distinctive and differentiated, we need to outperform that growth. We cannot and will not allow our leadership to be threatened by any sense of complacency about our markets.

**PwC: a global player**

We must also ensure that our large, successful region does not allow us to forget that we are part of a hugely successful global network. I am extremely optimistic about the prospects for CEE, for our firm and for the career prospects of everyone working in our business. However, the world is shrinking: clients expect us to be increasingly transparent and well co-ordinated around the globe, not just in this region. Our people, especially our younger recruits, come to us with a global mindset.

Therefore, I welcome the announcement that PwC will be organised into three clusters: East, Central (of which PwC CEE is a part) and West. This development of the PwC network is a response to global client expectations about how we operate.

As the global CEO, Sam DiPiazza, stated, "it will improve the integrated service we offer and align our strategy more closely around the world. This new structure also provides our people with an even wider range of career opportunities and

increases the geographic mobility that makes PwC one of the most attractive places to build a career."

This is precisely the concept we have been building here in CEE – and those same drivers underpin the strategic priorities we are outlining in this review. CEE is a role model for success within a multi-national network. That means we must continue to push the boundaries and demonstrate what can be done when you break down borders.

It is not always easy. Culture and markets differ around any large region, but the new global networks recognise that we want to build firms that reflect a strong, common PwC culture that works in harmony with local practices.

As one of the largest member firms of the PwC network, we are proud to be playing a key role in the development of the firm globally. By living the values of the PwC Experience and embracing the strategic priorities we have set out, we can be distinctive for every client and every employee, in every territory, across our region.

Mike Kubena  
CEO, PwC Central and Eastern Europe

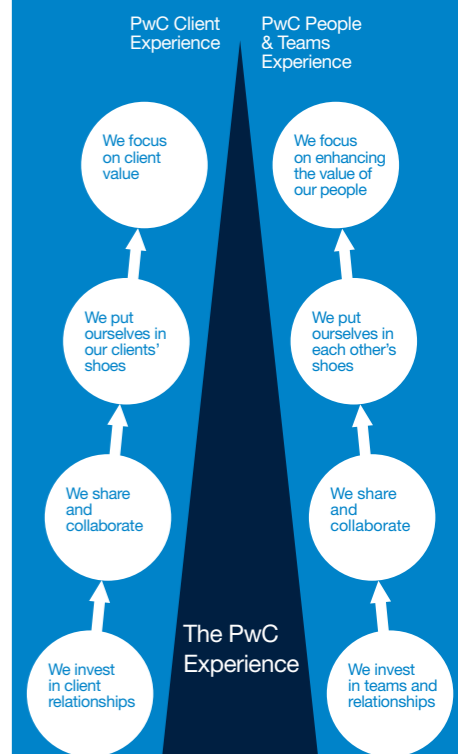
**The PwC Experience**

What will drive the change we're describing in this review and make it a reality?

It's very simple: the PwC Experience.

It lays out four core behaviours:

- Investing in relationships.
- Sharing and collaborating.
- Putting yourselves in each other's shoes.
- Driving value.



I believe these values are the glue that holds us together. The challenge is for each of us to recognise that we have to live them ourselves. We have to take individual responsibility to embed them in everything we do. If our people understand that this is not a vague aspiration, but instead that it is possible – and also vital – we will be able to transform our organisation. Our clients will appreciate what that change means to them and our people will be proud to work for PwC.



**10.00** Management Board weekly call – the main topic is our Financial Services strategy. Industry focus is very important in CEE. By bringing all the resources of the region to bear, we can create value for clients in industry sectors in a way no other firm can.



**12.00** Working lunch with Petr Sobotnik, TICE Leader in the Czech Republic, to discuss my recent Senior Relationship Partner visit to a key client. These visits are a cornerstone to our service approach and vital for deepening relationships with our clients.



**15.00** Meeting with Paul Stewart, our new Leader for Tax & Legal Services in the Czech Republic. Taking on new responsibilities is crucial in the development of our people, and it is also important that everyone feels they have the full support of the firm when they step up to a new role.



**16.00** Mike Hackworth, Managing Partner for Operations and Markets, joins me for a call with 'Rusty' Lambert, Country Managing Partner for Hungary, regarding strategy for FY09.



**18.00** Travel to the airport to catch the 20.20 flight to Moscow. Our clients think nothing of travelling around CEE building up their businesses, so I don't see it as a chore – and it is incredibly rewarding knowing that they see our firm as their trusted partner wherever they are.

# Changing markets transforming clients

PwC's broad range of competencies in assurance, tax & legal services and advisory help us develop deep relationships with our clients. Our insights into their underlying business issues, combined with our people's talent, deliver lasting solutions to client problems and help them capitalise on opportunities.

In order to meet our clients' needs we must understand their businesses, and the full range of issues they face, in some depth. In today's business world, we rarely find situations where the right solution is obvious or simple. While there is still a demand for discrete advice and niche offerings from our individual lines of service (LoS), the increasingly sophisticated business environment in which we operate rewards a more proactive, connected approach.

The fact is that business leaders do not compartmentalise their needs on the basis of our lines of service. It remains the case that they might request an audit or a piece of tax advice on its own. It is just as likely, however, that they will demand an all-round service – and that reality forms the basis of our approach to market through, for example, the pivotal role of our client relationship partners.

Building deeper, more sustainable relationships with clients requires us to understand their individual issues and then apply PwC CEE's resources to them in a flexible way to provide them with a comprehensive solution.

Situations that require a multi-disciplinary or multi-location response are the kind of engagements that really differentiate PwC CEE. Our clients' needs are often complex, involving issues that straddle borders and different aspects of their businesses – and that is precisely where PwC CEE has developed a deep level of expertise.

We have, for example, identified six major issues that we believe are affecting many organisations in Central and Eastern Europe. Addressing these issues – and demonstrating our market leadership in formulating solutions to them – will open up a huge number of opportunities, both for the firm, our clients and our region.

## Where we can add value for our clients

### 1. Enterprise-wide performance management

There are major opportunities in our region to link organisations' underlying corporate reporting with their business strategy. In many cases, legacy processes and systems are not able to produce the reliable and timely financial, operating and market information that would allow businesses to properly manage, monitor and drive performance. So our aim is to ensure that better information becomes a strategic enabler, improving decision-making.

For example, many companies have moved to IFRS as their external reporting language, but have yet to embed it in their planning, reporting and reward structures. These businesses are now competing with global rivals that have built up these capabilities over many years. Many of these clients are also looking to raise capital in global markets, where investors and regulators demand high quality information.

Drawing on the deep knowledge of IFRS and training capabilities in our assurance teams; the tax accounting and compliance skills of our tax practitioners; and the strategic process and technology skills of our consultants, we can deliver all-round solutions linking strategy to planning, budgeting, external and internal reporting.

### 2. Growth strategies

The economies of Central and Eastern Europe have grown dramatically since the fall of socialism, and CEE remains home to some of the biggest business opportunities in the world. That means both domestic companies and inward investors need to plan carefully to make the most of the potential here – and to grow sustainably. It also means that local players have a solid platform from which to expand internationally.





This raises a series of questions for CEOs. What are the growth opportunities? What are the potential risks and rewards? How will their companies fare on the global stage? PwC CEE, frequently helps clients find answers to those questions. We undertake strategic and commercial analysis to identify and analyse growth opportunities. We conduct market entry studies and flesh out openings for geographic expansion. As our clients execute on their strategies, we work alongside them providing tax structuring advice or comprehensive due diligence services. We then help them integrate acquired businesses or provide assurance on different aspects of their organisations – from financials to technology controls – to ensure risk is managed while they are growing.

In short, we can help clients with every aspect of their growth, from analysis and design of their strategy, to execution and evaluation of their performance.

### 3. Reducing costs

We are fortunate to operate in a region that has seen such stunning economic growth over the past 20 years, with

individual businesses expanding rapidly as the CEE economies have boomed. However, in many cases cost discipline has had to take a back seat to supporting this impressive growth.

We help by identifying practical opportunities for controlling costs and creating efficiencies. We advise clients on cost reductions, including use of shared service centres and modifications to their supply chains. We always approach this kind of cost management from a strategic perspective, as opposed to focusing on short term fixes. We also design and implement “best in class” cost and management accounting and planning systems that give our clients new insight into their own efficiency.

### 4. Attracting investment

Many entrepreneurs in our region are seeking to realise value from their endeavours or attract capital into their businesses to help them develop further. By delivering independent advice, we prepare clients for investment – and help position them to attract the most favourable financing, from bank lending to private equity; from public debt to IPO. Our tax and legal teams advise on legally

## Living the values

Vyacheslav Solovyev, a Senior Manager in Assurance, has been with the firm for five years, prior to which he was an auditor for the Russian state.

“I wanted to help companies develop. I was also looking for an employer with a global perspective – and PwC was the clear leader, it was the firm everyone talked about. So I joined.

“I always try to bring value to my clients beyond the core audit – that’s one of the things that really makes us different from our competitors. For example, many of our clients have less well developed internal controls than their rivals in Western Europe. We can help them become more competitive by bringing in our learning and development teams to train them on best practice in financial controls and reporting.

“Most of my work is done in the retail sector – my biggest client is the largest retailer in Russia. This kind of specialisation is very helpful: our people are very sophisticated on the technical side, but the clients really see a lot of value when we come with an in-depth knowledge of their business.

“My ambition is to be a partner. I love the work I’m doing and after spending four months at Genesis Park I feel really inspired – I’m bringing back lots of new perspectives and ideas. The development programme there helps you build self-awareness; the coaching and feedback is fantastic; and I’ve made loads of new contacts from all over the world. It’s difficult to appreciate just how much it broadens you until you’ve done the programme and you’re left with real inspiration to change.”

robust and sustainable structures – and of course, our assurance and capital markets teams are frequently engaged by clients to provide audit comfort on the financial information used to attract investment or allocate capital.

### 5. Capturing deal value

It is well documented that a large proportion of M&A deals do not generate the value originally envisaged by their initiators. Value can be lost through a poor acquisition strategy; failure to negotiate an appropriate price or deal terms; unfavourable financing; or insufficient integration planning and execution.

All the lines of service at PwC CEE provide a range of offerings aimed at helping clients better address those deal planning and execution issues. We offer a full range of pre-deal services, from market analysis to target selection; expertise in execution of the transaction itself, from finance and negotiation support, to due diligence and advice on structuring the deal for optimum tax benefits; and, crucially, post-merger integration – from HR advice to systems and audit improvements and developing new trading structures.

### 6. Developing infrastructure

For decades, Central and Eastern Europe suffered from a lack of infrastructure investment. With the emergence of vibrant market economies, many territories are now investing heavily to catch up. Russia, for example, is planning to spend \$1 trillion on infrastructure over the next ten years; the EU accession states in the region are expected to invest €500 million. There is additional momentum from international sporting events coming to our region – Poland and Ukraine will co-host UEFA’s 2012 European Championships, for example – that create a “burning platform” for immediate action.

Both governments and contractors face many issues around investment decision-making, the control of infrastructure projects and financing – including novel approaches for the region such as Public-Private Partnerships. Our lines of service can offer practical advice and support to these players, ranging from investment appraisal – including financial modelling, due diligence and tax structuring – through to project management and all aspects of financial control.

## Going further for clients

At a leading regional telecoms company, we were initially engaged to provide an extensive, tailor-made IFRS training package for 450 employees. Then it transpired that IFRS transition had implications for their regulatory reporting, so we advised management about their approach and helped them prepare for the regulatory audit.

Shortly after, during the implementation of a new ERP system, the company started thinking about ways to optimise tax planning and reporting. So we brought in our Tax team to help them automate the calculation of current taxes, while our Assurance team designed an automated solution for calculating key data around deferred tax. That also meant we were supporting the company and its system integrator to embed these solutions in its ERP system.

Finally, IFRS meant that accounting for certain transactions had become more complex. So in a project led by our Advisory team, we were asked to assess the IFRS implications of a planned major real estate restructuring programme.



## Putting it into action

### Client relationships, the key to value

As we transform our business to focus on the kind of issues we have outlined, we are shifting from a “product push” (selling packaged services) to a “relationship pull” – building an ever-deeper understanding of our clients’ needs.

Each of our lines of service – Assurance, Tax & Legal Services and Advisory – is underpinned by specific and in-depth technical expertise. Our clients are right to demand that our people are steeped in this knowledge, and in how it ought to be applied to their business; and we are up to the challenge.

However, instead of organising ourselves into rigid silos based on the activities we undertake, our firm is focused on specific industries and on client issues, like the six key areas that we have identified above. We must ensure that our people are developing a deeper understanding of how our whole firm, not just their own Line of Service or industry group, can help any given client.

All three lines of service are also focused on moving up the value chain in their respective areas – undertaking more complex and rewarding work – and on exploiting our strategy to ensure that we create unique combinations of expertise to serve more complex client needs.

### Three service lines, one region

As well as exploiting our industry focus, each Line of Service has to make best use of our regional structure. The five strategic priorities we are outlining in this review all have Line of Service, industry and country implications. If the firm as a whole is to grow as it should – we expect to double revenues within four years – it is essential that we apply the kind of creative thinking and proactive client engagement called for by these strategies.

What does that mean in practice? First, we should continue to attract and retain the very best people the region has to offer. We must exploit both regional and

## Value, from start to end

In Bulgaria PwC has advised the founding entrepreneurs at a large manufacturing firm which produces lubricants and batteries for the automotive sector for a number of years. Most recently this has involved a number of projects focusing on enhancing the value of the business for its shareholders.

This began with a project to provide an exit to a minority shareholder, the completion of a successful re-structuring and the creation of an equity story as a pre-cursor to the sourcing of a new investor at an enhanced valuation. It was PwC who sourced a new investor who invested at the new valuation.

When the work began, the business had more than 15 different trading entities in ten countries. With the support of PwC, the re-structuring was completed on schedule, in a matter of months. It led to the creation of a clearly structured special purpose vehicle.

global opportunities to offer our people a range of experiences well beyond their technical training.

Second, we must identify the companies we want to be working with in CEE – emerging global powerhouses, fast-growing private business, inward investors, government agencies – as well as networking globally to ensure multi-national clients are well served within the region.

Third, we must make the most of our regional business model, ensuring that we operate best practice consistently across the CEE territories and drive cost out of our operations – using shared service centres, for example.

Fourth, our people should consistently deliver flexible and creative management of client issues in a way that supports and enhances the PwC brand.

Finally, each Line of Service must be committed to sharing knowledge – around skills, best practice, ways to build and enhance client relationships and develop our own people. Communicating across national, industry and Line of Service boundaries should be instinctive.

By focusing on client issues, as well as promoting Line of Service and sector expertise, we are adding a further dimension to the way we approach the market. It ensures we are building on our strengths as a regional firm and as a true multidisciplinary professional services provider.

Most importantly, it offers us a clear way to achieve distinction – which is the ultimate goal of the strategic priorities we are outlining in the rest of this review. The PwC brand must resonate excellence in every sense.

## Living the values

Borys Podgórný joined PwC CEE in 2002 and is now a manager in the firm’s TLS business specialising in the healthcare industry. He has just completed a year-long secondment in London with the Global Tax Markets team.

“I was attracted to PwC CEE by the opportunity to work for a multi-national – it’s a great place to develop my own knowledge. I knew there would be plenty of interesting and diverse work.

“Because we work in teams with an industry focus – in my case, healthcare – you can develop a deep understanding of how your sector works. The cross-LoS concept works really well, too. You can’t offer great tax advice without knowing the industry inside-out, so we need to have visibility right across the client’s business. That means our colleagues from Advisory and Assurance are integral to our work.

“My aim is to expand our client base. The firm is very supportive – they coach me and give me some direction. But it’s my responsibility to make a real contribution.

“The best thing about PwC CEE is the opportunity to move around the world, whether it’s the UK or Europe or the emerging economies around CEE. Experiencing other cultures and business styles is extremely interesting – spending the past year in London has really demonstrated how valuable it can be.”

## Our Line of Service Leaders

PwC CEE’s business heads discuss the firm’s client-focused approach to work in the region.



Nick Brasington leads the Assurance business in PwC CEE.

### How important is a cross Line of Service mindset?

It is fundamental. As a firm, we go to market as industry groups and every client has a lead engagement partner – one person responsible for all PwC CEE’s activities with that client. Bigger, more involved projects mean that no single Line of Service is going to have all the skills required, so we have to blend our offering to match client needs.

### What do you expect of your people?

All our people must be knowledgeable about all our products and services. They should understand the potential for other parts of the firm to add value for clients, and be proactive in seeking out those opportunities. No-one in this firm works alone.

### Where does the global network fit in?

We require the global network to share best practice and ensure mobility of knowledge. For example, as we develop an offshore centre to handle more of our process-driven work, the experiences of PwC partners worldwide and the global initiatives being undertaken to help ensure an effective roll-out. The global PwC network means we can innovate more quickly – and be ‘right first time’ for clients.



Mark Okes-Voysey is PwC CEE managing partner for Advisory.

### What drives your Line of Service?

From the moment someone joins Advisory, they have a blend of opportunities and responsibilities on offer. The team works with the leading organisations throughout the region and understands the need to deliver consistent excellence to achieve its ambitions.

### How important is the single region concept?

We go to great lengths to make sure our knowledge and capabilities are shared. AdvisoryU, for example, was launched last year in Budapest: 500 members of the team came together to learn, network, share knowledge and have fun. It was hugely successful and this year’s event, in Prague, will build on this success.

### What does the PwC brand contribute?

There is something very special about going into a meeting with the collective experience, knowledge and support of every part of PwC behind you. That connected thinking means we deliver a true joined-up service to our clients, whether they’re coming into our region or are based in CEE looking outward. Our regional and global networks can support them wherever they want to do business. Not only is this a more personally rewarding way to work, it is fundamental to adding more value to our clients and building relationships that really is the PwC Experience.

The Romanian government appointed PwC to advise it on the privatisation of its Bucharest electricity business. The sale of the asset – Electrica Muntenia Sud – to Enel was completed in April 2008 for €820 million.

This was a complex transaction that involved working with two governments following the election in 2005 and a number of different departments. Catalin Stancu project managed the privatization of EMS for the Romania government. He says, “Objectively the privatisation was the best one ever completed in Southern Eastern Europe.”



Steven Snaith heads the Tax and Legal Services (TLS) business.

### How is your business changing?

TLS has evolved from basic advice to real innovation, driven partly by our talented people applying themselves to more interesting problems, and also by clients becoming much more demanding. They want to work with a firm that understands their business, their industry and their specialist needs.

### How important is a cross Line of Service mindset?

It is essential. A typical M&A deal, for example, requires due diligence and tax structuring advice, with industry-specific guidance as well as legal support. Post-deal, our HR consultants advise on staffing structures, our performance improvement team helps the businesses integrate and TLS will advise on optimising the new legal structure. Everyone works together to focus on the client needs. Our clients love it, and it’s great for our teams as well.

### What does that mean for TLS’s skill sets?

The market knows about our technical competency. As we have moved up the value chain, client relationships have become critical, too, placing a huge emphasis on business skills. Clients want to see solutions tailored to their businesses. That demands a more consultative approach, even in traditionally technical areas such as tax and law. Our clients want business advice from us, not simply recitations of laws.

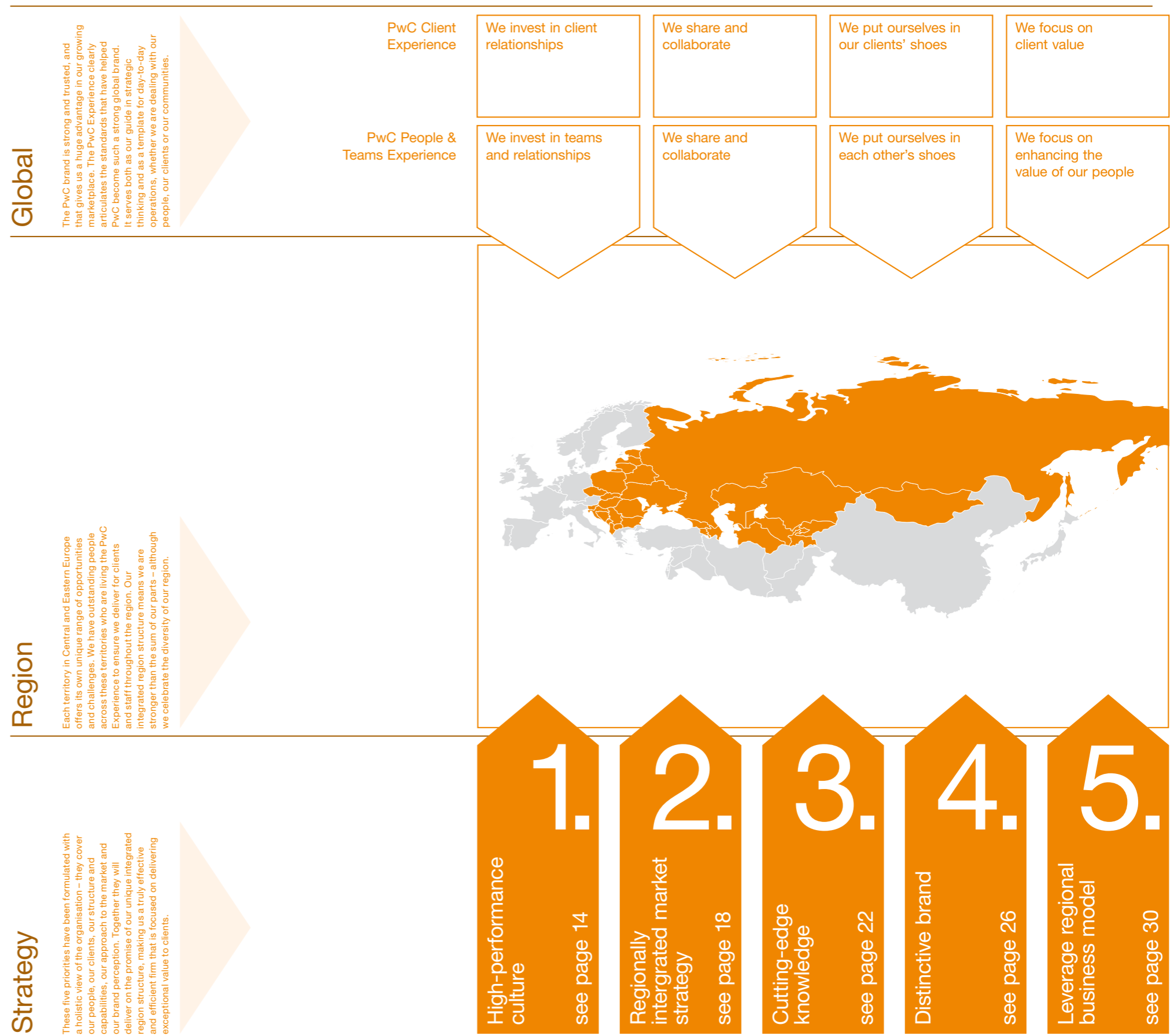
# Our strategy to achieve distinction

At PwC CEE, we have three important drivers in our mission to be distinctive: our brand, our region and our strategy. Each one is a huge advantage. Together, they ensure we can offer our clients and our people an unrivalled experience.

Leadership is all about having a holistic view of an organisation. It is not enough to simply consider macro-economic factors or market conditions. Good leaders must consider every facet of their business, factoring in both internal and external drivers and making full use of all their organisation's attributes.

At PwC CEE, we are very fortunate. We belong to a global network that sets high standards. We are also lucky to operate in such a strong region, which is growing and developing quickly. As the only pan-regional player in the professional services market, and with excellent people in each territory delivering for clients, we are well placed to expand as CEE thrives.

However, we also need a plan – a way to translate the PwC Experience in order to make the most of the opportunities and challenges in our region. That is where our new strategic priorities come in. We have combined the many years of collective experience of partners and staff in PwC CEE with the principles that guide our global network, and have come up with five key areas where success will deliver the distinctive firm we must be.





# Our people, our teams, our clients, our firm



A high-performance culture underpins everything we do in PwC CEE. We recruit the best people, then create opportunities for their rapid personal and professional development. Our commitment to teamwork ensures they can reach their potential – and that our clients get outstanding service.

Our aim is to create a compelling one-region value proposition for our people that places their development at the centre – enabling us to attract and retain the best people and generate the most value for our clients.



Matt Pottle, Strategic Priority owner

A major reason people choose to join PwC CEE is our reputation. The fact that we're a leading global brand and we can offer stimulating assignments – and perhaps more security than some employers – helps make us attractive. They also understand that our emphasis on personal and professional development is second to none.

But we can't be complacent. There are plenty of good local companies and inward investors looking to recruit talent in

the region. People have plenty of choice when it comes to their employer, so we need to make sure we offer something extra. That starts with the way we connect with them at educational institutions or in business. It means we have to live up to the PwC Experience behaviours for all our people. They should feel as good about the firm a year into their time with us as they did on day one.

We use PwC's ten Global Core Competencies (see box, page 17) to ensure we sustain the PwC Experience for all our staff whatever their seniority. Our interviewing process and performance management are now harmonised across the CEE region. And on-the-job coaching skills are fundamental to our learning approach and keeping our people engaged – we want them to feel they are integrated and learning as fast as possible from day one.

We can learn a lot from the global firm about a high-performance culture. But that doesn't mean we believe that 'one size fits all'. Different territories have different cultures and business environments, so we have to be prepared to flex our approach when it makes

sense. For example, the university systems across the region vary enormously, so recruitment needs to be tailored to individual territories.

#### An open-minded approach

Our new joiners do share some common features, however. They are all bright, well-educated people from the top echelon of their generation. They're looking for a challenge; they want to learn and to develop. They want to be part of a global brand that stands for excellence, and they also want to work for a firm that respects local culture and the needs of individual businesses.

And just as in other parts of the world, in the CEE region we face new challenges in terms of meeting young people's expectations. 'Generation Y' is socially networked, seeks responsibility and is demanding of employers – and more focused on flexibility and choice. We must understand and respond to these needs.

For example, today's recruits are keen to develop their international experience. That also helps the firm, not least because some of the highest-growth territories are

## What is the high-performance culture?

### People

- Employer of choice – setting the benchmark standard for the region.
- Our people are sought after and highly valued.
- Flexibility – meeting the needs of a new generation.

### Development

- Structured career development – helping our people meet their goals.
- Differentiated and personalised development.
- Honest conversations, coaching, mentoring and role-modelling.

### Teamwork

- Pride in the firm – through the quality of relationships internally and with clients.
- Clients seek us out.
- Sharing of talent across the region through intra-regional mobility.

also those where resources are most limited – so we all benefit from staff who are motivated by mobility. That is why we are part of the Early PwC International Challenge (EPIC), creating international secondments for junior staff.

They are also less likely than older generations to expect a job for life. They are loyal, and yet they will probably move on at some point in their career. So, to maintain the high-performance culture, we have to nurture our wider networks, such as the PwC CEE alumni working throughout the region and globally.

That is a very positive challenge for the firm. We constantly look at what we do and how we do it, and we can never assume that the existing model is the right one, either for the development of our people or for our clients. A high-performance culture is, by definition, one where there is constant innovation.

#### Performance through development

We would like about 70% of our people's development to come from working on real projects, with the rest split between classroom and e-learning. That means their – and the firm's – development relies on having a collaborative and supportive environment at all times. Our future as a high-performance organisation relies on investing time for coaching and feedback, even as we strive to meet growing client demands.

A big step forward this year has been the introduction of a consistent approach to performance management based on coaching and development. The regional model helps: there is excellent 'human capital management' work being done around the territories of CEE, and we can improve the experience for all of our people (and for clients) by sharing that best practice more widely.

The high-performance culture is all about helping people maximise their personal potential; maximise the effectiveness of teams; and deliver results. It's about creating tailored career paths and offering structured coaching, mentoring and leadership programmes to all our people. The PwC Experience is a framework to make all those things happen.

We mirror those commitments to our people in our dedication to our clients and other stakeholders, too. Sharing and collaboration, for example, are essential to successful relationships, both inside and outside the firm. That's why we look for open-minded, curious, enthusiastic people who are ready for a challenge. The kind of person who shares knowledge with their colleagues is also the type who will go the extra mile for clients.

#### Strategy in action

"I interviewed with a number of professional services companies," says Maksymilian Grotyski, associate in the M&A department in Warsaw, who has been with the firm for a year. "The prospects that PricewaterhouseCoopers offered were the most interesting – and I really like the people, the opportunities and the diversity here."

A major factor in Grotyski's love of the firm is the Connected Thinking approach, which allows him to tap into the knowledge of other PwC people who have different experiences. "I find senior people very approachable, and their doors are always open to discuss new ideas," he says.

He also likes the firm's framework for growth and personal development, particularly internationally. "It is an exciting experience to work in a developing economy and to see my impact on a daily basis," he says. "During the last 12 months I have had the opportunity to work with leading companies from many different industries."

Those opportunities open up in many diverse environments. "It's both challenging and rewarding," says Grotyski. "My tasks are diverse and range from sector research and analysis of key drivers and principal trends to business valuations."

#### Value in teamwork

We have a business-driven approach to development. We value the individual as part of a team; the team as part of the firm; and the firm as a partner for its clients. The interdependencies are obvious: our high-performance culture relies on them.

We have some excellent human capital teams in the region. That is one of the reasons we are good at attracting and developing great talent. Translating that into value for clients is simple: we find the best people in a given discipline or for a particular client need, then build a team around them. Quite simply, without excellent people, we can't offer excellent services.

But, we are also seeing massive changes in our clients: they are becoming increasingly demanding. They need more sophisticated solutions, not just standard products. These more complex offerings can only come from teamwork and an ability to make best use of the talent and intelligence the firm has to offer – locally, across the region and globally.

It is not just about the larger territories. A great example of flexible teamwork is a large project we did with a large government, to help select a contractor for a major roads project. Our team was built using local expertise, augmented with road-building specialists drawn from the global firm. A high-performance culture requires us to offer best in class in every area, and PwC is brilliantly placed to do that. We team up globally, and regionally, to win locally.

#### The PwC Experience

The high-performance culture all starts with individuals and their personal motivation. We tell our people: it is your life, your firm and your choice. So, we don't want to spoon-feed them – just to create opportunities for them to grow. That demands personal insight, self-respect and an understanding of where they want to go professionally. These are the qualities that allow our people to make the most of the PwC Experience.

So, for example, we want to encourage mobility around the region, allowing us to focus resources on client needs and also develop our people. That means we must identify people who have in-demand skills and are prepared to travel. Then we have to think about how to recognise their efforts and align their rewards and recognition to their long-term career plan.

We have invested a lot of time and effort to streamline our human capital systems to facilitate that rapid development. Now, we need to embed those systems into our daily business. It's about changing behaviours to drive value from the systems and processes we have in place already.

A high-performance culture is not just about succeeding today. It is about creating a sustainable future for our firm, our people and our relationships with our clients. The young people we are recruiting are the pool from which a diverse group of future leaders will be drawn. We need to make sure that the culture we create enables them to develop and flourish – and to triumph over all the challenges faced by our firm, our clients and our region.

#### The PwC Experience



The ten Global Core Competencies are the foundation of the high-performance culture at PwC. We have grouped them together under the four key behaviours of the PwC Experience to illustrate how they help us to help our people – and through them, our clients.

#### Enhance value through quality

- Demonstrate courage and integrity
- Acquire and apply commercial and technical expertise
- Manage projects and economics
- Be open-minded, agile with change and practical

#### We put ourselves in each other's shoes

- Communicate with impact and empathy
- Develop self and others through coaching

#### Share and collaborate

- Be curious: learn, share and innovate
- Lead and contribute to team success

#### Invest in relationships

- Build and sustain relationships
- Be passionate about client service





# Meeting the needs of our region

In a global business environment, companies no longer see national borders as a barrier to expansion. As a truly integrated regional firm, we can tailor our services to these clients' needs – resulting in richer relationships and more opportunities to undertake stimulating, value-adding work.

**PwC CEE knows each client is unique: we work the way they want to work, whether that is on a local, national, regional or global basis.**



Mike Hackworth, Strategic Priority owner

Central and Eastern Europe offer exciting business opportunities as it continues to experience dynamic social and economic change. Consequently, as markets continue to evolve and develop around the world, success in CEE will be a key factor in maintaining PwC's leading global position. For this reason, CEE has been identified as a priority market for investment.

The opportunity is huge. Our region encompasses an enormous geographical area that stretches from Western Europe to the sea of Japan; from the Arctic Circle to the Caspian Sea. With that size also comes diversity. Individual countries are

developing at very different rates and countries are in various stages of economic development. Each territory has its own unique culture, language and traditions, and its own mix of industries and resources. CEE is far from being a homogenous entity, which means we must approach the market with flexibility and cultural sensitivity.

**One region, many markets**

Although diversity presents us with a number of challenges, collaborating as a single region also has its advantages. Because PwC has been present in CEE for the past 20 years, we have well-established links with communities, governments, educational institutions and businesses.

In other words, our integrated region structure differentiates us from our competitors. Our priority is to increase our level of distinction by delivering truly seamless and integrated services to our clients, enabling them to pursue growth opportunities across the whole region.

**Industry focus**

Our clients value advisers who, in addition to technical expertise, have a deep understanding of their business and industry. Teaming up around industry

sectors enables us to develop higher value, more innovative services that are tailored to our clients' needs.

That also means our people have the opportunity to structure their careers around their own interests, not just their technical skills; and our clients can tap into best practice across their industry, not just in their local market.

Our sector focus helps our region share best practices with other parts of the global PwC network and collaborate on multi-national client engagements. Our teams working in the automotive industry, for example, can better serve global auto businesses in CEE by co-operating with the global account teams to understand the clients' issues in a wider context.

We are committed to deepening and broadening our industry expertise, and building the profile of our sector specialists, so that they are recognised as leading experts in their fields. That means we have to pay close attention to our people's professional development – through structured learning and knowledge management, as well as coaching, mentoring and role-modelling by our leadership teams.

## Matching our firm to our markets

Focus on service lines	Key account management	Sector expertise	Private company services	Inward investors	Market knowledge	Business Development
<ul style="list-style-type: none"> <li>Exploiting LoS knowledge and bringing our expertise to bear wherever it is found or needed.</li> </ul>	<ul style="list-style-type: none"> <li>Clear ownership and a consistent experience for our clients across our regional networks.</li> </ul>	<ul style="list-style-type: none"> <li>Our industry specialists allow us to build on best-in-class market knowledge and technical expertise.</li> </ul>	<ul style="list-style-type: none"> <li>A crucial area for growth, both for the firm and for the region; our Trusted Business Adviser programme is paramount.</li> </ul>	<ul style="list-style-type: none"> <li>Dedicated desks for key investor nations will complement our existing language and market specialists.</li> </ul>	<ul style="list-style-type: none"> <li>We share our market insights with clients and we must also know our own competitive market position to ensure we remain distinctive.</li> </ul>	<ul style="list-style-type: none"> <li>Our firm will grow with the support of properly aligned and experienced teams held accountable to pan-region standards.</li> </ul>

## Regional knowledge for a global market

Inward investment continues to be a major driver of growth in the CEE region. Soaring foreign direct investment (FDI – see table below) has outstripped even the impressive increases that the region has posted for GDP growth.

That makes global clients a crucial constituency for the CEE firm. In the Czech Republic, for example, a majority of businesses are owned at least in part by overseas interests; there are 20 commercial banks, all owned by investors from outside the region.



As the economies in CEE mature and foreign investors develop confidence to invest in the region, we can expect that level of involvement to rise. That is why it is critical that PwC CEE is the best-informed, best-connected firm in the region – and that we have the ability to build relationships with investing organisations on their terms and in their language.

	2000	2001	2002	2003	2004	2005	2006	2007
Real GDP growth (%)	6.1	4.4	4.1	5.9	6.8	5.8	6.9	7.0
Inflation (%)	22.2	14.8	8.0	6.3	6.0	6.5	6.5	6.7
FDI net inflow (\$bn)	25.4	26.4	30.3	21.9	48.5	56.8	72.7	75.9

Source: EBRD, Transition Report 2007

### Client focus

Our clients expect the high quality of advice and service associated with the PwC brand. To ensure we deliver on this expectation, we need to understand what is important to them and deliver services that add value to their businesses.

We have segmented our market to make sure we devote an appropriate level of investment into client relationships and tailor our service offering to client needs. Our segmentation programme also allows us to target our business development and marketing activities.

At the highest level are our Global Priority Accounts – PwC's largest clients around the world. In CEE, we are committed to supporting these accounts by co-operating with the global client team to deliver world-class service.

One of the key advantages of our regional structure is our ability to serve multi-national clients, many of which are organised along regional lines. When they come to PwC CEE, they can develop a single relationship that will serve them across 29 countries, rather than attempting to form contacts in many different territories. We can also provide them with integrated, cross-border solutions which take into account the complexities of operating in multiple regulatory environments. In short, our regional approach saves time and money and reduces complexity for our clients.

We have also identified regional and country priority and key accounts, which represent our largest 'brand-defining' clients – the businesses that can benefit most from our full range of services and

that will help us grow through higher value engagements. These accounts are led by our best and brightest partners, supported by strong industry and a line of service teams. They will guarantee the highest standards of technical quality and ensure we deliver a distinctive PwC Experience in these relationships.

Another important sub-segment is inward investors. We have identified the countries which are the most active investors in CEE and set up national desks to provide specialist advice. These teams – for example, our well-established German and Japanese desks – are run by experts who can serve clients in their own language and who understand the specific needs of companies from those countries.

As economies across CEE develop and mature, we also have an opportunity to penetrate an emerging segment of the market – namely, private companies and owner-managed businesses.

The CEE region is home to many family-owned and entrepreneurial businesses that are on the verge of breaking through as significant players in the market. These companies open up massive growth potential for the firm, so identifying them early and offering services tailored to their needs will be crucial for our future. In general, these fast-growing businesses approach us initially for assurance or tax expertise – but they are looking for a well-rounded business adviser, whom they can consult on a wide range of business issues. We want these clients to feel they can share their future with us as they grow and expand their business.



# 473m

The population of the CEE region is about 50% more than the US, and has far higher potential for growing productivity, output and economic activity.

(Source: World Bank)

### A regional team

Although clients are our main focus, we understand that the success of our integrated approach relies on our people. The regional market strategy opens up numerous development opportunities for them, through training, on-the-job learning and secondments abroad. Our staff also benefit by sharing knowledge and best practice with colleagues from the global network and by gaining experience across many different markets.

Our people need to be much more than competent technicians. Each member of our firm is personally responsible for living the PwC Experience by treating clients and colleagues with respect, developing relationships that reflect their needs and going the extra mile to enable their success.

Understanding our markets and our competitive position is also critical to the success of our regional strategy. That requires us to maintain accurate market and economic data, monitor our competitors

and review our own performance in detail. We have also launched a region-wide feedback process to monitor the satisfaction and loyalty of our clients.

Our integrated markets strategy creates expectations; we must be sure we are meeting them.

Being as  
good  
as our  
best



A cutting-edge knowledge environment – one in which the value of our intellectual capital is identified, created, captured, shared and leveraged for the benefit of our clients, the firm and our people – lies at the heart of our goal to become distinctive.

In today's business environment, the old saying "knowledge is power" no longer applies. Our success will be measured instead by how well we demonstrate, through words and actions, that sharing knowledge is even more powerful.



Nick Brasington, Strategic Priority owner

It is impossible to separate the PwC Experience behaviours of 'sharing and collaborating' and 'putting ourselves in each other's shoes' from the firm's focus on creating a cutting-edge knowledge environment. The initiatives go hand-in-hand.

Why? Firstly, our single biggest asset is our people and the knowledge they possess. Our challenge is to leverage

that collective 'know how' wherever in the world it exists, and to make it available wherever and whenever it is needed. Secondly, PwC Experience behaviours become a reality when we get the right information to the right people at the right time and in a manner that enables them to deliver value for clients on a timely basis.

That means we must find more efficient and meaningful ways to capture and leverage the firm's intellectual capital and convert it into value for our clients and our people. Our goal is for PwC CEE to be acknowledged by the marketplace, our competitors and our people as an organisation committed to, and focused upon, sustaining a culture that values, encourages and facilitates knowledge sharing on a daily basis.

**A need to share**

Our clients include many of the world's most prestigious multi-national companies. This global clientele expects us to work in the same way that they do: across borders and around the clock. They demand high-quality technical work and client service characterised by speed,

agility, responsiveness and seamless delivery. That means we have to respond with every resource available.

But, while our firm's growth rates are high, that also means resources are increasingly constrained. So, by leveraging our people and their knowledge more effectively, we work faster (eliminating duplication of effort); we work better (making use of best practices, success stories and lessons learned); and we work smarter (focusing on high-value activities and relationships and less on time-consuming administration).

That's why it is essential that we recognise, value and reward knowledge-sharing behaviour across all the diverse cultures found within the CEE region and beyond.

Success depends on the example set by our firm's leadership and partners who are both willing to share and to acknowledge when others have shared with them. Their example shows that if everyone at PwC CEE fully embraces and leverages our integrated region mindset, we can bring about real change.

> Our Vision for creating a knowledge-sharing culture

People	Content	Processes
<ul style="list-style-type: none"> <li>Our people proactively share their knowledge and collaborate with clients and each other through formal and informal means.</li> </ul>	<ul style="list-style-type: none"> <li>Our content is focused on distinctive knowledge around key client issues, PwC points of view and experiences.</li> </ul>	<ul style="list-style-type: none"> <li>Our processes ensure the active and consistent management of relevant, robust and reliable information throughout the lifecycle.</li> </ul>
Organisation	Technology	Metrics
<ul style="list-style-type: none"> <li>Our knowledge management organisation engages with practitioners, applies best practices, links to global networks and supports the regional strategy.</li> </ul>	<ul style="list-style-type: none"> <li>Our technologies enhance our efforts to share knowledge; to collaborate with each other; and to capture and leverage innovation.</li> </ul>	<ul style="list-style-type: none"> <li>Our metrics measure our contribution to enhancing client satisfaction, empowering our people, and maximising firm profits.</li> </ul>

## PeopleFind – connecting people, connected thinking

Even with a culture of sharing and a technological infrastructure to support world-class knowledge management, the best way for us to demonstrate our distinctiveness to clients is to make it easy to deploy our own experts on their assignments.

The PeopleFind system does just that. It is a single access point that allows our people to connect to anyone in the global organisation. Users can search by name if they know who they are looking for – or, more importantly, by business topic to find out who can provide the most appropriate support.

The current version of PeopleFind is just the beginning. In the future, we would like to take the global application and build in social networking tools to increase the interactivity of the system and further enhance its knowledge-sharing capabilities. It can be a powerful tool to knit our CEE firm more tightly together.

The aim is to create a directory of shared experiences – so our people can find PwC colleagues who work on the same clients or industries; uncover articles, papers and client work pertinent to their own assignments; and immediately react to client needs with the right PwC resources.

### Knowledge and IT

We are fortunate to have a world-class physical IT infrastructure in place to keep us connected and to support this cultural transformation. Advances in technology continue to improve our communication, collaboration, content management and knowledge-sharing capabilities.

One example is Gateway, the firm's system for accessing global business materials across services lines and industries. Gateway's filtered search functionality allows practitioners to locate, access and leverage engagement summaries, thought leadership papers, tried-and-tested solutions and other knowledge for their own development and to serve clients.

Gateway not only places the knowledge of the global PwC network through a single point of contact at our fingertips, it also provides CEE practitioners the means for sharing our experiences and expertise with global colleagues in return.

However, technology is not a "magic bullet". Resources such as Gateway, as good as they are, will not achieve their full potential unless each of us instinctively

shares know-how. IT tools and systems are enablers – but culture is the key.

### The role of our people

We know how busy this firm is. But, regardless of deadlines and workload, partners should ensure that key learnings and innovative approaches to technical issues or client problems are captured and summarised at the end of major engagements. As the saying goes, "a little knowledge that acts, is worth infinitely more than a lot of knowledge lain idle".

Our industry leaders can designate subject matter experts to take ownership of emerging trends, then educate others about their potential impact on our clients. Top management can set the proper tone by providing funding for resources to facilitate knowledge re-use and collaboration activities and to implement a formal rewards and incentives programme. HR can incorporate knowledge-sharing objectives into the annual performance appraisal process.

Even the most junior staff members can take full advantage of available knowledge tools (such as Gateway and PeopleFind), learning activities, and collaboration tools

(like the Sametime system) to consume and share knowledge.

### Challenges and opportunities

Developing the right habits is not the only challenge. Client confidentiality is a top priority at every stage. Although English is commonly used in CEE, we have to ensure valuable knowledge generated in our region's native languages is also captured. There are country-specific issues that must be tackled if we're to develop a strong regional approach to Knowledge Management.

However, there are advantages to our integrated region, too. Our clients' objectives are the same wherever they operate. In the assurance practice, for example, clients might look to us for help raising funds or providing attestable financial information ahead of a deal. Those requirements are the same across the world, which means we have a huge amount to gain by sharing or acquiring knowledge about what adds value for clients in different territories.

In CEE, we can also use our experience of developments in the more advanced economies of the region to give clients

a more responsive service in other territories. We do not need to build solutions from scratch if we are sharing knowledge about what has already worked elsewhere.

### New ways of doing business

The rapid growth of the firm in the CEE – our professional workforce of more than 7,000 people is expected to grow to 12,000 by 2012 – means that personal relationships are no longer sufficient to ensure our people have the knowledge and expertise required to serve clients.

The increasing mobility of our people also makes effective knowledge sharing critical. Regardless of where they are deployed throughout the region or the world, they must have access to the full depth and breadth of knowledge and support they need in order to deliver for clients and develop themselves. Networking and professional relationships remain important, of course, but the tools and processes currently in development will help us to ensure that skilled, creative people working at PwC will always be able to find the knowledge and expertise they need, regardless of where they are working.

The appointment of a CEE Chief Knowledge Officer and devoted Knowledge Management resources responsible for improving tools and processes, ensuring alignment with global Knowledge Management initiatives, and breaking down cultural barriers to knowledge sharing, underscores leadership's commitment to making this change happen.

### Measuring success

Our vision is for PwC CEE to create a pre-eminent knowledge culture by 2012. But how will we know when we are there? What will success look like?

First and foremost, our clients will tell us that we are different – and better – than our competitors in terms of bringing them value, business partnering and delivering superior client service. Our brand and market leadership position will strengthen. Our people will instinctively collaborate and innovate alongside global colleagues, leaving them more time for professional development and challenging assignments. New recruits will join our team because they see that our knowledge-sharing culture offers them rapid development opportunities.

We will get there by infusing knowledge-sharing objectives into all aspects of our business – our human capital management; our marketing and communications; our business development; and client service delivery. Ultimately, however, like all of our strategic priorities, our ability to create a cutting-edge knowledge environment will rest largely on the actions of our people.

## Taking knowledge-sharing to the next level

Our approach to developing a knowledge-sharing culture is straightforward.

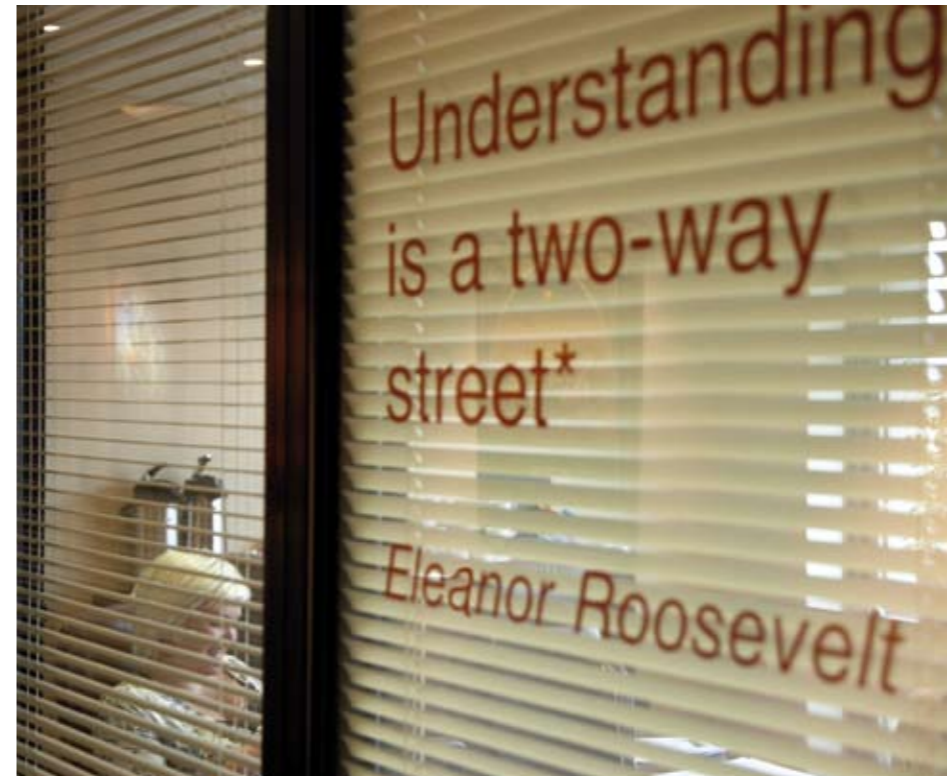
Firstly, we will focus on capturing distinctive content (such as thought leadership, capability statements, engagement summaries and proposal materials) around key client and industry issues, for which we have a point of view or value proposition.

Secondly, we will dedicate resources to help our people collaborate with each other. By capturing and maintaining professional profiles, identifying subject matter experts and creating communities of practice around key topics, people in search of knowledge are quickly and effectively connected to those who have it.

Thirdly, we will re-emphasise the need to create new solutions and service offerings for our clients through the sharing of emerging issues, best practices, engagement successes and lessons learned. In other words, we share what works.

Fourthly, we will also connect CEE to PwC's global knowledge-sharing initiatives (such as Gateway and PeopleFind) to strengthen our networks, create synergies and engage with KM colleagues in other territories to see how we can learn from their experiences. We will never forget that PwC CEE has its own strategic imperatives – and that each of our own territories has unique characteristics and dynamics that need to be taken into consideration within our knowledge environment.

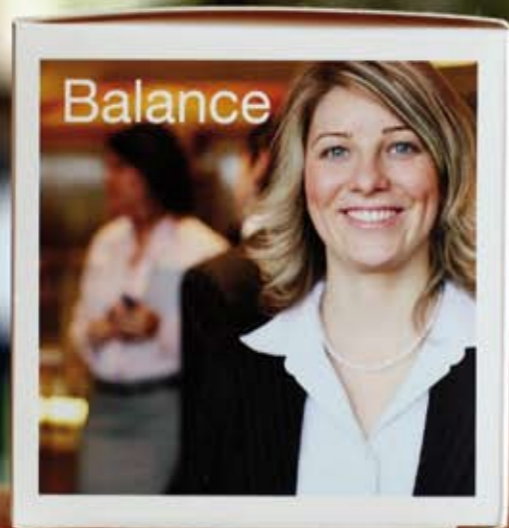
Lastly, our knowledge-sharing efforts will focus largely on initiatives that are "cross Line of Service" and industry-focused as we continue to organise ourselves internally to match the way in which our clients run their businesses and view us and our services. It is our own people and their clients that can best dictate how we share knowledge.



# 100m

Estimated number of documents produced each year by PwC's global workforce. Harnessing this information for clients in CEE using tools such as Gateway and accessing the creators of that knowledge via PeopleFind are crucial components of our KM strategy.

# More than just a brand



We want to be recognised by all of our stakeholders – clients, employees, opinion formers, governments and graduates – as the leading professional services firm in our markets. By living the values of the PwC Experience, we can cement our identity as the distinctive firm in our region.

B08D  
Jakub Mareš  
26 PricewaterhouseCoopers

LUK  
analytik autorizace

CEE Annual Review 2008  
Our strategic priorities: Distinctive brand

Brand is more than just image – it's a collection of perceptions in the mind of the consumer. Building a distinctive brand is all about associating ourselves with excellence.



Mike Kubena, Strategic Priority owner

PwC CEE has plenty to shout about. We are recognised as the number one professional services firm by revenues and client perceptions in many of the territories in our region. We have a global, regional and local reputation for excellent customer relationships and world-class technical expertise, so it is no surprise that our people are proud of their firm.

Potential recruits see PwC CEE as a great place for them to develop – we are perceived as a “university after university”. That is not just our view: we have won several awards which tells us we are the place for graduates to work. For example AIESEC, a global organisation that promotes leadership development for students through an international exchange programme, named PwC Employer of the Year in 2007. In 2008, Warsaw School of Economics voted us the Best Consulting Firm.

However, in order to maintain our standing and to give our firm direction and purpose, we need to define what our brand means – what we want PwC CEE to be famous for. Our brand should both explain and advertise the way we serve our clients, how we develop our people and the way we interact in the community.

We already have some of the answers. The PwC Experience gives us clear guidance on our interactions with our clients and staff. We want our people to have a life-long relationship with PwC and

we have a clear Corporate Responsibility strategy to cement our standing and reputation in the community.

This strategic priority is about expressing our ambitions in a clear and positive way to ensure that our brand remains distinctive. We must come up with a coherent set of messages, develop and leverage our thought leadership in key areas of business and put in place a world-class marketing function to ensure every stakeholder understands what it is that sets our firm apart.

### Our brand objectives

Any strategy for enhancing our distinctive brand requires us to be clear about what we want to be known for. By setting clear, ambitious targets, we can direct both our behaviour and our communication efforts in a consistent and unambiguous way across the region.

Firstly, we should be known as a leader of change and innovation in our markets. Central and Eastern Europe has undergone massive change in the past 20 years, and

## Brand battlegrounds: how we will be distinctive

Our identity	The experience	Our capabilities	Our culture
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- How we present ourselves to all our stakeholders – from brand marketing to thought leadership.

- What it's like to work for PwC CEE – and how that defines the way we interact with stakeholders.

- Defining what we do best and being clear about what we want to be known for.

- Looking at the way in which we behave and the impact that has on our brand. We must live the PwC Experience.

the economies and business cultures in the region are still developing quickly. We have done excellent work helping businesses grow and innovate, and we should be clear about how we will continue to help both our clients and our people to develop as the region matures.

Secondly, we need to be seen as a leader in the communities in which we live and work. Our Corporate Responsibility strategy is designed to ensure that we act positively and progressively in our workplaces, our marketplace, our communities and with respect to the environment. PwC CEE should be a role model in all these areas – which means we have to be better at communicating our successes.

Thirdly, our firm must be known for developing the next generation of leaders in our markets. That starts with our own training and development programmes to

ensure our people make the most of their talents. It also requires us to instil in them the confidence and ambition to lead the business community in other ways. If our people choose to do that elsewhere in the world, or by running other companies, they should carry with them an affinity for PwC CEE that will spread our message even further.

Fourthly, our clients should see us as an organisation that opens up global markets. Our region is home to some of the great emerging companies of the future. They should know to turn to us first when they want help in realising their ambition to grow on a bigger stage.

Finally, our reputation should be one of delivering a seamless, client-centric service. When people think of PwC CEE, they should be clear that we are driven to help our clients succeed.

### Thought leadership

The point is to use what comes naturally to us – knowledge, leadership, our networks – to build the PwC CEE brand. We should promote our “thought leadership” work, whether it comprises the market intelligence and new perspectives we have developed within the region, or global thinking that we can adapt for use in CEE. We need to position ourselves as a firm that goes beyond technical competence and show how we are wired into the agenda of the CEOs and CFOs of the companies we serve.

It is important that we make the most of that global material. PwC produces a number of global surveys and briefings, and we must ensure that our region of over 450 million people is properly represented in them. Equally, where the firm is producing best practice materials, we should be using them with our own clients.

Our integrated regional structure allows us to develop CEE-specific thinking. With our knowledge of regional issues, regulations, industries and businesses, we are in a perfect position to advance the kind of strategic agenda that will project the firm as progressive and creative. That means we must develop and enhance our analytical abilities, as well as honing our communication skills, so that our experts are well-known, both within and outside the firm, for their ability to deliver true insight.

### Positioning our firm

Marketing and communications professionals have a very important role to play in establishing and enhancing the brand. We can live the PwC Experience with our people and our clients; we can come up with innovative thinking. However, if we do not have a well-organised communications strategy, we will miss out on opportunities to project those brand-defining qualities.

To that end, we are already reorganising our marketing and communications (M&C) function and appointing a regional leader to oversee the development of consistent messages throughout CEE. That will be backed up with a regional approach to planning and budgeting for M&C.

That will also ensure the brand is communicated clearly – that we are famous for the same things across all the CEE territories – and that we are finding economies of scale in our marketing efforts. But we also want to encourage our local M&C functions, particularly in the area of business development. The regional structure will ensure these teams are well supported and co-ordinated, and that we are able to share best practice between different territories.

This structural change will then allow us to focus on establishing effective communications with our stakeholders – not just our people and clients, but PwC alumni, analysts, governments and communities.

The concept is very logical. Excellent technical skills are complemented by first-class client engagement delivering real value. Through a well-organised M&C function, we communicate those capabilities to a wide audience in a consistent and effective manner. That enables us to position experts from PwC CEE as leading thinkers – and the firm as a source of unique market intelligence.

### One region, one brand

Consciously building a brand is a high-risk strategy. If we do well in one aspect of our client offering, but fail in others, our brand promise rings hollow. If we build great relationships with our clients but neglect investment in our own people, our success will be short lived. Once we set out a distinctive brand, we have much to live up to.

In addition to our people and our clients, we must also work hard to build our reputation in the communities we serve. We began to work on a Corporate Responsibility (CR) strategy in a few territories four years ago, and since then it has taken off. Sustainable business practices and social cohesion are becoming just as important in Central and Eastern Europe as they are everywhere in the world.

Our CR strategy is more than just charity. It is the way we impact all our stakeholders – our people, their communities, the governments we work with – and it does define this firm. We chose to be an organisation that cares about these stakeholders, to be seen to do the right things in society for the right reasons.

As a result, PwC CEE is, and will continue to be, a role model in many areas. Maintaining our leadership commercially, in the way we innovate, through the understanding of our markets and within the community is essential in delivering a distinctive brand. We must be proud of those achievements – and effective at projecting them clearly into the market.

## How we will deliver brand distinctiveness



We have identified several projects that will help us achieve our target state for the PwC CEE brand by 2012. Taken alongside the development of the firm in line with the other strategic priorities, we believe they can create true brand distinctiveness.

- Developing a regional brand strategy – define ‘what we want to be famous for’, then measure it using tools such as the PwC Global People Survey and the Brand Health Index.
- Consistency of image – applying our visual brand identity to ensure each tailored, local communication is still seen as PwC.
- Connecting with global – contribute to the global branding of PwC and leverage the network’s positioning of the firm around the world.
- Connecting with stakeholders – through a revitalised and regionally co-ordinated marketing and communications function.
- Thought leadership – development and communication of our own local and regional insights; and contributing to, and using, global thought leadership.
- Community leadership – developing and celebrating our Corporate Responsibility agenda.
- Promote the PwC Experience – with a website and awards for our people who demonstrate that they are living the values.



## Strategy in action

Ekaterina Shapochka is Marketing Director in PwC’s Moscow office. She’s been with the firm for more than five years, prior to which she spent 15 years in marketing roles at other organisations.

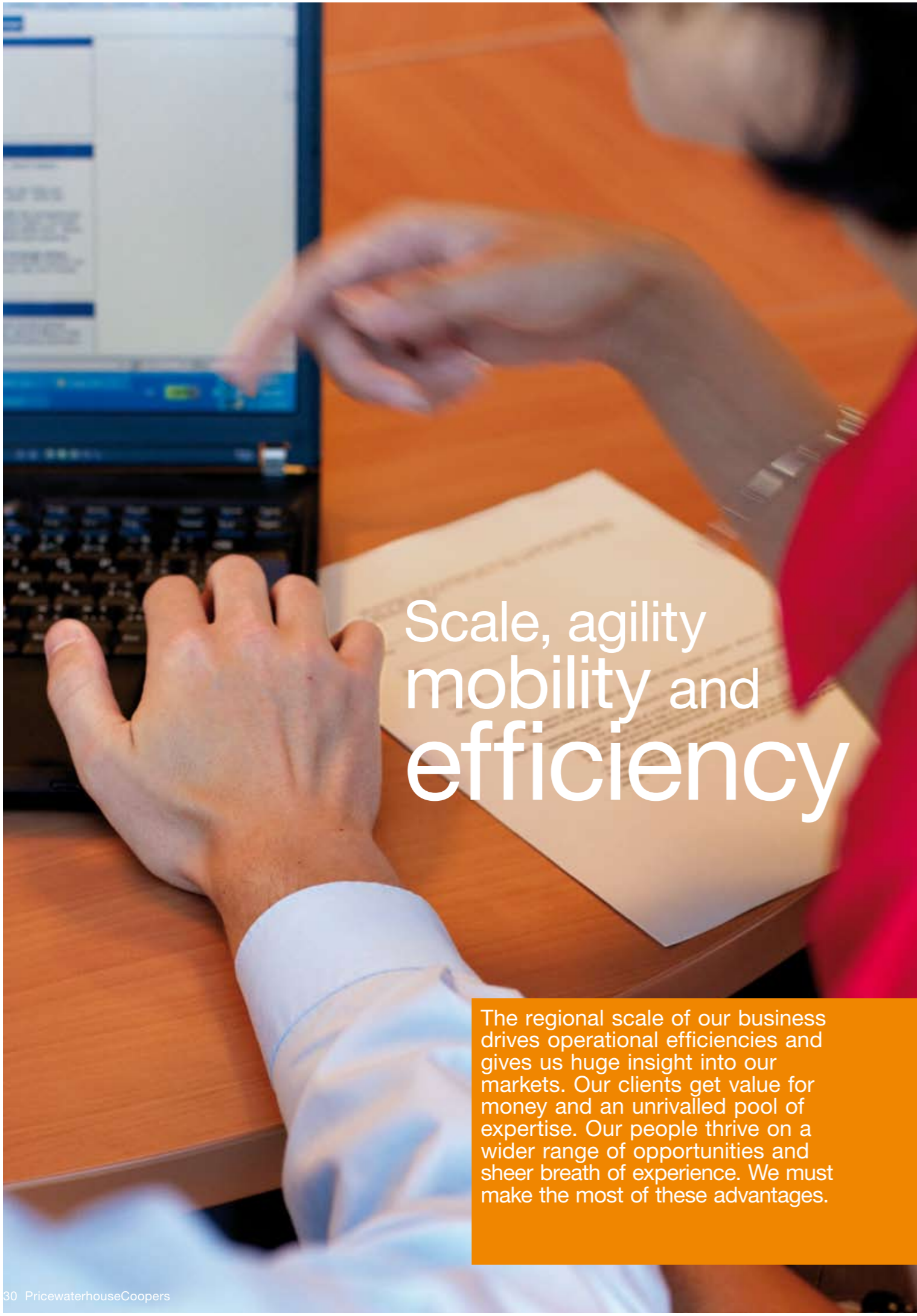
“Even before I joined PwC, I was a great admirer of the brand. I felt it was a symbol of integrity, respect and professionalism. Of course, this makes my work very challenging: you have to work very hard to support such well-respected brand values. But, I’m very proud of the brand. It really does live up to its values.

“I see my role as protecting and growing PwC’s reputation, although every single employee and partner is effectively a brand manager – they all have an effect on our reputation as a firm and that means we are all responsible for the brand in every interaction with clients and staff.

“Central and Eastern Europe is developing as a single market, so our one-region brand is a huge advantage. Clients feel we’re accessible wherever they are and they know that we’re well-connected throughout the region. We can pool our resources to meet their needs all over CEE. That does mean we have to be consistent in our messages and in how our clients see us.

“The key is consistently professional responses to any challenges that arise. For example, the labour market in CEE is very tough. We respond with a polished and well-directed employer brand offering. This is a great firm and our marketing strategies will become increasingly important as a means of differentiating PwC in this marketplace as it changes and develops. It’s great to be part of that.”





# Scale, agility mobility and efficiency

The regional scale of our business drives operational efficiencies and gives us huge insight into our markets. Our clients get value for money and an unrivalled pool of expertise. Our people thrive on a wider range of opportunities and sheer breath of experience. We must make the most of these advantages.

The way we organise and run PwC CEE must reflect the scale and diversity of our region. To be distinctive, we must exploit this unique competitive advantage.



Mike Hackworth, Strategic Priority owner

PwC CEE's regional model gives us a massive competitive advantage. It is a single firm, but covers 29 countries with a population of over 470 million – and we employ more than 7,000 people.

To fully reap the benefits of the regionally integrated market strategy, we have to make sure that we are making the most of our one-region operating model. We have to leverage our structure to benefit clients, rather than simply adding in additional layers of cost and processes.

If we fail to exploit that scale – if we do not become more efficient and cost-effective

for our clients, and offer our people better opportunities – then we will not become a truly distinctive firm. It is critical that we develop and implement a regionally integrated business operating model that achieves significant synergies across all elements of the business.

### Leadership and management

That starts with the way our leadership teams approach our regional structure. All of our partners know that they have an interest with their colleagues across the region, and that motivates them to co-operate and help build each other's businesses. Silo mentalities, in our firm, are self-defeating.

The Country Managing Partners (CMPs) in our five largest territories – accounting for about 80% of revenues – sit on the CEE Management Board, driving the adoption of best practice throughout the region. CMPs also work within our regional operations committee structure, ensuring that no territory is left behind as we put in place new approaches, processes and systems.

The CMPs are also part of "Line of Service" and specialist industry groups. That means they are tied in to networks that operate across the region, ensuring

they can transfer knowledge and experience between the different territories. Our senior people may have country-specific duties, but they are always thinking regionally.

A strong regional governance model and shared KPIs will help us ensure that we all uphold the values and promise of the PwC brand. That, in turn, means we can offer both staff and clients across the region a consistent, distinctive experience.

### Mobility: a sign we are succeeding

How our people respond to this regional structure is also very important, not least because mobility of resources around CEE gives us a crucial advantage over our competitors. We want to encourage people to consider the full range of opportunities, both with their local firm and across the region.

That means Line of Service leaders and CMPs must be happy to release some of their people for assignments elsewhere in CEE. We must have processes in place that recognise and reward both the people who are prepared to travel, deploying their skills where clients need them most, and the local firms that make them available.

## Making the most of our unique structure

Regional cohesion, local performance	Practice management	Consistency of operations	Aggregation of functions	Investment
<ul style="list-style-type: none"> <li>Our people understand their responsibilities within the firm and as part of the global PwC network, adding value for clients across the region.</li> </ul>	<ul style="list-style-type: none"> <li>World-class risk management, awareness of local regulations and understanding of business standards, ensuring the firm is never caught out.</li> </ul>	<ul style="list-style-type: none"> <li>Clear procedures and systems – and a seamless back office experience for staff and clients.</li> </ul>	<ul style="list-style-type: none"> <li>Drive cost down and quality up in areas such as accounting, IT and human capital management.</li> </ul>	<ul style="list-style-type: none"> <li>Ensuring a seamless pan-CEE experience by upgrading infrastructure and investing in world-class facilities.</li> </ul>

This flexibility – which should be built into the fundamental processes that help us run the firm – is crucial to our client offering. Our response to a client need is never limited by the skills and manpower we have to hand. Partners must have the foresight to see where the broader PwC network can augment their own resources in delivering precisely the right solution.

Mobility also benefits our firm. Well-travelled people who have a more diverse range of experience are compelling agents for change. They ensure that knowledge is more easily shared around the firm and that PwC can live up to its brand promise anywhere in the region.

Finally, mobility benefits our people. Our systems and processes must make it easy for them to move around the region and gain valuable insights and experiences that do so much for their personal and professional development.

**Support services**

It is extremely important that we offer our people a consistently high standard of facilities and service everywhere in the CEE region. Without that level of support, it is much harder for them to uphold and enhance the global PwC brand and offer clients the same level of service wherever they are in the region. That is why we are committed to regional KPIs to measure the quality of our internal firm services (IFS).

Regional oversight in areas such as real estate and facilities management is a good start. We should look for more regional procurement opportunities to drive out cost and increase quality. Where it makes sense to do so, we can consolidate support functions such as IT, finance and human capital into shared service centres; or we can share best practice between territories where there is no pan-regional solution.

We must also refine our approach to parts of the firm that are already centralised. For example, the regional statutory and

management finance accounting function had been outsourced to PwC Netherlands. As the CEE region has grown in technological capacity and confidence, we have relocated those functions to Slovakia. That brings them closer to home – so we have more control – and will see an increase in quality and cost reduction in the long run.

Where we are introducing new or upgraded IT systems, it makes sense to look at regional implementations. Our IT teams have done incredible work building up a regional infrastructure with a single network linking all of our offices. That means we can take a broad approach to rolling out new applications – like our audit software AURA. We know it is easy to use, it allows us to offer a consistent service across the region and it will increase our competitiveness.

**One size does not fit all**

The optimal solution is not always a regional one, of course. We have centralised many IT functions to the Czech Republic, for example, but we want to retain strong local



**Strategy in action**

Darko Malesev is CIO for PwC in Serbia and Montenegro.

"In the past, we had a mixture of network operating systems throughout the CEE region. Staff moving among different offices had to adjust their laptops to each country setup, and they were still unable to access many local IT resources. We had to have specialists responsible for local networks in every territory.

"We have worked hard to harmonise and streamline our operations, however, and the effect of delivering a common regional system has been immense. Travellers between offices automatically receive all the necessary settings and have immediate access to all the resources they need. We have become much more efficient, too: we only need four professionals to manage the whole Microsoft AD infrastructure in a consistent, secure and highly professional manner and we implemented PwC global security standards on this common network with just a handful of people.

"Being a single region means we also manage vendor relationships more effectively. Prices are better and the service consistently meets the high standards demanded by the business throughout the region.

"I have benefited from all this both professionally and personally. I work with a really fantastic and culturally diverse group of professionals across five time zones, and that has improved both my technical and communication skills."

**Investing in our firm**

PwC CEE is growing exceptionally quickly. That requires us to invest heavily in internal firm services (IFS). By leveraging the regional business model, we can ensure that we gain economies of scale as we grow, rather than letting costs get out of control. Our overheads are, and should continue to be, a smaller proportion of our total revenue year-on-year – while our service to staff and client improves.

Even before we set out our detailed strategic priority to implement a regionally integrated business model, this approach was delivering results. So, although we see net revenues growing by around 22% in FY 2008, our spending on IFS has increased by just 2%. Our costs in finance and human capital have seen relatively small increases; IT and infrastructure spend has actually fallen. The only major rise in IFS in FY 2008 was in marketing – the one area that is directly correlated to increased client activity.

National costs: FY06-FY08  
 % change year-on-year

	FY06	FY07	FY08
Finance	32	9	3
Marketing	43	42	19
IT	9	21	0
Infrastructure	1	64	-8
Human capital	36	76	1
Total	23	35	2

support teams for IT so that every office can guarantee its users a tailored service.

As well as retaining local focus where that makes sense, we are also keen to look at opportunities to consolidate over much larger areas. We already use several IT systems – such as iPower, Auditor Workpace and i-GRasp – that are recommended by PwC globally.

So, at every stage, we will leverage the regional model appropriately. CMPs will always have the freedom to make policies – within our firm-wide frameworks – that are appropriate to their own circumstances. Our Chief Risk Officer, for example, will issue regional policies to keep us aligned with PwC's global risk management strategy. CMPs must always be able to respond to their unique country requirements.

**Client focus**

By making better use of the regional model, we drive cost out of the business. This ensures we get maximum value for money, as well as allowing us to deliver a higher level of service. Both are critical to our

competitiveness. However, our main focus is leveraging our model for client benefits.

Feedback indicates that clients really do value a seamlessly integrated approach operating across borders. They can tell that we are leveraging the regional business model when we deliver on that promise – when there is a clear impact on the quality of the service to clients. That is one of the key drivers of our distinctiveness.

However, even where we are delivering on the regional model, we must continue to refine and enhance the offering, looking for new opportunities. Feedback from clients helps us identify best practice; our integrated regional model means we can replicate it – and that is what will keep us ahead of our competitors.

**Doing the right thing**

We want people to live the PwC Experience every day. It helps them to develop personally and professionally, and it ensures we are delivering value for our clients. Our commitment, in return, is that the firm will operate with transparency, honesty and trust.

We are transparent – no matter where someone works in the CEE region or where a client wants to do business, they should see the same quality of service and get a consistent level of support. As a firm, we are honest – if we make a decision, we will stick to it, and we will be clear about exactly what our regional model can deliver. Trust knits our region together. Our people can trust their firm to live up to the promises they make to clients about our distinctive regional approach; our clients can trust that it will work.

Above all, our regional model thrives on discipline. That starts with the small things. For example, arriving at meetings on time might not seem terribly important, but lateness shows disrespect or ill-discipline, neither of which are compatible with the quality of service our clients should expect from our people everywhere in the region.

Like every professional organisation, PwC CEE has to deliver on its promises. Our regionally integrated business model offers synergies and efficiencies; our commitment is to use them to make this firm distinctively better in every way.

## Management Board



**Stephen Booth**  
CMP Czech Republic  
Joined PwC: 1981

Stephen is a US Tax Partner on assignment to Prague. He has over 30 years' experience providing advice on corporate and international tax to both multi-nationals and privately held companies, with an emphasis on tax structuring, repatriation of earnings, tax optimisation and M&A work.



**Nick Brasington**  
Assurance Leader  
Joined PwC: 2002

Nick has worked in Russia for 12 of his 23 years in the profession, mainly in assurance, capital markets and transactions. He has also worked in the UK, Portugal and his native Australia – international experience that makes him a valuable member of PwC's Global Assurance Leadership Team.



**Laurie Endsley**  
General Counsel & Chief  
Compliance Officer  
Joined PwC: 1985

Laurie has worked for 20 years as an auditor and attorney. Between 2004 and 2007, she served as the Chief of Staff in the office of the Global CEO. Prior to that, she spent eight years working for PwC in Russia as COO and General Counsel. She is also Chair of the CEE Diversity Council.



**Peter Gerendasi**  
CMP Russia  
Joined PwC: 1991

Before taking on the CMP role in 2007, Peter headed up TLS for six years. He has been a PwC Partner in the region for more than 14 years, working with major multi-nationals as well as top-tier local clients. He has also advised several Governments on tax and legal reform, and on EU accession.



**Michael Hackworth**  
Managing Partner for  
Operations and Markets  
Joined PwC: 1981

Michael served as CMP of the Czech Republic for ten years and previously as the advisory leader of Russia and CEE for five years. He has been a member of the Management Board since 1995. He has served clients in many industries including aviation, utilities and the Government sector, providing transaction and DAI services.



**Vasile Iuga**  
CMP Romania  
Joined PwC: 1991

Vasile, who pioneered the use of IFRS in Romania, has an in-depth knowledge of the country's businesses thanks to numerous audit and consulting assignments, as well as being relationship partner for some of its largest companies. He also led the due diligence teams on some of Romania's largest privatisations.

## Country Managing Partners

Altaf Tapia	Armenia
Stefan Weiblen	Albania, Macedonia
Emmanuel Koenig	Bosnia, Montenegro, Serbia
Irina Tsvetkova	Bulgaria
Tanya Rukavina	Croatia
Stephen Booth	Czech Republic
Ago Vilu	Estonia
Clifford Isaak	Georgia, Azerbaijan
Russell Lambert	Hungary
Alper Akdeniz	Kazakhstan
Cameron Greaves	Latvia
Chris Butler	Lithuania
George Johnstone	Poland
Vasile Iuga	Romania, Moldova
Peter Gerendasi	Russia
Todd Bradshaw	Slovakia
Francois Mattelaer	Slovenia
Boris Krasnyansky	Ukraine
Abdulkhamid Muminov	Uzbekistan



**George Johnstone**  
CMP Poland  
Joined PwC: 1976

Before joining our Warsaw office, George spent three years in Hungary, 13 years (over two stints) in London and four years in Poland during the mid-1990s. He is auditor and adviser to a number of international companies and has extensive experience of capital markets both inside CEE, in London and New York.



**Mike Kubena**  
PwC CEE CEO  
Joined PwC: 1987

Mike has been the CEO of the CEE region since 2007. During this time the firm has grown nearly 50% and has an ambitious strategy to achieve distinction in the CEE marketplace. Prior to this Mike was based in Russia for 15 years, three of these as the CMP.



**Russell "Rusty" Lambert**  
CMP Hungary  
Joined PwC: 1993

Rusty specialises in corporate tax, natural resource agreements and withholding taxes, among other areas. His previous roles, in Kazakhstan then Moscow, also included international assignment services, HR consulting, quality and risk management and client service responsibility for several multi-nationals.



**Mark Okes-Voysey**  
Advisory Leader  
Joined PwC: 1984

Mark has worked in Russia since 1994, serving some of our largest clients in the industrial sector. He has also worked in London, Madrid and Mexico City. He has advised both private equity and strategic buyers on over 100 M&A deals.



**Matthew Pottle**  
Managing Partner for  
Human Capital  
Joined PwC: 1984

Matthew also heads the CEE Automotive Practice. He has worked with Volkswagen in the region since 1991, when it first acquired Skoda. He helped establish a network of PwC automotive specialists across the region, but has had a number of industry and client roles, latterly as CMP and Advisory Leader for PwC Slovakia.



**Steven Snaithe**  
Tax and Legal Services Leader  
Joined PwC: 1989

Before moving to Moscow in 1997, Steven was based in the Financial Services group in London. He has advised a number of multi-national and Russian clients on international tax and capital raising, as well as the tax-efficient restructuring of their activities using foreign jurisdictions and sophisticated financial instruments.

## Partner Council

Reg Webb (chairman)	Poland
Dinu Bumbacea	Romania
Boris Krasnyansky	Ukraine
Bill Henry	Russia
Mike Wilder	Poland
Gordon Latimir	Russia
Nick Kos	Hungary
Dave Gray	Russia
Julie Duthoit	Poland

# One region, shared values

PwC CEE is committed to an ambitious Corporate Responsibility strategy in four areas: workplace, marketplace, community and environment. They bind our firm together and help us deliver long-term benefits to our stakeholders.

In order to thrive in today's business world, organisations must recognise the clear relationships between commercial success and four key areas: the well-being of their staff; the role they play in their marketplace; their effect on local communities; and their impact on the environment.

Corporate Responsibility (CR) is no longer an "add on", but an integral component of a sustainable business that treats all its stakeholders with respect, while creating value for the organisation and its clients.

In order to become distinctive from its competitors, PwC CEE has developed a world-class CR strategy for the whole region. We are building for the future in CEE, so our relationships with our communities, supply chains and our customers must be long-term and supportive. Moreover, by minimising our impact on the environment, we not only build a viable future for all of society, but also improve our own efficiency.

Our regional CR framework has been developed in line with PwC's global goals and milestones. But we are aware of the diversity across our region in terms of cultural, environmental, legislative and commercial approaches. So, our territories will adopt the CR principles in their day-to-day operations according to their specific national needs. Local staff, managers and partners are best positioned to decide how to engage with their communities, protect their environment and demonstrate responsibility in the

marketplace. CR must never be seen as 'just another initiative from head office' – it must live through the actions of our people in each and every PwC office.

In short, we can distinguish ourselves from our competitors by taking a proactive approach to CR. Our staff and our clients are highly motivated by the fact that we are a good corporate citizen and our status in the community is a major factor in our project to achieve distinction as a firm.

Our ultimate goal is to embed a consistent framework of CR values, policies and commitments into our relationships with local communities, the market and the environment in which we operate. This feeds directly from the global PwC Experience – and ensures we continue to lead the way as a distinctive, yet responsible professional services firm.

## Workplace

Good corporate citizenship starts with looking after our own people. Our CR strategy includes a number of initiatives designed to promote engagement, diversity, respect and development for all PwC CEE staff. One of the initiatives has been our diversity programme (see box on page 39) which will help ensure we always have the best talent available for our clients.

Although there are unique local and cultural requirements in different territories of the CEE region, there are some common themes, too – work-life balance, talent retention, or the expectations of our new joiners, for example. Empowering our employees, fostering their personal and professional growth and providing them with an environment in which they can thrive ensures that our services will always exceed client expectations.

## Living the values

Madalina Scarlet is a Senior Consultant for PwC Tax Advisers & Accountants in Romania.

"We started doing CR work some time ago, before any formal CR structures were in place in Romania. We used to raise money – or sometimes collect books and clothes – from our colleagues and hold special events, usually for Christmas and Easter, to try to give people with fewer chances in society some happier moments to look back on.

"Then we realised that we had a core group of people working on these community projects, and at that point we decided to formally set up the PwC Foundation in Romania. I've never really asked myself why I am doing this. I just felt that I should – all people should have a chance for a decent life.

"We chose not to seek publicity when we sponsor a campaign. Except in 'official' documents for donations, we do not mention the foundation's name – although for most of the people that we help, 'PwC' is not a famous name in any case. People are happy when they receive gifts – but for most of them, both children and elderly people, what really matters are the moments when you stop and talk to them, listen to the story of their life or take children out for a show or just for shopping.

"It's very nice to have money to spend for these kinds of actions – but the human touch is all that matters in the end. Put a little bit of your heart there and you will receive more than you invested."



300+

The number of staff suggestions for improving the firm's environmental impact during PwC Poland's Green Week in spring 2008

6 tonnes

Amount of paper donated to the Paper Tree charity thanks to PwC Romania's recycling project. The proceeds resulted in new tree plantings around Bucharest.

Our Corporate Responsibility strategy keeps us closely aligned with the needs of all the communities we serve in Central and Eastern Europe – as well as focusing on our people, and building lasting links within our markets. It helps make PwC distinctive in our region.

## What is Corporate Responsibility?

### Workplace

- Work-life balance
- Training and development
- Diversity

### Marketplace

- Customer service
- Supply chain
- Brand perceptions

### Community

- Charity and Volunteering
- Education
- Public policy

### Environment

- Waste reduction
- Recycling
- Reducing carbon footprint

PwC CEE's rapid growth requires us to attract more – and more talented – people. New recruits look for a business model founded on principles of responsibility and sustainable development, reflecting their values and addressing the challenges faced by society as a whole. Whether it is maternity policies or opportunities to contribute within their communities, our CR activities are a fundamental part of our attractiveness to young people.

In order to successfully implement a CR strategy, it is vital that our senior people lead by example, with partners driving and cascading the concept across the firm. Success of the strategy relies on our people reflecting the underlying principles and values of CR through their daily lives. If we really “put ourselves in each other's shoes”, as the PwC Experience says, these values should be expressed naturally in our workplace every day.

#### Marketplace

Clients are increasingly interested in our Corporate Responsibility strategy and they look to PwC as a CR role model. So, in addition to living up to our professional and personal responsibilities to our people, our position as a corporate citizen in the marketplace is a priority.

That role begins with outstanding customer service. We want to build high-value, long-term relationships with our clients. The way we treat them – from our punctuality at meetings to delivering our services in a way that adds value – is fundamental to our success as a firm.

We also have a responsible purchasing policy. Its aim is to ensure every supplier to PwC CEE is treated fairly. Again, it's a question of building sustainable relationships and supporting local and regional businesses. It also means we will continue to invest in procurement processes and systems, as well as encourage good CR among our supplier base.

Although market-facing CR activities help promote PwC CEE's brand, we think that helping shape the entire region's approach to corporate citizenship is a worthwhile cause. To that end, we aim to share our CR agenda with clients and suppliers, and through our alumni network, to build more widespread acceptance of CR principles.

A great example of that ‘role modelling’ is formal charitable donations we make in Russia, which replaced the more traditional gifts we'd been sending out to clients. We explained to them why we'd

stopped the gifts and how we were spending the money instead. In the first year, the reaction was curiosity. But, in the second, we had dozens of enquiries about how these clients could make their own contribution to our causes. Now, we have 80 companies involved in a formal ‘charity instead of gifts’ programme, and we've raised over \$3 million.

Whether it's the way we interact with customers; how we promote CR internally and in the business community; or how we manage the supply chain, we can be a great example within the marketplace of the way CR works to everyone's advantage.

#### Community

PwC relies on the communities in which it operates. At the highest level, that means we must continue to develop links with Governments and agencies in all the territories of the CEE region. But, at a more local level, we want PwC people to feel they can make a contribution to their communities – not just financially, but through the gift of their time and skills.

Community engagement is also a key part of our leadership development programme. The Leadership Challenge, for example, included a CR module for 40 fast-track managers who worked with

various NGOs to share their ideas on how to improve their operations. Ten of the participants ran a brain-storming session at an orphanage in Lithuania where they were able to advise, for example, the facility on modifying its fundraising tactics.

Helping communities by using our skills and experience, rather than donating money, is a sustainable and effective way of showing our commitment to the rapidly developing CEE region. One commendable example is our Polish team, which has been helping local NGOs develop their capabilities. It's a perfect match between the needs of local organisations and the skills and capabilities of PwC people.

This leveraging of our skills base is the reason why we're so keen to build links with the educational domain. As a growing firm, our demand for graduates is vast, making education a mutually beneficial objective – a “win-win” situation for both students and our firm. We encourage our people to dedicate time to fostering academic excellence in various education institutions. One prime example in Kazakhstan is the participation of our senior manager in lecturing business classes, where his fees are allocated to student scholarships.

That all links in to the major social challenge addressed through the “PwC in the community” programme: providing support to the underprivileged youth. But each territory offers its own special touch, responding to unique local needs. Some volunteer to teach the children, others sponsor summer camps or organise excursions and buy Christmas presents. What unites all these initiatives is a desire to make a difference – to be a distinctive member of the communities where we work.

#### Environment

Our goal here is to raise the ecological consciousness of our people and to minimise our impact on the environment. PwC firms around the world report on, and seek to limit, their environmental impact and we are developing similar targets in our own region. In order to benchmark our performance, we are now measuring key environmental data – such as our carbon footprint – and establishing

minimum environmental standards across the region.

Although individual territories within PwC CEE are setting targets to match their own local circumstances, we do recognise that reducing carbon emissions is a priority for every organisation in the world. This means significantly reducing paper and energy consumption, increasing recycling and using carbon offsets and investments to fund CO<sub>2</sub> reduction programmes in line with our own net output of greenhouse gases.

Our new Moscow office, for example, has many features that reduce overall energy use and waste production, including advanced printing systems to reduce paper consumption and automatic lighting and air conditioning systems. It is also located near the metro station, which will encourage the use of public transport.

Like every aspect of our CR strategy, our environmental focus is not just about raising awareness within the firm. It is important that our approach is linked more generally with our commitment to operational excellence. In some cases – such as the use of videoconferencing facilities to reduce travel – these connected benefits are obvious. Staff lose less time to travel; clients get a faster, more efficient service; and we cut carbon emissions.

By measuring the firm's performance over time, we can further develop both local and regional strategies that enhance PwC CEE's distinctiveness as a firm and support a more sustainable future.

Taken together, these four areas of Corporate Responsibility unite the firm in living the PwC Experience as it relates to both our own people and all our outside stakeholders. PwC's commitment to corporate citizenship is global. Sam DiPiazza, our global CEO and chair of the World Business Council for Sustainable Development, has set us a clear goal: “Our obligation as business leaders is to leave the world better than we have found it.” Our CR strategy for CEE aims to do just that.

## Diversity

PwC is committed to diversity in the workforce of every member firm around the world. Our aim is to provide a welcoming and stimulating environment, attracting the best talent available to serve our clients regardless of race, nationality, religion, gender or orientation.

To achieve this goal in the CEE region, we are using a diversity framework, effective from FY 2009. This will give region-wide guidance, allowing local territories to tailor policies to suit their own market conditions.

This framework stresses the importance of leadership in securing an open and equal workplace, spreading the message through training and awareness programmes. It also promotes the development of specific policies to support diversity; and data collection to monitor our progress.

Although our initial priority is to ensure that our firm offers equal opportunities to women – particularly in reaching higher management and partner positions – as a region with 29 countries we have built-in cultural diversity that is strengthened as staff move to different territories on client engagements.

We are also in the enviable position of having a good baseline for promoting diversity. The global average for women partners in PwC firms, for example, is 13%; in CEE, it is 20%. We will build on the fact that our recruitment intake in the region is nearly 61% female to drive that number higher. All of our territories are developing initiatives such as women's networks and flexible working options to ensure that we can offer the best opportunities to female members of staff at every stage of their life.

Our initial priority is to build an effective framework to enhance a culture of inclusion and ensure that we are creating equal opportunities for both women and all of our local national employees to develop to their full potential and assume leadership positions within the firm at the right time in their careers.

We're in the enviable position of having a good baseline for diversity. As an integrated region with 29 countries we have built in cultural diversity that is strengthened as staff move between different territories on client engagements and longer term assignments. Further, our annual intake of female professionals is consistently strong at around 60%, and our FY08 director and partner admissions were 48% and 32%, respectively, which supports our ever growing number of female partners which is now averages 20% of all partners in the region.

## Climbing Mount Elbrus

PwC CEE's approach to Corporate Responsibility emphasises real client, community and staff involvement in projects, not just charitable giving. A great example of that was a sponsored climb of Europe's tallest peak, Mount Elbrus, in the summer of 2008 by nine PwC partners from the region.

At 5,642m, the summit presents a major challenge to any climber. That meant the PwC people involved had to stretch themselves mentally, emotionally and physically during the ascent. Engaging clients, staff and communities was also essential: the expedition set out to raise \$100,000 for children with Down's Syndrome.

But, the scale of the task, the effort involved and the good cause proved ample motivation. More importantly, PwC CEE's involvement created real additional profile for the cause in the business community and helped those involved grow as individuals – the perfect combination for a CR project.



This is just a partial list of what a few of our offices are doing to build community involvement. There are many other activities going on – including a large amount of work undertaken by PwC employees on their own initiative – and other territories that are working within the CEE Corporate Responsibility framework. But, this list does give a flavour of how we aim to live the PwC Experience with respect to the people around us.

#### Azerbaijan

Gala Dinner to raise money for charity; help for the Humanitarian Organisation of Jewish Women of Azerbaijan; fundraising and organising in orphanages for disabled children.

#### Bosnia/Serbia

Volunteering at the Society for Assisting People with Autism; partner of the Association for Affirmation of Youth MODEM (a refugees' campaign in Serbia).

#### Bulgaria

Support for the OPEROSA Forum helping young talent in music; donations, volunteer work and visiting orphanages to help the "One Life Bulgaria" project.

#### Croatia

Donations and volunteering (to run lessons and social events) at orphanages in Zagreb; supporting fundraising events for cancer charities.

#### Czech Republic

Advising NGOs and providing pro bono services; support for the Prague Wheelchair Organization and pro-active employment of disabled people in PwC.

#### Georgia

Projects for orphaned children and old people; scholarships for the European School of Management and Caucasus School of Business.

#### Hungary

Sponsored playground for disadvantaged children; clothes collections for youth in need; twice-yearly blood donation days for the Hungarian Red Cross.

#### Kazakhstan

Lectures at the Kazakhstan Institute of Management and a scholarship fund for gifted students; donations and volunteering for a veterans' charity and orphanages.

#### Latvia

Blood donors' day in PwC office; volunteering at an orphanage; support for Latvian Children Cardiology Centre (donations and visits by staff).

#### Lithuania

Activity partner for a children's home; sponsoring and organising The Vilnius Festival for the Philharmonic Society; giving lectures to students to help them develop business skills.

#### Macedonia

Support for the Red Cross; organising Christmas activities, fundraising days and classes for poor children at an orphanage; AIESEC project sponsorship.

#### Romania

Support for the Paper Tree recycling NGO; sponsoring piano lessons for Principesa Margarita, a charity for talented children; help for 40 children with tuberculosis.

#### Russia

'Charity instead of gifts', involving PwC and over 80 clients, has raised over \$3 million for good causes; the Small Steps campaign provides tips of how we can reduce our environmental impact.

#### Slovakia

Help for Nadacia pre Deti Slovenska (NDS): volunteering and buying presents for children at the orphanage; work for the Nasza Bratislava environmental initiative.

#### Slovenia

Work with Zenska Svetovalnica to help women and children who are victims of violence; funding for the "Red nose" organisation making hospital visits.

#### Ukraine

Donations of money, furniture and clothes for a sponsored orphanage; workshops and seminars for the students at Kiev National Universities.

#### Uzbekistan

Volunteering for APLA (Assistant to People with Limited Abilities); scholarships and sponsorship for the rehabilitation centre at the International Medical Clinic.

#### PwC CEE CEO

Mike Kubena  
mike.kubena@cz.pwc.com  
+420 251 151 111

#### Line of Service Leaders

**Managing Partner for Assurance**  
Nick Brasington  
nick.brasington@ru.pwc.com  
+7 (495) 967 6000

**Managing Partner for Tax and Legal Services**  
Steven Snaith  
steven.snaith@ru.pwc.com  
+7 (495) 967 6000

**Managing Partner for Advisory**  
Mark Okes-Voysey  
okes-voysey.mark@ru.pwc.com  
+7 (495) 967 6000

#### Country Managing Partners

**Albania and Macedonia**  
Stefan Weiblen  
stefan.weiblen@rs.pwc.com  
+389 2 3116638 (Skopje)  
+355 4 242 254 (Tirana)

**Armenia**  
Altat Tapia  
altat.tapia@am.pwc.com  
+374 1059 2150

**Bosnia, Montenegro, Serbia**  
Emmanuel Koenig  
emmanuel.koenig@rs.pwc.com  
+381 11 33 02100

**Bulgaria**  
Irina Tsvetkova  
irina.tsvetkova@bg.pwc.com  
+359 2 980 8884

**Croatia**  
Tanya Rukavina  
tanya.rukavina@hr.pwc.com  
+385 (1) 6328 800

**Czech Republic**  
Stephen Booth  
stephen.booth@cz.pwc.com  
+420 251 151 111

**Estonia**  
Ago Vilu  
ago.vilu@ee.pwc.com  
+372 6141 800

**Georgia and Azerbaijan**  
Clifford Isaak  
clifford.isaak@ge.pwc.com  
+995 32 50 80 50

**Hungary**  
Russell Lambert  
russell.w.lambert@hu.pwc.com  
+36 1 461 9100

**Kazakhstan**  
Alper Akdeniz  
alper.akdeniz@kz.pwc.com  
+7 (727) 298 0448

**Latvia**  
Cameron Greaves  
cameron.greaves@lv.pwc.com  
+371 6709 4400

**Lithuania**  
Chris Butler  
chris.butler@lt.pwc.com  
+370 5 239 2300

**Poland**  
George Johnstone  
george.johnstone@pl.pwc.com  
+48 22 523 4000

**Romania, Moldova**  
Vasile Iuga  
vasile.iuga@ro.pwc.com  
+40 21 202 8500

**Russia**  
Peter Gerendasi  
peter.gerendasi@ru.pwc.com  
+7 (495) 967 6000

**Slovakia**  
Todd Bradshaw  
todd.bradshaw@sk.pwc.com  
+421 2 59 350 111

**Slovenia**  
François Mattelaer  
francois.d.mattelaer@si.pwc.com  
+386 1 5836 000

**Ukraine**  
Boris Krasnyansky  
boris.krasnyansky@ua.pwc.com  
+380 44 490 67 77

**Uzbekistan**  
Abdulkhamid Muminov  
abdulkhamid.muminov@uz.pwc.com  
+998 71 120 61 01



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