



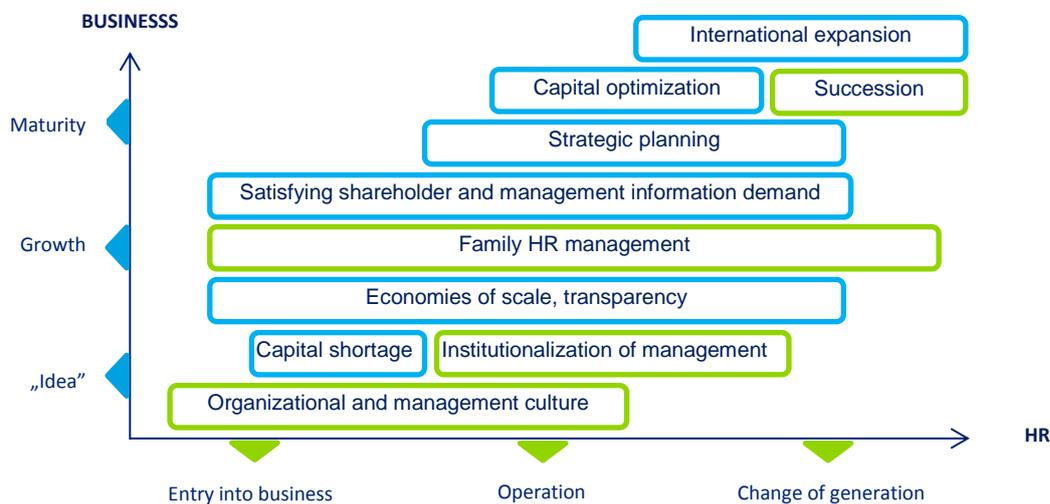
## Growth and change

### Dynamic Growth Companies

Size growth and operational complexity bring about a number of challenges a company's owners need to respond to regularly in order to ensure that short-term growth contributes to, and does not counteract, the long-term potential of the firm.

Without offering an exhaustive list, below are some of the challenges we believe to be of key significance and which, if neglected, might cause serious damage even to organizations with well-established operation.

#### Business and HR issues at various stages of growth



#### Cutting costs, improving efficiency

Today's rapidly changing economic environment and ever intensifying competition force companies to align their business goals, enhance efficiency, as well as to draw on and explore internal resources.

Tax planning and the assessment of potential tax risks help businesses to develop a tax structure which is optimal in terms of each tax type.

The capability of consolidating equity problems as they arise in the course of business is also decisive since creditor protection, as well as compliance with laws and regulations, bank covenants and tender requirements are fundamental expectations. A number of options are available to consolidate capital or avoid negative equity.

Possible ways to manage non-realized capital losses include the re-negotiation of forward, option, swap or vendor-client contracts, bookkeeping in foreign exchange, or the restructuring of the balance sheet. To find an optimal solution, it is recommended to analyse risk management, accounting, financial and tax aspects concurrently.

#### Strategic and financial planning

Simultaneous with company growth, organizations' resources become limited and the institutionalization of management and focusing on financial results becomes unavoidable.

Decentralization and the delegation of duties are essential for achieving greater efficiency in operation. Strategic planning and organizational development are critical to improve the viability of the organization as they make companies face the ever changing business environment, market opportunities and dangers, and define system elements which are linked to those which reinforce and those which weaken one another.

Financial planning enables reliable forecasts concerning profitability and key business indicators, and it is also an efficient tool in the evaluation of a company's performance.

## Satisfying higher levels of information demand

The development of accounting and financial administration typically lags behind company growth. Administration is usually kept "in-house" with inefficient processes and wasteful on resources, incapable of keeping up with the enhanced information requirement of shareholders and management, and it might even prevent further growth. The outsourcing of financial and accounting processes can be an optimal solution, which saves time and effort for core activities. In addition, a skilled expert can help improve external confidence in the financial statement of a company.

## Transparency

It is of key importance for companies to have reliable and transparent financial statements and comply with statutory requirements despite the fact that regulations often appear fairly unpredictable.

Transparency is also essential to win banks' and creditors' trust. Therefore, we highly recommend preparing IFRS financial statements in addition to Hungarian (consolidated) annual financial statements, as well as a transparent and detailed profitability and feasibility analysis on various company projects in line with common Hungarian and international practices.

## Succession, asset management

Succession is currently a key issue for Hungarian business owners because a majority of them who started business after the political transition have reached an age or a phase in their lives when considering retirement or withdrawal from management becomes topical. To survive a change of generation, companies need assistance in coordinating the process of succession, either through the buy-out of experienced business directors or through advisory services at the buyer's or seller's side.

### Why change?

Transition between various phases in a company's life necessarily involves transformation and inevitably raises about issues which are typical of the particular phase. It is crucial to be familiar with and manage these specific issues because if managements are reluctant to assume the responsibility and break down the structure of the organization in order to later re-integrate it at a higher organizational level in the optimal manner (if necessary involving external assistance), it might collapse and regress to a lower level of development.

### Why Deloitte?

Building on the benefits and the knowledge base associated with our global presence, our insight into local markets, our diverse industry experience and co-operation with various trade chambers, and our team of experts offers solutions for both core and strategic problems. Our industry-focused professionals help our clients achieve their business objectives and improve their risk management processes and profitability through the regular provision of tailored advice. As part of our integrated advisory services, we offer assistance to Hungarian dynamic growth companies through our accounting, audit and tax advisory services, as well as in connection with business planning, research and development, and government incentives.

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