

COLLEAGUE PROFILE

Q&A: Slaven Kordic, IMAP Croatia

Each month *Insights* will be profiling a cross-border transaction and one of the IMAP colleagues associated with the transaction. This month we caught up with Slaven Kordic from IMAP Croatia (Ascendant Capital Advisors). Slaven assisted on the Combis transaction with IMAP Austria (Level Five M&A Advisors) profiled on Page 6.

PERSONAL QUESTIONS:

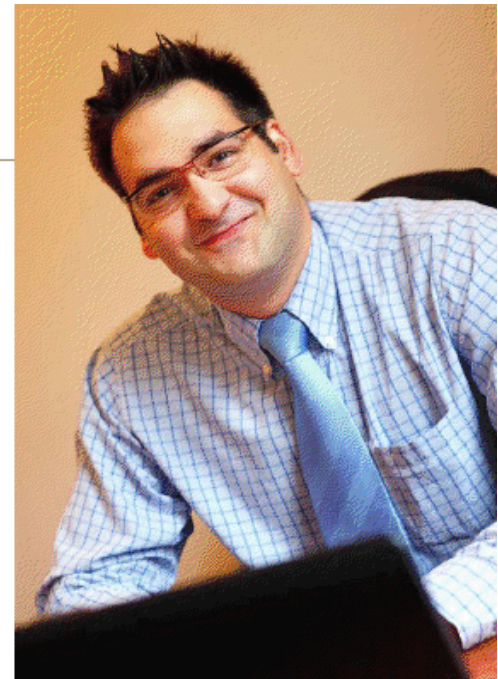
1. **Where do you live?** Zagreb, Croatia
2. **What's your family status (spouse, children and pets)?** I'm not married but I have lived with my girlfriend for four years now. No children, but we have a small parrot.
3. **What are your hobbies or your interests outside of work?** Sports (used to be professional swimmer, competing for Croatian National team); swimming, badminton, gym.
4. **What is your favorite, recently read book? Why?** *Think Big and Kick Ass* by Donald Trump – I guess the title says it all!
5. **Who is your favorite musical artist?** Huge rock and punk fan! Grew up attending concerts across Europe.
6. **What is your favorite food?** Seafood – one of the beauties of living in Croatia is to have an opportunity to enjoy eating the best fish in the world.
7. **Which do you favor more – beer or wine?** A combination is always the best!
8. **What's your fondest dream?** To live in a lighthouse on one of the islands in Croatia (a very general term since we have more than 1,240 islands) with my wife, five children, dog and real "pirate" parrot.

"The most difficult thing was getting these completely different mindsets to speak the same language. On the buyer's side we had bureaucratic giants with lots of procedures and a very large team. On the other side we had the sellers who grew their business on fast and flexible actions, making tough decisions on their own and in many cases on pure gut feelings." Slaven Kordic, IMAP Croatia

PROFESSIONAL QUESTIONS:

1. **When did you decide to make M&A your career, and why?** Back in July 2008 (just before the big downturn in the economy), I decided to leave the private equity business and go into private business with two of my colleagues (Kemal and Alex – now partners at Ascendant). Once we constructed our business plan, we met with George (Jurgis Oniunas). Our plan was complementary to his strategy, and we decided to join forces.
2. **What is the most difficult, yet successful transaction you have advised on?** Exor (which was taken over by ABB) and Combis (which was taken over by Deutsche Telekom) – both buyers were multinational giants while both sellers (which we represented) were local entrepreneurs. The most difficult thing was getting these completely different mindsets to speak the same language. On the buyer's side we had bureaucratic giants with lots of procedures (slow decision making) and a very large team (they would usually have 12 people in every important meeting). On the other side we had the sellers who grew their business on fast and flexible actions, making tough decisions on their own and in many cases on pure gut feelings. Meetings were like a battle of David and Goliath – on the buyer's side you would have 12-20 people each in charge of a different area, while on the seller's side it was only three people (the seller, George and me).

George and I had a brainstorming session on both projects and realized that there were at least five times (in both cases) when the project could have gone "sour" simply because



of not understanding the "big system." If there had been no advisor involved, there would have never been a closed deal.

3. **How did you handle it? What did you do to ensure the transaction succeeded?** George and I were handholding our clients on a daily basis – explaining procedures and understanding the seller's "pains" (most conversations took place after 22:00 because they needed to share their thoughts on the "big system" and "bureaucratic staff" before they went to sleep). In order for the transaction to succeed, we took the leading role in every step. After 14 painful months (13 months in Exor's case), we managed to close both deals.
4. **What advice would you give someone just starting out in our business?** I have only two words: patience and persistence.
5. **What are you working on right now?** We are about to sign a term sheet with a PEG for investment in the leading Croatian mass document production company (printing bank statements, bills, etc.). We're looking to close by October. In addition, we're working on deals in pharma, distribution of hygiene products, a leading Web news site (buy-side) and a leading private diagnostic service provider in Croatia.
6. **In three sentences or less, what is your dream for IMAP in the future?** To be No. 1 in the world in number of deals closed (and deal size) by 2012.

[See More Colleague Profiles](#)

TRANSACTION PROFILE

IMAP collaboration is not always about cross-border transactions

Not all projects involving collaboration between IMAP member firms are cross-border transactions. The recently completed sale of Combis to T-HT Croatia Telecom is a good example of how IMAP can generate business that results in a transaction where both the buyer and seller are from an IMAP firm's own country.



"Without Heinz's inside information there would have been no deal!"
Jurgis Oniunas, IMAP Croatia

While consulting the European Bank for Reconstruction and Development (EBRD) in 2008, Heinz Brasic of the IMAP member firm in Austria met the owner of Combis, who discussed his interest in selling his company. Combis, a Croatia-based IT-systems integrator, had investigated M&A services for his project but was unaware of IMAP. Heinz convinced Combis' owner to consider using IMAP and in early 2009 he contacted the IMAP office in Croatia to collaborate on the project.

The IMAP partner in Croatia accepted the opportunity and presented the pitch to Combis. The owner of the company had previously been in two unsuccessful processes without an advisor — these potential investors practically paralyzed the company by taking too much of management's time, with no result in the end. When IMAP presented a clear transaction schedule and process, which included the resources of our world-wide network, and showed that we would take most of the burden away from management, the owner was impressed.

Initially, it was assumed that the prime market for potential buyers would be international. By the time the mandate was prepared and accepted, the international buyer search was conducted and potential investors had been approached, the global economic crisis had fully (and adversely) impacted the IT/telecom sector. International interest in the sale all but dried up.

An offer from T-HT Croatia Telecom (whose majority owner is Deutsche Telekom) — one of three non-binding offers that had been initially presented — became the most attractive, even after re-opening the bidding process when T-HT's exclusivity period ran out.



Slaven Kordic



Jana Davies

With both seller and buyer from Croatia, the IMAP colleagues in Croatia took over management of the project: Jurgis Oniunas led the management presentations and contract negotiations; Slaven Kordic took the lead on the financial model; and Jana Davies led the due diligence phase, which included preparing a virtual data room where 150 questions from 65 participants were answered.



"This is the success of Ascendant and its transaction advisor team, where we finally left it to the skills and abilities of our Croatian colleagues to negotiate and close the deal between two Croatian parties successfully!" Heinz Brasic, IMAP Austria



The project also entailed post-closing fulfillment of contract terms (a six-week process involving contract, escrow and auditor negotiations for working capital and net debt calculations) which was led by the Croatian IMAP office, rather than leaving it up to the lawyers and accountants.

The result was a successful transaction, completed in May, whereby the client, the market and IMAP were well served. T-HT Croatia Telecom's acquisition of Combis is an important step to broaden the portfolio of services and products to business customers across Croatia and the region. The acquisition gives T-HT a strong capability in the provision of complex IT solutions for a wide range of business customers, complementing the telecommunications services already provided.

The synergy between T-HT and Combis is a forerunner of a new business philosophy in Croatia. Namely, a completely new spectrum of information and telecommunications business solutions will be presented on the market for the first time.

[See More Transaction Profiles](#)

WHAT HAPPENS WHEN THE TERMS OF COLLABORATION CHANGE?

In the case of this transaction, what began as an information exchange and an opportunity between two IMAP firms became a project best managed by one of the firms. Both firms did what was needed to ensure the success of the transaction and the satisfaction of the client — one stepped back, one stepped up. This role evolution did create the need for the two IMAP firms to revisit their fee structure. The IMAP partners were able to come up with a new fee-sharing structure that both considered fair (based on each firm's contributions to the success of the transaction).

It is always helpful for colleagues to discuss fully what may be expected from each member of the project team — and to evaluate each participant's contribution as much as possible.

Communication after a project veers another direction is also essential. It is the very unpredictability of M&A that should remind us to take the time to consider potential outcomes when developing a fee-sharing structure between IMAP partners.