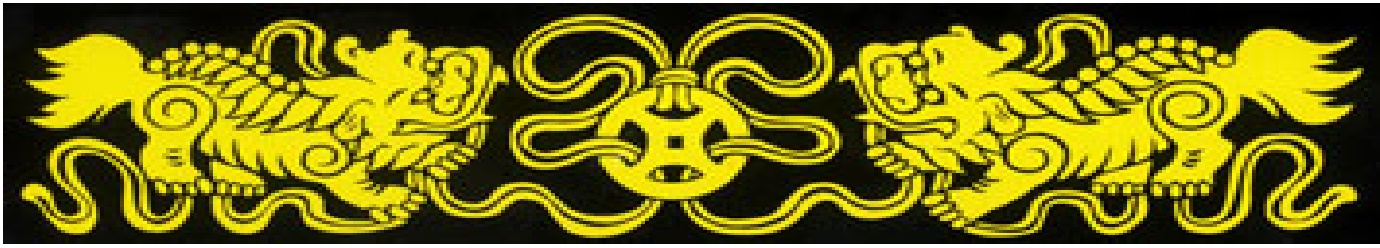


case study



ABS Pumpen AG

Over the past 3 decades, a really rapid economic development with growth rates of 6 - 8% - sometimes even around 10% (in Singapore) and up to 20% (in Indonesia and South China) – has brought huge changes in almost all countries of South- and Northeast Asia. Those changes were not only related to the economy as such but had a strong impact on politics and societies as well. For instance, they resulted in an independent democracy in Taiwan, as a sample of the West. That development began with the economic growth of Japan followed by the four little tigers: South Korea, Taiwan, Hong Kong and Singapore. In the meantime, countries like Thailand, Malaysia, Indonesia, the Philippines as well as the P.R. China joined the accelerating economic development of the region. Even the still communist Vietnam attracted stronger business interest in Asia and Europe over the past years. Under the tacit assumption that this economic development and the connected social and political changes will continue without any serious interruptions the world is talking now about the 21st century as the “pacific century”.

As well-known and worldwide successful enterprise in the pumps market ABS Pumpen AG had made its first experiences in East Asia in the eighties by marketing its products, acquiring some projects and setting-up a production joint venture in P.R. China. Its intention was now to strengthen the marketing efforts by co-ordinating the various activities and establishing an own basis in the Asian-Pacific region. Due to its favorable strategic location, its political security and good infrastructure ABS decided for Singapore as regional basis. In April 1987, Dietrich von Riesen, Managing Director of Riesen Far East Consultants Pte. Ltd. was entrusted with the development of all markets in the Asian-Pacific region by and on behalf of ABS Pumpen AG. A representative office in Singapore should serve as operational basis.

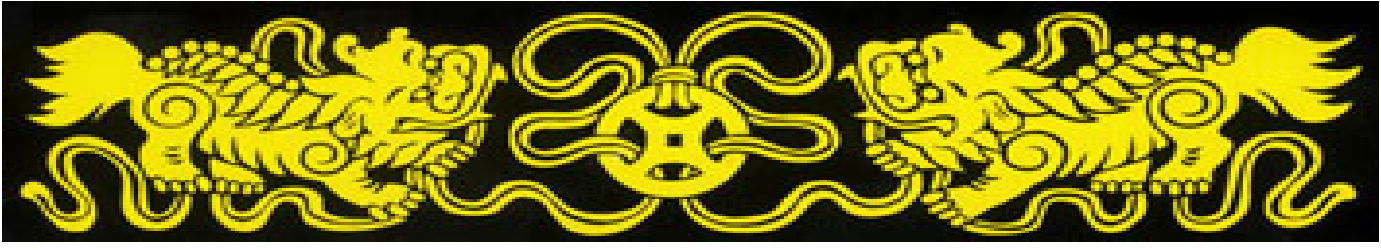
After founding and fitting out the office a group of commercial and technical staff was hired und thoroughly prepared on the job, first on site later in the German head office as well. Extensive training for sales and service engineers continued in the European factories of ABS Pumpen AG on a regular basis.

The market responsibility of the regional office extended to following countries: Singapore, Thailand, Malaysia, Hong Kong, Taiwan, Vietnam, the Philippines, Indonesia as well as Australia and New Zealand.

The area of responsibility included in particular following activities:

- Creating new or changing old agencies with corresponding controlling
- Education and training of ABS agents on products and organization
- Current, project related and occasional marketing support on site
- Searching and making contacts to public and private customers
- Carrying out timed actions for increasing sales and turnover
- Co-ordination and control of projects in the individual markets with constant and permanent observation and control of the agencies reg. all questions of project follow-up
- Analysis and constant observation of the competition
- Sales planning and cost control
- Setting-up of annual and medium-term sales forecasts in co-operation with the agencies
- Cross checking of plan-/actual sales figures during the planning periods

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ABS Pumpen AG

- Setting-up of cost budgets for the rep. office and its management and control
- Providing country- and project-related market reports on a regular basis

Well-founded knowledge of the markets in the Far East and the capability of connecting quickly to an existing network of local decision makers made it easier for us to get used to such a complex task. Already after the first year of co-operation we surpassed by far the expectations for the turnover and return of investments. We could continue that positive business development for 4 years up to 1991 when the take-over of ABS Pumpen AG worldwide by a Swedish trust caused us to hand over the office management to the new owner.

Our success is originated in our “tycoonconnections”, a network based on “guanxi” which was built up in the Far East over the past two decades with the European SME’s in mind. There is no better alternative to that kind of business incubation in the Chinese business culture.

Singapore, 1991