



News, Views & Comments from the World of Building Service Contracting

Submit your news for publication to Carol Dean at cdean@wfbsc.org

THE WORLD

Mergers & Acquisitions To Peak, Then Fall

A KPMG report predicts Merger and Acquisition (M&A) activity will peak in 2007 and then decline, resulting in fewer, but larger, transactions. From January to June of 2007, \$2.8 trillion (£1.37 trillion) in deals were done globally, a 51 percent increase over the same period in 2006. The report projects Europe will likely see the most potential M&A activity, and the Asia-Pacific regions will likely see the least. One of the best Merger & Acquisition prospects is in the European Consumer Service Sector.

ARGENTINA-BUENOS AIRES

Treasure Found In This Minister's Toilet

Felisa Miceli, the first female economy minister in the country, resigned after police found \$64,000 in both pesos and dollars in her office toilet. Miceli claimed the cash had been lent to her by her brother to buy a house in the capital, Buenos Aires. In Argentina, tax evasion is common and officials are often suspected of corruption. With elections coming up shortly, the government moved quickly to lessen the scandal and has appointed Miguel Peirano to take over from Miceli as Industry secretary.

AUSTRALIA-SYDNEY

United Group Purchases Unicco

Sydney based United Group, in an effort to expand its operations in North America, has purchased Unicco Service Company for \$408 million. Unicco, owned by the Kletjian family with 18,000 employees, earned \$72.1 million in revenue in the 2007 fiscal year ended in June. Although the Kletjians will step down as the company's top executives, Steve Kletjian, who was chief executive, will serve as an adviser to United Group's US board of directors and there are no plans to cut any jobs.

BELGIUM-BRUSSELS

Inflation Flat But Hikes In Rate Likely

Eurostat figures show inflation across the thirteen nations in the Eurozone remained unchanged at 1.9 percent in June, in line with forecasts, and remain below the European Central Bank's (ECB) 2 percent target. Yet experts predict strong oil prices and economic growth will likely force the ECB to increase interest rates twice this year raising them from the current level of 4 percent to 4.5 percent. According to the report, education, hotels, restaurants, tobacco and alcohol were the main drivers of inflation.

GERMANY-CHINA

China Will Overtake Germany in 2007

Despite measures used to slow growth, such as export curbs and interest rate hikes, recent data from China's Statistics Bureau showed GDP growth at 11.1 percent and the economy worth 2.65 trillion dollars. As a result, analysts project the Chinese economy will overtake Germany's as the third-largest in the world by the end of 2007. The German economy was worth 2.9 trillion dollars at the end of 2006 according to the World Bank and economists expect Chinese GDP growth in the second quarter to near or equal first quarter growth and accelerate in speed after that.

JAPAN-TOKYO

Report Claims 66 Month Expansion

A July economic assessment confirms the Japanese economy has continued to expand for 66 months, with corporate profits, business investment and private consumption increasing. Exports and industrial production have remained flat. Despite high growth in the auto and information technology sectors in late 2006, growth has been flat to date in 2007, but experts forecast the numbers will slowly rise with an increase in capital spending.

NEW ZEALAND-AUCKLAND

Economy Spinning In Death Spiral

The Reserve Bank has raised interest rates for the fifth time in 2007 and experts predict a sixth hike in August. The rise in interest rates has occurred in an effort to curb inflation and the exchange rate as the New Zealand dollar has risen 27 percent to date in 2007. One expert claims New Zealand should abandon its free-floating exchange rate and peg it to the US dollar, or a basket of currencies in order to fix the economic death spiral, however he believes the change will not occur any time soon as there is no political will to change the monetary policy.

SOUTH KOREA-SEOUL

Rates At Their Highest Level In Six Years

Earlier this week, with both the government and central bank growth forecasts predicting the economy to expand by 4.5% against previous predictions of 4.4%, the central bank increased its key interest rate to 4.75% up from 4.5% - the first rise in almost a year and the highest level in six years. The rise in rates was put in place to curb inflation resulting from increased lending to smaller firms and rising oil prices. Between May and June, loans to small firms grew at their fastest pace in six years.

TAIWAN-TAIPEI

Cabinet Approves Labor Law

A new amendment to update the ten-year-old Collective Agreement Law has been drafted and approved by the Cabinet. The amendment will ensure pay, working hours, bonuses, retirement benefits and injury compensation are stated clearly on job descriptions and in addition, will require employers to negotiate workplace disputes with union members. Violators will be fined between NT\$100,000 and NT\$500,000. After the Collective Agreement Law is approved by the legislature, the Cabinet plans to amend another law, the Settlement of Labor Disputes Law.

TAIWAN-UNITED STATES

New Insights Into Bird Flu Made

Researchers in the United States and Taiwan have made new insights into the architecture of a key enzyme in the H5N1 virus that enables the virus to spread. H5N1 is the virus linked to the Bird Flu. The discovery may help in efforts to design new anti-flu drugs that are more effective against the spread of H5N1 flu-like viruses.

UK-LONDON

Small Firms Warned Of Scam

Three men were sent to prison in June for sending thousands of letters to small UK businesses demanding registration fees to register under the Data Protection Act 1998 (DPA). The scammers had already banked tens of thousands of dollars and were specifically targeting small business owners. Thousands of printed bogus forms were ready to be mailed to unsuspecting companies.

UK-LONDON

OCS Welcomes New Non-Executive Director

OCS, has appointed a new non-executive director - Tony Ward OBE. He joined the OCS board on 1 July and will succeed Sheila Forbes who will be standing down later this year following a transitional period. Chris Cracknell, OCS chief executive said, "I welcome Tony to the board and know that he brings with him a wide business experience and a strong human resources background which will endorse the importance we attach to our people. At the same time I would place on record our thanks to Sheila Forbes for her commitment to the business which has proved invaluable at a time of considerable growth and continuing success." Tony has a long and successful career including seven years as an executive director at BAA plc. He was previously human resources director at Kingfisher plc



and prior to that held senior positions at Grand Metropolitan plc. He is a non-executive director of SThree plc. Tony gained a BSc (Hons) Science at the University of Leeds and is a Fellow of the Institute of Personnel

Development. OCS is a privately-owned business which began trading more than a hundred years ago. It employs 61,000 people worldwide and provides a comprehensive portfolio of services from engineering and hygiene services to cleaning, catering, security, pest control and horticulture. Its clients include major public and private corporations in sectors ranging from healthcare to finance and banking.

UK-LONDON

Environmental Management

How well do you know your environmental management obligations? Did you know for example that it is illegal to empty a bucket of used cleaning solution into a surface water drainage system? More to the point, how would you know if one of your cleaners had done this? Watercourse pollution is taken very seriously by the Environment Agency. In 2006 a cleaning company was fined 40,000 pounds with 33,000 pounds cost for a single incident that severely damaged a watercourse.

The CSSA recognizes environmental issues can be intimidating to businesses that are not familiar with them and we have developed a training structure to help guide firms through the issues. Since April 2006, White Young Green Environmental (WYGE), together with the CSSA have been delivering a program of environmental management support to CSSA member firms. This funding has been renewed for the April 2007-2008 period, which will allow a further 16 CSSA members to be given this support. The project aims to improve the standards of environmental management by supporting companies through the implementation of an environmental management system using the flexible BS 8555 approach. CSSA members are delighted with how the project has progressed in year one.

WYGE and the CSSA are looking for a further 16 cleaning and support service companies to participate in the one year program. A number of firms have already signed up but a few places remain. There are no restrictions on which businesses can participate, except that they must be cleaning sector firms based in England. If you are interested, contact Andrew Large at the CSSA at alarge@cleaningassoc.org.

US-DISTRICT OF COLUMBIA

Scam Targets Domain Name Holders

A recent scam uses contact information available in the public "who-is" database to send emails to domain name owners for illicit financial gain. The emails from a company called Domain Renewal, which operates a professional looking site, informs targets that their domain name is about to expire, and offers to renew it. As companies and users often buy different domain names from different registrars, the scam is difficult to detect. The emails direct users to a site that displays Microsoft, Oracle, Cisco and IBM logos, as well as those of major credit card makers. Payment is taken via a payment service called MultiCards. In order to avoid being scammed, industry experts advise against following links in emails from commerce Websites or authorities such as domain name registrars.

US-WASHINGTON

Workplace Trends - More People Work From Home

According to brokerage firm CB Richard Ellis, office space in downtown Seattle is tight – and is expected to tighten even more over the next few years, with rents currently at \$40 per square foot. As a result of this and traffic congestion in the area, many small businesses now operate out of homes instead of offices as younger generation business owners, are more comfortable with mobile working, text messaging and using cell phones. One company estimates it saves a bundle on electricity, security, rent and janitor services. In order to address this new niche, several companies are offering outsourced office solutions such as a la carte office space and services. Day offices can cost \$20 per hour or \$99 per day, or memberships can cost \$50 per month for unlimited use of workstations and other services after an initial fee of \$150.

CORPORATE MEMBER NEWS

Ecolab Enters Australian Pest Elimination

Ecolab, Inc. announced it has purchased Eagle Environmental Systems, a provider of pest elimination services based in Sydney, Australia. The acquisition is part of Ecolab's strategy to expand its global pest elimination coverage, strengthening its circle the customer strategy. Annual sales for Eagle are approximately \$4 million. No further details regarding the transaction were announced. "The Eagle acquisition enables us to provide additional solutions for important customer needs, providing improved growth and better leverage opportunities in Australia by means of our Circle the Customer strategy," said Douglas M. Baker, Jr., Ecolab's Chairman, President and Chief Executive Officer. "It also represents another important step in our strategy to develop Ecolab's significant global pest elimination opportunities and more fully serve our customers around the world."

In other news, Ecolab reported a 22% second quarter EPS increase to \$0.4. Continued strong growth from its U.S., Canada and Latin America operations led Ecolab's second quarter results to record levels for the period ended June 30, 2007. Ecolab's consolidated sales increased 11% to a record \$1.4 billion in the second quarter of 2007; measured in fixed currencies, sales rose 8%. Net income increased 18% to a record \$110 million. Excluding a benefit from tax audit settlements, earnings per share rose 17% to \$0.42. Ecolab expects sales for both domestic and international operations (in fixed currencies) to increase in the third quarter 2007 over the third quarter 2006.

UPCOMING EVENTS

17th Congress of the World Federation of Building Service Contractors

Buenos Aires, Argentina
October 26-29, 2008

Visit the WFBSC website at www.wfbsc.org
for more information.



ALL BUILDING SERVICE CONTRACTING COMPANIES THAT ARE MEMBERS OF ONE OF THE ASSOCIATIONS THAT IS A WFBC MEMBER, ARE AUTOMATICALLY MEMBERS OF THE WFBC.

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