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10


AUSTCHAMKOREA
Australian Chamber of Commerce in Korea
DownUnder Update

Peter Underwood

March 2015

Could you tell us about yourself and your background and career in Korea?

Seoul is my home. I am the fourth generation of my family to live in this city where I have resided for all but 13 years of my life. I would have been born here too except that my father chose just the wrong time to study in the United States!

I like to say that I grew up in the country and now live in the city – and I live in the same house. While not strictly true, I live in the same neighborhood where I grew up and the rice fields where I used to ice skate have been ‘developed’ into high rise apartments. I have personally witnessed Korea’s transform itself from a poor, agricultural, war-ravaged nation to the vibrant, dynamic, fast moving, modern place that we all see today. This is a result of visionary leadership together with bloody determination and hard work – with a little help from our friends.

What is IRC’s core business? What do you focus on in Korea?

IRC Limited is a business development consultancy. We employ deep cross cultural understanding to guide Western organizations to achieve their goals in Korea.

Have you had to make any changes to IRC to better fit the Korean marketplace?

When we began more than 30 years ago, our core activities were shipbuilding, automotive, construction and machinery – the industries that formed the backbone of Korea’s development. But we have changed along with the economy. Clients are now interested in ICT, business services and global collaboration in a plethora of industries. We remain focused on B2B but the lines are blurring and distribution channels diversifying.

Have those changes been by choice, or has regulation impacted on your business strategy?

Many foreign business people (and Koreans too!) complain about excessive regulation. Without doubt, Korea still suffers from over regulation and overly meticulous application of well-meaning regulations. The government sees itself as needing to protect society from unscrupulous business practices. Nevertheless, there have been tremendous improvements. 30 years ago, every project started with a visit to the relevant ministry in Kwacheon to understand (and negotiate) permissible parameters for foreign companies. Activities had to be interpreted to align with permitted business categories. Things are very different today. I haven’t been to Kwacheon in years. In some industries, regulations remain a key element but in most, all that is necessary is a quick ‘due diligence’ to make sure that you are aware of the regulations to be followed and the required permits or licenses. It is no longer necessary to ‘negotiate’ your market entry permits.



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AUSTCHAM KOREA DOWNUNDER MARCH 2015 VOL. 7 NO. 6

Has your business been growing to expectations? Have you had to adjust your targets up or down?

Because our clients are all foreign organizations, we felt a major impact from the GFC in 2008. While Korea remained relatively healthy, our clients were all struggling to survive. We experienced a dramatic drop in business as Europe and North America retracted and exhibited cautious conservatism. We did pick up some Australian projects but not enough to make up for the decline in Europe and the US. We are growing strongly again which is reassuring.

Any new products or services coming out?

All of our work is customized for our clients so in reality, every project is a new service. We are constantly developing new techniques, methodologies, systems and processes to better meet our client's needs. We are always learning!! We welcome inputs and suggestions from Austcham members as to how we can do our business even better.

The KAFTA has been signed and has been in force since December 2014. What impact will KAFTA have on IRC?

I have a strong connection with Australia and welcome the FTA. IRC is a silver sponsor of AustCham. My wife is Australian and an active member of the chamber board. We own property in Australia and raise beef cattle in Western Victoria so the FTA will bring us direct benefits!! There is generally a good impression of Australia among Koreans – many have been to Australia for study, work or play. But Korea has been 'under the radar' for most Australian firms and they have been unaware of the many advantages that Korea has to offer. The FTA will help to raise the awareness of Korea among Australian business people.

How do you attract and retain your staff? Is it difficult to retain staff in your business?

Finding the right staff is a challenge. We offer a different business environment from Korean firms and from MNCs. As a small firm, every individual's contribution is obvious and appreciated. We all share in the challenges and rewards. Our employees have experiences and enjoy a level of autonomy that is unavailable to their counterparts in local companies. We interact with people from around the world. There are opportunities for international travel. We have a flexible work schedule. We seek out employees who thrive in this environment; those are the ones that we want.

Do you have any expats in your business? Is this a short term or long term strategy?

Because we bridge the gap between Korean and Western business environments, we will always need Westerners. We seek out those who are competent, curious, flexible, understand Korean culture and have an entrepreneurial spirit.

Korea is very "switched-on" from a media and technology perspective. How does IRC keep up with these driving forces and how do they help your business?

Technology and media in Korea are truly dynamic and at the cutting edge globally. Korea has gone from a country where information was scarce to one where we are overwhelmed by data. The challenge today is to filter the information, to ascertain what information is reliable and trustworthy. When it comes to new media and technology, I know enough to stand back and let the younger generation lead the way. Fortunately, there is a lot of young talent out there who can really add value in this space.

What improvements in the Korean business environment would you like to see?

Korea remains trapped by its cultural past. Rigid hierarchies, fear of taking risks, and overdependence on personal relationships all inhibit creativity and innovation. Korea needs to move up the value chain and that depends on tapping the tremendous talent that exists here. We need an environment where ideas can flow freely and be recognized and rewarded for their inherent value and not because of home town, family origin or status. To rise to the next level, Korean business people need to learn to recognize talent, assess products and services based on their value added and embrace innovation. This is essential to Korea's ongoing economic development and becoming a first mover in the competitive global market.

Any tips for new companies looking to enter the Korean market?

The most obvious suggestion is to come to us for advice! Joking aside, you need to be receptive, recognize that you have to learn how things work. So many companies come to Korea with a business model that is based on assumptions that are not valid. Because they have rolled it out successfully in other markets, they can't conceive that it may need modification. To succeed in Korea, keep your eyes open, look for ways to adapt your product or service and remain flexible in how you do business. There are lots of opportunities here but you need to think out of the box to capitalize on these opportunities.

2015 ANNUAL GENERAL MEETING

Australia Centre, Australian Embassy Seoul Held on 21 January 2015



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