

# *Turn of events*

In a world that is increasingly immersed in virtual reality, Sébastien Tondeur, CEO of Swiss event management company MCI, is making a convincing case for real-life interaction

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words William Dowell\_ photography Beat Schweizer





s an MBA graduate student at Boston's Northeastern University, Sébastien Tondeur was often chided by fellow students for giving his best ideas to others. But when advised to concentrate more on his own success, he replied that he preferred winning as a team. "It's more rewarding and fun," he says, "when you are not on your own."

It seems appropriate, then, that this consummate team player has encountered success as the CEO of MCI, the world's leading event management company. Undeterred by financial crises and the uncertainty surrounding the euro, MCI has been expanding at an incredible pace. The company specializes in organizing large-scale corporate and institutional events, as well as in handling association management. Perhaps its greatest strength, however, is its global reach. With 47 offices in 23 countries, and a staff of almost 1,200 people, it offers companies a service that transcends national boundaries. It has annual revenues of about €288m (US\$374m) and profits of about €3m (US\$3.89m), and Tondeur believes he is operating in a field where there are no limits.

This success is, in large part, the result of MCI's imaginative approach, which manifests itself in every event it organizes. When a sales company wanted to communicate its vision of aiming for the stars, MCI flew all the top sales reps to Cape Canaveral for an abbreviated course in astronaut training. When two Swiss electric power companies merged, MCI arranged for the employees of the newly merged

company to beat on drums so that they could personally experience the harmony between the groups. And when a luxury fashion retailer wanted to launch its latest watch,

MCI organized a gala event that involved everything from laser projections to antique bird cages.

Tondeur is passionate about the power of community and believes strongly in the role that events can play in promoting human interaction as part of day-to-day business. For organizations to create loyal communities of customers, employees and distributors around their brand, he says, they need to bring people together in a non-virtual environment that engages hearts and minds. "Events are a form of social networking that happens to take place in person, rather than online," he points out. "MCI's goal is to optimize face-to-face interaction." The company is certainly on its way to achieving ►

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*“What is special about Switzerland is that it is so small that it forces you to look outward and to become global”*

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**This page:** MCI has a worldwide presence and is expanding rapidly in China, Singapore, Dubai and Brazil. **Opposite:** Tondeur's belief in building community underpins all the company's work

► this objective, having organized more than 3,000 meetings, events and conventions in 2011 alone.

Tondeur's sense of community spirit has its roots in his early childhood, which he spent in communes in Paris, and then Tunisia, with his bohemian parents. "We supported one another," he says. "Our passion came from believing in the power that is a result of getting people together."

#### Family fortunes

A talent for business and entrepreneurship clearly runs in Tondeur's family. His grandfather, Michel, had experienced success in the European mass travel sector as the CEO of travel operator Carlson Wagonlit Travel. His father, Roger, was set to follow the same path until – encouraged by his second wife, Ursula Wigert – he decided to launch his own company. In 1987, together with two friends, he and Wigert opened an office in Geneva, Switzerland, under the name MCI. The initials originally stood for "Meetings, Conferences, Incentives," although Tondeur says that the company has long since grown beyond this.

MCI soon won a contract to organize a major convention on technology for the Geneva-based International Telegraphic Union. The next lucky break came when Roger Tondeur teamed up with a British entrepreneur to launch the first large-scale European trade show for event organizers. "That brought in vendors and clients from all over the world," says Tondeur, who was 12 when his father set up the company. "In just one day, MCI became known to everyone, everywhere."

Tondeur joined MCI formally in 1997, initially as a project coordinator. At the time, the company had only 30 employees, so he used his business training to introduce a structure that complemented his father's charisma. Suitably modest, Tondeur plays down his own role and portrays himself as a facilitator who, as CEO, works with his talented team to execute strategy.

"We build the business plan as a team," he explains. "It's a collegiate decision-making process."



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In addition to running MCI, he is Chairman of Meeting Professionals International (MPI), which represents event organizers worldwide. There, as at MCI, he sees his role as one of maintaining focus on long-term goals and ensuring steady growth. "Business is a marathon, not a sprint," he says.

Tondeur works hard to prevent MCI from feeling the impact of economic peaks and troughs, which is one reason why the company has weathered recent financial crises well. According to Jurriaen Sleijster, MCI's Executive Vice-President, 62% of the company's business involves the health care industry, which is reasonably stable.

Tondeur's goal is to maintain what he calls the "50-30-20" rule, whereby 50% of the company's clients do business with



more than one MCI office, 30% are repeat business and 20% are opportunistic. Last year, for the first time, more than half of its clients dealt with between two and nine MCI offices – an achievement that Tondeur describes as “proof of concept.”

Although MCI is rapidly expanding in China, Singapore, Dubai and Brazil, it has yet to enter the US market. “That is intentional,” Tondeur explains. “If we had started off in the US, we would never have become a global company because it would have taken all our resources. If we had started in Paris, we would probably be a French company today. What is special about Switzerland is that it is so small that it forces you to look outward and become global.”

So does Tondeur see MCI eventually entering the US market? “Definitely,” he replies. “It is up there on our list of priorities.” Which, given his record so far, probably means it won’t be long at all. **E**

## Viewpoint



# A fair approach to transfer pricing

Thomas Borstell, Global Director, Transfer Pricing Services, Ernst & Young

More and more companies have an international structure, with branches and divisions operating across borders. As a result, transfer pricing is becoming an increasingly important issue. In a recent Ernst & Young survey, respondents cited transfer pricing as their biggest concern. The Organization for Economic Cooperation and Development now estimates that 60% of cross-border global trade involves transfer pricing.

With many governments increasing the severity of their tax regimes, the risk of finding that a transaction has become subject to an investigation by the local fiscal authorities is greater than ever. Disputes between the fiscal authorities on both sides of a particular transaction can also result in double taxation for at least one of the companies involved.

The key to successful transfer pricing is the “arm’s length” principle: treat any transaction within the same group as if it were a deal outside the group. This means neither asking for favors, nor accepting unfair prices.

Maintaining clear documentation is also essential. Many companies still do not maintain adequate records of transactions and their pricing activities. If you do not have documents stored when a tax audit comes in four or five years after the transaction, you may find it difficult to locate the necessary information, particularly if the people involved in the original transaction have left the company. The authorities will eventually estimate a tax liability that could be higher than the true figure.

Companies must review their transfer pricing procedures. The transfer pricing department and the tax authorities are likely to be familiar with transfer pricing rules, but you should ensure that all departments know how to implement these rules. After all, if you want to be compliant in tax terms, you need to control your intercompany pricing.

Proper risk management should take into account the level of risk involved in transfer pricing. Companies need to create a matrix that covers the volume of transactions, the attitude of the jurisdiction toward transfer pricing and the type of transaction. This will enable them to measure and anticipate the risk. For example, while it is easy to measure the transfer price of cars, it is harder – but potentially more valuable – to evaluate the transfer price of a license.

Another option is to head off a possible dispute with the tax authorities by using an “advanced pricing agreement.” Such procedures already exist in many countries. If a company knows that transfer pricing is likely to prove difficult, it can choose to provide the tax authorities on either side of the transaction with all the necessary documentation in advance. This means that the company can come to an agreement about the pricing and taxes ahead of the transaction. Companies can therefore gain considerable advantages by taking a long-term, strategic view of transfer pricing.

## More information

To discuss transfer pricing in more detail, or to obtain a copy of the *2011-12 Tax risk and controversy survey* or the *2010 Global transfer pricing survey*, please contact Thomas Borstell: [thomas.borstell@de.ey.com](mailto:thomas.borstell@de.ey.com). To find out more about global tax, please visit [ey.com/gl/en/services/tax](http://ey.com/gl/en/services/tax)